

INDIA FUND INC
Form N-Q
November 19, 2008

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM N-Q
QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED
MANAGEMENT INVESTMENT COMPANY
Investment Company Act file number 811-08266
The India Fund, Inc.**

(Exact name of registrant as specified in charter)
345 Park Avenue
New York, NY 10154

(Address of principal executive offices) (Zip code)
Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, NY 10017

(Name and address of agent for service)
Registrant's telephone number, including area code: 212-583-5000
Date of fiscal year end: December 31, 2008
Date of reporting period: September 30, 2008

Form N-Q is to be used by management investment companies, other than small business investment companies registered on Form N-5 (§§ 239.24 and 274.5 of this chapter), to file reports with the Commission, not later than 60 days after the close of the first and third fiscal quarters, pursuant to rule 30b1-5 under the Investment Company Act of 1940 (17 CFR 270.30b1-5). The Commission may use the information provided on Form N-Q in its regulatory, disclosure review, inspection, and policymaking roles.

A registrant is required to disclose the information specified by Form N-Q, and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-Q unless the Form displays a currently valid Office of Management and Budget (OMB) control number. Please direct comments concerning the accuracy of the information collection burden estimate and any suggestions for reducing the burden to the Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. § 3507.

Item 1. Schedule of Investments.

The Schedule(s) of Investments is attached herewith.

THE INDIA FUND, INC.

September 30, 2008 (Unaudited)

Schedule of Investments

INDIA (100% of holdings)

COMMON STOCKS (99.88% of holdings)

NUMBER OF SHARES	SECURITY	PERCENT OF HOLDINGS	COST	VALUE
	Apparel Manufacturers	0.40%		
335,383	Provogue (India), Ltd. (Preferential Shares)		\$ 3,415,615	\$ 4,841,684
			3,415,615	4,841,684
	Beverages Alcoholic	1.35%		
607,990	United Spirits, Ltd.		17,350,142	16,228,601
			17,350,142	16,228,601
	Beverages-Non Alcoholic	0.32%		
266,216	Tata Tea, Ltd.		4,535,696	3,797,539
			4,535,696	3,797,539
	Building & Construction	1.86%		
2,415,850	Hindustan Construction Co.		5,727,423	3,963,403
1,726,192	IVRCL Infrastructures and Projects, Ltd.		12,966,535	8,639,230
360,972	Kalindee Rail Nirman (Engineers), Ltd.		4,309,833	1,005,326
506,363	KEC International, Ltd.		5,794,217	3,956,888
435,339	Madhucon Projects, Ltd.		2,490,015	1,619,370
234,595	Titagarh Wagons, Ltd.		3,985,506	3,190,672
			35,273,529	22,374,889
	Cement	0.97%		
211,567	Grasim Industries, Ltd.		11,146,607	7,602,267
808,040	Sagar Cements, Ltd. (Preferential Shares)		3,467,591	4,073,320
			14,614,198	11,675,587
	Chemicals	0.97%		
3,992,400	Chambal Fertilizers & Chemicals, Ltd.		7,023,542	4,641,436
1,073,300	United Phosphorus, Ltd.		8,148,011	7,058,207
			15,171,553	11,699,643
	Coal	0.26%		
2,429,000	Gujarat NRE Coke, Ltd.		7,223,267	3,157,467

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			7,223,267	3,157,467
	Communications Services	0.22%		
203,000	Tech Mahindra, Ltd.		3,569,772	2,659,553
			3,569,772	2,659,553
	Computer Software & Programming	10.55%		
332,157	Everonn Systems India, Ltd. +		5,579,199	2,100,641
2,808,462	Infosys Technologies, Ltd.		51,223,491	83,572,151
223,999	KPIT Cummins Infosystems, Ltd.		435,353	165,740
382,702	Mastek, Ltd.		3,473,526	2,445,007
3,072,667	Satyam Computer Services, Ltd.		31,010,315	19,404,940
2,743,346	Tanla Solutions, Ltd.		14,223,525	9,623,470

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Schedule of Investments (continued)

COMMON STOCKS (continued)

NUMBER OF SHARES	SECURITY	PERCENT OF HOLDINGS	COST	VALUE
Computer Software & Programming (continued)				
1,342,350	Wipro, Ltd.		\$ 15,853,106	\$ 9,707,850
			121,798,515	127,019,799
Consumer Non-Durables				
		5.91%		
7,627,515	Hindustan Unilever, Ltd.		39,678,340	40,853,857
7,560,045	ITC, Ltd.		25,402,292	30,262,716
			65,080,632	71,116,573
Consumer Products				
		0.19%		
8,700	Godrej Consumer Products, Ltd.		27,032	20,192
1,828,550	Marico, Ltd.		3,059,941	2,297,124
			3,086,973	2,317,316
Diversified Financial Services				
		2.97%		
235,605	Edelweiss Capital, Ltd.		5,132,239	2,080,137
3,731,815	Infrastructure Development Finance Co., Ltd.		8,167,216	5,717,110
4,553,468	Power Finance Corp.		16,238,363	12,041,749
509,367	Reliance Capital, Ltd.		14,126,211	12,392,807
2,732,723	SREI Infrastructure Finance, Ltd.		7,071,395	3,517,366
			50,735,424	35,749,169
Diversified Industries				
		0.28%		
996,070	Elecon Engineering Co., Ltd.		1,585,334	1,853,647
69,339	NEPC India, Ltd. GDR+		3,467	13,868
602,140	Sesa Goa, Ltd.		2,475,185	1,526,985
			4,063,986	3,394,500
Electronics & Electrical Equipment				
		6.34%		
881,289	Bharat Heavy Electricals, Ltd.		11,938,473	29,760,979
6,882,400	Exide Industries, Ltd.		10,990,237	8,755,954
660,000	HBL Power Systems, Ltd.		2,857,900	3,473,203
527,835	Indo Tech Transformers, Ltd.		3,042,068	3,293,560

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2,423,174	Jyoti Structures, Ltd.		3,371,478	4,563,606
959,974	Kei Industries, Ltd.		1,139,489	515,093
294,082	Lanco Infratech, Ltd.		2,494,893	1,136,190
2,188,600	NTPC, Ltd.		10,101,265	8,003,663
46,997	Octav Investments, Ltd. +		136,967	21,415
642,461	Punj Lloyd, Ltd.		5,042,611	3,928,773
444,531	Reliance Infastructure, Ltd.		5,979,228	7,480,312
279,287	Tata Power Company, Ltd.		6,427,905	5,388,012
			63,522,514	76,320,760
	Energy Alternate Sources	0.14%		
390,973	Webel-SI Energy Systems, Ltd.		3,247,755	1,710,741
			3,247,755	1,710,741
	Engineering	2.38%		
282,868	Jaiprakash Associates, Ltd.		1,264,952	669,150
263,318	Larsen & Toubro, Ltd.		17,579,673	13,696,292

The India Fund, Inc.
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Schedule of Investments (continued)

COMMON STOCKS (continued)

NUMBER OF SHARES	SECURITY	PERCENT OF HOLDINGS	COST	VALUE
Engineering (continued)				
1,463,257	Thermax, Ltd.		\$ 3,012,294	\$ 12,962,591
674,450	Voltas, Ltd.		2,075,482	1,325,492
			23,932,401	28,653,525
	Finance	15.34%		
279,450	Bank of Baroda		1,615,068	1,770,475
240,000	Banking Index Benchmark Exchange Traded Scheme Bank BeES+		3,065,494	3,005,043
1,139,613	HDFC Bank, Ltd.		24,019,199	29,821,875
22,700	HDFC Bank, Ltd. ADR		1,833,263	1,928,365
1,198,998	Housing Development Finance Corp., Ltd.		24,495,932	54,662,718
2,449,291	ICICI Bank, Ltd.		32,235,728	27,893,182
692,550	Kotak Mahindra Bank, Ltd.		11,974,878	8,181,129
440,000	PSU Bank Benchmark Exchange Traded Scheme PSU Bank BeES +		2,099,791	1,968,520
884,631	Punjab National Bank, Ltd.		9,661,534	8,953,675
4,078,140	South Indian Bank, Ltd.		6,558,369	9,008,986
1,109,258	State Bank of India		16,295,138	34,616,927
45,550	State Bank of India GDR		525,435	2,800,414
			134,379,829	184,611,309
	Finance Other Services	0.20%		
304,546	Bajaj Finserv, Ltd.		5,144,740	2,454,395
			5,144,740	2,454,395
	Financial Services	0.11%		
398,119	Network 18 Media & Investment, Ltd.		902,462	1,214,744
66,353	Network 18 Media & Investment, Ltd. PCCPS+		86,356	113,025
			988,818	1,327,769
	Food	1.40%		
2,063,900	Balrampur Chini Mills, Ltd. +		4,845,250	3,561,782
1,206,864	Lakshmi Energy & Foods, Ltd. +		4,953,528	6,903,524
2,934,835	Shree Renuka Sugars, Ltd.		7,180,304	6,430,204

			16,979,082	16,895,510
	Hotels & Leisure	0.68%		
8,300,950	Hotel Leelaventure, Ltd.		6,312,948	5,063,818
2,172,230	Indian Hotels Co., Ltd.		6,550,944	3,117,392
			12,863,892	8,181,210
	Investment Companies	0.24%		
304,546	Bajaj Holdings and Investment, Ltd.		6,002,197	2,930,035
			6,002,197	2,930,035
	Media	0.64%		
1,822,998	Zee Entertainment Enterprises, Ltd.		10,103,255	7,677,824
			10,103,255	7,677,824

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Schedule of Investments (continued)

COMMON STOCKS (continued)

NUMBER OF SHARES	SECURITY	PERCENT OF HOLDINGS	COST	VALUE
757,853	Metal Diversified Sterlite Industries India, Ltd.	0.57%	\$ 7,657,180	\$ 6,913,704
			7,657,180	6,913,704
304,546	Motorcycles/Motor Scooters BajajAuto, Ltd.	0.32%	6,002,197	3,881,965
			6,002,197	3,881,965
3,878,750	Paper Ballarpur Industries Ltd	0.20%	3,131,731	2,349,631

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

Recommendation of the Board

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

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PROPOSAL FOUR:

NON-BINDING ADVISORY VOTE ON THE FREQUENCY OF

FUTURE ADVISORY VOTES TO APPROVE THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS

Section 14A of the Exchange Act provides that stockholders must be given the opportunity to vote, on a non-binding advisory basis, for their preference as to how frequently we should seek future non-binding advisory votes to approve the compensation of our Named Executive Officers as disclosed in accordance with the compensation disclosure rules of the Securities and Exchange Commission which we refer to as an advisory vote to approve the compensation of our Named Executive Officers.

