

Cornerstone OnDemand Inc
Form DEF 14A
April 26, 2019
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A
PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE
SECURITIES EXCHANGE ACT OF 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

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

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

Cornerstone OnDemand, 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):

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(4) Date Filed:

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April 26, 2019

Dear Cornerstone OnDemand, Inc. Stockholders:

You are cordially invited to attend our 2019 Annual Meeting of Stockholders (the Annual Meeting), which will be held on Tuesday, June 11, 2019 at 1:00 p.m. Pacific Time at the Company s headquarters, located at 1601 Cloverfield Blvd., Suite 620 South, Santa Monica, California 90404.

At the Annual Meeting, stockholders will be asked to vote on the proposals set forth in the Notice of 2019 Annual Meeting of Stockholders and described in the accompanying proxy statement.

It is important that your shares of the Company s common stock are represented and voted at the Annual Meeting. Whether or not you plan to attend the Annual Meeting, please vote as soon as possible. Voting your proxy will ensure your representation at the Annual Meeting. We urge you to carefully review the proxy materials and to vote your shares: FOR the election of each of the two directors nominated by our board of directors to serve until our next annual meeting of stockholders; FOR the approval, on an advisory basis, of the compensation of our named executive officers; FOR the ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2019; and FOR the approval of an amendment and restatement of the Cornerstone OnDemand, Inc. 2010 Equity Incentive Plan.

Thank you for your continued support of Cornerstone OnDemand, Inc.

Sincerely,

/s/ Adam L. Miller

Adam L. Miller

Chief Executive Officer

/s/ Elisa A. Steele

Elisa A. Steele

Chair of the Board of Directors

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CORNERSTONE ONDEMAND, INC.

1601 Cloverfield Blvd., Suite 620 South

Santa Monica, California 90404

NOTICE OF 2019 ANNUAL MEETING OF STOCKHOLDERS

To Be Held on Tuesday, June 11, 2019

at 1:00 p.m. Pacific Time

The 2019 Annual Meeting of Stockholders (the Annual Meeting) of Cornerstone OnDemand, Inc., a Delaware corporation, will be held at the Company's headquarters, located at 1601 Cloverfield Blvd., Suite 620 South, Santa Monica, California 90404 on Tuesday, June 11, 2019 at 1:00 p.m. Pacific Time and, if applicable, at any adjournments or postponements thereof. At the Annual Meeting, our stockholders will be asked:

- 1 To elect two directors to serve until our next annual meeting of stockholders or until their respective successors are duly elected and qualified;
- 2 To approve, on an advisory basis, the compensation of our named executive officers;
- 3 To ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2019;
- 4 To approve an amendment and restatement of the Cornerstone OnDemand, Inc. 2010 Equity Incentive Plan; and
- 5 To transact such other business as may properly come before the Annual Meeting and any adjournments or postponements thereof.

The accompanying proxy statement more fully describes these proposals.

We have elected to take advantage of a U.S. Securities and Exchange Commission rule that allows us to furnish our proxy materials over the Internet to our stockholders rather than in paper form. We believe that this delivery process reduces our environmental impact and lowers the cost of printing and distributing our proxy materials without

affecting our stockholders' timely access to this important information. Accordingly, unless you have previously requested to receive our proxy materials in paper form, you should have received a Notice of Internet Availability of Proxy Materials (the "Notice"), which we expect to mail on or about April 26, 2019. The Notice explains how to access our proxy materials and vote by telephone or over the Internet.

Our board of directors has fixed the close of business on April 18, 2019 as the record date for the Annual Meeting. Only stockholders of record on April 18, 2019 are entitled to receive notice of and vote at the Annual Meeting. All stockholders are invited to attend the Annual Meeting in person. However, to ensure your representation at the Annual Meeting, please vote as soon as possible by following the instructions in the Notice. Any stockholder attending the Annual Meeting may vote in person even if he, she or it has voted using the Internet, telephone or proxy card, and any previous votes that were submitted by the stockholder, whether by Internet, telephone or mail, will be superseded by the vote such stockholder casts at the Annual Meeting. For further information, please see the information in the Notice and in the accompanying proxy statement.

By order of the Board of Directors

/s/ Adam L. Miller

/s/ Elisa A. Steele

Adam L. Miller

Elisa A. Steele

Chief Executive Officer
Santa Monica, California

Chair of the Board of Directors

April 26, 2019

YOUR VOTE IS EXTREMELY IMPORTANT. TO ENSURE YOUR REPRESENTATION AT THE ANNUAL MEETING, YOU ARE URGED TO VOTE BY TELEPHONE OR INTERNET AS PROMPTLY AS POSSIBLE. ALTERNATIVELY, YOU MAY REQUEST A PAPER PROXY CARD, WHICH YOU MAY COMPLETE, SIGN AND RETURN BY MAIL.

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CORNERSTONE ONDEMAND, INC.

FOR THE 2019 ANNUAL MEETING OF STOCKHOLDERS

To Be Held on Tuesday, June 11, 2019

at 1:00 p.m. Pacific Time

GENERAL INFORMATION

We are providing you with this proxy statement and the enclosed form of proxy in connection with the solicitation by the board of directors of Cornerstone OnDemand, Inc. of proxies to be used at our 2019 Annual Meeting of Stockholders (the Annual Meeting). The Annual Meeting will be held at the Company's headquarters, located at 1601 Cloverfield Blvd., Suite 620 South, Santa Monica, California 90404, on Tuesday, June 11, 2019 at 1:00 p.m. Pacific Time and, if applicable, at any adjournment or postponement thereof. This proxy statement contains important information regarding the Annual Meeting, the proposals on which you are being asked to vote, information you may find useful in determining how to vote, and information about voting procedures. As used herein, we, us, our, Cornerstone or the Company refers to Cornerstone OnDemand, Inc., a Delaware corporation.

This proxy statement and our annual report to stockholders were first made available to our stockholders on or about April 26, 2019.

The information provided in the question and answer format below addresses certain frequently asked questions but is not intended to be a summary of all matters contained in this proxy statement. You should read this entire proxy statement carefully before voting your shares. Information contained on, or that can be accessed through, our website is not intended to be incorporated by reference into this proxy statement and references to our website address in this proxy statement are inactive textual references only.

NOTICE OF INTERNET AVAILABILITY OF PROXY MATERIALS

In accordance with the notice and access rules of the U.S. Securities and Exchange Commission (the SEC), instead of mailing a printed copy of our proxy statement, proxy card and annual report (collectively, the proxy materials) to stockholders entitled to vote at the Annual Meeting, we are furnishing the proxy materials to our stockholders over the Internet. If you received a Notice of Internet Availability of Proxy Materials (the Notice) by mail, you will not receive a printed copy of the proxy materials. Instead, the Notice will instruct you as to how you may access and review the proxy materials and submit your vote via the Internet. If you received a Notice by mail and would like to receive a printed copy of the proxy materials, please follow the instructions for requesting such materials included in the Notice.

QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING AND THESE PROXY MATERIALS

What matters will be voted on at the Annual Meeting?

At the Annual Meeting, stockholders will be voting on:

the election of two directors to serve until our next annual meeting of stockholders or until their respective successors are duly elected and qualified;

a proposal to approve, on an advisory basis, the compensation of our named executive officers;

a proposal to ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for our fiscal year ending December 31, 2019;

a proposal to approve an amendment and restatement of the Cornerstone OnDemand, Inc. 2010 Equity Incentive Plan; and

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any other business that may properly come before the Annual Meeting or any adjournments or postponements thereof.

How does our board of directors recommend that I vote?

Our board of directors recommends that you vote:

FOR the election of Dean Carter and Elisa A. Steele to serve as directors until our next annual meeting of stockholders or until their respective successors are duly elected and qualified;

FOR the approval, on an advisory basis, of the compensation of our named executive officers;

FOR the approval of an amendment and restatement of the Cornerstone OnDemand, Inc. 2010 Equity Incentive Plan; and

FOR the ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for our fiscal year ending December 31, 2019.

Will there be any other items of business on the agenda?

If any other items of business or other matters are properly brought before the Annual Meeting, your proxy gives discretionary authority to the persons named on the proxy card with respect to those items of business or other matters. The persons named on the proxy card intend to vote the proxy in accordance with their best judgment. Our board of directors does not intend to bring any other matters to be voted on at the Annual Meeting. We are not currently aware of any other matters that may properly be presented by others for action at the Annual Meeting.

Who is entitled to vote at the Annual Meeting?

Holders of our common stock at the close of business on April 18, 2019, the record date for the Annual Meeting, are entitled to receive notice of and vote at the Annual Meeting. Each stockholder is entitled to one vote for each share of our common stock held as of the record date. As of the record date, there were 59,601,995 shares of our common stock outstanding and entitled to vote at the Annual Meeting. No shares of preferred stock were outstanding.

A complete list of the stockholders entitled to vote at the Annual Meeting will be available at our headquarters, located at 1601 Cloverfield Blvd., Suite 620 South, Santa Monica, California 90404, during regular business hours for the ten days prior to the Annual Meeting. This list also will be available during the Annual Meeting at the meeting location. Stockholders may examine the list for any legally valid purpose related to the Annual Meeting.

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

Stockholders of Record. If, at the close of business on the record date, your shares of our common stock are registered directly in your name with Computershare Trust Company, N.A., our transfer agent, you are considered to be the stockholder of record of such shares. Throughout this proxy statement, we refer to registered stockholders as stockholders of record. If you are a stockholder of record, you have the right to grant your voting proxy directly to the individuals listed on the proxy card or to vote in person at the Annual Meeting.

