

Upland Software, Inc.  
Form DEF 14A  
April 26, 2016  
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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 (Amendment No. )**

Filed by the Registrant  X

Filed by a Party other than the Registrant  O

Check the appropriate box:

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

**Upland Software, Inc.**

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
  - (1) Title of each class of securities to which transaction applies:
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- (1) Amount Previously Paid:
  - (2) Form, Schedule or Registration Statement No.:
  - (3) Filing Party:
  - (4) Date Filed:
-

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**Upland Software, INC.**

401 Congress Avenue, Suite 1850

Austin, Texas 78701

April 26, 2016

Dear Stockholder:

You are cordially invited to attend our 2016 Annual Meeting of Stockholders. The Annual Meeting of Stockholders will be held at 401 Congress Ave., Suite 1850, Austin, Texas 78701 on Wednesday, June 15, 2016 at 11:00 a.m. Central Daylight Time.

The formal notice of the 2016 Annual Meeting of Stockholders and the Proxy Statement have been made a part of this invitation.

Whether or not you attend the Annual Meeting of Stockholders, it is important that your shares be represented and voted at the Annual Meeting of Stockholders. After reading the Proxy Statement, please promptly vote and submit your proxy by dating, signing and returning the enclosed proxy card in the enclosed postage-prepaid envelope.

**Your shares cannot be voted unless you submit your proxy, vote by telephone, mail or via the Internet, or attend the Annual Meeting of Stockholders in person.**

The Board and management look forward to seeing you at the Annual Meeting of Stockholders.

Sincerely,

Kirk Larson  
General Counsel

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**Upland Software, INC.**

401 Congress Avenue, Suite 1850

Austin, Texas 78701

**NOTICE OF 2016 ANNUAL MEETING OF STOCKHOLDERS**

**To Be Held on June 15, 2016**

To the Stockholders of Upland Software, Inc.:

The Annual Meeting of Stockholders for Upland Software, Inc. ( Upland, we, us, or the Company ) will be held at 401 Congress Ave., Suite 1850, Austin, Texas 78701 on Wednesday, June 15, 2016 at 11:00 a.m. Central Daylight Time. The purposes of the meeting are:

1. To elect two Class II directors, to serve until the third annual meeting next succeeding their election and until their successors are elected and qualified (Proposal One);
2. To ratify the selection of Ernst & Young, LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2016 (Proposal Two); and
3. To transact such other business as may properly come before the annual meeting or any adjournments or postponements thereof.

Our board of directors (the Board ) has fixed the close of business on April 20, 2016 as the record date for determining holders of our common stock entitled to notice of, and to vote at, the Annual Meeting or any adjournments or postponements thereof. A complete list of such stockholders will be available for examination at our offices in Austin, Texas during normal business hours for a period of ten days prior to the Annual Meeting. This Notice of 2016 Annual Meeting of Stockholders and accompanying Proxy Statement are being distributed or made

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available to stockholders beginning on or about April 26, 2016.

**It is important that your shares are represented at this Annual Meeting of Stockholders. Even if you plan to attend the Annual Meeting of Stockholders, we hope that you will promptly vote and submit your proxy by dating, signing and returning the enclosed proxy card. This will not limit your rights to attend or vote at the Annual Meeting of Stockholders.**

By order of the Board of Directors,

John T. McDonald  
Chief Executive Officer and Chairman

Austin, Texas

Date: April 26, 2016

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**Upland Software, INC.**

401 Congress Avenue, Suite 1850

Austin, Texas 78701

**PROXY STATEMENT**

**INFORMATION ON VOTING**

Our Board solicits your proxy for the 2016 Annual Meeting of Stockholders (the Annual Meeting ) and at any postponement or adjournment of the meeting for the matters set forth in the Notice of 2016 Annual Meeting of Stockholders . The Annual Meeting will be held at 11:00 a.m. Central Daylight Time on Wednesday, June 15, 2016 at 401 Congress Ave., Suite 1850, Austin, Texas 78701. We made this Proxy Statement available to stockholders beginning on April 26, 2016.

|                                     |  |
|-------------------------------------|--|
| <b>Record Date</b>                  | April 20, 2016.  |
| <b>Quorum</b>                       | Majority of shares outstanding on the record date must be present in person or by proxy  |
| <b>Shares Outstanding</b>           | 16,740,862 shares of common stock outstanding as of April 20, 2016.  |
| <b>Inspector of Election</b>        | A representative from Broadridge Financial Solutions, Inc. will serve as the inspector of election.  |
| <b>Voting by Proxy</b>              | Internet, phone or mail  |
| <b>Appointment of Proxy Holders</b> | The Board asks you to appoint John T. McDonald and Michael D. Hill as your proxy holders to vote your shares at the Annual Meeting. You may make this appointment by voting the enclosed proxy card using one of the voting methods described below. If appointed by you, the proxy holders will vote your shares as you direct on the matters described in this Proxy Statement. In the absence of your direction, they will vote your shares as recommended by the Board. Unless you otherwise indicate on the proxy card, you also authorize your proxy holders to vote your shares on any matters not known by the Board at the time this Proxy Statement was printed and which, under our bylaws, may be properly presented for action at the Annual Meeting. |
| <b>Voting at the Meeting</b>        | We encourage stockholders to vote in advance of the Annual Meeting, even if they plan to attend the meeting. Stockholders can vote in person during the meeting. Stockholders of record (those whose shares are registered directly in their name with Upland's transfer agent, Computershare) who attend the Annual   |



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Meeting in person may obtain a ballot from the inspector of election. Beneficial holders (those whose shares are held in an account at a brokerage firm, bank, broker-dealer or other similar organization) who attend the Annual Meeting in person must obtain a proxy from their broker, bank or other nominee prior to the date of the Annual Meeting and present it to the inspector of election with their ballot. Voting in person during the meeting will replace any previous votes.

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**Voting Instructions; What Happens if no Voting Instructions are Provided**

All shares represented by valid proxies received prior to the Annual Meeting will be voted and, where a stockholder specifies by means of the proxy a choice with respect to any matter to be acted upon, the shares will be voted in accordance with the stockholder's instructions. If you are a stockholder of record and you indicate when voting on the Internet or by telephone that you wish to vote as recommended by the Board or you sign and return a proxy card without giving specific voting instructions, then the proxy holders will vote your shares in the manner recommended by the Board on all matters presented in this Proxy Statement and as the proxy holders may determine in their discretion with respect to any other matters properly presented for a vote at the Annual Meeting. If you are a beneficial owner of shares held in street name and do not provide the organization that holds your shares with specific voting instructions, under the rules of various national and regional securities exchanges, the organization that holds your shares may generally vote on routine matters but cannot vote on non-routine matters. If the organization that holds your shares does not receive instructions from you on how to vote your shares on a non-routine matter, the organization that holds your shares will inform the inspector of election that it does not have the authority to vote on this matter with respect to your shares. This is generally referred to as a broker non-vote. In tabulating the voting results for any particular proposal, shares that constitute broker non-votes are not considered votes cast on that proposal. Thus, other than being counted for the purpose of determining a quorum, broker non-votes will not affect the outcome of any matter being voted on at the Annual Meeting or any postponement or adjournment of the Annual Meeting.

**Routine and Non-Routine Matters**

Proposal One, the election of directors, is considered a non-routine matter under applicable rules. A broker or other nominee cannot vote without instructions on non-routine matters, and therefore broker non-votes may exist in connection with Proposal One. Proposal Two, the ratification of the appointment of Ernst & Young, LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2016, is a matter considered routine under applicable rules. A broker or other nominee may generally vote on routine matters, and therefore no broker non-votes are expected to exist in connection with Proposal Two.

**Votes Required; Effect of Broker Non-Votes and Abstentions**

Each holder of shares of our common stock outstanding on the record date is entitled to one vote for each share of common stock held as of the record date.

With respect to Proposal One, each director is elected by a plurality of the voting power of the shares present in person or represented by proxy and entitled to vote at the Annual Meeting. Therefore, the two nominees receiving the highest number of affirmative votes of the shares of common stock present in person or represented by proxy at the meeting and entitled to be voted for them will be elected as directors to serve until the third annual meeting of stockholders following their election. For Proposal One, stockholders may not cumulate votes in the election of directors. Abstentions and broker non-votes will have no effect on the outcome of the vote.

The ratification of our independent registered public accountants in Proposal Two requires the affirmative vote of a majority of shares present in person or represented by proxy and entitled to vote at the Annual Meeting. Abstentions are treated as shares present and entitled to vote for purposes of such proposal and, therefore, will have the same effect as a vote AGAINST the proposal. Proposal Two is a routine matter and no broker non-votes are expected to exist in connection with Proposal Two.

**Changing Your Vote**

Stockholders of record may revoke their proxy at any time before the polls close by submitting a later-dated vote in person at the Annual Meeting, via the Internet, by telephone, by mail, or by delivering instructions to our Corporate Secretary before the Annual Meeting. If you hold shares through a broker, bank or other nominee, you may revoke any prior voting instructions by contacting that firm.

**Voting Results**

We will announce preliminary results at the Annual Meeting. We will report final results at [www.uplandsoftware.com](http://www.uplandsoftware.com) and in a filing with the U.S. Securities and Exchange Commission (the SEC) on Form 8-K, which we are required to file with the SEC within four business days following the Annual Meeting.



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This Proxy Statement contains two proposals requiring stockholder action. Proposal One requests the election of the two Class II directors to the Board. Proposal Two requests the ratification of the appointment of Ernst & Young, LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2016.

**Important**

**Please promptly vote and submit your proxy by signing, dating and returning the enclosed proxy card in the postage-prepaid return envelope, or vote by telephone or via the Internet so that your shares can be voted. This will not limit your rights to attend or vote at the Annual Meeting.**

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**PROPOSAL ONE: ELECTION OF DIRECTORS**

Our Board is comprised of five directors. In accordance with our amended and restated certificate of incorporation and our amended and restated bylaws, our Board is divided into three classes, the members of each of which serve for staggered three-year terms. Only one class of directors will be elected at each annual meeting of our stockholders, with the other classes continuing for the remainder of their respective three-year terms. Our directors are divided among the three classes as follows:

- the class I directors are Stephen E. Courter and Rodney C. Favaron, and their terms will expire at our annual meeting of stockholders to be held in 2018;
- the class II directors are currently John D. Thornton and Steven Sarracino, and their terms will expire at our upcoming Annual Meeting; and
- the class III director is John T. (Jack) McDonald, and his term will expire at our annual meeting of stockholders to be held in 2017.

This year's nominees for election to our Board as Class II directors are John D. Thornton and David D. May. The proxies given to the proxy holders will be voted or not voted as directed and, if no direction is given, will be voted FOR the two (2) nominees. Mr. Thornton and Mr. May each qualify as independent directors, as defined in the applicable rules for companies traded on The NASDAQ Global Market (NASDAQ).