By voting with respect to this Proposal Four, stockholders may indicate whether they would prefer that we conduct future non-binding advisory votes to approve the compensation of our Named Executive Officers every one, two, or three years. Stockholders also may, if they wish, abstain from casting a vote on this Proposal Four. Our Board has determined that an annual non-binding advisory vote to approve the compensation of our Named Executive Officers will allow our stockholders to provide timely and direct input on the Company's executive compensation philosophy, policies and practices as disclosed in the proxy statement each year. The Board believes that an annual vote is therefore consistent with the Company's efforts to engage in an ongoing dialogue with our stockholders on executive compensation and corporate governance matters.

The Company recognizes that the stockholders may have different views as to the best approach for the Company, and therefore we look forward to hearing from our stockholders as to their preferences on the frequency of an advisory vote on executive compensation. This vote is advisory and not binding on the Company or our Board in any way.

The proxy card provides stockholders with the opportunity to choose among four options (holding the vote every one, two or three years, or abstaining) and, therefore, stockholders will not be voting to approve or disapprove the recommendation of our Board.

Recommendation of the Board

THE BOARD RECOMMENDS THAT YOU VOTE FOR THE OPTION OF ONCE EVERY 1 YEAR AS THE PREFERRED FREQUENCY FOR NON-BINDING ADVISORY VOTES TO APPROVE THE COMPENSATION OUR NAMED EXECUTIVE OFFICERS.

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COMPENSATION DISCUSSION AND ANALYSIS

Overview

Our Compensation Discussion and Analysis describes our executive compensation program and the decisions in fiscal year 2015 regarding the compensation for:

Mikkel Svane, our Chief Executive Officer;

Alan Black, our Senior Vice President and Chief Financial Officer;

John Geschke, our Senior Vice President, Administration, General Counsel, and Secretary;

Adrian McDermott, our Senior Vice President, Product Development; and

Amanda Kleha, our Senior Vice President, Velocity Businesses.

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

We believe the compensation program for our Named Executive Officers in 2015 was instrumental in helping us to achieve strong performance in 2015, including 64% year-over-year growth in revenue to \$208.8 million for the year ended December 31, 2015, by providing a combination of short-term and long-term incentives designed to lead to such performance.

This Compensation Discussion and Analysis provides an overview of our executive compensation philosophy, the overall objectives of our executive compensation program, and each element of compensation that we provide. In addition, we explain how and why the compensation committee arrived at the specific compensation policies and decisions involving our Named Executive Officers during fiscal year 2015.

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

Executive Compensation Philosophy, Objectives and Design

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

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

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

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

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

promote teamwork while also recognizing the individual role each executive officer plays in our success.

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

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

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

Compensation Setting Process

Role of the Compensation Committee and Executive Officers in Compensation Decisions

The compensation of our Named Executive Officers is determined by our compensation committee. Our Chief Executive Officer typically provides annual recommendations to the compensation committee and discusses with the compensation committee the compensation and performance of our executive officers, other than himself. Our Chief Executive Officer bases his recommendations in part upon his review of the performance of our executive officers. Our compensation committee may exercise its discretion in modifying any recommended compensation adjustments or awards to executives. Our compensation committee reviews the performance of our Chief Executive Officer and meets in executive session without him to determine his compensation. In addition, compensation committee meetings typically have included, for all or a portion of each meeting, not only the committee members and our Chief Executive Officer, but also our Senior Vice President, Administration and General Counsel, our Senior Vice President, Strategy, and senior members of our legal and people operations team.

Role of Compensation Consultant and Use of Market Data

The compensation committee has the authority to engage independent advisors to assist it in carrying out its responsibilities. For fiscal year 2015, the compensation committee retained the services of Compensia to review and advise on the principal aspects of the Company's executive compensation program. These services included providing recommendations regarding the determination of peer group companies, analyzing publicly-available compensation data of peer group companies, compensation survey data, and other publicly available data, and reviewing and advising on the target compensation opportunities for our executive officers, including base salaries, performance-based compensation and long-term incentives. In electing to engage Compensia, the compensation committee took into consideration, all factors relevant to Compensia's independence from the Company's management and concluded that no conflict of interest existed that would prevent Compensia from independently advising the compensation committee.

With the assistance of Compensia, the compensation committee consulted market data to better inform its determination of the key elements of our compensation program in order to develop a compensation program that

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the compensation committee believes will enable us to compete effectively for new employees and retain existing employees. In general, this market data consists of compensation information from both broad-based third-party compensation surveys and peer groups. The compensation data for fiscal year 2015 consisted of compensation paid by companies in our peer group to executives in positions comparable to those held by our executive officers.

For the determination of compensation of our Named Executive Officers for fiscal year 2015, our compensation committee considered the following companies as our peer group:

Barracuda Networks, Inc.	Ellie Mae, Inc.	Proofpoint, Inc.	Zillow Group, Inc.
Cornerstone OnDemand, Inc.	Imperva, Inc.	Qualys, Inc.	
Cvent, Inc.	LogMeIn, Inc.	Trulia, Inc.	
Demandware, Inc.	Marketo, Inc.	Veeva Systems, Inc.	

Because publicly-filed compensation data is generally limited to those of a company's Chief Executive Officer, Chief Financial Officer and three most highly paid executive officers (other than the Chief Executive Officer and the Chief Financial Officer), the compensation committee also utilized data from Compensia based on the Radford High-Technology Industry Survey (which is based on information for companies with revenues of \$50 million to \$200 million) in determining the compensation for our Named Executive Officers.

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

While we compete for executive talent to some degree with companies that have revenues significantly in excess of those represented in the surveys and peer groups, we believe that the companies represented in the surveys and peer group similarly compete with such larger companies and hence are an appropriate comparison for our employment market. Our compensation committee uses market data as one information point when making compensation decisions, understanding that such data cannot be applied formulaically. The compensation committee used this market data to ensure that no individual element of the total compensation was below a level that, in the determination of the compensation committee, would prevent the Company from effectively competing for talent. In addition to market compensation studies, our compensation committee has historically taken into account input from other sources, including input from the members of the compensation committee.

The compensation committee reviews the peer group annually and removes companies that it no longer believes are comparable and adds new companies that may now be comparable and have disclosed public information for which the compensation committee can compare. In fiscal year 2015, the compensation committee, based on recommendations of Compensia, determined to use the following peer group in its review and determination of the compensation for executive officers for fiscal year 2016:

Barracuda Networks, Inc.	Ellie Mae, Inc.	New Relic, Inc.	RingCentral, Inc.
Box, Inc.	Hubspot, Inc.	Paycom Software, Inc.	Veeva Systems, Inc.
Cornerstone OnDemand, Inc.	Imperva, Inc.	Paylocity Holding Corporation	
Cvent, Inc.	LogMeIn, Inc.	Proofpoint, Inc.	

Demandware, Inc. Marketo, Inc. Qualys, Inc.

In reviewing the peer group for appropriateness for fiscal year 2016, as compared to fiscal year 2015, Trulia, Inc. was removed from the list of comparable companies because it was acquired by Zillow Group, Inc. and Zillow was removed from the list of comparable companies because, following its acquisition of Trulia, Inc., its financial profile was no longer similar to our financial profile. Box, Inc., Hubspot, Inc., New Relic, Inc., Paycom Software, Inc., Paylocity Holding Corporation, and RingCentral, Inc. were added to the list of peer companies for fiscal year 2016 because the compensation committee determined that sufficient public information regarding the

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compensation for their executive officers was available and the financial, industry, and talent profiles of such companies were similar to ours.

Executive Compensation Program Elements

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

Base Salaries

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

Generally, the initial base salaries of our executive officers are established through arm's-length negotiation at the time the individual executive officer is hired, taking into account his or her qualifications, experience, comparable market data and prior salary level. Thereafter, our compensation committee generally reviews, and adjusts as necessary, base salaries for each of our Named Executive Officers annually. Our compensation committee does not apply specific formulas in setting base salary levels or determining adjustments from year to year, however our compensation committee targets paying each of our Named Executive Officers base salaries that are at least greater than the first quartile of our peer group, if such information is available, or at least greater than the first quartile of salaries found in the survey data that it utilizes for similar positions.