Beneficial Owner. If, at the close of business on the record date, your shares of our common stock were held in a brokerage account or by a bank or other nominee on your behalf, you are considered to be the beneficial owner of shares of common stock held in street name. Throughout this proxy statement, we refer to stockholders who hold their shares through a broker, bank or other nominee as beneficial owner. If you are a beneficial owner, you have the right to direct your broker, bank or other nominee how to vote your shares by

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following the voting instructions your broker, bank or other nominee provides. If you do not provide your broker, bank or other nominee with instructions on how to vote your shares, your broker, bank or other nominee may not vote your shares with respect to any non-routine matters, but it may, in its discretion, vote your shares with respect to routine matters. Please see *What if I do not specify how my shares are to be voted?* for a description of routine versus non-routine matters.

Do I have to do anything in advance if I plan to attend the Annual Meeting in person?

Stockholders of Record. If you are a stockholder of record, you do not need to do anything in advance to attend and/or vote your shares in person at the Annual Meeting, but you will need to present government-issued photo identification for entrance to the Annual Meeting.

Beneficial Owner. If you are a beneficial owner, you may not vote your shares in person at the Annual Meeting unless you obtain a legal proxy from the broker, bank or other nominee who is the stockholder of record with respect to your shares. You may still attend the Annual Meeting even if you do not have a legal proxy. For entrance to the Annual Meeting, you will need to present government-issued photo identification and provide proof of beneficial ownership as of the record date, such as the notice or voting instructions you received from your broker, bank or other nominee or a brokerage statement reflecting your ownership of shares as of the record date.

How do I vote and what are the voting deadlines?

Stockholders of Record. If you are a stockholder of record, there are several ways for you to vote your shares:

Over the Internet, by telephone or by mail. If you are a stockholder of record, you may instruct the proxy holders how to vote your shares by using the Internet voting site or the toll-free telephone number listed on the enclosed proxy card. Alternatively, you may complete, sign, date and return the proxy card in the postage pre-paid envelope provided. Please sign your name exactly as it appears on the proxy card. Proxy cards submitted by mail must be received no later than June 10, 2019 for your shares to be voted at the Annual Meeting. Specific instructions for using the telephone and Internet voting systems are on the proxy card. The telephone and Internet voting systems for stockholders of record will be available until 11:59 p.m. Eastern Time on June 10, 2019. Regardless of the method you select to transmit your voting instructions, the proxy holders will vote your shares in accordance with your instructions. If you sign and return a proxy card without giving specific voting instructions with respect to one or more proposals, your shares will be voted as recommended by our board of directors.

In person at the Annual Meeting. You may vote your shares in person at the Annual Meeting by delivering your completed proxy card in person or by completing and submitting a ballot, which will be provided at the Annual Meeting. Even if you plan to attend the Annual Meeting in person, we recommend that you also submit your proxy card or voting instructions by mail or vote by telephone or via the Internet by the applicable deadline so that your vote will be counted if you later decide not to attend the Annual Meeting.

Beneficial Owners. If you are a beneficial owner, you will receive voting instructions from your broker, bank or other nominee. You must follow the voting instructions provided by your broker, bank or other nominee in order to instruct your broker, bank or other nominee on how to vote your shares. The availability of telephone and Internet voting will depend on the voting process of your broker, bank or other nominee. **As discussed above, if you are a beneficial owner, you may not vote your shares in person at the Annual Meeting unless you obtain a legal proxy from**

your broker, bank or other nominee.

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Can I revoke or change my vote after I submit my proxy?

Stockholders of Record. If you are a stockholder of record, you may revoke your proxy or change your proxy instructions at any time before your proxy is voted at the Annual Meeting by:

entering a new vote by Internet or by telephone;

signing and returning a new proxy card with a later date;

delivering a written revocation to our General Counsel at Cornerstone OnDemand, Inc., 1601 Cloverfield Blvd., Suite 620 South, Santa Monica, California 90404, by 11:59 Eastern Time on June 10, 2019; or

attending the Annual Meeting and voting in person.

Beneficial Owners. If you are a beneficial owner, you must contact the broker, bank or other nominee holding your shares and follow its instructions to change your vote or revoke your proxy.

What is the effect of giving a proxy?

Proxies are solicited by and on behalf of our board of directors. The persons named in the proxy have been designated as proxy holders by our board of directors. When a proxy is properly dated, executed and returned, the shares represented by the proxy will be voted at the Annual Meeting in accordance with the instructions of the stockholder. If no specific instructions are given, however, the shares will be voted in accordance with the recommendations of our board of directors. If any matters not described in this proxy statement are properly presented at the Annual Meeting, the proxy holders will use their own judgment to determine how to vote your shares. If the Annual Meeting is postponed or adjourned, the proxy holders can vote your shares on the new meeting date, unless you have properly revoked your proxy, as described above.

What if I do not specify how my shares are to be voted?

Stockholders of Record. If you are a stockholder of record and you submit a proxy but you do not provide voting instructions, your shares will be voted:

FOR the election of Dean Carter and Elisa A. Steele to serve as directors until our next annual meeting of stockholders or until their respective successors are duly elected and qualified (Proposal 1);

FOR the approval, on an advisory basis, of the compensation of our named executive officers (Proposal 2);

FOR the ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for our fiscal year ending December 31, 2019 (Proposal 3);

FOR the approval of an amendment and restatement of the Cornerstone OnDemand, Inc. 2010 Equity Incentive Plan (Proposal 4); and

In the discretion of the named proxies regarding any other matters properly presented for a vote at the Annual Meeting or any adjournments or postponements thereof.

Beneficial Owners. If you are a beneficial owner and you do not provide the broker, bank or other nominee that holds your shares with voting instructions, your broker, bank or other nominee will determine if it has the discretionary authority to vote on the particular matter. Brokers, banks and other nominees do not have discretion to vote on non-routine matters. Proposals 1, 2 and 4 are non-routine matters, while Proposal 3 is a routine matter. As a result, if you do not provide voting instructions to your broker, bank or other nominee, your broker, bank or other nominee may not vote your shares with respect to Proposals 1, 2 or 4, which would result in a broker non-vote, but may, in its discretion, vote your shares with respect to Proposal 3. For additional information regarding broker non-votes, see

What are the effects of abstentions and broker non-votes? below.

Table of Contents***What constitutes a quorum, and why is a quorum required?***

A quorum is the minimum number of shares required to be present at the Annual Meeting for the meeting to be properly held under our bylaws and Delaware law. A quorum exists when at least a majority of the outstanding shares entitled to vote at the close of business on the record date are represented at the Annual Meeting, either in person or by proxy. As of the close of business on the record date, we had 59,601,995 shares of common stock outstanding and entitled to vote at the Annual Meeting, meaning that 29,800,998 shares of common stock must be represented in person or by proxy at the Annual Meeting to have a quorum. If there is not a quorum, the chairperson of the Annual Meeting or a majority of the shares present in person or represented by proxy at the Annual Meeting may adjourn the meeting to a later date.

What are the effects of abstentions and broker non-votes?

An abstention represents a stockholder's affirmative choice to decline to vote on a proposal. If a stockholder indicates on its proxy card that it wishes to abstain from voting its shares, or if a broker, bank or other nominee holding its customers' shares of record causes abstentions to be recorded for shares, these shares will be considered present and entitled to vote at the Annual Meeting. As a result, an abstention for Proposals 2, 3 or 4 will be counted for purposes of determining the presence or absence of a quorum and will also count as votes against such proposal.

A broker non-vote occurs when a broker, bank or other nominee holding shares for a beneficial owner does not vote on a particular proposal because the nominee does not have discretionary voting power with respect to such proposal and has not received voting instructions from the beneficial owner of the shares. Broker non-votes will be counted for the purpose of calculating whether a quorum is present at the Annual Meeting. Thus, a broker non-vote will make a quorum more readily attainable, but will not otherwise affect the outcome of the vote on Proposals 1, 2, 3 and 4.

What is the vote required for each proposal?

Proposal	Vote Required	Broker Discretionary Voting Allowed?
Proposal 1 Election of directors	Plurality of voting power of shares present and entitled to vote	No
Proposal 2 Approval of an advisory resolution to approve named executive officer compensation	Majority of voting power of shares present and entitled to vote	No
Proposal 3 Ratification of the appointment of independent registered public accounting firm	Majority of voting power of shares present and entitled to vote	Yes
Proposal 4 Approval of an amendment and restatement of the Cornerstone OnDemand, Inc. 2010 Equity Incentive Plan	Majority of voting power of shares present and entitled to vote	No

With respect to Proposal 1, you may (i) vote FOR all nominees, (ii) WITHHOLD your vote as to all nominees, or (iii) vote FOR all nominees except for those specific nominees from whom you WITHHOLD your vote. The two director nominees receiving the most FOR votes will be elected. You may not cumulate votes in the election of directors. Any shares not voted FOR a particular nominee (whether as a result of a vote being withheld or a broker non-vote) will not be counted in such nominee's favor and will have no effect on the outcome of the election. If you

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WITHHOLD your vote as to all nominees, you will be deemed to have ABSTAINED from voting on Proposal 1, and such abstention will have no effect on the outcome of the vote.

With respect to Proposals 2, 3 and 4, you may vote FOR, AGAINST or ABSTAIN. If you ABSTAIN from voting on Proposal 2, 3 or 4, the abstention will have the same effect as a vote AGAINST the proposal.