The names of the nominees, which have been nominated by our Board upon the recommendation of the Nominating and Governance committee, and certain biographical information about the nominees, including the director's business experience, director positions held currently or at any time during the last five (5) years, information regarding involvement in certain legal or administrative proceedings, if applicable, and the experiences, qualifications, attributes or skills that caused the Nominating and Governance committee to recommend that the nominee should continue to serve on our Board, are set forth below. There are no family relationships among the nominees and any of our directors or executive officers.

*John D. Thornton* has served as a member of our Board since July 2010. Mr. Thornton is a general partner of Austin Ventures, a venture capital firm, which he joined in 1991. Mr. Thornton has previously served on the board of directors of a number of public companies. Mr. Thornton holds a B.A. from Trinity University and an M.B.A. from the Stanford Graduate School of Business.

We believe that Mr. Thornton is qualified to serve as a member of our Board as a result of his experience as a director of publicly traded technology companies and his background in the venture capital industry.

*David D. May* is a vice president of Luther King Capital Management, which he joined in August 2013. From January 2005 to August 2013, he was the co-founder and portfolio manager of Third Coast Capital Management, an Austin-based long-short equity hedge fund formed in 2004. From 1998 to 2003, Mr. May was a co-founder and Managing Partner of Ridgecrest Partners, a New York City-based hedge fund founded in 1998. From 1996 to 1998, Mr. May was a Partner at Ardsley Partners, a Connecticut-based hedge fund, where he served as an analyst and a portfolio manager. Prior to this, he was a Vice President at Luther King Capital Management and served as a portfolio manager for a broad range of investment portfolios and co-founded the LKCM Mutual Funds, serving as President of the Fund Group. Mr. May formerly sat on the Board of Perficient Inc., (NASDAQ: PRFT), an information technology consulting firm (NASDAQ: PRFT), an information technology consulting firm, where he served on the audit committee and was the head of the compensation committee. Mr. May is the Chairman of the National Advisory Board of the National Collegiate Equestrian Association (NCEA). He has previously served on the boards of other privately held companies and philanthropic organizations. Mr. May holds a B.A. in Business and an M.B.A. from Texas Christian University. He is a CFA charter holder.

We believe that Mr. May is qualified to serve as a member of our Board as a result of his experience as a director of publicly traded technology companies and his background in the venture capital industry.

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If elected, each nominee will serve for a term of three years expiring at the 2019 annual meeting of stockholders or until his successor, if any, is duly elected and qualified or until such director's earlier death, resignation or removal. If any director nominee is unable or unwilling to serve as a nominee at the time of the Annual Meeting, the persons named as proxies may vote for a substitute nominee chosen by the present Board to fill the vacancy. In the alternative, the proxies may vote just for the remaining nominees, leaving a vacancy that may be filled at a later date by the Board. Alternatively, the Board may reduce the size of the Board. We have no reason to believe that any of the nominees will be unwilling or unable to serve if elected as a director.

**Vote Required**

The two nominees receiving the highest number of affirmative votes of the shares present in person or represented by proxy and entitled to vote for them, up to the two directors to be elected by those shares, will be elected as directors to serve until the third annual meeting following election or until their successors, if any, are duly elected and qualified, or until their earlier death, resignation or removal.

**Recommendation of the Board**

**The Board recommends that stockholders vote FOR the election of Mr. Thornton and Mr. May.**

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The nominating and governance committee of the Board and the Board believe the skills, qualities, attributes and experience of its directors provide Upland with business acumen and a diverse range of perspectives to engage each other and management to effectively address the evolving needs of Upland and represent the best interests of our stockholders. In the event the two nominees for director are elected, following the Annual Meeting, our Board would consist of the following individuals:

| <b>Name</b>        | <b>Position with Upland</b>        | <b>Age as of the Annual Meeting</b> | <b>Director Since</b> |
|--------------------|------------------------------------|-------------------------------------|-----------------------|
| Stephen E. Courter | Director                           | 61                                  | 2014                  |
| Rodney C. Favaron  | Director                           | 52                                  | 2014                  |
| David D. May       | Director                           | 53                                  | 2016                  |
| John D. Thornton   | Director                           | 51                                  | 2010                  |
| John T. McDonald   | Chief Executive Officer & Chairman | 52                                  | 2010                  |

The following presents biographical information for each of our continuing directors listed above in the table, other than the nominees whose information is on page [9]. The biographical information includes the director's business experience, director positions held currently or at any time during the last five (5) years, information regarding involvement in certain legal or administrative proceedings, if applicable, and the experiences, qualifications, attributes or skills that caused the Nominating and Governance committee to recommend that the director should serve on the Board.

*Stephen E. Courter* has served as a member of our Board since September 2014. Mr. Courter is on the faculty of the McCombs School of Business, University of Texas at Austin, which he joined in August 2007, teaching courses in the Masters in Business Administration program and leading study abroad programs in Thailand, Vietnam, India and Indonesia. Prior to joining the University of Texas at Austin, Mr. Courter served as Chief Executive Officer and board member of Broadwing Communications from 2006 to 2007. Previously, Mr. Courter served as Chairman and Chief Executive Officer of Neon Communications from 2000 to 2006 and Chief Executive Officer of Enertel, a Dutch telecommunications company based in Rotterdam from 1998 to 2000. Mr. Courter currently serves on the board of directors of Cadiz Inc. (NASDAQ: CDZI), a land and water resource development company, which he joined in 2008, and Mobi Corp., which he joined in 2007. Mr. Courter holds a B.S. in Finance from The Pennsylvania State University and an M.B.A. from The George Washington University. Mr. Courter holds the rank of Major in the U.S. Army Reserves.

We believe Mr. Courter is qualified to serve as a member of our Board as a result of his experience in executive-level management positions at technology companies and the knowledge he gained from service on the boards of public and private companies.



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*Rodney C. Favaron* has served as a member of our Board since September 2014. Mr. Favaron is President and Chief Executive Officer of Spredfast, Inc., a provider of social media marketing solutions, which he joined in February 2011. Prior to Spredfast, Mr. Favaron served as the Chairman and Chief Executive Officer of Lombardi Software, a provider of business process management software, from June 2002 to January 2010. Prior to that, Mr. Favaron served as Chief Executive Officer of Mediaprise, Inc. from October 2000 to March 2002, Senior Vice President of Sales and Marketing at pcOrder.com from April 1998 to May 2000, and General Manager at Mentor Graphics Corporation from 1994 to 1998. Mr. Favaron holds a B.S. in Industrial Engineering from Louisiana State University, and an M.B.A. from the University of Dallas Graduate School of Management.

We believe that Mr. Favaron's extensive experience in executive-level management positions at technology companies, including those in the software industry, qualify him to serve as a member of our Board.

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*John T. McDonald* has served as our Chief Executive Officer and Chairman of our Board since our founding in July 2010. Prior to founding Upland in 2010, Mr. McDonald was Chief Executive Officer of Perficient, Inc. (NASDAQ: PRFT), an information technology consulting firm, from 1999 to 2009, and chairman from 2001 to 2010. Mr. McDonald started his career as an attorney with Skadden, Arps, Slate, Meagher & Flom LLP in New York, focusing on mergers and acquisitions and corporate finance, from 1987 to 1993. Mr. McDonald served as chairman of the Greater Austin Chamber of Commerce and as a member of the board of directors of a number of privately held companies and non-profit organization. Mr. McDonald holds a B.A. in Economics from Fordham University and a J.D. from Fordham Law School.

We believe that Mr. McDonald is qualified to serve as a member of our Board because of his experience as our Chief Executive Officer and his background in the technology industry, including serving as chairman and chief executive officer of a public technology company.

**Structure of the Board of Directors**

Our business and affairs are managed under the direction of our Board. Our Board currently consists of five members and is divided into three classes with staggered three-year terms. The term of our Class I directors, Stephen E. Courter and Rodney C. Favaron, will expire at our 2018 meeting of stockholders. The term of our Class II directors, John D. Thornton and Steven Sarracino, will expire at this Annual Meeting. The term of our Class III director, John T. (Jack) McDonald, will expire at our 2017 annual meeting of stockholders.

We expect that any additional directorships resulting from an increase in the authorized number of directors will be distributed among the three classes so that, as nearly as possible, each class will consist of one-third of the directors. This classification of our Board may have the effect of delaying or preventing changes in our control or management.

Our amended and restated certificate of incorporation and amended and restated bylaws provide that our directors may be removed only for cause by the affirmative vote of the holders of at least a majority of the voting power of all of our then-outstanding shares of capital stock entitled to vote generally at an election of directors. Our directors are elected by a plurality of the voting power of the shares present in person or represented by proxy and entitled to vote on the election of directors. Our directors hold office until their successors have been elected and qualified or until their earlier resignation or removal.

**Director Independence**

The NASDAQ Global Market listing standards require that a majority of the members of our Board qualify as independent as defined by those standards. In April 2016, our Board, following consultation with our nominating and governance committee, undertook a review of the independence of the directors and nominees for director and considered whether any director or nominee has a material relationship with us that could compromise his or her ability to exercise judgment in carrying out his or her responsibilities. As a result of this review, our Board determined that four of our five current directors, Messrs. Courter, Favaron, Sarracino and Thornton, and our nominee for director, Mr. May, are independent directors as defined under the applicable requirements of the NASDAQ Global Market listing standards and SEC rules and regulations. In making that determination, our Board considered whether each director and nominee has a relationship that would interfere with

the exercise of independent judgment in carrying out the responsibilities of a director.

**Board Leadership and Lead Independent Director**

The Chairman of our Board is currently our Chief Executive Officer, John T. McDonald. The Board believes that Mr. McDonald is best situated to serve as Chairman because he has been with us since our founding, is the director most familiar with our business, and is best suited to lead the discussion and execution of our strategy.

We have adopted corporate governance guidelines that provide that one of our independent directors should serve as a lead independent director at any time when our Chief Executive Officer serves as the Chairman of our Board, or if the Chairman is otherwise not independent. Because Mr. McDonald is our Chairman and Chief

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Executive Officer, our Board has appointed Mr. Thornton to serve as lead independent director to preside over periodic meetings of our independent directors, serve as the liaison between our Chairman and the independent directors and perform additional duties as our Board may otherwise determine or delegate from time to time.