Additionally, in setting base salary levels, our compensation committee may consider a range of factors, including:

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

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

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

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

In February 2015, our compensation committee reviewed our Named Executive Officers' base salaries. In making a determination that increases to the base salaries for each of the Named Executive Officers were necessary, the compensation committee took into account the competitive market for management within our industry and geographic area and the expanded obligations of the Named Executive Officers since the Company's initial public offering. The base salaries of our Named Executive Officers prior to and following the increase approved by the compensation committee in February 2015 were as follows:

Named Executive Officer	Base Salary Prior to 2015 Increase (\$)	Base Salary Following 2015 Increase (\$)*
Mikkel Svane	300,000	350,000
Alan Black	275,000	300,000
John Geschke	265,000	285,000
Adrian McDermott	300,000	330,000
Amanda Kleha	220,000	245,000

* Since the base salaries reflected above were effective as of February 2015, the salary paid to each of the Named Executive Officers, as reflected in our Summary Compensation Table, may differ for the amounts set forth above.

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Performance-Based Incentives

We have adopted the Amended and Restated Executive Incentive Bonus Plan (the *Bonus Plan*) to provide for performance based incentive payments upon the attainment of performance targets related to Company financial and operational measures, Company objectives, individual performance objectives, or a combination thereof, in each case as set by the compensation committee.

Each executive officer who participates in the Bonus Plan has a target bonus opportunity set for each performance period, as well as one or more target objectives under the Bonus Plan for the performance period. The attainment level of the target objectives is measured at the end of each performance period after our financial reports have been published (or such other appropriate time as the compensation committee determines) with the payout based on such attainment level as approved by the compensation committee. The Bonus Plan also permits the compensation committee to approve additional bonuses to executive officers in its sole discretion and to adjust incentive payments (by increasing or decreasing the amount payable), in each case based on an executive officer's attainment of individual performance objectives or other conditions, as determined by the compensation committee. The compensation committee did not use peer group data to set specific performance target levels, but used its general knowledge of our industry to ensure that performance target levels were appropriate and competitive.

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

For 2015, the compensation committee established a target objective under the Bonus Plan for each of the Named Executive Officers that had two weighted components. The compensation committee established two six-month performance periods for fiscal year 2015, with the first period (*1H 2015*) commencing on January 1, 2015 and ending on June 30, 2015 and the second period (*2H 2015*) commencing on July 1, 2015 and ending on December 31, 2015.

One component of the target objective, the Recurring Revenue Goal, was the percentage of achievement of the net recurring revenue added to customer accounts on our customer service platform during the period as compared to the internal operating plan. Net recurring revenue added during a period is determined by assessing the recurring revenue for all customer accounts on our customer service platform at the end of the period as compared to the recurring revenue for all customer accounts on our customer service platform at the beginning of the period. Recurring revenue for a customer account is a legal and contractual determination made by assessing the contractual terms of a customer account, as of the date of determination, as to the revenue the Company expects to generate in the next measurement period for such customer account, assuming no changes to the subscription and without taking into account any one-time discounts or any platform usage above the subscription base, if any, that may be applicable to such subscription. The Recurring Revenue Goal comprised 75% of the overall target objective for the Named Executive Officers for each of the six-month performance periods in fiscal year 2015.

The compensation committee chose the Recurring Revenue Goal as a component of the target objective for each of the Named Executive Officers because the compensation committee believes that increasing net recurring revenue has a direct impact on achieving revenue growth, a primary objective for the Company and its stockholders. Furthermore, the compensation committee believes that each of the Named Executive Officers was in a position to focus on the net addition of recurring revenue and the compensation committee desired to incentivize this focus.

The other component of the target objective, the Operating Margin Goal, was the percentage of achievement of non-GAAP operating margin for the period as compared to the internal operating plan. Non-GAAP operating

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margin is the ratio of the non-GAAP operating loss for a period (which excludes share-based compensation, employer tax related to employee stock transactions, amortization of share-based compensation capitalized in internal-use software, amortization of purchased intangibles, and transaction costs related to acquisitions from the GAAP operating loss for the period) to our revenue for the period. The Operating Margin Goal comprised 25% of the overall target objective for the Named Executive Officers for each of the six-month periods in 2015.

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

Overachievement of either of the Recurring Revenue Goal or the Operating Margin Goal has the potential to offset underachievement of the other component when determining the aggregate achievement of the target objective for each of the Named Executive Officers for a performance period. The determination of the level of achievement for the target objective is rounded to the nearest whole number. For every percentage of achievement of the target objective between the minimum threshold and full achievement of the target objective, 10% of the Named Executive Officer's target bonus amount for the period is earned. The minimum achievement threshold for both performance periods in 2015 was 90% (at which no portion of the target bonus amount for the period is earned) and with the full amount of the target bonus amount for each performance period earned upon the full achievement of the target objective. For every 1% of achievement above the target objective, the Named Executive Officer was eligible to earn an additional 10% of the Named Executive Officer's target bonus amount for the performance period, up to an aggregate maximum of 150% of the Named Executive Officer's target bonus amount upon achievement of 105% of the target objective.

For fiscal year 2015, the compensation committee elected to pay the amounts to the Named Executive Officers under the Bonus Plan in restricted stock units that were fully vested upon grant, with the value of the restricted stock units to be granted to a Named Executive Officer equal to the amounts earned under the Bonus Plan for the period, as determined by the 30-day trailing average closing price of our stock on the NYSE prior to grant date. The compensation committee chose to pay the amounts to the Named Executive Officers under the Bonus Plan in restricted stock units because the compensation committee believed that it provided a balance between aligning the interests of the Named Executive Officers with those of our stockholders and an appropriate short-term incentive to our Named Executive Officers.

Information regarding the attainment of the target objective and payment of compensation to each of the Named Executive Officers under the Bonus Plan for 1H 2015 is as follows:

Name	Target Semi-Annual		Target		Aggregate Minimum Achievement Threshold	Payout Level	Value of 1H Payout (\$)	Number of restricted stock units granted (#)
	Bonus Award Under the Bonus Plan (\$)	Recurring Revenue Goal Attainment % for 1H 2015	Operating Margin Goal Attainment % for 1H 2015	Objective Attainment % for 1H 2015				
Mikkel Svane	61,250	94.3%	121.0%	101%	90%	110%	67,375	3,131

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Alan Black	52,500	94.3%	121.0%	101%	90%	110%	57,750	2,684
John Geschke	50,000	94.3%	121.0%	101%	90%	110%	55,000	2,556
Adrian McDermott	58,000	94.3%	121.0%	101%	90%	110%	63,800	2,965
Amanda Kleha	43,000	94.3%	121.0%	101%	90%	110%	47,300	2,198

The compensation committee did not adjust the bonus payments payable to any of the Named Executive Officers under the Bonus Plan for 1H 2015 based on individual performance objectives or any other conditions.

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The level of attainment of the target objective and payment of compensation to each of the Named Executive Officers for 2H 2015 was made in February 2016. Information regarding the attainment and payment of compensation to the Named Executive Officers under the Bonus Plan for 2H 2015 is as follows:

Name	Target Semi-Annual			Target Objective Attainment	Aggregate Achievement Threshold	Payout Level	Value of 2H Payout (\$)	Number of restricted stock units granted (#)
	Bonus Award Under the Bonus Plan (\$)	Recurring Revenue Goal Attainment % for 2H 2015	Operating Margin Goal Attainment % for 2H 2015					
Mikkel Svane	61,250	86.8%	119.2%	95%	90%	50%	30,750	1,459
Alan Black	52,500	86.8%	119.2%	95%	90%	50%	26,250	1,246
John Geschke	50,000	86.8%	119.2%	95%	90%	50%	25,000	1,186
Adrian McDermott	58,000	86.8%	119.2%	95%	90%	50%	29,000	1,376
Amanda Kleha	43,000	86.8%	119.2%	95%	90%	50%	21,500	1,020

The compensation committee did not adjust the bonus payments payable to any of the Named Executive Officers under the Bonus Plan for 2H 2015 based on individual performance objectives or any other conditions.

Long-Term Equity Incentives

We believe that providing long-term incentives in the form of equity awards encourages our Named Executive Officers to take a long-term outlook and provides our Named Executive Officers with an incentive to manage our Company from the perspective of an owner with an equity stake in the business. By providing opportunities for our Named Executive Officers to benefit from future successes in our business through the appreciation of the value of their equity awards, the compensation committee believes that equity awards align our Named Executive Officers interests and contributions with the long-term interests of our stockholders. In addition, the compensation committee believes that offering meaningful equity ownership in our Company assists us in retaining our Named Executive Officers and other key employees.

Generally, our executive officers are granted equity awards at the time of hire, the size and form of which are determined through arm's-length negotiation at the time of hire of the individual executive officer, taking into account his or her qualifications, experience, comparable market data and prior compensation level. The vesting for the equity awards granted to our executive officers upon hire generally vest as to 25% of the award during the month of the first anniversary of the date of hire, with the remaining portion of the award vesting in equal monthly installments over the subsequent 36 months.

In addition to equity awards paid in connection with the Bonus Plan, the equity compensation for our Named Executive Officers for fiscal year 2015 consisted of annual equity awards, in the form of stock options and restricted stock units. The compensation committee believes that, since the Company's annual equity awards require an equity award holder's continued provision of services to the Company through each applicable vesting date, the annual equity awards serve as effective retention tools.