Table of Contents***Who will count the votes?***

Broadridge Financial Solutions, Inc. (Broadridge) has been engaged to receive and tabulate stockholder votes. Broadridge will also certify the election results and perform any other acts required by the Delaware General Corporation Law.

Who is paying for the costs of this proxy solicitation?

Our board of directors is soliciting proxies for use at the Annual Meeting. We will bear the entire cost of proxy solicitation, including the preparation, assembly, printing, mailing and distribution of the proxy materials. Copies of solicitation materials will also be made available upon request to brokerage houses and other nominees holding shares in their names that are beneficially owned by others to forward to such beneficial owners. The original solicitation of proxies may be supplemented by solicitation by telephone, electronic communication, or other means by our directors, officers, employees or agents. No additional compensation will be paid to these individuals for any such services, although we may reimburse such individuals for their reasonable out-of-pocket expenses in connection with such solicitation. We have hired Innisfree M&A Incorporated to act as our proxy solicitor in connection with the Annual Meeting. We expect to pay Innisfree a fee of \$25,000, plus reimbursable expenses and customary charges, for these services.

How can I find the results of the Annual Meeting?

Preliminary results will be announced at the Annual Meeting. Final results will be published in a Current Report on Form 8-K to be filed with the SEC within four business days after the Annual Meeting. If the official results are not available at that time, we will provide preliminary voting results in the Current Report on Form 8-K and will provide the final results in an amendment to the Current Report on Form 8-K as soon as they become available.

BOARD OF DIRECTORS AND CORPORATE GOVERNANCE

Our business and affairs are managed under the direction of our board of directors, which is currently composed of ten members. Nine of our current directors are independent within the meaning of the listing standards of The Nasdaq Stock Market (Nasdaq).

On January 12, 2018, Harold W. Burlingame, one of our current directors, notified us of his decision to retire from our board of directors at the Annual Meeting.

The following table sets forth the names, ages as of February 28, 2019, and certain other information for each of our directors who will continue to serve after the Annual Meeting and for each of our director nominees:

Name	Age	Director Since
Adam L. Miller	49	1999
Dean Carter	54	2017
Robert Cavanaugh	50	2015
Richard Haddrill	65	2018
Joe Osness	41	2017
Marcus S. Ryu	45	2018

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Kristina Salen	47	2014
Elisa A. Steele	52	2018
Steffan C. Tomlinson	47	2017

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There is no family relationship among any of the nominees, directors and/or any of our executive officers. Our executive officers serve at the discretion of our board of directors. Further information about our directors, including each of the director nominees, is provided below.

Adam L. Miller founded the Company and has been our Chief Executive Officer and a member of our board of directors since May 1999. In addition to strategy, sales and operations, Mr. Miller has led our product development efforts since our inception. Prior to founding Cornerstone, Mr. Miller was an investment banker with Schrodgers plc, a financial services firm. Since its formation, Mr. Miller has served as the Chairman of the Cornerstone OnDemand Foundation, which leverages Cornerstone's expertise, solutions and partner ecosystem to help empower communities. Since February 2017, Mr. Miller has served on the board of directors of Mindbody, Inc., a software provider for class- and appointment-based businesses. Mr. Miller also writes and speaks extensively about talent management and on-demand software. Mr. Miller holds a J.D. from the School of Law of the University of California, Los Angeles (UCLA), an M.B.A. from UCLA's Anderson School of Business, a B.A. from the University of Pennsylvania (Penn) and a B.S. from Penn's Wharton School of Business. He also earned C.P.A. (inactive) and Series 7 certifications. We believe that Mr. Miller possesses specific attributes that qualify him to serve as a member of our board of directors, including his operational expertise and the historical knowledge and perspective he has gained as our Chief Executive Officer and one of our founders.

Dean Carter has been a member of our board of directors since May 2017. Mr. Carter has served as Vice President of Human Resources and Shared Services at Patagonia, Inc., a designer of outdoor clothing and gear, since May 2015. From June 2010 to April 2015, Mr. Carter served as Chief Human Resources Officer and Vice President of Talent and Human Capital Services at Sears Holdings Corporation, a nationwide retailer. From January 2000, to January 10, 2010, Mr. Carter served as Chief Human Resources Officer at Fossil Group, Inc., a design, marketing and distribution company. Mr. Carter holds a B.S. in Organizational Communication from the University of Texas at Austin. We believe that Mr. Carter's extensive experience in human resources and management qualifies him to serve as a member of our board of directors.

Robert Cavanaugh has been a member of our board of directors since April 2015. Mr. Cavanaugh has served as the President of Accolade, Inc., a private company that operates a consumer healthcare engagement platform, since May 2018, and previously served as President of Field Operations at Accolade, Inc. from November 2015 to May 2018. Prior to joining Accolade, Inc., Mr. Cavanaugh served in several roles, including as President Worldwide Enterprise, SMB & Government, at Concur Technologies, Inc., a provider of integrated travel and expense management solutions, from 1999 to April 2015. Prior to joining Concur Technologies, Inc., Mr. Cavanaugh held consulting and implementation management positions at Seeker Software and Ceridian Corporation. Mr. Cavanaugh holds a B.S. in Business Administration from Norwich University. We believe that Mr. Cavanaugh possesses specific attributes that qualify him to serve as a member of our board of directors, including his experience managing technology companies, in the software industry and with SaaS.

Richard Hadrill has been a member of our board of directors since June 2018. Mr. Hadrill has served as Founder and Member of The Groop, LLC, a private investment management firm, since January 2018. Mr. Hadrill has served as Vice Chairman of Scientific Games Corporation, a provider of technology-based products and services for gaming and lottery organizations (SGC), since February 2018. Mr. Hadrill was employed as Executive Vice Chairman of SGC starting in December 2014, following SGC's acquisition of Bally Technologies, Inc., a gaming company, in November 2014. Previously, Mr. Hadrill served as Chief Executive Officer of Bally from 2004 to 2012 and from May 2014 until SGC's acquisition of Bally, and served on the board of directors of Bally from April 2003 until SGC's acquisition of Bally. Previously Mr. Hadrill served as the Chief Executive Officer of two other public companies, Manhattan Associates, Inc. and Powerhouse Technologies, Inc. He is a business graduate of the University of Michigan. We believe that Mr. Hadrill's extensive experience as an executive and/or director for public and private

technology, software and gaming companies qualifies him to serve as a member of our board of directors.

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Joseph Osness has been a member of our board of directors since December 2017. Mr. Osness serves as a managing director based in the New York office of Silver Lake, which he joined in 2002. From 2010 to 2014, he was based in London, where he helped oversee the firm's activities in EMEA. He serves on the boards of several software, services and transaction processing companies, including Cast & Crew, Cegid, Global Blue, LightBox and Sabre Corporation. He also is closely involved with Silver Lake's investment in Red Ventures and previously served on the boards of Cast & Crew, Interactive Data Corporation, Mercury Payment Systems and Virtu Financial. Mr. Osness graduated summa cum laude from Harvard College, with an A.B. in Applied Mathematics and a citation in French language. He also has served as visiting professor of finance at the London School of Economics. We believe that Mr. Osness's extensive experience in private equity investing, including the technology sector, and service on the boards of directors of other companies, both domestically and internationally, qualify him to serve as a member of our board of directors.

Marcus S. Ryu has been a member of our board of directors since June 2018. Mr. Ryu has served as a director of and in various other positions at Guidewire Software, Inc., a provider of software products for property and casualty insurers, since 2001, including as Chief Executive Officer and President. From 2000 to 2001, Mr. Ryu served as Vice President of Strategy at Ariba, Inc. From 1998 to 2000, Mr. Ryu served as a consultant at McKinsey & Company. Mr. Ryu served on the boards of directors of Opower, Inc., a software company in the utilities space, from August 2013 until its sale to Oracle Corporation in June 2016, and Mulesoft, Inc., a software company, from December 2017 until its sale to salesforce.com in May 2018. Mr. Ryu holds an A.B. from Princeton University and a B.Phil. from New College, Oxford University. We believe that Mr. Ryu is qualified to serve as a member of our board of directors because of his experience as a public company chief executive officer and his knowledge of selling software into a large vertical industry.

Kristina Salen has been a member of our board of directors since July 2014. Ms. Salen has served as Chief Financial Officer of Moda Operandi, Inc., an online luxury retail and fashion platform, since February 2019. Previously, Ms. Salen served as Chief Financial Officer and Chief Operating Officer of Translations Enterprises, LLC, an artist services company, from July 2017 to October 2018. Prior to that, Ms. Salen served as Chief Financial Officer of Etsy, Inc., an online marketplace, from 2013 until 2017. Prior to Etsy, Ms. Salen led the media, Internet, and telecommunications research group of FMR LLC d/b/a Fidelity Investments, a multinational financial services company, from January 2006 to January 2013. Prior to Fidelity, Ms. Salen worked in various financial and executive roles at several companies, including Oppenheimer Capital LLC, an investment firm, from June 2002 to December 2005; Merrill Lynch & Co., Inc., a financial services corporation acquired by Bank of America Corporation in January 2009, from June 1997 to June 2001; Lazard Freres & Co. LLC, a global financial advisory and asset management firm, from April 1996 to June 1997; and SBC Warburg, an investment bank, from December 1994 to April 1996. Ms. Salen holds a B.A. in Political Science from Vassar College and an M.B.A. from Columbia University. We believe Ms. Salen possesses specific attributes that qualify her to serve as a member of our board of directors, including her financial expertise and her experience leading and managing technology companies.