**Committees of the Board of Directors**

Our Board has a standing audit committee, compensation committee and nominating and governance committee. The current members of the committees are identified in the table below:

| <b>Director</b>    | <b>Audit</b> | <b>Compensation</b> | <b>Nominating<br/>And<br/>Governance</b> |
|--------------------|--------------|---------------------|--|
| Stephen E. Courter | Chair        | Member              |  |
| Rodney C. Favaron  | Member       |                     | Member                                   |
| John D. Thornton   |              | Member              |  |
| Steven Sarracino   | Member       | Chair               | Chair                                    |
| John T. McDonald   |              |                     |  |

Subject to the election of the director nominees, as discussed herein under Proposal 1: Election of Directors, the members of the committees following the Annual Meeting are expected to be as follows:

| <b>Director</b>    | <b>Audit</b> | <b>Compensation</b> | <b>Nominating<br/>And<br/>Governance</b> |
|--------------------|--------------|---------------------|--|
| Stephen E. Courter | Chair        | Member              |  |
| Rodney C. Favaron  | Member       |                     | Member                                   |
| David D. May       | Member       | Chair               | Chair                                    |
| John D. Thornton   |              | Member              |  |
| John T. McDonald   |              |                     |  |

***Audit Committee***

Our audit committee is composed of Messrs. Courter, Favaron and Sarracino, with Mr. Courter serving as chairman. Our Board has determined that each of Messrs. Courter, Favaron and Sarracino meets the independence requirements of Rule 10A-3 of the Securities Exchange Act of 1934, as amended (the Exchange Act) and the NASDAQ Global Market listing standards. Our Board has also determined that Mr. Courter qualifies as an audit committee financial expert within the meaning of SEC regulations.

The primary purpose of the audit committee is to discharge the responsibilities of our Board with respect to our accounting, financial and other reporting and internal control practices and to oversee our independent registered public accounting firm. Specific responsibilities of our audit committee include:

- evaluating the performance of our independent registered public accounting firm and determining whether to retain or terminate its services;
- determining and pre-approving the engagement of our independent registered public accounting firm to perform audit services and any permissible non-audit services;
- reviewing and discussing with management and our independent registered public accounting firm the results of the annual audit and the independent registered public accounting firm's assessment of our annual and quarterly financial statements and reports;

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- reviewing with management and our independent registered public accounting firm significant issues that arise regarding accounting principles and financial statement presentation;
- conferring with management and our independent registered public accounting firm regarding the scope, adequacy and effectiveness of our internal control over financial reporting;
- establishing procedures for the receipt, retention and treatment of any complaints we receive regarding accounting, internal accounting controls or auditing matters;
- reviewing and approving related party transactions; and
- overseeing compliance with the requirements of the SEC and the Foreign Corrupt Practices Act.

The audit committee met four times in 2015.

***Compensation Committee***

Our compensation committee is composed of Messrs. Sarracino, Courter and Thornton, with Mr. Sarracino serving as chairman. Our Board has determined that each of Messrs. Sarracino, Courter and Thornton is independent within the meaning of applicable NASDAQ Global Market listing standards, is a non-employee director as defined in Rule 16b-3 under the Exchange Act and is an outside director as that term is defined in Section 162(m) of the Internal Revenue Code of 1986.

The primary purpose of our compensation committee is to discharge the responsibilities of our Board to oversee our compensation policies, plans and programs and to review and determine the compensation to be paid to our executive officers, directors and other senior management, as appropriate. Specific responsibilities of our compensation committee include:

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

- in consultation with the Chief Executive Officer, determining the compensation and other terms of employment of our other executive officers and reviewing and approving corporate performance goals and objectives relevant to such compensation;
- evaluating, approving and administering the compensation plans and programs advisable for us and evaluating and approving the modification or termination of existing plans and programs;
- reviewing and approving the terms of any employment agreements, severance arrangements, change-of-control protections and any other compensatory arrangements for our executive officers and other senior management, as appropriate; and
- reviewing and recommending to our Board the compensation of our directors.
- The compensation committee may form subcommittees for any purpose that the compensation committee deems appropriate and may delegate to such subcommittees such power and authority as the compensation committee deems appropriate, except that the compensation committee shall not delegate to a subcommittee any power or authority required by law, regulation or listing standard to be exercised by the compensation committee as a whole.

The compensation committee also has the authority, in its sole discretion, to select and retain any compensation consultant to be used by the Company to assist with the execution of the compensation committee's duties and responsibilities, or to engage independent counsel or other advisors as it deems necessary or appropriate

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to carry out its duties. The compensation committee does not currently retain the services of a compensation consultant, nor did it do in the last fiscal year.

The compensation committee met four times in 2015.

*Nominating and Governance Committee*

Our nominating and governance committee is composed of Messrs. Sarracino and Favaron, with Mr. Sarracino serving as chairman. Our Board has determined that each of Messrs. Sarracino and Favaron is independent within the meaning of applicable NASDAQ Global Market listing standards.

The specific responsibilities of our nominating and governance committee include:

- reviewing proposed changes to our certificate of incorporation and bylaws and making recommendations to the Board;
  
- overseeing compliance by the Board with applicable laws and regulations;
  
- identifying, reviewing, evaluating and recommending for selection candidates for membership to our Board;
  
- reviewing, evaluating and considering the recommendation for nomination of incumbent members of our Board for reelection to our Board and monitoring the size of our Board;
  
- considering the recommendation for nomination of candidates for election to our Board and proposals submitted by our stockholders; and
  
- reviewing the performance of our Board, recommending areas of improvement to our Board and assessing the independence of members of our Board.



The nominating and governance committee met one time in 2015.

### **Committee Charters**

Our audit committee, compensation committee and nominating and governance committee operate under written charters adopted by the Board. These charters are posted on the Investor Relations page of our website, <http://investor.uplandsoftware.com>.

### **Risk Oversight**

Our business is subject to various types of risk, including business risks relating to our strategy, competitive position, operations and financial structure, technological risks, legal and compliance risks and others. Management is responsible for the day-to-day management of risks we face, while our Board, as a whole and through its committees, oversees our risk management processes implemented by management and regularly reviews reports from members of senior management on areas of material risk. The committees of the Board are charged with overseeing certain types of risks. Our audit committee is responsible for overseeing the management of financial and operational risks. Our compensation committee is responsible for overseeing the management of risks relating to executive compensation. Our nominating and governance committee is responsible for overseeing the management of risks relating to corporate governance. Our full Board regularly receives reports from each committee on the management of these risks and is charged with the management of all other risks.

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**Compensation Committee Interlocks and Insider Participation**

None of the members of our compensation committee is currently, or has ever been at any time since our formation, an executive officer or employee of our company. None of our executive officers currently serves, nor in the past year has served, as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving on our Board or compensation committee.

**Code of Business Conduct and Ethics**

Our Board has adopted a written code of business conduct and ethics that applies to our directors, officers and employees, including our principal executive officer, principal financial officer, principal accounting officer and controller, or persons performing similar functions. The code of business conduct and ethics, any amendments that may be adopted from time to time and any waivers of the requirements of the code of business conduct and ethics, are posted on the Investor Relations page of our website, <http://uplandsoftware.com>. The information on our website is not part of this Proxy Statement.

**Communications with the Board of Directors**

The Board provides a process for security holders to send communications to the Board. Any matter intended for the Board, or for any individual member or members of the Board, should be directed to our Corporate Secretary at 401 Congress Avenue, Suite 1850, Austin, Texas 78701, with a request to forward the communication to the intended recipient or recipients. Our General Counsel or Corporate Secretary monitors these communications and will provide a summary of all received messages to the Board at each regularly scheduled meeting of the Board. Where the nature of a communication warrants, our Corporate Secretary may determine, in his or her judgment, to obtain the more immediate attention of the appropriate committee of the Board or non-management director, of independent advisors or of Company management, as our Corporate Secretary considers appropriate. Our Corporate Secretary reserves the right not to forward to Board members any abusive, threatening or otherwise inappropriate materials, or to decide in the exercise of his or her judgment whether a response to any stockholder communication is necessary.

**Director Nomination Procedures**

The nominating and governance committee has the responsibility for reviewing and recommending to the Board candidates for director positions. The nominating and governance committee will consider nominations made by stockholders. There are no differences in the manner in which the nomination and governance committee evaluates nominees for director based on whether the nominee is recommended by a stockholder or whether the recommendation comes from another source. To have a candidate considered by the nominating and governance committee, a stockholder must submit such stockholder's recommendation in writing in accordance with the procedures described in the section of this Proxy Statement entitled Other Matters 2017 Stockholder Proposals or Nominations and must include the information specified in our Bylaws, including information concerning the nominee and information about the stockholder's ownership of and agreements related to our stock.

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The nominating and governance committee, in evaluating Board candidates, considers issues such as character, integrity, judgment, diversity, age, independence, skills, education, expertise, business acumen, business experience, length of service, understanding of our business and other commitments and the like, all in the context of an assessment of the needs of the Board at the time. The committee's objective is to maintain a Board of individuals of the highest personal character, integrity and ethical standards, and that reflects a range of professional backgrounds and skills relevant to our business. The nominating and governance committee does not have a formal policy with respect to diversity; however, the committee considers diversity in identifying nominees for director, including personal characteristics such as race and gender, as well as diversity in the experience and skills that contribute to the Board's performance of its responsibilities in the oversight of a global technology business.

The nominating and governance committee believes that the minimum qualifications for serving as a director are that a nominee demonstrate knowledge of our industry, accomplishment in his or her field, an ability to

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make a meaningful contribution to the Board's oversight of our business and affairs, independence under NASDAQ rules, lack of conflicts of interest, and a record and reputation for integrity and ethical conduct in both his or her professional and personal activities. In addition, the nominating and governance committee examines a candidate's specific experiences and skills, time availability in light of other commitments, interpersonal skills and compatibility with the Board, and ability to complement the competency and skills of the other Board members.

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

In performing its duties, the nominating and governance committee may retain internal or external legal counsel and expert advisors, but it did not do so in 2015.

**Board Meetings and Attendance**

The Board held four meetings in 2015. During 2015, each member of the Board attended 75% or more of the aggregate of (i) the total number of Board meetings held during the period of such member's service and (ii) the total number of meetings held by all Board committees on which such member served during the period of such member's service. Directors are strongly encouraged to attend our annual stockholder meetings.

Table of Contents**DIRECTOR COMPENSATION****Standard Director Compensation Arrangements**

Non-employee Board members receive an annual \$25,000 retainer fee and our lead independent director receives an additional annual cash fee of \$15,000. Members of our committees who are non-employee directors receive the following annual cash fees for Board committee service:

| <b>Committee</b>                    | <b>Chairperson Fee</b> |        | <b>Member Fee</b> |        |
|-------------------------------------|------------------------|--------|-------------------|--------|
| Audit Committee                     | \$                     | 15,000 | \$                | 10,000 |
| Compensation Committee              | \$                     | 10,000 | \$                | 5,000  |
| Nominating and Governance Committee | \$                     | 5,000  | \$                | 2,500  |

Our 2014 Equity Incentive Plan (the 2014 Plan ) provides for the grant of non-statutory stock options, stock appreciation rights, restricted stock, restricted stock units, performance units and performance shares to employees, directors and consultants. Each person who first becomes a non-employee director will be automatically granted an initial award under the 2014 Plan in the form of a nonstatutory stock option to purchase that number of shares determined by dividing (A) \$125,000 by (B) the value of an option on one share, determined using the Black-Scholes or other valuation method selected by the administrator, with the number of shares rounded up to the nearest whole share, on or about the date such person becomes a non-employee director. The initial award will vest as to one-twelfth of the shares subject to the initial award on the monthly anniversary of the vesting commencement date, provided that the participant continues to serve as a director through such dates. For continuing non-employee directors who have served on our Board for at least the preceding six months, each will be automatically granted, on a date shortly following the annual meeting of our stockholders each year, an annual award in the form of a nonstatutory stock option to purchase that number of shares determined by dividing (A) \$50,000 by (B) the value of an option on one share, determined using the Black-Scholes or other valuation method selected by the administrator, with the number of shares rounded up to the nearest whole share. The annual award will vest as to one-twelfth of the shares subject to the annual award on the monthly anniversary of the vesting commencement date, provided the participant continues as a director through such dates. The term of these automatic option grants to non-employee directors will be 10 years or such earlier expiration date specified in the applicable award agreement.

