

Carbonite Inc
Form PREC14A
May 01, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
SCHEDULE 14A
(RULE 14A-101)

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934
(Amendment No.)

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

Check the appropriate box:

Preliminary Proxy Statement

Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to Rule 14a-12

CARBONITE, INC.

(Name of Registrant as Specified in Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

No fee required.

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

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

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

(4) Proposed maximum aggregate value of transaction:

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Fee paid previously with preliminary materials.

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

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party

(4) Date Filed:

PRELIMINARY - SUBJECT TO COMPLETION

[], 2015

Dear Fellow Stockholders:

I am pleased to invite you to attend the 2015 Annual Meeting of Stockholders of Carbonite, Inc. (the "Company") to be held on [], June [], 2015 at 9:00 a.m. Eastern Time at Foley & Lardner LLP, 111 Huntington Avenue, Boston, MA 02199.

Details regarding the meeting and the business to be conducted are more fully described in the accompanying Notice of Annual Meeting and Proxy Statement.

Engine Capital, L.P. ("Engine Capital") has provided notice of its intention to propose three director nominees for election at the Annual Meeting. **OUR BOARD OF DIRECTORS URGES YOU TO VOTE ONLY FOR OUR BOARD'S PROPOSED NOMINEES BY USING THE ENCLOSED WHITE PROXY CARD, TO DISREGARD ANY MATERIALS SENT BY ENGINE CAPITAL AND NOT TO SIGN OR RETURN OR VOTE ANY PROXY CARD SENT TO YOU BY ENGINE CAPITAL OR ANYONE SOLICITING PROXIES TO VOTE FOR ANY OF THE NOMINEES OF ENGINE CAPITAL.**

Our Board of Directors is committed to acting in the best interests of all of the Company's stockholders and, after considering the proposed nominees of Engine Capital, strongly urges all of the Company's stockholders to reject Engine Capital's efforts to replace any of the current directors on our Board of Directors. Accordingly, our Board of Directors recommends that you vote FOR its director nominees, Mohamad Ali, Peter Gyenes and Pravin Vazirani, and FOR Proposals 2 and 3 using the WHITE proxy card.

We urge you NOT to sign or return any proxy cards sent by Engine Capital. If you have already voted using a proxy card sent to you by Engine Capital, you can revoke it by subsequently executing and delivering the WHITE proxy card or by voting in person at the Annual Meeting. You may also vote over the Internet using the Internet address on the WHITE proxy card or by telephone using the toll-free number on the WHITE proxy card. Only your last-dated proxy will count, and any proxy may be revoked at any time prior to its exercise at the Annual Meeting as described in this Proxy Statement.

Your vote is important. Whether or not you plan to attend the 2015 Annual Meeting, I hope that you will vote as soon as possible.

Thank you for your ongoing support of and continued interest in Carbonite, Inc. Our Board of Directors is committed to acting in your best interests. We look forward to seeing you at our Annual Meeting.

Sincerely,

Mohamad Ali
President and Chief Executive Officer

2015 Notice of Meeting and Proxy Statement

Two Avenue de Lafayette
Boston, Massachusetts 02111

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON JUNE [], 2015

Notice is hereby given that the 2015 Annual Meeting of Stockholders (the "Annual Meeting") of Carbonite, Inc., a Delaware corporation (the "Company"), will be held at Foley & Lardner LLP, 111 Huntington Avenue, Boston, MA 02199, on [], June [], 2015, at 9:00 a.m. Eastern Time for the following purposes:

1. To elect three Class I directors to hold office until the 2018 annual meeting of stockholders or until their successors are elected and qualified;
2. To ratify the selection by the Audit Committee of the Board of Directors of the Company (the "Audit Committee") of Ernst & Young LLP as the independent registered public accounting firm of the Company for the fiscal year ending December 31, 2015;
3. To approve, on an advisory basis, the compensation of the Company's named executive officers as disclosed in the accompanying materials; and
4. To transact such other business as may properly come before the Annual Meeting or any adjournment or postponement thereof.

Stockholders of record at the close of business on Friday, April 10, 2015 (the "Record Date") are entitled to receive this notice of the Annual Meeting and to vote at the Annual Meeting and at any adjournments of such meeting.

This Proxy Statement and the accompanying WHITE proxy card are first being sent or given to stockholders of record on or about [], 2015.

Whether or not you plan to attend the meeting, please sign and return the enclosed WHITE proxy card as promptly as possible in the envelope enclosed for your convenience, or please vote via the Internet or phone using the instructions on the WHITE proxy card. If you receive more than one WHITE proxy card because your shares are registered in different names or addresses, each WHITE proxy card should be signed and returned to assure that all of your shares are represented at the meeting. Proxies forwarded by or for banks, brokers or other nominees should be returned as requested by them. The prompt return of proxies will save the expense involved in further communication.