Elisa A. Steele has been a member of our board of directors since June 2018. Ms. Steele has served as the Chief Executive Officer of Namely, Inc., a human resources software company, since August 2018 and has served as a board member or advisor to various technology companies since July 2017. From January 2014 to July 2017, Ms. Steele served in various positions at Jive Software, Inc., a communication and collaboration software company, including as Chief Executive Officer and President from February 2015 to July 2017. From August 2013 to December 2013, Ms. Steele served as Corporate Vice President and Chief Marketing Officer of Consumer Applications and Services at Microsoft Corporation, a worldwide provider of software, services and solutions. Ms. Steele served as Chief Marketing Officer of the Skype business (owned by Microsoft) from July 2012 to August 2013. Prior to joining Microsoft's Skype business, Ms. Steele served as Executive Vice President and Chief Marketing Officer at Yahoo! Inc., an internet services company. Ms. Steele has served as a director of Splunk Inc., a provider of real-time operational intelligence software, since September 2017. Ms. Steele holds a B.S. in Business Administration from the

University of New Hampshire and an M.B.A. from San Francisco State

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University. We believe that Ms. Steele's extensive executive-level experience in marketing and products at a number of public and private technology companies qualifies her to serve as a member of our board of directors.

Steffan C. Tomlinson has been a member of our board of directors since May 2017. Mr. Tomlinson has served as Chief Financial Officer at Google Cloud, a business unit of Google LLC that provides cloud computing services, since April 2019. Mr. Tomlinson served as Chief Financial Officer of Palo Alto Networks, Inc., a cyber security company, from February 2012 to March 2018. Prior to this role, Mr. Tomlinson served as Chief Financial Officer at Arista Networks, Inc., a provider of cloud networking solutions, from September 2011 to January 2012. Mr. Tomlinson was a Partner of and served as Chief Administrative Officer at Silver Lake Kraftwerk, a private investment firm, from April 2011 to September 2011. Mr. Tomlinson served as Chief Financial Officer at Aruba Networks, Inc., a provider of intelligent wireless LAN switching systems, from September 2005 to March 2011. Mr. Tomlinson served in several financial roles and ultimately served as Chief Financial Officer at Peribit Networks, Inc., a provider of WAN optimization technology, from October 2000 until August 2005. Mr. Tomlinson served on the boards of directors of Qlik Technologies Inc., from January 2013 to June 2016, and Riverbed Technology, Inc., from September 2014 to April 2015. Mr. Tomlinson holds a B.A. in Sociology from Trinity College and an M.B.A. from Santa Clara University. We believe Mr. Tomlinson possesses specific attributes that qualify him to serve as a member of our board of directors, including his experience in the management of technology companies and his financial expertise in the software industry.

Overview

Our board of directors oversees our Chief Executive Officer and other senior management in the competent and ethical operation of our business and affairs and ensures that the long-term interests of our stockholders are being served. The key practices and procedures of our board of directors are outlined in our Corporate Governance Principles, which are available on the Investor Relations page of our website at investors.cornerstoneondemand.com, under *Governance*.

Leadership Structure

Pursuant to our Corporate Governance Principles, the roles of Chairperson and Chief Executive Officer may be filled by the same or different individuals. This allows our board of directors flexibility to determine whether the two roles should be combined or separated based on our needs and our board of directors' assessment of our leadership from time to time. In June 2018, Ms. Steele began serving as Chairperson.

Our board of directors believes that this leadership structure, which separates the Chief Executive Officer and Chairperson roles, is appropriate at this time in light of the evolution of our business and operating environment. In particular, our board of directors believes that this structure clarifies the individual roles and responsibilities of the Chief Executive Officer and Chairperson, streamlines decision-making, and enhances accountability.

Our board of directors, including each of its committees, has full access to members of management, either as a group or individually, and to information deemed necessary to fulfill the obligations of our board of directors and its committees.

The Board's Role in Risk Oversight

Our management has day-to-day responsibility for identifying risks facing the Company, including implementing suitable mitigating processes and controls, assessing risks in relation to the Company's strategies and objectives, and appropriately managing risks in a manner that serves the best interests of the Company, its stockholders, and other

stakeholders. Our board of directors is responsible for ensuring that an appropriate culture of risk management exists within the Company, overseeing its aggregate risk profile, and assisting management in addressing specific risks.

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Generally, various committees of our board of directors oversee risks associated with their respective areas of responsibility and expertise. For example, our Audit Committee oversees, reviews and discusses with management and our independent registered public accounting firm, our major financial reporting and accounting risk exposures and the steps management has taken to monitor and mitigate those exposures. Our Compensation Committee oversees risks associated with our compensation policies, plans and practices. Our Nominating and Corporate Governance Committee oversees the management of risks associated with director independence and board of directors composition and organization. Management and other employees report to our board of directors and/or relevant committee(s) from time to time on risk-related issues.

Director Independence

Under the listing standards of Nasdaq, independent directors must comprise a majority of a listed company's board of directors. In addition, the listing standards of Nasdaq require that, subject to specified exceptions, each member of a listed company's audit, compensation and nominating and corporate governance committees be independent. Under the listing standards of Nasdaq, a director will only qualify as an independent director if, in the opinion of that company's board of directors, the director does not have a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

Audit committee members must also satisfy the additional independence criteria set forth in Rule 10A-3 under the Securities Exchange Act of 1934, as amended (the Exchange Act), and the listing standards of Nasdaq. In addition, compensation committee members must also satisfy the additional independence criteria set forth in Rule 10C-1 under the Exchange Act and the listing standards of Nasdaq.

Based upon information requested from and provided by each director concerning his or her background, employment and affiliations, including family relationships, our board of directors has determined that none of Dean Carter, Robert Cavanaugh, Richard Hadrill, Joseph Osness, Marcus S. Ryu, Kristina Salen, Elisa A. Steele and Steffan Tomlinson, representing eight of the nine directors who will serve on our board of directors following the Annual Meeting if Proposal 1 (election of directors) is approved by our stockholders, has a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of such director or director nominee and that each of these directors or director nominees is independent as that term is defined under the listing standards of Nasdaq. In addition, our board of directors determined that Harold W. Burlingame, who will continue to serve as a director until his term expires at the Annual Meeting, is also independent. Our board of directors also determined that Messrs. Burlingame, Hadrill and Tomlinson and Ms. Salen, who currently comprise our Audit Committee, Messrs. Burlingame, Carter and Tomlinson, who currently comprise our Compensation Committee, and Messrs. Carter, Cavanaugh, Osness and Ryu, who currently comprise our Nominating and Corporate Governance Committee, satisfy the independence standards for those committees established by applicable SEC rules and the listing standards of Nasdaq. In making this determination, our board of directors considered the relationships that each non-employee director has with us and all other facts and circumstances our board of directors deemed relevant in determining their independence.

Investment Agreement

Pursuant to the terms of an investment agreement (the Investment Agreement) among the Company and certain affiliates of Silver Lake Group, L.L.C. (Silver Lake), Silver Lake became entitled to nominate two individuals to our board of directors. As long as Silver Lake or its affiliates beneficially own shares of our common stock (assuming conversion of the convertible notes held by Silver Lake) representing in excess of 10% of the outstanding shares of our common stock, Silver Lake will maintain the right to nominate two individuals for election to our board of directors, at least one of whom will be a managing director, director, officer, senior-level employee or advisor of

Silver Lake or certain of its affiliates. As long as Silver Lake or its affiliates beneficially own shares of our common stock (assuming conversion of the convertible notes held by Silver Lake) representing in excess of 4% of the outstanding shares of our common stock, Silver Lake will maintain the right to nominate one individual for election to our board of directors, which individual will be a managing director, director, officer, senior-level employee or advisor of Silver Lake or certain of its affiliates.

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In accordance with the terms of the Investment Agreement, Silver Lake previously nominated Joseph Osnoss and Elisa A. Steele for election to our board of directors.

Director Nomination Process

Candidates for nomination to our board of directors are selected by our Nominating and Corporate Governance Committee in accordance with its charter, our amended and restated certificate of incorporation and bylaws, and our Corporate Governance Principles. While there are no specific minimum qualifications for director nominees, the ideal candidate should exhibit qualifications that will increase overall effectiveness of our board of directors, including independence, previous experience as a director or executive with other successful companies, the ability to meet other requirements under applicable rules (e.g., the requirement that members of our Audit Committee have an appropriate level of financial literacy and expertise), a high level of personal and professional ethics and integrity, proven achievement and competence in the nominee's field, skills that are complementary to those of existing members of our board of directors, the ability to assist and support management and make significant contributions to our success, and an understanding of the fiduciary duties belonging to members of our board of directors and the commitment of time and energy necessary to diligently fulfill those duties. In evaluating the suitability of a director candidate, our Nominating and Corporate Governance Committee considers factors such as character, integrity, judgment, diversity, including, but not limited to, diversity in terms of experience, gender, race and ethnicity, independence, area of expertise, corporate experience, length of service, potential conflicts of interest, other commitments and the like.

Our Nominating and Corporate Governance Committee makes an effort to ensure that our board of directors composition reflects a broad diversity of experience, professions, skills, viewpoints, personal traits and backgrounds. However, our Nominating and Corporate Governance Committee does not have a formal policy with respect to diversity, does not assign specific weights to particular criteria and does not believe that any specific criterion is necessarily applicable to all prospective nominees. Instead, when reviewing a candidate, our Nominating and Corporate Governance Committee reviews the candidate's qualifications in light of the specific needs of our board of directors at that time.