Members of our Board are also reimbursed for actual expenses incurred in attending Board meetings. The nominating and governance committee periodically reviews our director compensation practices. The nominating and governance committee believes that our director compensation is fair and appropriate in light of the responsibilities and obligations of our directors.

**2015 Director Compensation**

The following table presents information regarding the compensation earned or paid during 2015 to our non-employee directors who served on the Board during the year. Mr. McDonald, our sole employee director, does not receive compensation for his service as a member of the Board.

| <b>Name of Director</b> | <b>Fees Earned<br/>or<br/>Paid in Cash</b> | <b>Option<br/>Awards(1)(2)</b> | <b>All Other<br/>Compensation</b> | <b>Total</b> |
|-------------------------|--|--------------------------------|-----------------------------------|--------------|
|-------------------------|--|--------------------------------|-----------------------------------|--------------|

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|                    |    |        |    |        |    |         |
|--------------------|----|--------|----|--------|----|---------|
| Stephen E. Courter | \$ | 45,000 | \$ | 54,631 | \$ | 99,631  |
| Rodney C. Favaron  | \$ | 37,500 | \$ | 54,631 | \$ | 92,131  |
| John D. Thornton   | \$ | 45,000 | \$ | 54,631 | \$ | 99,631  |
| Steven Sarracino   | \$ | 50,000 | \$ | 54,631 | \$ | 104,631 |

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(1) The amounts reported in this column represent the aggregate grant date fair value of each award granted to our non-employee directors in 2015 and computed in accordance with Financial Accounting Standards Board

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Accounting Standards Codification Topic 718, or FASB ASC Topic 718, rather than amounts paid to or realized by the named individual. Our assumptions with respect to the calculation of these values are set forth in Management's Discussion and Analysis of Financial Condition and Results of Operations Critical Accounting Policies and the Use of Estimates Stock-Based Compensation included in our Annual Report on Form 10-K for fiscal year ended December 31, 2015. There can be no assurance that options will be exercised (in which case no value will be realized by the individual) or that the value on exercise will approximate the fair value as computed in accordance with FASB ASC Topic 718.

(2) The following table sets forth the outstanding option awards held by non-employee directors as of December 31, 2015, each of which vests in twelve equal monthly installments beginning on June 17, 2015, provided that the non-employee director continues to serve as a director:

| <b>Name of Director</b> | <b>Option Awards</b> |
|-------------------------|----------------------|
| Steven E. Courter       | 15,929               |
| Rodney C. Favaron       | 15,929               |
| John D. Thornton        | 15,929               |
| Steven Sarracino        | 15,929               |

Table of Contents**EXECUTIVE OFFICERS**

The following sets forth certain information regarding our executive officers. Information pertaining to Mr. McDonald, who is both an officer and a director of Upland, may be found in the section of this Proxy Statement entitled "Directors and Corporate Governance - Directors".

| <b>Name</b>       | <b>Position with Upland</b>                       | <b>Age as of the Annual Meeting</b> |
|-------------------|---|-------------------------------------|
| John T. McDonald  | Chief Executive Officer and Chairman of the Board | 52                                  |
| Timothy W. Mattox | President and Chief Operating Officer             | 50                                  |
| Michael D. Hill   | Chief Financial Officer, Secretary and Treasurer  | 47                                  |

*Timothy W. Mattox* has served as our President since February 2015 and our Chief Operating Officer since July 2014. Prior to joining Upland, Mr. Mattox held various executive positions at Dell Inc., a computer technology company, which he joined in 1998. During his time at Dell, Mr. Mattox was responsible for worldwide enterprise product management from January 2009 to January 2013. In addition, while at Dell, Mr. Mattox led Dell's corporate strategy group, reporting to the Chief Executive Officer, from January 2007 to January 2009. Prior to Dell, Mr. Mattox was a manager at Bain & Company. Mr. Mattox holds a B.S. and M.S. in electrical engineering from the Massachusetts Institute of Technology and an M.B.A. from the Stanford Graduate School of Business. Mr. Mattox currently sits on the board of the National Center for Arts and Technology, an innovative educational non-profit organization.

*Michael D. Hill* has served as our Chief Financial Officer and Treasurer since our founding in July 2010. He has also served as our Corporate Secretary since March 2015 and Assistant Secretary from July 2010 to March 2015. Prior to joining Upland, Mr. Hill served as Chief Financial Officer of Perficient, Inc. (NASDAQ: PRFT), an information technology consulting firm, from February 2004 to August 2006 and then as its Vice President, Strategic Finance from August 2006 to May 2007. Mr. Hill worked as a consulting Chief Financial Officer for Whitecap Capital I, LLC, a private equity investment fund, from November 2008 to December 2011 and served as a consultant to multiple small businesses from June 2007 to October 2008. Previously, Mr. Hill served in executive management roles for several technology start-up companies and spent more than seven years with Ernst & Young LLP in the Assurance and Advisory Business Services practice in Austin, Texas. Mr. Hill holds a B.B.A. in Accounting from The University of Texas at Austin and is a licensed certified public accountant in the State of Texas. Our executive officers are appointed by and serve at the discretion of our Board.



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

The following table sets forth the beneficial ownership of our common stock as of March 31, 2016 by:

- each person, or group of affiliated persons, who is known by us to beneficially own more than 5% of our common stock, on an as-converted basis;
- each of our named executive officers;
- each of our directors; and
- all of our executive officers and directors as a group.

We have determined beneficial ownership in accordance with the rules of the SEC. These rules generally attribute beneficial ownership of securities to persons who possess sole or shared voting power or investment power with respect to those securities. In addition, the rules include shares of common stock issuable pursuant to the exercise of stock options that are either immediately exercisable or exercisable within 60 days of March 31, 2016. These shares are deemed to be outstanding and beneficially owned by the person holding the applicable options for the purpose of computing the percentage ownership of that person, but they are not treated as outstanding for the purpose of computing the percentage ownership of any other person. Unless otherwise indicated, the persons or entities identified in this table have sole voting and investment power with respect to all shares shown as beneficially owned by them, subject to applicable community property laws.

The percentage of shares beneficially owned shown in the table below is based upon 16,735,924 shares of common stock outstanding as of March 31, 2016.

Except as otherwise noted below, the address for persons listed in the table is c/o Upland Software, Inc., 401 Congress Avenue, Suite 1850, Austin, Texas 78701.

| Name and Address of Beneficial Owner        | Amount and Nature of Beneficial Ownership |  |
|---|---|--|
|   | Shares of Common Stock Beneficially Owned | Percentage of Common Stock Outstanding |
| <b>5% Stockholders:</b>                     |   |  |
| Entities affiliated with Austin Ventures(1) | 2,182,584                                 | 13.0%                                  |

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|   |           |       |
|---|-----------|-------|
| Entities affiliated with ESW Capital LLC(2)                     | 5,324,541 | 31.8% |
| Entities affiliated with John Kleinheinz(3)                     | 1,545,287 | 9.2%  |
| <b>Named Executive Officers and Directors:</b>                  |           |       |
| John T. McDonald(4)(5)  | 2,029,508 | 12.1% |
| Timothy W. Mattox(6)(7)   | 388,404   | 2.3%  |
| Michael D. Hill(8)(9)   | 296,365   | 1.8%  |
| John D. Thornton(1)(11)   | 2,207,601 | 13.2% |
| Steven Sarracino(10)(11)  | 408,731   | 2.4%  |
| Rodney C. Favaron(11)   | 25,017    | *     |
| Stephen E. Courter(11)  | 25,017    | *     |
| All executive officers and directors as a group (7 persons)(12) | 5,380,643 | 32.2% |

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

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(1) Based on a Schedule 13D filed with the SEC on November 14, 2014, which reported that the ownership includes 873,034 shares held by Austin Ventures IX, L.P., or AV IX, and 1,309,550 shares held by Austin Ventures X, L.P., or AV X. AV Partners IX, L.P., or AVP IX LP, the general partner of AV IX, and AV Partners IX, L.L.C., or AVP IX LLC, the general partner AVP IX LP, may be deemed to share voting and dispositive powers over the shares held by AV IX. AV Partners X, L.P., or AVP X LP, the general partner of AV X, and AV Partners X, L.L.C., or AVP X LLC, the general partner of AVP X LP, may be deemed to share voting and dispositive powers over shares held by AV X. Joseph C. Aragona, Kenneth P. DeAngelis, John D. Thornton, Christopher A. Pacitti and Philip S. Siegel are members of or are associated with AVP IX LLC and AVP X LLC and may be deemed to share voting and dispositive power over the shares held by AV IX and AV X. Such persons and entities disclaim beneficial ownership of shares held by AV IX and AV X, except to the extent of any pecuniary interest therein. Mr. Thornton is a member of our Board. The address of each of AV IX and AV X is 300 West 6th Street, Suite 2300, Austin, Texas 78701.

(2) Based on a Schedule 13D filed with the SEC on March 24, 2016, which reported that the ownership includes 2,520,967 shares held by ESW Capital, LLC ( ESW ), 1,803,574 shares held by Acorn Performance Group, Inc. ( Acorn ), and 1,000,000 shares held by EPM Live, Inc. ( EPM Live ), both controlled subsidiaries of ESW. Joseph A. Liemandt is the sole voting member of ESW and may be deemed to have beneficial ownership of the shares held by ESW. Each of ESW and Mr. Liemandt may be deemed to indirectly beneficially own the shares held by Acorn and EPM Live. The address for ESW, Acorn, EPM Live and Mr. Liemandt is 401 Congress Ave., Suite 2650, Austin, Texas 78701.