You can find detailed information regarding voting in the section entitled "Information About the Annual Meeting and Voting" on pages 7 through 10 of this Proxy Statement. If you have any questions or require assistance in voting, please contact MacKenzie Partners, Inc. toll-free at (800) 322-2885 or call collect (212) 929-5500.

YOUR VOTE IS IMPORTANT. WHETHER OR NOT YOU INTEND TO BE PRESENT AT THE ANNUAL MEETING, PLEASE MARK, SIGN AND DATE THE ENCLOSED WHITE PROXY CARD AND RETURN IT IN THE ENCLOSED PREPAID ENVELOPE OR, IF YOU PREFER, SUBMIT YOUR PROXY BY TELEPHONE OR VIA THE INTERNET USING THE INSTRUCTIONS ON THE WHITE PROXY CARD TO ASSURE THAT YOUR SHARES ARE REPRESENTED AT THE ANNUAL MEETING. IF YOU ATTEND THE ANNUAL MEETING, YOU MAY VOTE IN PERSON IF YOU WISH TO DO SO, EVEN IF YOU HAVE PREVIOUSLY SUBMITTED YOUR PROXY.

By Order of the Board of Directors,

Danielle Sheer
General Counsel, Vice President, and
Secretary
[], 2015

2015 Notice of Meeting and Proxy Statement

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS
FOR THE ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON JUNE [], 2015**

The Proxy Statement and the Company's 2014 Annual Report to stockholders (the "Annual Report") are available at www.carbonite.com.

IMPORTANT

Our Board urges you NOT to sign any proxy card sent to you by Engine Capital or anyone soliciting proxies to vote for any of the nominees of Engine Capital. Engine Capital has notified the Company that it intends to propose three director nominees for election at the Annual Meeting. If you have already signed any proxy card provided by Engine Capital, you have every legal right to change your vote by using the enclosed WHITE proxy card to vote TODAY - by telephone or by Internet using the instructions on the WHITE proxy card, or by signing, dating and returning the WHITE proxy card in the postage-paid envelope provided.

2015 Notice of Meeting and Proxy Statement

PRELIMINARY - SUBJECT TO COMPLETION

Two Avenue de Lafayette
Boston, Massachusetts 02111

PROXY STATEMENT

FOR THE ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON JUNE [], 2015

The Board of Directors of Carbonite, Inc. is soliciting your proxy to vote at the Annual Meeting of Stockholders to be held on [], June [], 2015, at 9:00 a.m. Eastern Time and any adjournment or postponement of that meeting (the "Annual Meeting"). The Annual Meeting will be held at Foley & Lardner LLP, 111 Huntington Avenue, Boston, MA 02199. On or about [], 2015, we first mailed this Proxy Statement and the accompanying WHITE proxy card to stockholders of record as of April 10, 2015 (the "Record Date"). The only voting securities of Carbonite are shares of common stock, par value \$0.01 per share (the "Common Stock"). There were 27,332,782 shares of Common Stock outstanding as of the Record Date. We need the holders of a majority in voting power of the shares of Common Stock issued and outstanding and entitled to vote, present in person or represented by proxy, to hold the Annual Meeting.

In this Proxy Statement, we refer to Carbonite, Inc. as the "Company," "Carbonite," "we," or "us" and the Board of Directors as our "Board." When we refer to Carbonite's fiscal year, we mean the twelve-month period ending December 31 of the stated year.

The Company's Annual Report, including our Form 10-K for the year ended December 31, 2014, as amended (our "Form 10-K"), contains consolidated financial statements for the 2014 fiscal year and accompanies this Proxy Statement. You also may obtain a copy of our Form 10-K that was filed with the Securities and Exchange Commission (the "SEC"), without charge, by writing to our Investor Relations department at the above address. Our Form 10-K is also posted on our website at <http://investor.carbonite.com/sec.cfm>.

2015 Notice of Meeting and Proxy Statement

Proxy Summary

This summary highlights information contained elsewhere in this Proxy Statement. This summary does not contain all of the information you should consider and you should read the entire Proxy Statement before voting.

2015 Annual Meeting of Shareholders

Date & Time: [], June [], 2015, at 9:00 a.m. EST

Record Date: April 10, 2015

Place: Foley & Lardner LLP
111 Huntington Avenue
Boston, MA 02199

Voting: Only stockholders of record at the close of business on the Record Date will be entitled to vote at the Annual Meeting. Each share of Common Stock outstanding on the Record Date is entitled to one vote on each matter.