Our Nominating and Corporate Governance Committee relies on its network of contacts to compile a list of potential candidates, but it is authorized to retain recruiting professionals to assist in identifying and evaluating candidates for consideration as needed. After conducting appropriate inquiries into the backgrounds and qualifications of potential candidates and reviewing the candidates in light of the factors discussed above, our Nominating and Corporate Governance Committee selects nominees for recommendation to our board of directors by majority vote. Based on our Nominating and Corporate Governance Committee's recommendation, our board of directors selects director nominees and recommends them for election by our stockholders. Our board of directors may also fill any vacancies that arise between annual meetings of stockholders.

Stockholder Recommendations and Nominations of Candidates for Election to our Board of Directors

Our Nominating and Corporate Governance Committee will consider director candidates who are timely recommended by stockholders who have continuously held at least 1% of the fully diluted capitalization of our company for at least 12 months prior to the submission of the recommendation. The recommendation must include the candidate's name, home and business contact information, detailed biographical data, relevant qualifications, a signed letter from the candidate confirming willingness to serve, information regarding any relationships between the candidate and the Company and evidence of the recommending stockholder's ownership of the requisite number of shares of our common stock during the 12-month period referenced above. There are no differences in the manner in which our Nominating and Corporate Governance Committee evaluates nominees for director based on whether the

nominee is recommended by a stockholder or otherwise.

A stockholder of record can nominate a candidate directly for election to our board of directors by complying with the procedures in Section 2.4 of our bylaws and the rules and regulations of the SEC. Any

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eligible stockholder who wishes to submit a nomination should review the requirements in our bylaws for nominations by stockholders. Any nomination should be sent in writing to our General Counsel at Cornerstone OnDemand, Inc., 1601 Cloverfield Blvd., Suite 620 South, Santa Monica, California 90404. Notice must be received by us no earlier than February 11, 2020 and no later than March 12, 2020 for our 2020 Annual Meeting of Stockholders. The notice must state the information required by Section 2.4 of our bylaws and otherwise must comply with applicable federal and state law.

Code of Business Conduct and Ethics

We have adopted a code of business conduct that is applicable to all of our employees, officers and directors, including our chief executive, principal financial and principal accounting officers. Our Code of Business Conduct and Ethics is available on the Investor Relations page of our website at *investors.cornerstoneondemand.com*, under *Governance*. We will post amendments to our code of business conduct or waivers of our code of business conduct for directors and executive officers on the same website.

Communication with our Board of Directors

Any stockholder wishing to communicate with any of our directors may write to the director, c/o General Counsel, at Cornerstone OnDemand, Inc., 1601 Cloverfield Blvd., Suite 620 South, Santa Monica, California 90404. Our General Counsel will review all incoming stockholder communications (except for mass mailings, product complaints or inquiries, job inquiries, business solicitations and patently offensive or otherwise inappropriate materials) and, if appropriate, forward such communications to the appropriate director(s) or, if none is specified, to the Chairperson of our board of directors. This procedure does not apply to stockholder proposals submitted pursuant to Rule 14a-8 under the Exchange Act. Our Nominating and Corporate Governance Committee reviews and approves the stockholder communication process periodically in an effort to enable an effective method by which stockholders can communicate with our board of directors.

BOARD MEETINGS AND COMMITTEES OF THE BOARD

Board and Committee Meetings

Our board of directors and its committees meet throughout the year on a set schedule, hold special meetings as needed, and act by written consent from time to time. Our board of directors met seven times during 2018. During 2018, each director attended at least 75% or more of the aggregate of (a) the total number of meetings of our board of directors held during the period for which he or she served as a director and (b) the total number of meetings held by all committees of our board of directors on which he or she served during the periods for which he or she served.

While we do not mandate attendance by members of our board of directors at our annual meetings of stockholders, we do have a formal policy encouraging our directors to attend. Two directors attended our 2018 Annual Meeting of Stockholders, either in person or telephonically.

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The following table sets forth the three standing committees of our board of directors and the current members of each committee:

Name of Director	Audit	Compensation	Nominating and Corporate Governance
Harold W. Burlingame		(Chair)	
Dean Carter			
Robert Cavanaugh			
Richard Hadrill			
Joe Osnos			(Chair)
Marcus Ryu			
Kristina Salen	(Chair)		
Elisa A. Steele			
Steffan C. Tomlinson			

Committees of our Board of Directors

Our board of directors has an Audit Committee, a Compensation Committee and a Nominating and Corporate Governance Committee, each of which has the composition and the responsibilities described below. Our Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee all operate under charters approved by our board of directors, which charters are available on the Investor Relations page of our website at investors.cornerstoneondemand.com, under *Governance*.

Audit Committee. Our Audit Committee oversees our corporate accounting and financial reporting process and assists our board of directors in monitoring our financial systems and our legal and regulatory compliance. Our Audit Committee is responsible for, among other things:

overseeing the audit of our financial statements;

overseeing the organization and performance of our internal audit function and our internal accounting and financial controls;

appointing our independent registered public accounting firm and reviewing and overseeing its qualifications, independence and performance; and

overseeing the management of risks associated with our financial reporting, accounting and auditing matters. Our Audit Committee consists of Ms. Salen and Messrs. Burlingame, Hadrill and Tomlinson, with Ms. Salen serving as chairperson. Our board of directors has determined that each member of our Audit Committee meets the financial literacy requirements under the listing standards of Nasdaq and the SEC rules and regulations. In addition, our board of directors has determined that Ms. Salen and Mr. Tomlinson each qualify as an Audit Committee financial expert as defined under SEC rules and regulations. Our board of directors has concluded that the composition of our Audit Committee meets the requirements for independence under the current listing standards of Nasdaq and SEC rules and

regulations. We believe that the functioning of our Audit Committee complies with the applicable requirements of Nasdaq and SEC rules and regulations. Our Audit Committee met seven times during 2018.

Compensation Committee. Our Compensation Committee oversees our corporate compensation policies, plans and programs. Our Compensation Committee is responsible for, among other things:

assisting our board of directors with respect to oversight of executive compensation, including compensation of our Chief Executive Officer;

approving and evaluating compensation plans, policies and programs related to executive compensation;

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evaluating and making recommendations to our board of directors regarding director compensation;

administering our equity compensation plans; and

reviewing and discussing with management the risks arising from our compensation policies and practices that are reasonably likely to have a material adverse effect on our business.

Our Compensation Committee consists of Messrs. Burlingame, Carter and Tomlinson, with Mr. Burlingame serving as chairperson. Our board of directors has determined that each member of our Compensation Committee is independent within the meaning of the listing standards of Nasdaq and SEC rules and regulations, including Rule 10C-1 under the Exchange Act, is a non-employee director within the meaning of Rule 16b-3 under the Exchange Act, and is an outside director within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended. We believe that the composition of our Compensation Committee meets the requirements for independence under, and the functioning of our Compensation Committee complies with, any applicable listing standards of Nasdaq and SEC rules and regulations. Our Compensation Committee met five times during 2018. For additional information regarding the procedures for the consideration and determination of executive compensation, see *Compensation Discussion and Analysis* below.

Our Compensation Committee may delegate its authority and duties as it deems appropriate in accordance with applicable laws and regulations. Our Compensation Committee has a subcommittee comprised entirely of members of the Compensation Committee that meet the requirements of a non-employee director, as such term is used at the beginning of this section. This subcommittee has the nonexclusive authority to grant equity and other awards under our compensation plans that comply with Section 16 of the Exchange Act, to the extent applicable.

Nominating and Corporate Governance Committee. Our Nominating and Corporate Governance Committee oversees and assists our board of directors in reviewing and recommending corporate governance policies and nominees for election to our board of directors. Our Nominating and Corporate Governance Committee is responsible for, among other things:

reviewing and making recommendations regarding corporate governance matters;

evaluating and making recommendations regarding the organization and governance of our board of directors and its committees;

assessing the performance of members of our board of directors and making recommendations regarding committee assignments;

recommending desired qualifications for membership on our board of directors and conducting searches for potential members of our board of directors; and

reviewing our Code of Business Conduct and Ethics and considering questions of possible conflicts of interest.

Our Nominating and Corporate Governance Committee consists of Messrs. Carter, Cavanaugh, Osnoss and Ryu, with Mr. Osnoss serving as chairperson. Our board of directors has determined that each of Messrs. Carter, Cavanaugh, Osnoss and Ryu are independent within the meaning of the listing standards of Nasdaq. We believe that the composition of our Nominating and Corporate Governance Committee meets the requirements for independence under, and the functioning of our Nominating and Corporate Governance Committee complies with, any applicable listing standards of Nasdaq and SEC rules and regulations. Our Nominating and Corporate Governance Committee met five times in 2018.

Our board of directors may from time to time establish other standing and *ad hoc* committees, as is necessary or desirable.

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The following table sets forth information concerning compensation paid or accrued for services rendered to us by non-employee members of our board of directors for the year ended December 31, 2018. Adam Miller, our Chief Executive Officer, does not receive additional compensation for his service as a director.