(3) Based on a Schedule 13G/A filed with the SEC on February 11, 2016, which reported that the ownership includes 1,352,579 shares held for the account of Global Undervalued Securities Master Fund, L.P., a Delaware limited partnership (the Master Fund ), and Kleinheinz Capital Partners, Inc., a Texas corporation ( KCP ), and 192,708 shares held for the account of MJBW Investments, LP, a Texas limited partnership ( MJBW ) and MJBW Genpar, LLC, a Texas limited liability company ( Genpar ). KCP purchased these shares for the account of the Master Fund and MJBW. KCP is the general partner of, and acts as investment adviser to, the Master Fund. Genpar is the general partner of MJBW. Mr. Kleinheinz is the president of KCP and is the president of Genpar. Each of KCP and Mr. Kleinheinz may be deemed to indirectly beneficially own the shares held by the Master Fund, and Mr. Kleinheinz may be deemed to indirectly beneficially own the shares held by MJBW and Genpar. The address for KCP, the Master Fund, MJBW, Genpar and Mr. Kleinheinz is 301 Commerce Street, Suite 1900, Fort Worth, Texas 76102.

(4) Includes 243,738 shares held by MLPF&S as Cust. FBO John McDonald IRA. John T. McDonald may be deemed to indirectly beneficially own the shares held by MLPF&S as Cust. FBO John McDonald IRA. The address for MLPF&S as Cust. FBO John McDonald IRA is Merrill Lynch Private Banking & Investment Group, 2 World Financial Center, 35th Floor, New York, New York 10281.

(5) Includes 171,040 shares of restricted common stock that is subject to a repurchase option by the Company if Mr. McDonald ceases to provide services to the Company.

- (6) Includes 338,742 shares of restricted common stock that is subject to further vesting or a repurchase option by the Company if Mr. Mattox ceases to provide services to the Company.
  
- (7) Includes 17,488 shares issuable upon the exercise of options exercisable within 60 days of March 31, 2016.
  
- (8) Includes 79,022 shares of restricted common stock that is subject to further vesting or a repurchase option by the Company if Mr. Hill ceases to provide services to the Company.
  
- (9) Includes 42,301 shares issuable upon the exercise of options exercisable within 60 days of March 31, 2016.
  
- (10) Includes 268,714 shares held by Activant Holdings I, LP, and 115,000 shares held by Activant Investment II, LLC. The general partner of Activant Holdings I, L.P. is Activant Capital Group, LLC. The manager of Activant Capital Group, LLC is Steven Sarracino. Mr. Sarracino may be deemed to indirectly beneficially own the shares

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held by Activant Holdings I, LP and Activant Investment II, LLC. The address for Activant Investment II, LLC and Activant Holdings I, LP is 115 E. Putnam Ave., 3rd Floor, Greenwich, Connecticut 06830.

(11) Includes 15,929 shares in aggregate issuable upon the exercise of options that are exercisable within 60 days of March 31, 2016.

(12) Consists of 502,539 shares of restricted common stock that are subject to further vesting or a repurchase option by the Company and includes 2,810,036 shares held by affiliates and 123,072 shares issuable upon the exercise of options exercisable within 60 days of March 31, 2016.

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

Section 16(a) of the Exchange Act requires our officers and directors, and persons who own more than ten percent of a registered class of our equity securities, to file reports of securities ownership and changes in such ownership with the SEC. Officers, directors and greater than ten percent stockholders are also required by SEC rules to furnish us with copies of all Section 16(a) forms they file.

Based solely on a review of the reports furnished to the Company and written representations from reporting persons that all reportable transaction were reported, the Company believes that during the fiscal year ended December 31, 2015 the Company's officers, directors and greater than ten percent owners timely filed all reports they were required to file under Section 16(a) with the exception of one late Form 4 filed for ESW Capital, LLC on June 22, 2015 which covered one transaction that was not reported on a timely basis, one late Form 4 filed for Steven Sarracino on November 12, 2015 which covered one transaction that was not reported on a timely basis, one late Form 4 filed for Stephen E. Courter on November 13, 2015 which covered one transaction that was not reported on a timely basis, one late Form 4 filed for John D. Thornton on November 12, 2015 which covered one transaction that was not reported on a timely basis, one late Form 4 filed for Rodney C. Favaron on November 12, 2015 which covered one transaction that was not reported on a timely basis, and one late Form 4 filed for Timothy Mattox on September 15, 2015 which covered two transactions that were not reported on a timely basis. Additionally, on March 16, 2015, ESW Capital, LLC filed one late Form 4 which covered three transactions which occurred in 2014 and were not reported on a timely basis.

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**CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS**

The following is a description of transactions since January 1, 2015 to which we have been a party, in which the amount involved in the transaction exceeds \$120,000, and in which any of our directors, executive officers, beneficial owners of more than 5% of our capital stock, or any immediate family member of or person sharing the household with any of these individuals, had or will have a direct or indirect material interest, other than compensation, termination and change of control arrangements that are described under the section titled "Executive Compensation" in this Proxy Statement or that were approved by our compensation committee. We believe the terms obtained or consideration that we paid or received, as applicable, in connection with the transactions described below were comparable to terms available or the amounts that would be paid or received, as applicable, in arm's-length transactions.

**Technology Services Agreement**

We receive outsourced software development, automated testing and technology services from DevFactory FZ-LLC, or DevFactory, under an Amended & Restated Technology Services Agreement dated as of January 1, 2014 and a letter agreement dated December 30, 2014. DevFactory is an affiliate of ESW Capital LLC, which holds more than 5% of our capital stock. DevFactory earned approximately \$2.1 million for such services pursuant to the terms of the Amended & Restated Technology Services Agreement in 2015. Pursuant to our letter agreement with DevFactory, our purchase commitment amount for software development services under the contract will be equal to the prior year purchase commitment, increased (decreased) by the percentage change in total revenue for the prior year as compared to the preceding year. In 2016 we expect to pay DevFactory approximately \$2.3 million.

**General & Administrative Services Agreement**

We have an arrangement with Visionael Corporation ( "Visionael" ) to provide general back office services to Visionael. John T. McDonald, our Chief Executive Officer and chairman of our Board and a beneficial owner of more than 5% of our capital stock, beneficially holds an approximate 26.18% interest in Visionael. Visionael paid us approximately \$360,000 for these services in 2015 and is expected to pay us a total of \$360,000 in 2016.

**Hipcricket Acquisition**

On March 14, 2016, we completed our purchase of substantially all of the assets of Hipcricket, Inc., a cloud-based mobile messaging software provider. The consideration paid to the seller consisted of one million shares of our common stock and the transfer of our EPM Live product business. The value of the shares on the closing date of the transaction was approximately \$6.2 million. Prior to the transaction, Hipcricket was owned by an affiliate of ESW Capital, LLC, which holds more than 5% of our common stock. Raymond James & Co. provided a fairness opinion to Upland in connection with the transaction.

**Other**

For a description of other relationships we have with our directors and executive officers, see the sections titled Directors and Corporate Governance Director Compensation and Executive Compensation in this proxy statement.

**Policies and Procedures for Related Party Transactions**

On an annual basis, we require each officer and director to complete a questionnaire that solicits information in regards to various matters, including but not limited to, other directorships; beneficial reporting compliance; involvement in certain legal proceedings; injunctions or limitations as to engaging in certain activities and information regarding any transactions with related persons such as: any family relationships to any director, executive officer or nominee of the Company; any direct or immediate family member material interest in any actual or proposed material transaction to which the Company was or is to be a party; and other certain business



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relationships and transactions with clients that create or appear to create a conflict of interest. This questionnaire is completed in conjunction with our filing of our annual proxy statement. In addition, our directors, officers and employees are required to comply with our Code of Business Conduct and Ethics (our Code of Conduct ) which requires that they perform their duties and exercise judgment on behalf of the Company without influence or impairment, or the appearance of impairment, due to any activity, interest or relationship that arises outside of the Company. Furthermore, Company directors, officers and employees have a duty to avoid all relationships that are or might be conflicts of interest or otherwise comprise the integrity of our business. Our Code of Conduct requires that any time a director, officer or employee believes a conflict of interest could exist, including due to a potential transaction with a related person, he or she should immediately report the situation.

Our Code of Conduct serves as our policy with respect to transactions with related persons. Any transactions with related persons, as defined by SEC rules and regulations, are subject to limitations on conflicts of interest contained in our Code of Conduct and are generally discouraged by us. To the extent any such transactions are proposed, they are subject to the approval by the audit committee in accordance with the audit committee's charter. Further, any approved transactions with related persons must be conducted in such a way that no preferential treatment is given to that business.

The related party transactions described in this section predated our adoption of our Code of Conduct and were not subject to the approval and review procedures set forth in the Code of Conduct. All future related party transactions will be subject to such policy.

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**EXECUTIVE COMPENSATION**

**Compensation Overview**

This Compensation Overview explains how our executive compensation program is designed and operates with respect to our named executive officers listed in the 2015 Summary Compensation Table below. Our named executive officers consist of any individual who served as our Chief Executive Officer during 2015, and up to two of our most highly compensated executive officers other than the Chief Executive Officer during 2015. Our named executive officers in 2015 were:

| Name              | Office  |
|-------------------|---|
| John T. McDonald  | Chief Executive Officer and Chairman of the Board |
| Timothy W. Mattox | President and Chief Operating Officer             |
| Michael D. Hill   | Chief Financial Officer, Secretary and Treasurer  |

We currently qualify as an emerging growth company as defined in the Jumpstart Our Business Startups Act, or the JOBS Act. Accordingly, and in accordance with relevant SEC rules and guidance, we have elected to take advantage of reduced disclosure obligations applicable to emerging growth companies. Therefore, this Compensation Overview is not comparable to the Compensation Discussion and Analysis that is required of other SEC reporting companies.

This Compensation Overview discusses the material elements of the compensation awarded to, earned by or paid to our executive officers, and the compensation committee's role in the design and administration of these programs and policies in making specific compensation decisions for our executive officers, including our named executive officers for 2015. It contains forward-looking statements that are based on our current plans, considerations, expectations and determinations regarding future compensation programs. The actual compensation programs that we adopt in the future may differ materially from currently planned programs as summarized in this discussion.

The compensation committee is responsible for establishing, implementing and continually monitoring adherence to our compensation philosophy. In doing so, the compensation committee reviews and approves on an annual basis the evaluation process and compensation structure for the Company's named executive officers. The Committee reviews and recommends to the Board the annual compensation, including salary, and any incentive and/or equity-based compensation for such officers. The Committee also provides oversight of management's decisions concerning the performance and compensation of other employees.

***Executive Compensation Program Components***

We seek to offer competitive compensation that is designed to attract and retain qualified and motivated individuals and reward them based on performance. Our executive compensation includes three elements: base salary, cash incentive compensation and long-term equity incentive awards. We do not have a policy on the division of compensation between the primary components.

*Base Salary*

With regard to base salary, each named executive officer entered into an at-will employment agreement or offer letter with us at the time of his hire that provides for his initial base salary, and the Board reviews the base salaries annually. All compensation terms in the offer letters other than standard employee benefits have since been superseded.