For fiscal year 2015, the compensation committee targeted providing 75% of the intended aggregate fair value of all equity awards for each Named Executive Officer in the form of stock options and the remaining 25% as restricted stock units. Since the entire value of each stock option depends on future stock price appreciation, the compensation committee decided to heavily weight the annual equity awards towards stock options. The compensation committee believes that weighting the awards in this manner motivates the management team to focus its efforts on increasing the market value of the Company's common stock through the execution of the Company's long-term objectives. The compensation committee determined the weight of the restricted stock units in the annual equity awards based on its belief that this weighting would add to the retention effect of the annual equity awards, provide moderate reward for growth in the market price of the Company's common stock, and permit the Company to use fewer shares in the grant of the annual equity awards than it would in granting annual equity awards that were comprised solely stock options.

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The stock options used as part of our annual equity awards generally have a ten-year term and vest in equal monthly installments over four years, subject to an equity award holder's continued provision of services to the Company through each applicable vesting date. The restricted stock unit portion of each annual equity award generally has a seven-year term and vests in equal monthly installments over four years, subject to an equity award holder's continued provision of services to the Company through each applicable vesting date.

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

With the exception of the equity compensation provided to Mr. McDermott, the compensation committee targeted providing each of our Named Executive Officers with equity award grants with an aggregate fair value at a level that is near the median of executives with similar roles at comparable companies. Given the competitive nature of the industry in which we operate, the compensation committee believes equity compensation at this level is generally required to retain our existing Named Executive Officers and to hire new executive officers when and as required.

In determining the equity compensation for Mr. McDermott for fiscal year 2015, the compensation committee considered a blended analysis based on the fair value of annual equity awards granted to executive officers performing similar functions as Mr. McDermott within the applicable peer group and the percentage of the number of outstanding shares and market capitalization of the applicable company represented by annual equity awards to such executive officers. Given the competitiveness of recruiting and retention for executive officers performing similar functions as Mr. McDermott and the value of such functions in our internal plans, the compensation committee targeted equity compensation for Mr. McDermott equivalent to the 75 percentile of the blended analysis reviewed by the compensation committee for fiscal year 2015.

Employee Stock Purchase Plan

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

Change in Control Payments

In fiscal year 2015, our compensation committee adopted a Change in Control Acceleration Plan (the Acceleration Plan) that provides participants with accelerated vesting of all outstanding and unvested equity awards in the event of the termination of the individual's employment from the Company under specified circumstances following a change in control. All executive officers were provided with the opportunity to participate in the Acceleration Plan, however,

participation was not mandatory and executive officers could elect to maintain any existing rights to the accelerated vesting of equity awards in lieu of participating in the

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Acceleration Plan. However, once an executive officer makes an election to participate in the Acceleration Plan, the acceleration provisions of the Acceleration Plan supersede any other arrangements then in place related to the acceleration of equity awards. Following the adoption of the Acceleration Plan, the compensation committee does not anticipate that new executive officers will be eligible for change of control arrangements other than those provided by the Acceleration Plan.

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

Messrs. Svane, Black, and Geschke have acceleration provisions pursuant to agreements that pre-date the adoption of the Acceleration Plan. Ms. Kleha and Mr. McDermott are participants in the Acceleration Plan. The terms of the acceleration arrangements for Mr. Svane are consistent with the terms of the Acceleration Plan. The acceleration arrangements for each of Messrs. Black and Geschke were established in arm's-length negotiations in connection with the hire of Messrs. Black and Geschke.

For quantification of, and additional information regarding, the change of control arrangements of our Named Executive Officers, please see the discussion under **Executive Compensation Potential Payments Upon Termination or Change in Control**.

Welfare and Other Benefits

We have established a tax-qualified Section 401(k) retirement plan that provides eligible U.S. employees with an opportunity to save for retirement on a tax-advantaged basis. Under this plan, employees may elect to defer their eligible compensation by up to the statutory limit and contribute to the plan. We currently do not match any contributions made to the plan by our employees, including our Named Executive Officers.

In addition, we provide other employee welfare and benefit programs to our executive officers, including the Named Executive Officers, on the same basis as all of our full-time employees in the country in which they are resident. These benefits include medical, dental, and vision benefits, medical and dependent care flexible spending accounts, short-term and long-term disability insurance, accidental death and dismemberment insurance and basic life insurance coverage.

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

Other than payment for parking, we do not generally provide perquisites to our executive officers, except in limited situations where we believe it is appropriate to assist an individual in the performance of his or her duties, to make our executive officers more efficient and effective, and for recruitment and retention purposes.

In the future, we may provide perquisites or other personal benefits in circumstances, such as where we believe it is appropriate to assist an individual executive officer in the performance of his or her duties, to make our executive officers more efficient and effective, and for recruitment, motivation, or retention purposes. All future practices with respect to perquisites or other personal benefits will be approved and subject to periodic review by the compensation committee.

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Other Compensation Policies

Stock Ownership Guidelines

We do not have any equity security ownership guidelines or requirements for our Named Executive Officers or directors and we do not have any formal or informal policies or guidelines for allocating compensation between long-term and currently paid out compensation, between cash and non-cash compensation or among different forms of non-cash compensation.

Policy Regarding the Pricing and Timing of Equity Awards

All equity awards to our employees, including executive officers, and to our directors have been granted at the closing price of our stock on the New York Stock Exchange on the date of grant and reflected in our consolidated financial statements, based upon the applicable accounting guidance, based on such price. We have not adopted a policy or practice pertaining to the timing of stock option grants to executive officers relative to the timing of the release of material nonpublic information. We do not currently have any plans to implement such a policy or practice.

Insider Trading Policy and Rule 10b5-1 Sales Plans

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

Tax Considerations

Internal Revenue Code Section 162(m) limits the amount that we may deduct for compensation paid to our Chief Executive Officer and to certain other highly compensated officers (other than our Chief Financial Officer) to \$1,000,000 per person, unless certain exemption requirements are met. Exemptions to this deductibility limit may be made for various forms of performance-based compensation. In addition to salary, the fair market value of restricted stock units upon vesting and, upon the exercise of stock options, the excess of the market price over the option price, or option spread, is treated as compensation and accordingly, in any year, such exercise may cause certain executive officer's total compensation to exceed \$1,000,000. While the compensation committee cannot predict how the deductibility limit may impact our compensation program in future years, the compensation committee intends to maintain an approach to executive compensation that strongly links pay to performance. In addition, while the compensation committee has not adopted a formal policy regarding tax deductibility of compensation paid to our Named Executive Officers, the compensation committee considers tax deductibility under Section 162(m) as a factor in compensation structure. We may from time to time pay compensation or grant equity awards to our executive officers, however, that may not be deductible when, for example, we believe that such compensation is appropriate and in the best interests of our stockholders, after taking into consideration changing business conditions and/or the executive officer's performance.

Table of Contents**EXECUTIVE COMPENSATION****Summary Compensation Table 2015**

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

Name and Principal Position ⁽¹⁾	Year	Salary (\$) ⁽²⁾	Bonus (\$) ⁽³⁾	Stock Awards (\$) ⁽⁴⁾	Option Awards (\$) ⁽⁵⁾	Non-Equity Incentive Plan	Total (\$)
						Compensation (\$)	
Mikkel Svane <i>Chief Executive Officer</i>	2015	378,846		1,108,003	2,970,733		4,457,582
	2014	285,385	18,750		14,006,605	52,500 ⁽⁶⁾	14,363,240
	2013	200,000	74,906				274,906
Alan Black <i>Senior Vice President and Chief Financial Officer</i>	2015	311,821		527,141	1,307,429		2,146,391
	2014	269,885	15,000		814,338	48,125 ⁽⁶⁾	1,147,348
	2013	240,000	59,925		552,160		852,085
John Geschke <i>Senior Vice President, Administration, General Counsel, and Secretary</i>	2015	308,172		357,296	821,448		1,486,916
Adrian McDermott, <i>Senior Vice President, Product Development</i>	2015	361,154		3,186,033	1,594,425		5,141,612
	2014	291,231	10,000		1,628,675	52,500 ⁽⁶⁾	1,982,406
	2013	240,000	39,950		1,577,600		1,857,550
Amanda Kleha, <i>Senior Vice President, Velocity Businesses</i>	2015	262,243		413,336	1,020,432		1,696,011

- (1) John Geschke and Amanda Kleha were not Named Executive Officers for fiscal year 2014 or fiscal year 2013. Adrian McDermott was not a Named Executive Officer for fiscal year 2014.
- (2) The amounts reported include amounts paid to each Named Executive Officer pursuant to a one-time payment for accrued paid time-off in connection with a change in our paid time-off policy for U.S. salaried employees.
- (3) The amounts reported represent discretionary bonuses paid during the applicable fiscal year to each Named Executive Officer for exemplary Company performance.
- (4) The amounts reported represent the aggregate grant date fair value of the stock awards granted to the Named Executive Officer in the fiscal year ended December 31, 2015, calculated in accordance with FASB ASC Topic 718. Such aggregate grant date fair value does not take into account any estimated forfeitures related to service-vesting conditions. The assumptions used in calculating the grant date fair value of the stock awards reported in this column are set forth in the notes to our audited financial statements included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2015. The amounts reported in this column reflect the accounting cost for these stock awards, and do not correspond to the actual economic value that may be received by the Named Executive Officers upon vesting of the awards. The amounts reported include the stock

awards paid pursuant to the Bonus Plan.