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$)(1)(2)(3)	All Other Compensation(\$)(4)	Total (\$)
R. C. Mark Baker(5)	31,125		12,000	43,125
Harold W. Burlingame	65,000	239,662		304,662
Dean Carter	51,972	239,662		291,634
Robert Cavanaugh	45,000	239,662		284,662
Richard Haddrill(6)	21,868	435,735		457,603
Joe Osness	48,944	239,662		288,606
Joseph P. Payne(5)	19,187		12,000	31,187
Marcus S. Ryu(6)	21,868	435,735		457,603
Kristina Salen	60,000	239,662		299,662
Elisa A. Steele(6)	49,203	435,735		484,938
Steffan C. Tomlinson	50,000	239,662		289,662

- (1) Reflects the aggregate grant date fair value of restricted stock units computed in accordance with FASB ASC Topic 718. The assumptions used in the valuation of these awards are set forth in the notes to our consolidated financial statements, which are included in our Annual Report on Form 10-K for the year ended December 31, 2018, filed with the SEC on February 26, 2019. These amounts do not necessarily correspond to the actual value that may be realized by the director.
- (2) The aggregate number of shares subject to stock options and restricted stock units outstanding at December 31, 2018 for each non-employee director is as follows:

Name	Aggregate Number (#) of Stock Options Outstanding as of December 31, 2018	Aggregate Number (#) of Restricted Stock Units Outstanding as of December 31, 2018	Total Number (#) of Shares Subject to Outstanding Awards
R. C. Mark Baker	42,900		42,900
Harold W. Burlingame	109,436	4,624	114,060
Dean Carter		11,717	11,717
Robert Cavanaugh	53,500	4,624	58,124
Richard Haddrill		8,407	8,407
Joe Osness		11,797	11,797
Joseph P. Payne	28,900		28,900
Marcus S. Ryu		8,407	8,407

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Kristina Salen	35,500	4,624	40,124
Elisa A. Steele		8,407	8,407
Steffan C. Tomlinson		11,717	11,717

- (3) The actual values of restricted stock units granted to directors vary from the target values for these awards because the calculation of restricted stock units is based on a rolling average share price that differs from the share price on the grant date.
- (4) The amounts for Messrs. Baker and Payne relate to their consulting agreements with the Company (see Note 5).
- (5) Concluded service as a member of our board of directors on June 14, 2018. Effective upon their retirement from our board of directors, each of Mr. Baker, our former lead independent director, and Mr. Payne, the former chair of our Nominating and Corporate Governance Committee, entered into a one-year consulting

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arrangement with the Company under which such former director provides consulting services relating to various governance initiatives including the integration of new directors to our board of directors.

- (6) Elected to our board of directors on June 14, 2018. Upon election, each director received a one-time, initial restricted stock award consistent with our non-employee director compensation plan.

In 2018, our Compensation Committee undertook a competitive review of non-employee director compensation. Based on the results of that review, the Compensation Committee determined it was appropriate to make, and our board of directors approved, the following compensation structure. Non-employee directors receive an annual retainer of \$40,000. Our independent Chairperson, if any, is paid an additional annual retainer of \$50,000. Our Lead Independent Director, if any, is paid an additional annual retainer of \$20,000. The chair of our Audit Committee is paid an additional annual retainer of \$20,000, and members of our Audit Committee other than the chair are paid an additional annual retainer of \$10,000. The chair of our Compensation Committee is paid an additional annual retainer of \$15,000, and members of our Compensation Committee other than the chair are paid an additional annual retainer of \$7,500. The chair of our Nominating and Corporate Governance Committee is paid an additional annual retainer of \$10,000, and members of our Nominating and Corporate Governance Committee other than the chair are paid an additional annual retainer of \$5,000.

In addition to the compensation described above, each new non-employee director who joins our board of directors, upon election to our board of directors, is granted an initial restricted stock unit award covering shares of our common stock with a target value of \$400,000. Each initial restricted stock unit award will vest over a three-year period with one-third of the restricted stock units subject to the award scheduled to vest on each of the first three anniversaries of the grant date, subject to the director's continued service as of each such date. We believe that these larger, one-time initial awards create a strong, immediate alignment with shareholder interests and support our ability to attract highly qualified directors who are critical to our long-term success.

In addition, all non-employee directors will receive, on the date of each of our annual stockholder meetings, an annual restricted stock unit award covering shares of our common stock with a target value of \$220,000. Each annual restricted stock unit award will vest upon the earlier of (i) the first anniversary of the date of grant and (ii) the date of the next annual meeting of shareholders, in each case subject to the director's continued service as of such date. Eligibility for such annual restricted stock award for a given director begins in the calendar year following the year such director joined our board of directors.

Our non-employee director compensation policy states that, when taken as a whole, non-employee director compensation shall not exceed the 75th percentile of the non-employee director compensation provided by our then-current peer group of publicly-held software companies of similar size and business focus.

To align directors' interests with those of our stockholders, each non-employee director on our board of directors is expected to accumulate and hold a number of shares of our common stock with a value equal to at least five times his or her annual cash retainer for service on our board of directors (not including retainers for serving as a member or chair of any committee of our board of directors), and to maintain this minimum amount of stock ownership throughout his or her tenure on our board of directors. Existing and new non-employee directors are expected to achieve the applicable level of ownership by February 2022.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Policies and Procedures for Related Party Transactions

We have adopted a formal written policy that our executive officers, directors, holders of more than 5% of any class of our voting securities, and any member of the immediate family of and any entity affiliated with any of the foregoing

persons, are not permitted to enter into a related party transaction with us, in which the amount involved exceeds \$120,000, without the approval or ratification of our Audit Committee. In approving or rejecting any such proposal, our Audit Committee will take into account, among other factors it deems

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appropriate, whether the transaction is on terms no less favorable than terms generally available to an unaffiliated third-party under the same or similar circumstances and the extent of the related party's interest in the transaction.

Related Party Transactions

In addition to the compensation arrangements discussed in the section titled *Executive Compensation*, in fiscal 2018, we were party to the following transactions in which the amount involved exceeded or will exceed \$120,000, and in which any director, director nominee, executive officer or holder of more than 5% of any class of our voting stock, or any member of the immediate family of or entities affiliated with any of them may be deemed to have or have had a direct or indirect material interest.

Subscription Services Agreements

Steffan C. Tomlinson, a member of our board of directors since May 2017, served as Chief Financial Officer of Palo Alto Networks, Inc. from February 2012 to March 2018. We have a vendor and a customer relationship with Palo Alto Networks, Inc. that we consider arms-length on terms that are consistent with similar transactions with our other similarly situated customers. In fiscal 2018, we incurred expenses of approximately \$0.7 million to Palo Alto Networks in hardware, license, maintenance and support fees, while we billed Palo Alto Networks, Inc. approximately \$0.3 million for our services. In addition, we expect to pay approximately \$0.7 million and receive approximately \$0.3 million in such fees for fiscal 2019.

Investments by Firms Affiliated with our Directors

In 2017, we entered into an agreement with Silver Lake, pursuant to which Silver Lake and certain other parties invested an aggregate of \$300.0 million in principal amount of 5.75% senior convertible notes due July 1, 2021 (the 2021 Notes). In connection with the investment, Silver Lake maintains a right to nominate two individuals for election to our board of directors, subject to certain limitations. In accordance with the terms of the Investment Agreement, Silver Lake nominated Joseph Osnoss and Elisa A. Steele for election to our board of directors.

In addition, in connection with the sale of the 2021 Notes, we entered into an investment agreement with Silver Lake providing Silver Lake with the option to purchase all or a portion of any equity securities, or instruments convertible into or exchangeable for any equity securities, in any proposed offerings by us until the earlier of June 2019 or such time as Silver Lake no longer has a representative and no longer has rights to have a representative on our board of directors.

As of February 28, 2019, \$300.0 million aggregate principal amount of the 2021 Notes was outstanding. We made interest payments of \$9.7 million on the 2021 Notes in fiscal 2018.

Transactions with Cornerstone OnDemand Foundation

We helped form the Cornerstone OnDemand Foundation (the Foundation) in 2010. The Foundation's board of directors has seven members, including Adam Miller, our Chief Executive Officer. None of the other six directors of the Foundation is an officer or employee of the Company. In fiscal 2018, we provided at no charge certain resources to the Foundation, with approximate value of \$3.7 million. In addition, we expect to provide at no charge certain resources to the Foundation with approximate value of \$3.8 million in fiscal 2019.

Transactions with The Corner Restaurant

In fiscal 2018, we incurred expenses of approximately \$0.3 million to The Corner Restaurant related to use of the restaurant and its services. During that period, our Chief Executive Officer had an ownership interest in The Corner Restaurant. We will not incur any expenses relating to The Corner Restaurant in fiscal 2019. Our Chief Executive Officer was not involved in purchasing decisions we made with respect to The Corner Restaurant.

Table of Contents**Indemnification Agreements**

We have entered into indemnification agreements with each of our directors and officers. The indemnification agreements and our amended and restated certificate of incorporation and bylaws require us to indemnify our directors and officers to the fullest extent permitted by Delaware General Corporation Law.

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

The following table sets forth certain information as of February 28, 2019 with respect to the beneficial ownership of our common stock by (i) each person we believe beneficially holds more than 5% of the outstanding shares of our common stock based solely on our review of SEC filings; (ii) each director and nominee for director; (iii) each named executive officer listed in the table entitled *Summary Compensation Table* under the section entitled *Executive Compensation*; and (iv) all directors and executive officers as a group. The information provided in the table is based on the Company's records, information filed with the SEC and information provided to us, except where otherwise noted.