Table of Contents*Cash Incentive Compensation*

With regard to cash incentive compensation, each member of our senior management team was eligible to receive cash awards under our 2015 corporate bonus plan and 2015 M&A bonus plan upon the achievement of certain financial goals. For 2015, the financial goals under the corporate bonus plan for our Chief Executive Officer, Chief Financial Officer and Chief Operating Officer were based on the achievement of corporate Adjusted EBITDA targets which, if achieved, would result in a bonus payout equal to a target of 50% of base salary for each individual. For 2015, the financial goals under the M&A bonus plan for our Chief Executive Officer, Chief Financial Officer and Chief Operating Officer were based on the achievement of acquired revenue run-rates, which, if achieved, would result in a bonus payment equal to a target of 50% of base salary for each individual. In 2015, all of the cash bonus payout amounts to Mr. McDonald, Mr. Hill and Mr. Mattox were attributed to the M&A bonus plan.

*Long-Term Equity Incentive Awards*

We believe that our ability to grant equity-based awards is a valuable and necessary compensation tool that aligns the long-term financial interests of our employees, consultants and directors with the financial interests of our stockholders. In addition, we believe that our ability to grant options and other equity-based awards helps us to attract, retain and motivate employees, consultants and directors, and encourages them to devote their best efforts to our business and financial success. Our compensation committee meets periodically to discuss and review the level of equity-based compensation, and to decide whether additional grants are necessary. For additional information regarding equity awards held by the named executive officers, please see the table entitled 2015 Outstanding Equity Awards at Fiscal Year-End.

**2015 Summary Compensation Table**

The following table provides information regarding the compensation awarded to or earned during our fiscal years ended December 31, 2015 and 2014 by our named executive officers.

| Name and Principal Position                             | Year | Salary     | Stock Awards(1) | Option Awards(1) | Nonequity Incentive Plan Compensation | Total        |
|---|------|------------|-----------------|------------------|---------------------------------------|--------------|
| John T. McDonald  | 2015 | \$ 240,000 | \$              | \$               | \$                                    | \$ 240,000   |
| <i>Chief Executive Officer and Chairman</i>             | 2014 | \$ 240,000 | \$ 1,493,179    | \$               | \$ 58,504                             | \$ 1,791,683 |
| Timothy W. Mattox                                       | 2015 | \$ 240,000 | \$ 996,000      | \$               | \$ 75,000                             | \$ 1,311,000 |
| <i>President and Chief Operating Officer</i>            | 2014 | \$ 110,000 | \$ 715,685      | \$ 304,219       | \$ 27,202                             | \$ 1,157,106 |
| Michael D. Hill   | 2015 | \$ 200,000 | \$ 265,600      | \$               | \$ 48,000                             | \$ 513,600   |
| <i>Chief Financial Officer, Secretary and Treasurer</i> | 2014 | \$ 195,000 | \$              | \$ 40,994        | \$ 48,670                             | \$ 284,664   |

(1) The amounts reported in the Stock Awards and Option Awards columns do not reflect compensation actually received by the named executive officer but represent the aggregate grant date fair value computed in accordance with

FASB ASC Topic 718. The valuation assumptions used in determining such amounts are described in Notes 2 and 11 of the Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K filed on March 30, 2016.

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

The following table provides information about outstanding equity awards held by each of our named executive officers at December 31, 2015.

| Name              | Option Awards   |   |                                     | Stock Awards                 |  |   |
|-------------------|---|---|-------------------------------------|------------------------------|--|---|
|                   | Number of Shares<br>Underlying Exercisable<br>Options | Number of Shares<br>Underlying Unexercisable<br>Options | Option<br>Exercise<br>Price<br>(\$) | Option<br>Expiration<br>Date | Number of Shares<br>or Units of Stock<br>that Have Not<br>Vested | Market Value of<br>Shares or Units of<br>Stock that Have<br>Not Vested(1)<br>(\$) |
| John T. McDonald  |   |   |                                     |                              | 171,040(2)   | 1,205,832   |
| Timothy W. Mattox | 12,023  | 53,561  | 8.73                                | 9/2/2024(3)                  | 72,075(4)  | 508,129   |
|                   |   |   |                                     |                              | 66,667(5)  | 470,002   |
|                   |   |   |                                     |                              | 50,000(6)  | 352,500   |
| Michael D. Hill   | 37,383  |   | 0.30                                | 3/16/2021(7)                 | 9,424(8)   | 66,439  |
|                   | 3,484   | 8,813   | 6.22                                | 3/31/2024(9)                 | 26,667(10)   | 188,002   |

(1) Market value calculated using the closing price of our common stock as of December 31, 2015 of \$7.05

(2) Consists of 171,040 shares of restricted common stock that vest pursuant to the following vesting schedule: 100% of the shares vest on December 16, 2018, subject to Mr. McDonald continuing to be a service provider to the Company on the vesting date. Mr. McDonald holds all rights of a stockholder with respect to the shares, including the right to vote the shares and, for vested shares only, the right to receive any cash dividends declared thereon. In the event Mr. McDonald is terminated without cause (as defined in the restricted stock purchase agreement) or resigns for good reason (as defined in the restricted stock purchase agreement) following a change of control (as defined in the restricted stock purchase agreement), 100% of the unvested shares shall immediately vest. If Mr. McDonald ceases to provide services to the Company, the Company may within 90 days, repurchase the number of shares of restricted stock that are still subject to the repurchase option for a price of \$0.0001 per share.

(3) These options have a 10-year term with a vesting commencement date of July 14, 2014. 10% of the shares subject to the option vest on the one year anniversary of the vesting commencement date, 20% of the shares subject to the option vest in 12 equal monthly installments beginning on the one year anniversary of the vesting commencement date, 30% of the shares subject to the option vest in 12 equal monthly installments beginning on the second anniversary of the vesting commencement date, and 40% of the shares subject to the option vest in 12 equal monthly installments beginning on the third anniversary of the vesting commencement date, in each case subject to the recipient's continued employment through such vesting dates.

(4) Consists of 81,980 shares of restricted common stock that vest pursuant to the following vesting schedule: 10% of the shares vest on the first anniversary of the vesting commencement date, 20% of the shares vest on the second anniversary of the vesting commencement date, 30% of the shares vest on the third anniversary of the vesting commencement date, and 40% of the shares vest on the fourth anniversary of the vesting commencement, subject to Mr. Mattox continuing to be a service provider to the Company on the applicable vesting date. The vesting commencement date is December 16, 2014. Mr. Mattox holds all rights of a stockholder with respect to the shares, including the right to vote the shares and, for vested shares only, the right to receive any cash dividends declared thereon. Following a change of control (as defined in the restricted stock purchase agreement), the share vesting shall accelerate as to that number of shares that would have been

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released from the Company's repurchase option had Mr. Mattox remained an employee for two additional years. Furthermore, the shares shall be deemed fully vested in the event Mr. Mattox is terminated without cause (as defined in the restricted stock purchase agreement) or resigns for good reason (as defined in the restricted stock purchase agreement) (i) following such change in control or (ii) if not following a change in control then the repurchase option shall be released such that the aggregate amount of released shares shall equal the amount that would have been vested assuming the application of the following vesting schedule: 10% of the shares vest on the one year anniversary of the vesting commencement date, 20% of the shares vest in 12 equal monthly installments beginning on the one year anniversary of the vesting commencement date, 30% of the shares vest in 12 equal monthly installments beginning on the second anniversary of the vesting commencement date, and 40% of the shares vest in 12 equal monthly installments beginning on the third anniversary of the vesting commencement date. If Mr. Mattox ceases to provide services to the Company, the Company may within 90 days, repurchase the number of shares of restricted stock that are still subject to the repurchase option for a price of \$0.0001 per share.

(5) Consists of 100,000 shares of restricted common stock that vest pursuant to the following vesting schedule: one third of the shares vest on the one year anniversary of the vesting commencement date, one third of the shares vest on the second anniversary of the vesting commencement date, and the remainder vest on the third anniversary of the vesting commencement date, subject to Mr. Mattox continuing to be a service provider to the Company on each applicable vesting date. The vesting commencement date is December 16, 2014. Mr. Mattox holds all rights of a stockholder with respect to the shares, including the right to vote the shares and, for vested shares only, the right to receive any cash dividends declared thereon. The restricted stock is released from the repurchase option pursuant to the following vesting schedule: Following a change of control (as defined in the restricted stock purchase agreement), the share vesting shall accelerate as to that number of shares that would have vested had Mr. Mattox remained an employee for three additional years. Furthermore in the event Mr. Mattox is terminated without cause (as defined in the restricted stock purchase agreement) or resigns for good reason (as defined in the restricted stock purchase agreement), the share vesting shall accelerate such that the aggregate amount of vested shares shall equal the amount that would have been vested assuming the application of the following vesting schedule: one-third of the shares shall vest on December 31, 2015, one-third of the shares shall vest on the last day of each month over the period from January 1, 2016 to December 31, 2016, one-third of the shares shall vest in equal twelve installments on the last day of each month over the period from January 1, 2017 to December 31, 2017.

(6) Consists of 50,000 shares of restricted common stock that vest pursuant to the following vesting schedule: 100% of the shares vest on December 31, 2018, subject to Mr. Mattox continuing to be a service provider to the Company on each applicable vesting date. Mr. Mattox holds all rights of a stockholder with respect to the shares, including the right to vote the shares and, for vested shares only, the right to receive any cash dividends declared thereon. Following a change of control (as defined in the restricted stock purchase agreement), the share vesting shall accelerate as to that number of shares that would have vested had Mr. Mattox remained an employee for two additional years. Furthermore in the event Mr. Mattox is terminated without cause (as defined in the restricted stock purchase agreement) or resigns for good reason (as defined in the restricted stock purchase agreement), the share vesting shall accelerate such that the aggregate amount of vested shares shall equal the amount that would have been vested assuming the application of the following vesting schedule: all (100%) of the shares shall vest in twelve equal installments on the last day of each month over the period from January 1, 2018 to December 31, 2018.

(7) These options have a 10-year term with a vesting commencement date of March 16, 2011. This option is fully vested.



(8) Consists of 113,085 shares of restricted common stock that vest pursuant to the following vesting schedule: 25% of the shares vest on the one year anniversary of the vesting commencement date, the remaining 75% of the shares vest in equal monthly installments thereafter over the following thirty-six month period, subject to Mr. Hill continuing to be a service provider to the Company on each applicable vesting date. The vesting commencement date is April 1, 2012. Mr. Hill holds all rights of a stockholder with respect to the shares, including the right to vote the shares and, for vested shares only, the right to receive any cash dividends

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declared thereon. If Mr. Hill ceases to provide services to the Company, the Company may within 90 days, repurchase the number of shares of restricted stock that are still subject to the repurchase option for a price of \$0.0001 per share.

(9) These options have a 10-year term with a vesting commencement date of January 1, 2014. 10% of the shares subject to the option vest on the one year anniversary of the vesting commencement date, 20% of the shares subject to the option vest in 12 equal monthly installments beginning on the one year anniversary of the vesting commencement date, 30% of the shares subject to the option vest in 12 equal monthly installments beginning on the second year anniversary of the vesting commencement date, and 40% of the shares subject to the option vest in 12 equal monthly installments beginning on the third year anniversary of the vesting commencement date, in each case subject to the recipient's continued employment through such vesting dates.