- (5) The amounts reported represent the aggregate grant date fair value of the stock options awarded to the Named Executive Officer in the fiscal years ended December 31, 2013, 2014 and 2015, as applicable, calculated in accordance with FASB ASC Topic 718. Such aggregate grant date fair value does not take into account any estimated forfeitures related to service-vesting conditions. The assumptions used in calculating the grant date fair value of the stock options reported in this column for fiscal year 2015 are set forth in the notes to our audited financial statements included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2015. The amounts reported in this column reflect the accounting cost for these stock

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options, and do not correspond to the actual economic value that may be received by the Named Executive Officers upon exercise of the options.

- (6) The amounts reported represent the cash bonuses paid pursuant to the Bonus Plan for the fiscal year ended December 31, 2014.

Grants of Plan-Based Awards in 2015

The following table sets forth information regarding grants of awards made to our Named Executive Officers during fiscal year 2015.

Name	Grant Date	All other Stock Awards: Number of Shares of Stock or units (#) ⁽¹⁾	All other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards (\$/Sh)	Grant date fair value of Stock and Option Awards
Mikkel Svane	2/5/2015		232,900 ⁽²⁾	24.77	2,970,733
	2/5/2015	40,900 ⁽³⁾			1,013,093
	8/6/2015	3,131 ⁽⁴⁾			70,166
Alan Black	2/5/2015		102,500 ⁽²⁾	24.77	1,307,429
	2/5/2015	18,000 ⁽³⁾			445,860
	8/6/2015	2,684 ⁽⁴⁾			60,148
John Geschke	2/5/2015		64,400 ⁽²⁾	24.77	821,448
	2/5/2015	11,300 ⁽³⁾			279,901
	8/6/2015	2,556 ⁽⁴⁾			57,280
Adrian McDermott	2/5/2015		125,000 ⁽²⁾	24.77	1,594,425
	2/5/2015	125,000 ⁽³⁾			3,096,250
	8/6/2015	2,965 ⁽⁴⁾			66,446
Amanda Kleha	2/5/2015		80,000 ⁽²⁾	24.77	1,020,432
	2/5/2015	14,000 ⁽³⁾			346,780
	8/6/2015	2,198 ⁽⁴⁾			49,257

- (1) On February 18, 2016, Mikkel Svane, Alan Black, John Geschke, Adrian McDermott, and Amanda Kleha were granted 1,459, 1,246, 1,186, 1,376, and 1,020 restricted stock units, respectively, under our 2014 Stock Option and Incentive Plan (the 2014 Plan), in satisfaction of performance-based incentives earned under our Bonus Plan for 2H 2015. The restricted stock units were fully vested on the date of grant.
- (2) The stock option was granted under our 2014 Plan, has a ten-year term and vests monthly over four years, subject to the executive officer's continued employment through each applicable vesting date.
- (3) The restricted stock units were granted under our 2014 Plan, have a seven-year term and vest monthly over four years, subject to the executive officer's continued employment through each applicable vesting date.
- (4)

The restricted stock units were granted under our 2014 Plan in satisfaction of performance-based incentives earned under our Bonus Plan for 1H 2015 and were fully vested on the date of grant.

Table of Contents**Outstanding Equity Awards at Fiscal Year-End Table 2015**

The following table summarizes, for each of the Named Executive Officers, the outstanding equity awards held as of December 31, 2015.

Name	Grant Date	Option Awards ⁽¹⁾⁽²⁾				Stock Awards ⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾	
		Number of Securities Underlying Unexercised Options (#)	Number of Securities Underlying Unexercised Options (#)	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 (\$)
Mikkel Svane	2/13/2014 ⁽⁶⁾⁽⁷⁾⁽⁸⁾	2,150,000		9.52	2/13/2024		
	2/5/2015 ⁽⁷⁾⁽⁹⁾	48,520	184,380	24.77	2/5/2025		
	2/5/2015 ⁽⁷⁾⁽¹⁰⁾					32,380	856,127
Alan Black	11/9/2011 ⁽⁸⁾⁽¹¹⁾⁽¹²⁾					137,500	3,635,500
	5/3/2013 ⁽⁸⁾⁽¹¹⁾⁽¹³⁾	63,100		6.24	5/3/2023		
	2/13/2014 ⁽⁸⁾⁽¹¹⁾⁽¹⁴⁾	84,000		9.52	2/13/2024		
	2/5/2015 ⁽¹¹⁾⁽¹⁵⁾	21,353	81,147	24.77	2/5/2025		
	2/5/2015 ⁽¹¹⁾⁽¹⁶⁾					14,251	376,796
John Geschke	7/18/2012 ⁽⁸⁾⁽¹⁷⁾⁽¹⁸⁾	51,615		2.30	7/18/2022		
	5/3/2013 ⁽⁸⁾⁽¹⁷⁾⁽¹⁹⁾	85,000		6.24	5/3/2023		
	2/13/2014 ⁽⁸⁾⁽¹⁷⁾⁽²⁰⁾	125,000		9.52	2/13/2024		
	2/5/2015 ⁽¹⁷⁾⁽²¹⁾	13,416	50,984	24.77	2/5/2025		
	2/5/2015 ⁽¹⁷⁾⁽²²⁾					8,946	236,532
Adrian McDermott	5/3/2013 ⁽⁸⁾⁽²³⁾⁽²⁴⁾	474,167		6.24	5/3/2023		
	2/13/2014 ⁽⁸⁾⁽²³⁾⁽²⁵⁾	241,238		9.52	2/13/2024		
	2/5/2015 ⁽²³⁾⁽²⁶⁾	26,041	98,959	24.77	2/5/2025		
	2/5/2015 ⁽²³⁾⁽²⁷⁾					98,959	2,616,476
Amanda Kleha	10/13/2009 ⁽⁸⁾⁽²⁸⁾	56,750		0.09	10/1/2019		
	11/9/2011 ⁽⁸⁾⁽²⁸⁾	2,292		0.61	11/9/2021		
	5/3/2013 ⁽⁸⁾⁽²⁹⁾⁽³⁰⁾	37,500		6.24	5/3/2023		
	2/13/2014 ⁽⁸⁾⁽²⁹⁾⁽³¹⁾	17,709		9.52	2/13/2024		
	9/4/2014 ⁽²⁹⁾⁽³²⁾	17,708	32,292	24.89	9/4/2024		
	2/5/2015 ⁽²⁹⁾⁽³³⁾	16,666	63,334	24.77	2/5/2025		
	2/5/2015 ⁽²⁹⁾⁽³⁴⁾					11,084	293,061

- (1) Each stock option was granted pursuant to our 2014 Plan, unless otherwise indicated below. Unless otherwise described in the footnotes below, the stock options are not immediately exercisable.
- (2) Unless otherwise described in the footnotes below, the vesting of each equity award on a vesting date is subject to the equity award holder's provision of service through such vesting date.
- (3) In February 2016, we granted 35,000 restricted stock units to Ms. Kleha under our 2014 Plan, and 1,459, 1,246, 1,186, 1,376, and 1,020 restricted stock units under our 2014 Plan to Messrs. Svane, Black, Geschke, and McDermott and Ms. Kleha, respectively (the 2H 2015 Incentive Grants). The 2H 2015 Incentive Grants were granted in satisfaction of performance based incentives earned under our Bonus Plan for the performance period commencing July 1, 2015 and ending December 31, 2015.
- (4) Each stock award was granted pursuant to our 2014 Plan, unless otherwise indicated below. Unless otherwise described in the footnotes below, each stock award vests over a four-year period, with 25% of the shares to vest upon completion of one year of service measured from the vesting commencement date, and the balance to vest in 36 successive equal monthly installments thereafter.
- (5) Amounts calculated using the closing market price of a share of the Company's common stock as of December 31, 2015, which was \$26.44.

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- (6) This stock option to purchase 2,150,000 shares of our common stock vests in 60 equal monthly installments commencing on February 13, 2014, and is immediately exercisable.
- (7) This equity award will accelerate in full if, upon a sale event (as defined in the 2009 Stock Option and Grant Plan (the 2009 Plan) or the 2014 Plan, as applicable) of the Company, Mr. Svane's employment with us is terminated by us without cause (with a definition that is consistent with the definition in the Acceleration Plan) or by Mr. Svane for good reason (with a definition that is consistent with the definition in the Acceleration Plan) at any time during the period that ends 12 months following the consummation date of the change of control of the Company.
- (8) This stock option was granted under our 2009 Plan.
- (9) This stock option to purchase 232,900 shares of our common stock vests in 48 equal monthly installments commencing on February 5, 2015.
- (10) This restricted stock unit for 40,900 shares of our common stock vests in 48 equal monthly installments commencing on February 5, 2015.
- (11) The equity award has full vesting acceleration in the event that there is a sale event (as defined in the 2009 Plan or the 2014 Plan, as applicable) and Mr. Black does not retain his current position in the combined ongoing company.
- (12) This stock award for 750,000 shares of our common stock vests over a five-year period with 20% vested upon completion of one year of service measured from the grant date, and the balance vesting in 48 successive equal monthly installments thereafter.
- (13) This stock option to purchase 175,000 shares of our common stock vests in 48 equal monthly installments commencing on April 23, 2013, and is immediately exercisable.
- (14) This stock option to purchase 125,000 shares of our common stock vests in 60 equal monthly installments commencing on February 13, 2014, and is immediately exercisable.
- (15) This stock option to purchase 102,500 shares of our common stock vests in 48 equal monthly installments commencing on February 5, 2015.
- (16) This restricted stock unit for 18,000 shares of our common stock vests in 48 equal monthly installments commencing on February 5, 2015.
- (17) In the event of a sale event (as defined in the 2009 Plan or the 2014 Plan, as applicable), 100% of the unvested and outstanding equity awards held by Mr. Geschke will be fully accelerated.
- (18) This stock option to purchase 312,500 shares of our common stock vests over a four-year period with 25% vested on July 9, 2013, and the balance vesting in 36 successive equal monthly installments thereafter. This stock option is immediately exercisable.
- (19) This stock option to purchase 100,000 shares of our common stock vests in 48 equal monthly installments commencing on April 23, 2013, and is immediately exercisable.
- (20) This stock option to purchase 125,000 shares of our common stock vests in 60 equal monthly installments commencing on February 13, 2014, and is immediately exercisable.
- (21) This stock option to purchase 64,400 shares of our common stock vests in 48 equal monthly installments commencing on February 5, 2015.
- (22) This restricted stock unit for 11,300 shares of our common stock vests in 48 equal monthly installments commencing on February 5, 2015.
- (23) This equity award will accelerate in full if, upon a change in control (as defined in the Acceleration Plan) of the Company, Mr. McDermott's employment with us is terminated by us without cause (as defined in the Acceleration Plan) or by Mr. McDermott for good reason (as defined in the Acceleration Plan) at any time during the period that ends 12 months following the consummation date of the change of control of the Company.
- (24) This stock option to purchase 500,000 shares of our common stock vests in 60 equal monthly installments following April 23, 2013, and is immediately exercisable.
- (25) This stock option to purchase 250,000 shares of our common stock vests in 60 equal monthly installments following February 13, 2014, and is immediately exercisable.