As of February 28, 2019, 59,230,742 shares of our common stock were issued and outstanding. In computing the number of shares of stock beneficially owned by a person and the percentage ownership of that person, we deemed outstanding shares subject to options held by that person that are currently exercisable or exercisable within 60 days of February 28, 2019, and shares issuable upon the vesting of restricted stock units within 60 days of February 28, 2019. However, we did not deem these shares to be outstanding for the purpose of computing the percentage ownership of any other person. Unless otherwise indicated, all persons named as beneficial owners of our common stock have sole voting power and sole investment power with respect to the shares indicated as beneficially owned. Unless otherwise noted below, the address of each stockholder listed on the table is c/o Cornerstone OnDemand, Inc., 1601 Cloverfield Blvd., Suite 620 South, Santa Monica, California 90404.

Name and Address of Beneficial Owner	Shares of Common Stock Beneficially Owned(1)	Percentage
5% stockholders:		
Silver Lake Group, L.L.C.(2)	7,003,579	11.8%
The Vanguard Group, Inc.(3)	4,980,171	8.4%
BlackRock, Inc.(4)	3,931,599	6.6%
Named executive officers and directors:		
Adam L. Miller(5)	4,957,580	8.2%
Brian L. Swartz(6)	66,186	*
Vincent Belliveau(7)	289,399	*
Mark Goldin(8)	150,824	*
Jeffrey Lautenbach	11,361	*
Adam Weiss(9)	203,945	*
Harold W. Burlingame(10)	153,480	*
Dean Carter	3,547	*
Robert Cavanaugh(11)	68,400	*

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Richard Haddrill		
Joseph Osness(12)	3,587	*
Marcus S. Ryu		
Kristina Salen(13)	48,700	*
Elisa A. Steele		
Steffan C. Tomlinson	3,547	*
All directors and executive officers as a group (15 people)(14)	5,683,538	9.4%

(*) Represents beneficial ownership of less than 1%.

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- (1) Shares shown in the table above consist of shares (i) held in the beneficial owner's name, (ii) held jointly by the beneficial owner with others, (iii) held in the name of a bank, nominee or trustee for the beneficial owner's account or (iv) held by the beneficial owner pursuant to any voting trust or similar agreement.
- (2) According to a Schedule 13D filed with the SEC on December 18, 2017 and information provided to the Company, 6,999,992 shares of Common Stock may be deemed to be beneficially owned by Silver Lake Group, L.L.C. consisting of 5,196,232 and 1,803,760 shares of Common Stock which would be received upon conversion of the \$218,242,000 and \$75,758,000 aggregate principal amount of the Company's 5.75% Convertible senior notes due 2021 held by SLP Chicago Holdings, L.P. and SLC Chicago Co-Invest II, L.P., respectively, based on the current conversion price of the convertible notes. The general partner of SLP Chicago Holdings, L.P. is SLP Chicago GP, L.L.C. and the managing member of SLP Chicago GP, L.L.C. is Silver Lake Alpine Associates, L.P. The general partner of Silver Lake Alpine Associates, L.P. is SLAA (GP), L.L.C. The general partner of SLC Chicago Co-Invest II, L.P. is SLC Co-Invest GP, L.L.C. and the managing member of each of SLAA (GP), L.L.C. and SLC Co-Invest GP, L.L.C. is Silver Lake Group, L.L.C. The managing members of Silver Lake Group, L.L.C. are Michael Bingle, Egon Durban, Kenneth Hao and Gregory Mondre. Also includes 3,587 shares held of record by Mr. Osness for the benefit of Silver Lake and/or certain of its affiliates. The address for each of the persons and entities above is 2775 Sand Hill Road, Suite 100, Menlo Park, CA 94025.
- (3) According to a Schedule 13G filed with the SEC on February 11, 2019, the 4,980,171 shares reported by The Vanguard Group, Inc. (Vanguard) are owned, or may be deemed to be beneficially owned, by Vanguard, an investment adviser, which holds sole voting power over 111,222 shares, shared voting power over 9,831 shares, sole dispositive power over 4,863,318 shares and shared dispositive power over 116,853 shares. Vanguard Fiduciary Trust Company, a wholly-owned subsidiary of Vanguard, is the beneficial owner of 107,022 shares as a result of its serving as investment manager of collective trust accounts. Vanguard Investments Australia, Ltd., a wholly-owned subsidiary of Vanguard, is the beneficial owner of 14,031 shares as a result of its serving as investment manager of Australian investment offerings. The address for Vanguard is 100 Vanguard Boulevard, Malvern, Pennsylvania 19355.
- (4) According to a Schedule 13G/A filed with the SEC on February 4, 2019, the 3,931,599 shares reported by BlackRock, Inc. (BlackRock) are owned, or may be deemed to be beneficially owned, by BlackRock, the parent holding company, which holds sole voting power over 3,808,946 shares and sole dispositive power over 3,931,599 shares. The 3,931,599 shares reported are owned, directly or indirectly, by BlackRock or its subsidiaries, BlackRock Life Limited, BlackRock International Limited, BlackRock Advisors, LLC, BlackRock (Netherlands) B.V., BlackRock Institutional Trust Company, N.A., BlackRock Asset Management Ireland Limited, BlackRock Financial Management, Inc., BlackRock Japan Co., Ltd., BlackRock Asset Management Schweiz AG, BlackRock Investment Management, LLC, BlackRock Investment Management (UK) Limited, BlackRock Asset Management Canada Limited, BlackRock (Luxembourg) S.A., BlackRock Investment Management (Australia) Limited, and BlackRock Fund Advisors. The address for Blackrock is 55 East 52nd Street, New York, NY 10055.
- (5) Consists of (i) 2,299,307 shares held of record by Mr. Miller; (ii) 667,491 shares held of record by the Miller Family Irrevocable Trust dated as of July 1, 2010, for which the Goldman Sachs Trust Company of Delaware serves as trustee and special trustee, Mr. Miller's spouse serves as investment advisor and Mr. Miller has the power to remove and replace the trustee, special trustee and investment advisor; (iii) 300,000 shares held of record by the MST Trust dated as of December 17, 2012, for which Goldman Sachs Trust Company of Delaware serves as trustee, Mr. Miller's father serves as distribution advisor, Mr. Miller serves as investment advisor and Mr. Miller has the power to remove and replace the trustee, distribution advisor and investment advisor; (iv) 700,000 shares held of record by the Miller Family Irrevocable Trust dated as of December 21, 2018, for which the Goldman Sachs Trust Company of Delaware serves as trustee and special trustee, Mr. Miller's spouse serves as investment advisor and Mr. Miller has the power to remove and replace the trustee, special trustee and investment advisor; (v) options to purchase 979,450 shares of Common Stock that are exercisable within 60 days of February 28, 2019; and (vi) 11,332 shares issuable upon the settlement of RSUs releasable within 60 days of

February 28, 2019.

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- (6) Consists of (i) 19,193 shares held of record by Mr. Swartz; (ii) 36,458 shares issuable pursuant to stock options exercisable within 60 days of February 28, 2019; and (iii) 10,535 shares issuable upon the settlement of RSUs releasable within 60 days of February 28, 2019.
- (7) Consists of (i) 133,272 shares held of record by Mr. Belliveau; (ii) 149,170 shares issuable pursuant to stock options exercisable within 60 days of February 28, 2019; and (iii) 6,957 shares issuable upon the settlement of RSUs releasable within 60 days of February 28, 2019.
- (8) Consists of (i) 24,077 shares held of record by Mr. Goldin; (ii) 119,790 shares issuable pursuant to stock options exercisable within 60 days of February 28, 2019; and (iii) 6,957 shares issuable upon the settlement of RSUs releasable within 60 days of February 28, 2019.
- (9) Consists of (i) 20,220 shares held of record by Mr. Weiss; (ii) 178,358 shares issuable pursuant to stock options exercisable within 60 days of February 28, 2019; and (iii) 5,367 shares issuable upon the settlement of RSUs releasable within 60 days of February 28, 2019.
- (10) Consists of (i) 47,150 shares held of record by Mr. Burlingame; and (ii) 106,330 shares issuable pursuant to stock options exercisable within 60 days of February 28, 2019.
- (11) Consists of (i) 14,900 shares held of record by Mr. Cavanaugh; and (ii) 53,500 shares issuable pursuant to stock options exercisable within 60 days of February 28, 2019.
- (12) Held of record by Mr. Osness for the benefit of Silver Lake and/or certain of its affiliates.
- (13) Consists of (i) 13,200 shares held of record by Ms. Salen; and (ii) 35,500 shares issuable pursuant to stock options exercisable within 60 days of February 28, 2019.
- (14) Consists of (i) 4,127,580 shares held of record by our current directors and executive officers and their affiliates; (ii) 1,509,386 shares issuable pursuant to stock options exercisable within 60 days of February 28, 2019; and (iii) 46,572 shares issuable upon the settlement of RSUs releasable within 60 days of February 28, 2019.

EXECUTIVE OFFICERS

Biographical data as of February 28, 2019 for each of our current executive officers is set forth below, excluding Mr. Miller's biography, which is included under the heading *Board of Directors and Corporate Governance* above.

Executive Officers

Brian L. Swartz, age 46, has served as our Chief Financial Officer since May 2016. Prior to joining us, Mr. Swartz served as Chief Financial Officer at zulily, one of the largest e-commerce companies in the United States from June 2015 to May 2016. Prior to joining zulily, Mr. Swartz served most recently as Chief Financial Officer at Apollo Education Group, a global private-sector education company, from December 2006 to May 2015. Before his role with Apollo, Mr. Swartz was VP and Corporate Controller at Eagle Picher, an industrial manufacturing and technology company. He began his career in public accounting and earned his C.P.A. (inactive). Mr. Swartz holds a B.A. in Business Administration with an Accounting major from the University of Arizona.