(10) Consists of 40,000 shares of restricted common stock that vest pursuant to the following vesting schedule: one third of the shares vest on the one year anniversary of the vesting commencement date, one third of the shares vest on the second anniversary of the vesting commencement date, and the remainder vest on the third anniversary of the vesting commencement date, subject to Mr. Hill's continuing to be a service provider to the Company on each applicable vesting date. The vesting commencement date is December 16, 2014. Mr. Hill holds all rights of a stockholder with respect to the shares, including the right to vote the shares and, for vested shares only, the right to receive any cash dividends declared thereon. In the event Mr. Hill is terminated without cause (as defined in the restricted stock purchase agreement) or resigns for good reason (as defined in the restricted stock purchase agreement), the share vesting shall accelerate such that the aggregate amount of vested shares shall equal the amount that would have been vested assuming the application of the following vesting schedule: one-third of the shares shall vest on December 31, 2015, one-third of the shares shall vest on the last day of each month over the period from January 1, 2016 to December 31, 2016, one-third of the shares shall vest in equal twelve installments on the last day of each month over the period from January 1, 2017 to December 31, 2017.

**Executive Employment and Other Arrangements**

We entered into offer letter agreements with each of our named executive officers in connection with their employment. The offer letter agreements have no specific term of employment and the relationships created thereby constitute at-will employment. A summary of our current employment arrangements with our named executive officers is set forth below.

*John T. McDonald.* Mr. McDonald is party to an employment agreement with us dated May 9, 2014. This employment agreement has no specific term and constitutes at-will employment. Mr. McDonald's current base salary is \$240,000. Mr. McDonald is also eligible to receive benefits that are substantially similar to those of our other employees. His employment agreement sets forth his target bonus, which is set at 100% of Mr. McDonald's then-current base salary. Payment of any bonus to Mr. McDonald is subject to approval by our Board. Pursuant to Mr. McDonald's employment agreement, in the event Mr. McDonald is terminated for any reason (other than for cause (as such term is defined in his employment agreement)) or resigns of his own volition for good reason (as such term is defined in his employment

agreement), (i) we will be obligated to pay him any earned but unpaid compensation, any earned but unpaid bonus and any expense reimbursement, (ii) we will be obligated to pay him 100% of his then current monthly base salary for 12 months, and (iii) we will be obligated to pay him 12 months of monthly premiums for his then current health benefits in a single lump sum. Each of the severance benefits described above is contingent on Mr. McDonald executing a mutual release of claims and continuing to protect our confidential and proprietary information.

We have granted Mr. McDonald shares of restricted common stock, pursuant to a restricted stock agreement, which provides for a repurchase right by the Company that will lapse over time. In the event Mr. McDonald is terminated without cause or terminates with good reason (as such terms are defined in his restricted stock agreements), including in connection with or following a change-of-control transaction, he is entitled to receive accelerated vesting of shares subject to the repurchase rights of the Company. For more information regarding the awards made to Mr. McDonald, including the vesting acceleration, see 2015 Outstanding Equity Awards At Fiscal Year-End.

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*Timothy W. Mattox.* Mr. Mattox is party to an employment offer letter with us dated July 7, 2014. Mr. Mattox's employment has no specific term and constitutes at-will employment. Mr. Mattox's current base salary is \$240,000. Mr. Mattox is also eligible to receive benefits that are substantially similar to those of our other employees. His target bonus is set at 100% of Mr. Mattox's then-current base salary. Payment of Mr. Mattox's bonus is determined by a combination of achievement of certain M&A transaction and Adjusted EBITDA objectives which have been set and approved by our Board.

We have granted Mr. Mattox shares of restricted common stock, pursuant to restricted stock agreements, which provide for either vesting over a period of time or a repurchase right by the Company that will lapse over time. In the event Mr. Mattox is terminated without cause or terminates with good reason (as such terms are defined in his restricted stock agreements), including in connection with or following a change-of-control transaction, he is entitled to receive accelerated vesting of shares subject to the repurchase rights of the Company. For more information regarding the awards made to Mr. Mattox, including the vesting acceleration, see 2015 Outstanding Equity Awards At Fiscal Year-End.

*Michael D. Hill.* Mr. Hill is party to an employment offer letter with us dated July 23, 2010. Mr. Hill's employment has no specific term and constitutes at-will employment. Mr. Hill's current base salary is \$200,000. Mr. Hill is also eligible to receive benefits that are substantially similar to those of our other employees. His target bonus is set at 100% of Mr. Hill's then-current base salary. Payment of Mr. Hill's bonus is determined by a combination of achievement of certain M&A transaction and Adjusted EBITDA objectives which have been set and approved by our Board.

We have granted Mr. Hill shares of restricted common stock, pursuant to restricted stock agreements, which provide for either vesting over a period of time or a repurchase right by the Company that will lapse over time. In the event Mr. Hill is terminated without cause or terminates with good reason (as such terms are defined in his restricted stock agreements), including in connection with or following a change-of-control transaction, he is entitled to receive accelerated vesting of shares subject to the repurchase rights of the Company. For more information regarding the awards made to Mr. Hill, including the vesting acceleration, see 2015 Outstanding Equity Awards At Fiscal Year-End.

***401(k) Plan***

We maintain a tax-qualified retirement plan that provides eligible employees with an opportunity to save for retirement on a tax-advantaged basis. All participants' interests in their deferrals are 100% vested when contributed. In fiscal 2014, we made no matching contributions into the 401(k) plan. Pre-tax contributions are allocated to each participant's individual account and are then invested in selected investment alternatives according to the participant's directions. The 401(k) plan is intended to qualify under Section 401(a) of the Code. As a tax-qualified retirement plan, contributions to the 401(k) plan and earnings on those contributions are not taxable to the employees until distributed from the 401(k) plan, and all contributions are deductible by us when made.

**Limitation on Liability and Indemnification Matters**

## Edgar Filing: Upland Software, Inc. - Form DEF 14A

We have entered into indemnity agreements with our directors and certain of our officers and senior management. The agreements generally provide that, to the fullest extent permitted by Delaware law, we must indemnify each such person for judgments, expenses, fines, penalties and amounts paid in settlement of claims that result from the fact that such person was our officer, director or employee. In addition, our amended and restated certificate of incorporation and amended and restated bylaws provide for certain indemnifications and limitations on the liability of our directors and officers. Our amended and restated bylaws and the indemnification agreements also provide that we are obligated to advance expenses incurred by a director or officer in advance of the final disposition of any action or proceeding and permit us to secure insurance on behalf of any officer, director, employee or other agent for any liability arising out of his or her actions in that capacity, regardless of whether we would otherwise be permitted to indemnify him or her under the provisions of Delaware law.

We believe that these indemnification agreements and provisions of our bylaws and amended and restated certificate of incorporation are necessary to attract and retain qualified persons as directors and officers. We also

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maintain directors and officers liability insurance. However, these limitation of liability and indemnification provisions may discourage stockholders from bringing a lawsuit against our directors and officers for breach of their fiduciary duty. They may also reduce the likelihood of derivative litigation against our directors and officers, even though an action, if successful, might benefit us and other stockholders. Further, a stockholder's investment may be adversely affected to the extent that we pay the costs of settlement and damage awards against directors and officers as required by these indemnification provisions. At present, there is no pending litigation or proceeding involving any of our directors, officers or employees for which indemnification is sought, and we are not aware of any threatened litigation that may result in claims for indemnification.

Table of Contents**EQUITY COMPENSATION PLAN INFORMATION**

The following table sets forth certain information, as of December 31, 2015, concerning shares of our common stock authorized for issuance under all of our equity compensation plans.

|  | Number of<br>Securities to be<br>issued Upon<br>Exercise of<br>Outstanding<br>Options,<br>Warrants and<br>Rights | Weighted-<br>Average Exercise<br>Price of<br>Outstanding<br>Options,<br>Warrants and<br>Rights | Number<br>of Securities Remaining<br>Available for Future<br>Issuance Under<br>Equity Compensation<br>Plans (Excluding<br>Securities Reflected<br>in Column) (1) |
|--|--|--|--|
| Equity compensation plans approved by stockholders     | 780,796  | \$ 5.75  | 183,207  |
| Equity compensation plans not approved by stockholders |  | \$   |  |
| Total equity compensation plans                        | 780,796  | \$ 5.75  | 183,207  |

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(1) Pursuant to the terms of the 2014 Plan, the number of shares available for issuance under the 2014 Plan will be increased on the first day of each fiscal year in an amount equal to the lesser of (i) four percent (4%) of the outstanding shares of our Common Stock on the last day of the immediately preceding fiscal year or (ii) such number of shares determined by the Board.

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**AUDIT COMMITTEE REPORT**

*The following report of the audit committee does not constitute soliciting material and shall not be deemed filed or incorporated by reference into any other filing by Upland under the Securities Act of 1933 or the Securities Exchange Act of 1934.*

The audit committee provides assistance to our Board in fulfilling its legal and fiduciary obligations in matters involving the Company's accounting, auditing, financial reporting, internal control and legal compliance functions by approving the services performed by the Company's independent accountants and reviewing their reports regarding the Company's accounting practices and systems of internal accounting controls as set forth in a written charter adopted by our Board. The Company's management is responsible for preparing the Company's financial statements and the independent registered public accountants are responsible for auditing those financial statements. The audit committee is responsible for overseeing the conduct of these activities by the Company's management and the independent registered public accountants.

In this context, the audit committee has met and held discussions with management and the independent registered public accountants. Management represented to the audit committee that the Company's consolidated financial statements were prepared in accordance with generally accepted accounting principles, and the audit committee has reviewed and discussed the consolidated financial statements with management and the independent registered public accountants.

In connection with the 2015 audit, the audit committee has:

- reviewed and discussed with management our audited financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2015 with Ernst & Young, LLP, the Company's independent registered public accounting firm;
- discussed with Ernst & Young, LLP the matters required to be discussed by Auditing Standards No. 16, Communications with Audit Committees, as adopted by the Public Company Accounting Oversight Board Rule 3200T; and
- received from and discussed with Ernst & Young, LLP the written disclosures and the letter from Ernst & Young, LLP required by the Public Company Accounting Oversight Board regarding Ernst & Young, LLP's communications with the audit committee concerning independence, and discussed with Ernst & Young, LLP the firm's independence from the Company and considered whether Ernst & Young, LLP's provision of non-audit services to the Company is compatible with maintaining the firm's independence from Company.



## Edgar Filing: Upland Software, Inc. - Form DEF 14A

Based on the review and discussions described in the preceding bullet points, the audit committee recommended to the Board that the audited financial statements be included in our Annual Report on Form 10-K for the year ended December 31, 2015 for filing with the SEC.