(26) This stock option to purchase 125,000 shares of our common stock vests in 48 equal monthly installments commencing on February 5, 2015.

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- (27) This restricted stock unit for 125,000 shares of our common stock vests in 48 equal monthly installments commencing on February 5, 2015.
- (28) This stock option is fully vested and exercisable.
- (29) This equity award will accelerate in full if, upon a change in control (as defined in the Acceleration Plan) of the Company, Ms. Kleha's employment with us is terminated by us without cause (as defined in the Acceleration Plan) or by Ms. Kleha for good reason (as defined in the Acceleration Plan) at any time during the period that ends 12 months following the consummation date of the change of control of the Company.
- (30) This stock option to purchase 100,000 shares of our common stock vests in 48 equal monthly installments commencing on April 23, 2013, and is immediately exercisable.
- (31) This stock option to purchase 25,000 shares of our common stock vests in 48 equal monthly installments commencing February 13, 2014, and is immediately exercisable.
- (32) This stock option to purchase 50,000 shares of our common stock vests in 48 equal monthly installments commencing July 22, 2014.
- (33) This stock option to purchase 80,000 shares of our common stock vests in 48 equal monthly installments commencing February 5, 2015.
- (34) This restricted stock unit for 14,000 shares of our common stock vests in 48 equal monthly installments commencing on February 5, 2015.

Option Exercises and Stock Vested in 2015

The following table sets forth the number of shares of common stock acquired during 2015 by our Named Executive Officers upon the exercise of stock options and the vesting of restricted stock unit awards and the value realized upon such exercise or vesting.

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$) ⁽¹⁾	Number of Shares Acquired on Vesting (#) ⁽²⁾	Value Realized on Vesting (\$) ⁽³⁾
Mikkel Svane			11,651	262,377
Alan Black	65,400	1,037,340	6,433	145,810
John Geschke	181,885	3,694,313	4,910	111,790
Adrian McDermott	344,215	7,805,127	29,006	648,446
Amanda Kleha	106,042	2,267,857	5,114	115,978

- (1) The value realized on exercise is the difference between the market price of the shares of the Company's common stock underlying the options when exercised and the applicable exercise price.
- (2) The amounts disclosed include the fully vested restricted stock units granted under our 2014 Plan in satisfaction of performance-based incentives earned under our Bonus Plan for 1H 2015. The amounts do not include the restricted stock units granted in February 2016 in satisfaction of performance-based incentives earned under our Bonus Plan for 2H 2015.
- (3)

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

Pension Benefits

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

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Non-Qualified Deferred Compensation

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

Executive Employment Arrangements

Offer Letters and Employment Agreements

Alan Black

On October 28, 2011, we entered into an offer letter with Mr. Black for the position of Chief Financial Officer. The offer letter provides for his at-will employment and sets forth his initial base salary, initial equity award, equity acceleration provisions and eligibility for the Company's benefit plans generally.

John Geschke

On May 30, 2012, we entered into an offer letter with Mr. Geschke for the position of General Counsel. Mr. Geschke was subsequently promoted and appointed as our Senior Vice President Administration on October 28, 2015, in addition to his role as General Counsel. The offer letter generally provides for his at-will employment and sets forth his initial base salary, initial equity award, equity acceleration provisions and eligibility for the Company's benefit plans generally.

Adrian McDermott

On June 16, 2010, we entered into an offer letter with Mr. McDermott for the position of Vice President of Engineering. The offer letter generally provides for his at-will employment and sets forth his initial base salary, initial equity award and eligibility for the Company's benefit plans generally.

Amanda Kleha

On September 25, 2009, we entered into an offer letter with Ms. Kleha for the position of Director of Online Marketing. Ms. Kleha was subsequently promoted and appointed as our Senior Vice President, Velocity Businesses on October 28, 2015. The offer letter provides for her at-will employment and sets forth her initial base salary, initial equity award, and eligibility for the Company's benefit plans generally.

Potential Payments upon Termination or Change of Control

Acceleration of Equity Awards

Mikkel Svane

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

will be fully accelerated.

Alan Black

In the event of a sale event (as defined in the 2009 Plan or the 2014 Plan, as applicable) in which Mr. Black does not retain his current position in the combined ongoing company, 100% of the outstanding and unvested equity awards held by Mr. Black will be fully accelerated.

Table of Contents***John Geschke***

In the event of a sale event (as defined in the 2009 Plan or the 2014 Plan, as applicable), 100% of the outstanding and unvested equity awards held by Mr. Geschke will be fully accelerated.

Adrian McDermott

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

Amanda Kleha

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

Value of Potential Payments upon Termination or Change of Control**Payments on Qualifying Event in Connection with Change in Control (\$)⁽¹⁾**

Name	Value of Accelerated Stock Options(\$)⁽²⁾	Value of Accelerated Restricted Stock Units(\$)⁽³⁾	Total(\$)
Mikkel Svane	23,347,321	856,127	24,203,448
Alan Black	2,653,368	3,928,421	6,581,789
John Geschke	3,198,128	236,532	3,434,660
Adrian McDermott	7,557,620	2,616,476	10,174,096
Amanda Kleha	1,058,299	293,061	1,351,360

- (1) A qualifying event for a Named Executive Officer is deemed to occur when the conditions set forth in the section Potential Payments upon Termination or Change of Control -Acceleration of Equity Awards have been met.
- (2) Based on a common stock price of \$26.44, equal to the closing market price of the Company's common stock on December 31, 2015, less the applicable exercise price for each option for which vesting would have been accelerated.
- (3) Based on a common stock price of \$26.44, equal to the closing market price of the Company's common stock on December 31, 2015.

Table of Contents**Equity Compensation Plan Information**

The table below presents information as of December 31, 2015 for our equity compensation plans approved by our stockholders. We do not have any equity compensation plans that have not been approved by our stockholders.

Plan Category	(a) Number of common stock to be issued upon exercise of outstanding options, warrants and rights	(b) Weighted-average exercise price of outstanding options, warrants and rights⁽¹⁾	(c) Number of shares of common stock remaining available for future issuance under equity compensation plans (excluding shares reflected in column (a))
Equity compensation plans approved by stockholders ⁽²⁾	10,778,001	\$ 11.94	6,417,992
Equity compensation plans not approved by stockholders			
Total	10,778,001	\$ 11.94	6,417,992

- (1) The weighted-average exercise price is calculated based solely on outstanding stock options. It does not reflect the shares that will be issued in connection with the settlement of restricted stock units, since restricted stock units have no exercise price.
- (2) Includes our 2014 Plan and our ESPP. Our 2014 Plan provides that the number of shares reserved and available for issuance under the plan will automatically increase each January 1, beginning on January 1, 2015, by 5% of the outstanding number of shares of our common stock on the immediately preceding December 31 or such lesser number of shares as determined by our compensation committee. Our ESPP provides that the number of shares reserved and available for issuance will automatically increase each January 1, beginning on January 1, 2015, by the lesser of 1,500,000 shares of our common stock, 1% of the outstanding number of shares of our common stock on the immediately preceding December 31, or such lesser number of shares as determined by our compensation committee. On January 1, 2016, the number of shares available for issuance under our 2014 Plan and our ESPP increased by 4,516,051 shares and 903,210 shares, respectively, pursuant to these provisions. These increases are not reflected in the table above.

Section 401(k) Plan

We maintain a tax-qualified retirement plan that provides eligible U.S. employees with an opportunity to save for retirement on a tax-advantaged basis. Plan participants are able to defer eligible compensation subject to applicable

annual statutory limits. We have the ability to make discretionary contributions to the 401(k) plan but have not done so to date. The 401(k) plan is intended to be qualified under Section 401(a) of the Code with the 401(k) plan's related trust intended to be tax exempt under Section 501(a) of the Code. As a tax-qualified retirement plan, contributions to the 401(k) plan and earnings on those contributions are not taxable to the employees until distributed from the 401(k) plan.