Adrianna Burrows, age 43, has served as our Chief Marketing Officer since March 2018. Prior to this role, Ms. Burrows served as Chief Marketing Officer of Stack Exchange Inc., a provider of a network of question-and-answer websites, from January 2016 to February 2018. From November 2015 to December 2015, Ms. Burrows served as a paid executive marketing consultant for Finer GTM LLC. From July 2010 to October 2015, Ms. Burrows served in various marketing positions at Microsoft Corporation, a software company, including as a General Manager and Partner. Ms. Burrows holds a B.A. in Communications from the University of Washington.

Mark Goldin, age 57, has served as our Chief Technology Officer since June 2010. Prior to joining us, Mr. Goldin served as Chief Technology Officer at DestinationRx, Inc., a healthcare data management company,

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from September 2009 to June 2010. From August 2005 to September 2008, Mr. Goldin was Chief Operations and Technology Officer at Green Dot Corporation, a financial services company. Prior to Green Dot, from December 1992 to August 2005, Mr. Goldin served as Senior Vice President and Chief Technology Officer at Thomson Elite, a provider of technology solutions for professional services firms and currently part of Thomson Reuters Corporation.

Jeffrey Lautenbach, age 50, has served as our President, Global Field Operations since January 2018. Prior to this role, Mr. Lautenbach served as President Worldwide Field Operations of Jive Software, Inc., a provider of business communication and collaboration solutions, from August 2015 to July 2017. From February 2014 to August 2015, Mr. Lautenbach was Chief Revenue Officer at HC1, Inc., a provider of cloud-based healthcare relationship management solutions. From December 2012 to February 2014, Mr. Lautenbach served as President CRM of SAP SE, a software company. From January 2011 to December 2012, Mr. Lautenbach held the position of SVP Enterprise Commercial Sales Americas at salesforce.com, inc., a provider of cloud-based CRM solutions. Prior to salesforce, Mr. Lautenbach served in a variety of roles over 19 years at IBM, most recently managing more than 1,300 employees while serving as Vice President, West IMT for the Software Group. Mr. Lautenbach holds a B.A. in Marketing from Xavier University and an M.B.A. from the University of Illinois.

Adam Weiss, age 40, has served as our Chief Administrative Officer and General Counsel since February 2018, and is responsible for our legal, human resource, administration, and privacy functions worldwide. Prior to this role, Mr. Weiss held the positions of Senior Vice President, Administration and General Counsel from April 2016 to January 2018, Vice President, Business Affairs and General Counsel from April 2013 to March 2016, and General Counsel from May 2006 to March 2013. Before joining us, from 2003 to April 2006, Mr. Weiss was an associate with the law firm of Lurie, Zepeda, Schmalz & Hogan. Mr. Weiss holds a B.A. in Economics and Political Science from Stanford University and a J.D. from UCLA School of Law.

COMPENSATION DISCUSSION AND ANALYSIS

Introduction

This Compensation Discussion and Analysis provides information about the material components of our compensation program for our named executive officers (our NEOs), and is intended to provide a better understanding of our compensation practices and decisions that affected the compensation payable in 2018 to our NEOs.

Our NEOs for 2018 were Adam Miller, our Chief Executive Officer; Brian Swartz, our Chief Financial Officer; Jeffrey Lautenbach, our President, Global Field Operations; Mark Goldin, our Chief Technology Officer; Adam Weiss, our Chief Administrative Officer and General Counsel, and Vincent Belliveau, our Chief Executive of EMEA.

EXECUTIVE SUMMARY

BUSINESS AND COMPENSATION HIGHLIGHTS

Key Operational Highlights

Strategic Advances and Business Accomplishments

Our company was founded with a passion for empowering people through learning and a conviction that people should be an organization's greatest competitive advantage. We are a global human capital management leader with a core belief that companies thrive when they help their employees to realize their potential. Putting this belief into practice, we offer solutions to help companies strategically manage and continuously develop their talent throughout

the entire employee lifecycle. Featuring comprehensive recruiting, personalized learning,

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development-driven performance management, and holistic HR planning, our human capital management software platform is successfully used by more than 3,500 global clients of all sizes, spanning over 40 million users across 192 countries and 43 languages.

Key highlights of our strategic advances and business accomplishments in 2018 include:

Implementing our strategic plan to transform into an industry-leading, high-margin growth company;

Increasing subscription revenue by approximately 20% year-over-year;

Improving operating margins and free cash flow;

Onboarding a new President, Global Field Operations and Chief Marketing Officer;

Adding three, seasoned CEOs to our board of directors;

Appointing our first independent board chair;

Maintaining average annual dollar retention rate of approximately 95% since 2002; and

Continuing to increase our product penetration with clients across all segments and geographies. Our focus remains on empowering people, organizations and communities with our human capital management solutions.

Financial Performance

We finished another year of good execution as shown by subscription revenue growth and by delivering our third year of non-GAAP profitability. We achieved the following financial results in fiscal year 2018:

Full year subscription revenue of \$479.4 million (\$473.1 million under ASC 606), up 20.8% year-over-year, or 19.8% year-over-year on a constant currency basis;

Full year non-GAAP net income of \$47.3 million (\$47.0 million under ASC 606), with a full year net loss of \$(33.5) million (\$(33.8) million under ASC 606); and

Full year unlevered free cash flow of \$63.5 million.

Please see the section titled Management's Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K filed with the SEC on February 26, 2019, for a more detailed discussion of our fiscal 2018 financial results and, beginning on page 37 of that Annual Report on Form 10-K, a discussion regarding our key metrics. Please see our Current Report on Form 8-K filed with the SEC on February 12, 2019, for reconciliations of non-GAAP financial measures to their most directly comparable GAAP measures.

Key Compensation Highlights

The success of our business is driven by rapidly changing technology and the services we can provide to our customers. In order to stay competitive in our industry, our compensation packages are designed to attract, retain and incentivize our executive team and to align our compensation practices with the creation of value for our stockholders. We believe our compensation programs are effectively designed to reward our executives when our business performs well, which in turn strengthens the ties between our performance and stockholder value.

Below, we provide a summary of the key compensation related actions and outcomes from 2018, which we believe in the aggregate demonstrates our strong commitment to pay for performance.

Moderate increases to target cash compensation levels: For fiscal 2018, target cash compensation increases for NEOs ranged from 0% to 7%; Mr. Miller did not receive an increase to his target cash compensation in 2018.

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Modified annual incentive plan to better align with the new key value drivers of business: we refreshed the 2017 performance metrics to recognize the shift in the Company's strategic focus. Annual recurring revenue and subscription revenue metrics directly measure our ability to execute on our strategic imperatives of expanding market share of our recurring revenue business, while the non-GAAP operating income metric incentivizes management to balance revenue growth with decisions that will allow us to achieve appropriate levels of profitability:

2018		2017	
Performance Metric	Weighting	Performance Metric	Weighting
Annual recurring revenue	30%	Revenue	35%
Subscription revenue	30%	Billings	30%
Non-GAAP operating income	40%	Free cash flow	10%
		Non-GAAP operating income	25%

For further discussion of the 2018 Executive Compensation Plan, see the section entitled "Components of our NEO Compensation - Short-Term Incentives (Cash Bonuses and Sales Commissions) - 2018 Executive Compensation Plan" below.

Bonus outcome consistent with strong company performance: Overall achievement relative to target was approximately 158%, due to strong performance against the company's key strategic priorities, as further explained under "2018 Executive Compensation Plan" below.

One-time equity award for NEOs other than our CEO: We granted one-time, front-loaded equity awards to our NEOs other than our CEO, Mr. Miller, that have extended vesting and performance periods intended to align with our strategic plan to target the Rule of 40 by 2020, as further explained under "Long-Term Incentives" below. These awards are intended to cover the next three years of grants, with no additional equity awards until 2021 for these NEOs. Given Mr. Miller's significant ownership stake, the Compensation Committee determined that his participation in the one-time award was neither necessary nor appropriate. Therefore, Mr. Miller's long-term incentive structure did not change materially for fiscal 2018.

Overview of Our Pay and Performance Alignment***Emphasis on At Risk Compensation***

The compensation of our executive officers is weighted towards variable, performance-based incentive awards. In 2018, 91% of total target direct compensation for the CEO consisted of variable compensation (in the form of both short-term cash incentives and long-term equity incentives connected to either financial performance or variations in the Company's share price). For the other NEOs in aggregate, 94% of total target direct compensation consisted of variable pay, due to the impact of the front-loaded equity grant (see "Long-Term Incentives" below for more detail). On an annualized basis for the other NEOs in aggregate, 86% of total direct compensation consisted of variable pay.

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Realizable Value Aligned with Stockholder Experience

Realizable pay provides another perspective to help demonstrate the alignment of our NEOs' financial interests with that of our stockholders. Given that shifts in our stock price can cause stock-based awards to have significantly different values over time than their original value on the date of grant, the Compensation Committee believes it is important to consider the amount of pay that is realizable by our NEOs at any point in time. This view of pay and performance helps our Compensation Committee to ensure our executive pay program appropriately aligns with the experiences of our stockholders over time.

As highlighted above, our compensation program delivered more than 90% of target compensation to our NEOs in the form of incentives that are tied to our company's future financial and stock performance. As a result, realizable compensation, defined as the value of base salary paid, actual bonuses earned, options and restricted stock valued at the Company's share price as of December 31, 2018, and outstanding performance shares based on financial performance valued assuming forecasted performance as of the Company's share price on December 31, 2018 will vary from the total target compensation set by the Compensation Committee.