The audit committee has adopted a charter and a process for pre-approving services to be provided by Ernst & Young, LLP.

The members of the audit committee have been determined to be independent in accordance with the requirements of the NASDAQ listing standards and the requirements of Section 10A(m)(3) of the Exchange Act.

*Respectfully submitted on April 26, 2016, by the members of the audit committee of the Board:*

Stephen E. Courter (Chair)  
Rodney C. Favaron  
Steven Sarracino

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**PROPOSAL TWO: RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED  
PUBLIC ACCOUNTING FIRM**

The audit committee has appointed Ernst & Young LLP ( E&Y ) as our independent registered public accounting firm and auditors of our consolidated financial statements for the fiscal year ending December 31, 2016.

At the Annual Meeting, the stockholders are being asked to ratify the appointment of E&Y as our independent registered public accounting firm for 2016. In the event of a negative vote on such ratification, the audit committee will reconsider its selection. Even if this appointment is ratified, the audit committee, in its discretion, may direct the appointment of a different independent registered public accounting firm at any time during the year if the audit committee determines that such a change would be in the best interest of Upland and our stockholders. Representatives of E&Y are expected to be present at the Annual Meeting to make a statement if such representatives desire to do so and to respond to appropriate questions.

**Fees Paid to Ernst & Young, LLP**

The following table sets forth the fees accrued or paid to our independent registered public accounting firm for the years ended December 31, 2015 and 2014.

**Audit and Non-Audit Fees**

|                    | Ernst & Young LLP |                     |
|--------------------|-------------------|---------------------|
|                    | 2015              | 2014                |
| Audit Fees (1)     | \$ 475,000        | \$ 1,219,709        |
| Audit-Related Fees | 3,500             |                     |
| Tax Fees (2)       |                   | 18,269              |
| All Other Fees     |                   |                     |
| <b>Total</b>       | <b>\$ 478,500</b> | <b>\$ 1,237,978</b> |

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(1) Audit fees relate to professional services rendered in connection with the audit of our annual financial statements, quarterly review of financial statements included in our Annual Report on Form 10-K and our Quarterly Report on Form 10-Q. The 2014 amount includes \$405,000 relating to audit of the 2014 consolidated financial statements and review of the unaudited financial interim financial information, and \$814,709 relating to Form S-1 related procedures.

(2) Tax fees relate to professional services rendered in connection with international tax consulting services.

**Policy on Audit Committee Pre-Approval of Audit and Non-Audit Services Performed by the Independent Registered Public Accounting Firm**

We maintain an auditor independence policy that bans our auditors from performing non-financial consulting services, such as information technology consulting and internal audit services. This policy mandates that our audit committee approve the audit and non-audit services and related budget in advance, and that our audit committee be provided with quarterly reporting on actual spending. This policy also mandates that we may not enter into auditor engagements for non-audit services without the express approval of our audit committee. In accordance with this policy, our audit committee pre-approved all services to be performed by our independent registered public accounting firm.

**Vote Required**

You may vote **FOR**, **AGAINST** or **ABSTAIN** on this proposal. Approval of Proposal Two requires a **FOR** vote from a majority of the shares present in person or represented by proxy and voting at the Annual Meeting.

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**Recommendation of the Board**

**The Board recommends that you vote FOR ratification of the selection of Ernst & Young, LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2016.**

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**OTHER MATTERS**

*Meeting Admission.* You are entitled to attend the Annual Meeting only if you were an Upland stockholder at the close of business on April 20, 2016 or hold a valid proxy for the Annual Meeting. If attending the meeting in person, you should be prepared to present photo identification for admittance. In addition, if you are a stockholder of record, meaning that you hold shares directly with Computershare ( registered holders ), the inspector of election will have your name on a list, and you will be able to gain entry with a form of government-issued photo identification, such as a driver's license, state-issued ID card or passport. If you are not a stockholder of record but hold shares through a broker, bank, or nominee ( street name or beneficial holders), in order to gain entry you must provide proof of beneficial ownership as of the record date, such as an account statement or similar evidence of ownership, along with a form of government-issued photo identification. If you do not provide photo identification and comply with the other procedures outlined above for attending the Annual Meeting in person, you will not be admitted to attend the Annual Meeting in person.

*Proxy Solicitation.* Upland is paying the costs of the solicitation of proxies. We must also pay brokerage firms, banks, broker-dealers and other similar organizations representing beneficial owners of shares held in street name certain fees associated with forwarding the notice to beneficial owners, forwarding printed proxy materials by mail to beneficial owners who specifically request them, and obtaining beneficial owners' voting instructions. We currently estimate such costs will be approximately \$15,000.

In addition to soliciting proxies by mail, certain of our directors, officers and regular employees, without additional compensation, may solicit proxies personally or by telephone, facsimile or email on our behalf.

*Inspector of Election.* Broadridge Financial Solutions, Inc. has been engaged as our independent inspector of election to tabulate stockholder votes for the 2016 Annual Meeting.

*Stockholder List.* Upland's list of stockholders as of April 20, 2016 will be available for inspection for 10 days prior to the 2016 Annual Meeting. If you want to inspect the stockholder list, please call our Investor Relations department at (512) 960-1031 to schedule an appointment.

*2017 Stockholder Proposals or Nominations.* Pursuant to Rule 14a-8 under the Exchange Act, some stockholder proposals may be eligible for inclusion in our 2017 proxy statement. These stockholder proposals must be submitted, along with proof of ownership of our stock in accordance with Rule 14a-8(b)(2), to our principal executive offices in care of our Corporate Secretary by one of the means discussed below in the section entitled Communicating with Us. Failure to deliver a proposal in accordance with this procedure may result in it not being deemed timely received. We must receive all submissions no later than the close of business (5:00 p.m. Central Standard Time) on December 27, 2016.

Any submissions received after this time and date will be considered untimely.

We strongly encourage any stockholder interested in submitting a proposal to contact our Corporate Secretary in advance of this deadline to discuss the proposal, and stockholders may want to consult knowledgeable counsel with regard to the detailed requirements of applicable securities laws. Submitting a stockholder proposal does not guarantee that we will include it in our proxy statement. Our nominating and governance committee reviews all stockholder proposals and makes recommendations to the Board for action on such proposals. For information on recommending individuals for consideration as nominees, see the section of this Proxy Statement entitled "Corporate Governance - Director Nomination Procedures".

In addition, under our bylaws, any stockholder intending to nominate a candidate for election to the Board or to propose any business at our 2017 annual meeting must give notice to our Corporate Secretary between February 10, 2017 and March 12, 2017, unless the notice also is made pursuant to Rule 14a-8. The notice must include information specified in our bylaws, including information concerning the nominee or proposal, as the case may be, and information about the stockholder's ownership of and agreements related to our stock. If the 2017 annual meeting is held more than 30 days prior to or 60 days after the anniversary of the 2016 Annual Meeting, then the stockholder notice must be received by our Corporate Secretary not earlier than the close of business on the

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120th day prior to the 2017 annual meeting and not later than the close of business on the later of the 90th day prior to the 2017 annual meeting or the tenth day following the day on which public announcement of the meeting is first made. We will not entertain any proposals or nominations at the annual meeting that do not meet the requirements set forth in our bylaws. If the stockholder does not also comply with the requirements of Rule 14a-4(c)(2) under the Exchange Act, we may exercise discretionary voting authority under proxies that we solicit to vote in accordance with our best judgment on any such stockholder proposal or nomination. The bylaws are filed as an exhibit to our Amendment No. 1 to Registration Statement filed with the SEC on October 27, 2014. To make a submission or to request a copy of our bylaws, stockholders should contact our Corporate Secretary. We strongly encourage stockholders to seek advice from knowledgeable counsel before submitting a proposal or a nomination.

*Communicating with Us.* Visit our main Internet site at <http://uplandsoftware.com> for information on our products and services, marketing programs, worldwide locations, customer support and job listings. Our Investor Relations site at <http://investor.uplandsoftware.com> contains stock information, earnings and conference call replays, our annual report, corporate governance and historical financial information and links to our SEC filings. We do not incorporate the information contained on, or accessible through, our corporate website into this Proxy Statement.

If you would like to contact us, call our Investor Relations department at (512) 960-1031, or send correspondence to Upland Software, Inc., 401 Congress Avenue, Suite 1850, Austin, Texas 78701.

If you would like to communicate with our Board, see the procedures described in the section of this Proxy Statement entitled "Corporate Governance - Communications with the Board of Directors". You can also contact our Corporate Secretary at Upland Software, Inc., 401 Congress Avenue, Suite 1850, Austin, Texas 78701 to communicate with the Board, suggest a director candidate, make a stockholder proposal, provide notice of an intention to nominate candidates or introduce business at the Annual Meeting, or revoke a prior proxy instruction.

We know of no other matters to be submitted to the stockholders at the Annual Meeting. If any other matters properly come before the stockholders at the Annual Meeting, it is the intention of the persons named on the proxy to vote the shares represented thereby in accordance with their best judgment.

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**STOCKHOLDERS SHARING THE SAME LAST NAME AND ADDRESS**

To reduce the expense of delivering duplicate proxy materials to stockholders who may have more than one account holding Upland stock but who share the same address, we have adopted a procedure approved by the SEC called "householding". Under this procedure, certain stockholders of record who have the same address and last name will receive only one copy of our proxy materials until such time as one or more of these stockholders notifies us that they want to receive separate copies. This procedure reduces duplicate mailings and saves printing costs and postage fees, as well as natural resources. Stockholders who participate in householding will continue to have access to and utilize separate proxy voting instructions.

If you receive a single set of proxy materials as a result of householding and you would like to have separate copies of our Annual Report or Proxy Statement mailed to you, please submit a request to our Corporate Secretary, Upland Software, Inc., 401 Congress Avenue, Suite 1850, Austin, Texas 78701 or call our Investor Relations Department at (512) 960-1031, and we will promptly send you what you have requested. You can also contact our Investor Relations department at the phone number above if you received multiple copies of the Annual Meeting materials and would prefer to receive a single copy in the future, or if you would like to opt out of householding for future mailings.

Whether or not you intend to be present at the Annual Meeting, we urge you to submit your signed proxy promptly.

By Order of the Board of Directors

John T. McDonald  
*Chief Executive Officer and Chairman*

Austin, Texas

April 26, 2016

**Upland's 2015 Annual Report on Form 10-K has been mailed with this Proxy Statement. We will provide copies of exhibits to the Annual Report on Form 10-K, but will charge a reasonable fee per page to any requesting stockholder. Stockholders may make such request in writing to Upland at 401 Congress Avenue, Suite 1850, Austin, Texas 78701 Attention: Investor Relations. The request must include a representation by the stockholder that as of April 20, 2016, the stockholder was entitled to vote at the Annual Meeting of Stockholders. Our Annual Report on Form 10-K and the exhibits thereto are also available at <http://investor.uplandsoftware.com>.**