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

We maintain a policy providing for annual cash and equity retainers for our non-employee directors pursuant to which our non-employee directors receive the following annual cash retainers for their service:

	Cash Retainer (\$)
Annual Retainer for Non-Employee Directors	\$ 30,000
Additional Annual Retainer for Audit Committee Chairperson	15,000
Additional Annual Retainer for Compensation Committee Chairperson	10,000
Additional Annual Retainer for Nominating and Corporate Governance Committee Chairperson	10,000
Additional Annual Retainer for Audit Committee Non-Chairperson Members	7,500
Additional Annual Retainer for Compensation Committee Non-Chairperson Members	5,000
Additional Annual Retainer for Nominating and Corporate Governance Committee Non-Chairperson Members	5,000

Our policy provides that on the date of each annual meeting of stockholders, each non-employee continuing director will be granted an annual award of restricted stock units having a fair market value of \$150,000. The award of restricted stock units granted will fully vest on the first anniversary of the grant date, in each case, subject to continued service as a director through the vesting date. In addition, such awards are subject to full acceleration of vesting upon the sale of the Company. In addition to the compensation for non-employee directors set forth in our policy, the Board, based on recommendations by the compensation committee, makes determinations regarding the grant of equity awards to non-employee directors upon the commencement of such director's service on our Board.

The following table presents the total compensation for each person who served as a non-employee member of our Board during fiscal year 2015. Other than as set forth in the table and described more fully below, we did not pay any compensation, make any equity awards or non-equity awards to, or pay any other compensation to any of the other non-employee members of our Board in fiscal year 2015. Directors who are also our employees receive no additional compensation for their service as a director. The compensation received by Mr. Svane as an employee of the Company is presented in Executive Compensation Summary Compensation Table 2015.

Director Compensation Table 2015⁽¹⁾

Director Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$)⁽²⁾⁽³⁾	Total (\$)
Peter Fenton, Dana Stalder, Devdutt Yellurkar ⁽⁴⁾			
Caryn Marooney ⁽⁵⁾	35,000	149,987 ⁽⁶⁾	184,987
Elizabeth Nelson ⁽⁷⁾	45,000	149,987 ⁽⁶⁾	194,987
Michelle Wilson ⁽⁸⁾	47,500	149,987 ⁽⁶⁾	197,487

(1)

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On February 23, 2016, the Board granted Carl Bass a stock option pursuant to our 2014 Plan to purchase up to 50,000 shares of the Company's common stock in connection with Mr. Bass' February 2016 appointment as a director. The stock option vests over 48 months in equal monthly installments and has an exercise price of \$17.49 per share.

- (2) The amounts reported represent the aggregate grant date fair value of the stock awards, awarded to the director in fiscal year 2015, calculated in accordance with FASB ASC Topic 718. Such aggregate grant date fair value does not take into account any estimated forfeitures related to service-vesting conditions. The assumptions used in calculating the grant date fair value of the stock options and stock awards, as applicable

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reported in this column are set forth in the notes to our audited financial statements included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2015. The amounts reported in this column reflect the accounting cost for these stock awards and do not correspond to the actual economic value that may be received by the directors.

- (3) Each restricted stock unit award was granted pursuant to our 2014 Plan. Unless otherwise specified, each restricted stock unit award will fully vest on the first anniversary of the grant date, in each case, subject to continued service as a director through the vesting date.
- (4) Messrs. Fenton, Stalder, and Yellurkar agreed to waive their annual cash retainers and restricted stock unit grants for the year ended December 31, 2015. Mr. Yellurkar's service as a director concluded on May 12, 2015. Neither of Messrs. Fenton or Stalder held any outstanding equity awards as of December 31, 2015.
- (5) As of December 31, 2015, Ms. Marooney held a stock option to purchase 162,500 shares of our common stock and 6,741 restricted stock units.
- (6) While the Company targets granting non-employee directors an annual award of restricted stock units having a fair market value of \$150,000, the annual award grants of restricted stock units were made for whole shares. Due to rounding the fair market value of such grants is less than \$150,000.
- (7) As of December 31, 2015, Ms. Nelson held options to purchase 72,169 shares of our common stock, 4,523 shares of restricted stock and 6,741 restricted stock units.
- (8) As of December 31, 2015, Ms. Wilson held 84,636 shares of restricted stock and 6,741 restricted stock units.

Compensation Committee Interlocks and Insider Participation

None of our executive officers currently serves, or in the past year has served, as a member of the Board or compensation committee of any entity that has one or more executive officers serving on our Board or compensation committee.

Report of the Compensation Committee of the Board of Directors

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

The compensation committee has reviewed and discussed the sections captioned Compensation Discussion and Analysis and Executive Compensation with management. Based on such review and discussions, the compensation committee recommended to the Board that these Compensation Discussion and Analysis and Executive Compensation sections be included in this proxy statement for the year ended December 31, 2015.

Compensation Committee

Peter Fenton (Chair)

Carl Bass

Caryn Marooney

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

The following table sets forth certain information with respect to the beneficial ownership of our common stock as of February 29, 2016, for:

each of our Named Executive Officers;

each of our directors;

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

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

We have determined beneficial ownership in accordance with the rules of the SEC, and therefore it represents sole or shared voting or investment power with respect to our securities. Unless otherwise indicated below, to our knowledge, the persons and entities named in the table have sole voting and sole investment power with respect to all shares that they beneficially owned, subject to community property laws where applicable. We have deemed shares of our common stock subject to options and restricted stock units outstanding as of February 29, 2016 that were exercisable or issuable or will become exercisable or issuable within 60 days of February 29, 2016 to be outstanding and to be beneficially owned by the person holding the option or restricted stock unit for the purpose of computing the percentage ownership of that person but have not treated them as outstanding for the purpose of computing the percentage ownership of any other person.

We have based percentage ownership of our common stock on 90,825,007 shares of our common stock outstanding as of February 29, 2016.

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

	Shares Beneficially Owned	
	Number	Percentage
Named Executive Officers and Directors:		
Mikkel Svane ⁽¹⁾	5,687,052	6.1%
Alan Black ⁽²⁾	634,583	*
John Geschke ⁽³⁾	274,142	*
Adrian McDermott ⁽⁴⁾	839,093	*
Amanda Kleha ⁽⁵⁾	167,668	*
Peter Fenton ⁽⁶⁾⁽¹²⁾	5,502,201	6.1%

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Caryn Marooney ⁽⁷⁾	171,349	*
Elizabeth Nelson ⁽⁸⁾	152,598	*
Dana Stalder ⁽⁹⁾	1,632,418	1.8%
Michelle Wilson	171,349	*
Carl Bass ⁽¹⁰⁾	2,083	*
All directors and executive officers as a group (14 persons) ⁽¹¹⁾	16,218,470	17.0%
Other 5% or Greater Stockholders:		
Benchmark Capital Partners VI, LP ⁽¹²⁾	5,271,173	5.9%
FMR LLC ⁽¹³⁾	13,304,611	14.6%
The Vanguard Group ⁽¹⁴⁾	4,661,025	5.1%