Meeting Agenda and Voting Matters

Item	Management Proposal	Board Vote Recommendation	Page Reference (for more detail)
1	Election of three Class I directors to hold office until the 2018 annual meeting of stockholders or until their successors are elected and qualified nominees named in the Proxy Statement	FOR each of our Board's director	24
2	Ratification of the selection by the Audit Committee of our Board of Ernst & Young LLP as the independent registered public accounting firm of the Company for the fiscal year ending December 31, 2015	FOR	25
3	Approval, on an advisory basis, of the compensation of the Company's named executive officers	FOR	26

Our Board urges you to vote for our Board's nominees and proposals by using the enclosed WHITE proxy card and not to sign or return or vote any proxy card sent to you by Engine Capital or anyone soliciting proxies to vote for any of the nominees of Engine Capital.

Members of our Board of Directors

Name	Age	Position	Term Expires
David Friend	67	Executive Chairman of the Board (Class III)	2017
Mohamad Ali	44	President, Chief Executive Officer and Director (Class I)	2015
Peter Gyenes	69	Director (Class I)	2015
Pravin Vazirani	43	Director (Class I)	2015
Stephen Munford	49	Director (Class II)	2016
Charles Kane	57	Director (Class II)	2016
Todd Krasnow	57	Director (Class III)	2017
Jeffrey Flowers	61	Director (Class III)	2017

2015 Notice of Meeting and Proxy Statement

Information about our Board and Committees

	Number of Members	Independence	Number of Meetings During Fiscal Year 2014
Full Board	8	62.5%	14
Audit Committee	3	100%	7
Compensation Committee	3	100%	5
Nominating and Corporate Governance Committee	3	100%	1

Governance Highlights

- ü Standing Board Committees Comprised Solely of Independent Directors
- ü Lead Independent Director
- ü Majority Independent Board
- ü Committee Authority to Retain Independent Advisors
- ü Robust Code of Business Conduct and Ethics; Policies on Insider Trading and Related Person Transactions

Executive Compensation Highlights

Our Philosophy

Our compensation philosophy is to tie a significant percentage of an executive officer's compensation to stockholder returns. We believe that because the achievement of our business and financial objectives will be reflected in the value of our equity, our executive officers will be incentivized to achieve these objectives when a significant portion of their compensation is tied to the value of our equity. To this end, we use stock options and restricted stock units ("RSUs") as components of our named executive officer compensation program because we believe that equity compensation best ties individual compensation to the creation of stockholder value over time. We believe that equity compensation is a significant motivator in attracting employees to internet-related and other technology companies.

Core Components of Executive Compensation

- ü Base Salary – Fixed cash payment giving consideration to the compensation paid to similarly situated executives at peer companies and an assessment of each executive officer's responsibilities, performance and contributions, among other factors.
- ü Incentive Cash Bonus – Variable cash payment giving consideration to the base compensation paid to similarly situated executives at peer companies and an assessment of each executive officer's responsibilities, performance and contributions, among other factors.
- ü Equity Incentives – Stock options and RSUs giving consideration to certain internal factors, such as the relative job scope, the value of prior and outstanding equity awards, individual performance and contributions, and external factors.

2015 Notice of Meeting and Proxy Statement

Key Features of our Executive Compensation Program

What We Do:

- ü Linkage Between Performance Measures and Strategic and Operational Objectives – Our executive compensation program is designed to align compensation incentives with our corporate strategic, business, and financial objectives and the long-term interests of our stockholders.
- ü Emphasis on Future Pay Opportunity vs. Current Pay Opportunity – For 2014, all of our long-term incentive awards were delivered 100% in the form of equity.
- ü Performance-Based Options – For 2014, our new Chief Executive Officer received option awards that vest based on our stock price performance.
- ü Market Comparison of Executive Compensation Against a Relevant Peer Group
- ü “Double Trigger” Cash Severance in the Event of a Change in Control – In the event of a change in control, cash severance benefits are payable only upon a “double trigger.”
- ü Independent Compensation Consultant - The Compensation Committee retains its own compensation consultant to review the Company’s executive compensation program and practices.
- ü Maximum Payout Caps for Annual Cash Incentive Compensation

What We Don’t Do:

- ý No Change in Control or Perquisite Tax Gross-Ups
- ý No Executive Perquisites
- ý No Excessive Severance Benefits
- ý No Service-Based Defined Benefit Pension Plan or Other Similar Benefits
- ý No Repricing of Underwater Stock Options

2015 Notice of Meeting and Proxy Statement

Summary Compensation

The table below includes some, but not all, of the information included in the Summary Compensation Table.

Name and Principal Position	Salary (\$)	Bonus (\$ (1))	Stock Awards (\$ (2))	Option Awards (\$ (2))	Non-Equity Incentive Plan Compensation (\$ (3))	All other Compensation (\$)	Total (\$)
Mohamad Ali, President and Chief Executive Officer	28,409						