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

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- (1) Consists of (i) 3,468,272 shares held of record, (ii) 2,217,928 shares subject to outstanding options which are exercisable within 60 days of February 29, 2016, and (iii) 852 shares issuable within 60 days of February 29, 2016 upon the vesting of restricted stock units.
- (2) Consists of (i) 120,013 shares held of record, (ii) 262,800 shares held by the Alan J. Black and Linda J. Black, Trustees of Black Family Trust 2001 U/I DTD. November 26, 2001, in which Mr. Black shares voting and dispositive power, (iii) 40,000 shares held by the Black 2013 Family Heritage Trust, in which Mr. Black shares voting and dispositive power, (iv) 40,000 shares held by the Black 2014 Family Heritage Trust, in which Linda Black, Mr. Black's wife, shares voting and dispositive power, (v) 171,395 shares subject to outstanding options which are exercisable within 60 days of February 29, 2016, and (vi) 375 shares issuable within 60 days of February 29, 2016 upon the vesting of restricted stock units.
- (3) Consists of (i) 3,509 shares held of record, (ii) 270,398 shares subject to outstanding options which are exercisable within 60 days of February 29, 2016, and (iii) 235 shares issuable within 60 days of February 29, 2016 upon the vesting of restricted stock units.
- (4) Consists of (i) 84,627 shares held of record and (ii) 751,862 shares subject to outstanding options which are exercisable within 60 days of February 29, 2016, and (iii) 2,604 shares issuable within 60 days of February 29, 2016 upon the vesting of restricted stock units.
- (5) Consists of (i) 7,190 shares held of record (ii) 159,457 shares subject to outstanding options which are exercisable within 60 days of February 29, 2016, and (iii) 1,021 shares issuable within 60 days of February 29, 2016 upon the vesting of restricted stock units.
- (6) Consists of (i) 231,028 shares held by Mr. Fenton's family trust, over which Mr. Fenton exercises voting and dispositive control and (ii) the shares listed in footnote 12 below which are held of record by Benchmark Capital Partners VI, L.P. Mr. Fenton is a managing member of Benchmark Capital Management Co. VI, L.L.C., the general partner of Benchmark Capital Partners VI, L.P. and, therefore, may be deemed to hold voting and dispositive power over the shares held by Benchmark Capital Partners VI, L.P. Mr. Fenton disclaims beneficial ownership of the shares which are held of record by Benchmark Capital Partners VI, L.P. except to the extent of any pecuniary interest therein.
- (7) Consists of (i) 8,849 shares held of record and (ii) 162,500 shares subject to outstanding options which are exercisable within 60 days of February 29, 2016.
- (8) Consists of (i) 80,429 shares held of record and (ii) 72,169 shares subject to outstanding options which are exercisable within 60 days of February 29, 2016.
- (9) Consists of (i) 1,554,469 shares, or the Matrix Shares, held by Matrix Partners IX, L.P., or Matrix IX, (ii) 2,672 shares, or the Weston Shares, held by Weston & Co. IX L.L.C., or Weston IX, as nominee for Vista Grande Trust, a trust of which Dana Stalder is the trustee and a beneficiary, or the Trust, and (iii) 75,277 shares, or the Trust Shares, held by the Trust. Matrix IX Management Co., L.L.C., or Matrix IX MC, is the general partner of Matrix IX, and Mr. Stalder is a managing member of Matrix IX MC. Mr. Stalder has sole voting and dispositive power with respect to the Matrix IX Shares. The Trust has sole voting and dispositive power with respect to the Weston Shares and the Trust Shares. Mr. Stalder disclaims beneficial ownership of the Matrix IX shares and the Trust Shares, except to the extent of his pecuniary interest therein.
- (10) Consists of 2,083 shares subject to outstanding options which are exercisable within 60 days of February 29, 2016.
- (11) Consists of (i) 11,434,545 shares held of record by our current directors and executive officers, (ii) 4,778,357 shares issuable pursuant to outstanding stock options which are exercisable within 60 days of February 29, 2016, and (iii) 5,568 shares issuable within 60 days of February 29, 2016 upon the vesting of restricted stock units.
- (12) Based on the most recently available Schedule 13G/A filed with the SEC on February 16, 2016 by Benchmark Capital Partners VI, L.P. (BCP VI), Benchmark Founders Fund VI, L.P. (BFF VI), Benchmark Founders Fund VI-B, L.P. (BFF VI-B), Benchmark Capital Management Co. VI, L.L.C. (BCMC VI) and the managing members of BCMC VI. Consists of 4,351,354 shares held directly by BCP VI for itself and 469,075 shares held by BCP VI as nominee for various persons associated with BCP VI, 272,139 shares held directly by BFF VI, and 178,605

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shares held directly by BFF VI-B. BCMC VI is the general partner of each of BCP VI, BFF VI and BFF VI-B. Mr. Fenton, Alexandre Balkanski, Matthew R. Cohler, Bruce W. Dunlevie, J. William Gurley, Kevin R. Harvey, Robert C. Kagle, Steven M. Spurlock and

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- Mitchell H. Lasky are the managing members of BCMC VI and share voting and dispositive power over the shares held by BCP VI. The address for these entities is 2965 Woodside Road, Woodside, California 94062.
- (13) Based on the most recently available Schedule 13G/A filed with the SEC on February 12, 2016 by FMR LLC, or FMR. FMR, certain of its subsidiaries and affiliates, and other companies, beneficially owned 13,304,611 shares, with sole voting power over 662,473 shares, and sole dispositive power of 13,304,611 shares. The address of FMR LLC is 245 Summer Street, Boston, Massachusetts 02210
- (14) Based on the most recently available Schedule 13G filed with the SEC on February 11, 2016 by The Vanguard Group. The Vanguard Group, an investment adviser, beneficially owned 4,661,025 shares, with sole voting power over 118,313 shares, shared voting power over 2,400 shares, sole dispositive power over 4,543,212 shares, and shared dispositive power over 117,813 shares. Vanguard Fiduciary Trust Company (VFTC), a wholly-owned subsidiary of The Vanguard Group, Inc., is the beneficial owner of 115,413 shares as a result of its serving as investment manager of collective trust accounts. Vanguard Investments Australia, Ltd. (VIA), a wholly-owned subsidiary of The Vanguard Group, Inc., is the beneficial owner of 5,300 shares as a result of its serving as investment manager of Australian investment offerings. The address for The Vanguard Group is 100 Vanguard Boulevard, Malvern, Pennsylvania, 19355.

Section 16(a) Beneficial Ownership Reporting Compliance

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

To our knowledge, based solely on a review of the copies of such reports furnished to us and written representations that no other reports were required, we believe that for 2015, all required reports were filed on a timely basis under Section 16(a) other than (i) one report, covering a total of three transactions in 2015 by Mr. Black, which was filed late and (ii) one report, covering a total of five transactions in 2015 by Mr. McDermott, which was filed late. In addition, one report covering three transactions by Mr. Black that occurred during 2014 was filed late during 2015.

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RELATED PARTY TRANSACTIONS

Certain Relationships and Transactions

Other than the transactions discussed below and the compensation agreements, equity compensation policies, grants of certain equity awards and other arrangements which are discussed above in Executive Compensation, in 2015, there was not, and there is not currently proposed, any transaction or series of similar transactions to which we were or will be a party for which the amount involved exceeds or will exceed \$120,000 and in which any director, executive officer, holder of 5% or more of any class of our capital stock or any member of their immediate family had or will have a direct or indirect material interest.

Transactions

We have granted stock options and other equity awards to our executive officers and certain of our directors. See the sections titled Grants of Plan-Based Awards in 2015, Outstanding Equity Awards at Fiscal Year-End Table 2015 and Director Compensation Table 2015 for a description of these options and equity awards.

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

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

Indemnification of Officers and Directors

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

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

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

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

any transaction from which they derived an improper personal benefit.

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

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

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

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

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

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

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

Procedures for Approval of Related Party Transactions

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

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Report of the Audit Committee of the Board of Directors

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

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

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

The audit committee has reviewed the Company's consolidated financial statements for 2015 and met with management, as well as with representatives of Ernst & Young LLP, the Company's independent registered public accounting firm, to discuss the consolidated financial statements. The audit committee also discussed with members of Ernst & Young LLP the matters required to be discussed by the Statement on Auditing Standards No. 61, as amended (AICPA *Performance Standards* Vol. 1. AU Section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T.

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

Based on these discussions, the financial statement review and other matters it deemed relevant, the audit committee recommended to the Board that the Company's audited consolidated financial statements for 2015 be included in its Annual Report on Form 10-K for 2015.

Audit Committee

Elizabeth Nelson (Chair)

Dana Stalder

Michelle Wilson

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TRANSACTION OF OTHER BUSINESS

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

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ADDITIONAL INFORMATION

Procedures for Submitting Stockholder Proposals

Requirements for Stockholder Proposals to be Brought Before the Annual Meeting. The advance notice requirements for the Annual Meeting, which is the first annual meeting following the initial public offering of our common stock, are as follows: a stockholder's notice shall be timely if delivered to our Secretary at the address set forth above not later than the close of business on the later of the 90th day prior to the scheduled date of the Annual Meeting or the 10th day following the day on which public announcement of the date of the Annual Meeting is first made or sent by us.

Our amended and restated bylaws provide that, for nominations of persons for election to our Board or other proposals to be considered at an annual meeting of stockholders, a stockholder must give written notice to our Secretary at Zendesk, Inc., 1019 Market Street, San Francisco, CA 94103, not later than the close of business 90 days, nor earlier than the close of business 120 days, prior to the first anniversary of the date of the preceding year's annual meeting. Since our Annual Meeting is being held on May 17, 2016, stockholder proposals must be received by our Secretary at our principal executive offices no earlier than January 16, 2017 and no later than February 17, 2017, in order to be raised at our 2017 annual meeting of stockholders. However, the amended and restated bylaws also provide that in the event the date of the annual meeting is more than 30 days before or more than 60 days after such anniversary date, notice must be delivered not later than the close of business on the later of the 90th day prior to such annual meeting or the 10th day following the day on which public announcement of the date of such meeting is first made. Any nomination must include all information relating to the nominee that is required to be disclosed in solicitations of proxies for election of directors in election contests or is otherwise required under Regulation 14A of the Exchange Act, the person's written consent to be named in the proxy statement and to serve as a director if elected and such information as we might reasonably require to determine the eligibility of the person to serve as a director. As to other business, the notice must include a brief description of the business desired to be brought before the meeting, the reasons for conducting such business at the meeting, and any material interest of such stockholder (and the beneficial owner) in the proposal. The proposal must be a proper subject for stockholder action. In addition, to make a nomination or proposal, the stockholder must be of record at the time the notice is made and must provide certain information regarding itself (and the beneficial owner), including the name and address, as they appear on our books, of the stockholder proposing such business, the number of shares of our capital stock which are, directly or indirectly, owned beneficially or of record by the stockholder proposing such business or its affiliates or associates (as defined in Rule 12b-2 promulgated under the Exchange Act) and certain additional information. You are also advised to review our amended and restated bylaws, which contain additional requirements about advance notice of stockholder proposals and director nominations.

Requirements for Stockholder Proposals to be Considered for Inclusion in the Company's Proxy Materials. In addition to the requirements stated above, any stockholder who wishes to submit a proposal for inclusion in our proxy materials must comply with Rule 14a-8 promulgated under the Exchange Act. For such proposals to be included in our proxy materials relating to our 2017 annual meeting of stockholders, all applicable requirements of Rule 14a-8 must be satisfied and we must receive such proposals no later than December 31, 2016. Such proposals must be delivered to our Secretary, c/o Zendesk, Inc., 1019 Market Street, San Francisco, CA 94103.

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