

Carbonite Inc
Form DEF 14A
March 27, 2017

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
SCHEDULE 14A
(RULE 14A-101)
Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934

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

Check the appropriate box:

Preliminary Proxy Statement

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

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to Rule 14a-12

CARBONITE, INC.

(Name of Registrant as Specified in Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

No fee required.

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

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

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

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Fee paid previously with preliminary materials.

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(1) Amount Previously Paid:

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

(3) Filing Party

(4) Date Filed:

2017 Notice of Meeting and Proxy Statement

Two Avenue de Lafayette
Boston, Massachusetts 02111

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON MAY 8, 2017

I am pleased to invite you to attend the 2017 Annual Meeting of Stockholders (the “Annual Meeting”) of Carbonite, Inc. (the “Company”) to be held on Monday, May 8, 2017 at 9:00 a.m. Eastern Time at the Hyatt Regency, Plymouth Room, One Avenue de Lafayette, Boston, MA 02111 for the following purposes:

1. To elect two Class III directors named in this Proxy Statement to hold office until the 2020 annual meeting of stockholders or until their successors are elected and qualified;
2. To ratify the selection by the Audit Committee of the Board of Directors of the Company of Ernst & Young LLP as the independent registered public accounting firm of the Company for the fiscal year ending December 31, 2017;
3. To approve, on an advisory basis, the compensation of the Company’s named executive officers as disclosed in the accompanying materials;
4. To approve the 2017 Employee Stock Purchase Plan; and
5. To transact such other business as may properly come before the Annual Meeting or any adjournment or postponement thereof.

Stockholders of record at the close of business on March 15, 2017 (the “Record Date”) are entitled to receive this notice of the Annual Meeting and to vote at the Annual Meeting and at any adjournments of such meeting.

We have elected to use the internet as our primary means of providing our proxy materials to stockholders. Accordingly, most stockholders will not receive paper copies of our proxy materials. On or about March 27, 2017, a Notice of Internet Availability of Proxy Materials and Notice of Annual Meeting of Stockholders (the “Notice”) is first being mailed to our stockholders of record as of the Record Date and our proxy materials are being posted on the website referenced in the Notice (www.proxyvote.com). The Notice contains instructions for voting via the internet and for accessing our proxy materials, which include our Proxy Statement and our 2016 Annual Report, including our Form 10-K for the year ended December 31, 2016 (our “2016 Annual Report”). The Notice also provides information on how stockholders may obtain paper copies of our proxy materials free of charge, if they so choose. The electronic delivery of our proxy materials will significantly reduce our printing and mailing costs and the environmental impact of our proxy materials.

The Notice also provides the date, time, and location of the Annual Meeting; the matters to be acted upon at the Annual Meeting and the recommendation of our Board of Directors with regard to each such matter; a toll-free number, an email address, and a website where stockholders can request a paper or email copy of our proxy materials and a form of proxy relating to the Annual Meeting; information on how to electronically access the form of proxy; and information on how to attend the Annual Meeting and vote in person.

YOUR VOTE IS IMPORTANT. WHETHER OR NOT YOU INTEND TO BE PRESENT AT THE ANNUAL MEETING, YOU MAY SUBMIT YOUR PROXY BY TELEPHONE OR VIA INTERNET USING THE INSTRUCTIONS ON THE NOTICE OR, IF YOU RECEIVED PAPER COPIES OF THE PROXY MATERIALS BY MAIL, YOU MAY ALSO VOTE BY FOLLOWING THE INSTRUCTIONS ON THE PROXY CARD AND RETURNING THE PROXY CARD IN THE ENCLOSED PREPAID ENVELOPE TO ASSURE THAT YOUR SHARES ARE REPRESENTED AT THE ANNUAL MEETING. IF YOU ATTEND THE ANNUAL MEETING, YOU MAY VOTE IN PERSON IF YOU WISH TO DO SO, EVEN IF YOU HAVE PREVIOUSLY SUBMITTED YOUR PROXY.

By Order of the Board of Directors,

Danielle Sheer

General Counsel, Vice President, and Secretary
March 27, 2017

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS
FOR THE ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON MAY 8, 2017**

2017 Notice of Meeting and Proxy Statement

The Proxy Statement and the 2016 Annual Report are available at www.investor.carbonite.com.

2017 Notice of Meeting and Proxy Statement

Two Avenue de Lafayette
Boston, Massachusetts 02111

PROXY STATEMENT

FOR THE ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON MAY 8, 2017

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2017 Notice of Meeting and Proxy Statement

Proxy Summary

In this Proxy Statement, we refer to Carbonite, Inc. as the “Company,” “Carbonite,” “we,” or “us” and the Board of Directors as our “Board.” When we refer to Carbonite’s fiscal year, we mean the twelve-month period ending December 31 of the stated year. This summary highlights information contained elsewhere in this Proxy Statement. This summary does not contain all of the information you should consider and you should read the entire Proxy Statement before voting.

Meeting Agenda and Voting Matters

Item	Management Proposal	Board Vote Recommendation	Page Reference (for more detail)
1	Election of two Class III directors to hold office until the 2020 annual meeting of stockholders or until their successors are elected and qualified	FOR each director nominee named in the Proxy Statement	10
2	Ratification of the selection by the Audit Committee of our Board of Ernst & Young LLP as the independent registered public accounting firm of the Company for the fiscal year ending December 31, 2017	FOR	24
3	Approval, on an advisory basis, of the compensation of the Company’s named executive officers	FOR	30
4	Approval of the 2017 Employee Stock Purchase Plan	FOR	50

Business Highlights

The fiscal year ended December 31, 2016 was another year of strong performance and results for Carbonite. Our fiscal 2016 highlights include the following:

- Revenue increased by 52% over fiscal year 2015 to \$207.0 million;
- Total bookings increased by 45% over fiscal year 2015 to \$209.3 million;
- Net loss was (\$4.1) million or (\$.15) per share, compared to a net loss of (\$21.6) million or (\$0.80) per share in fiscal year 2015;
- Non-GAAP net income was \$16.4 million or \$0.61 per share (basic) and \$0.60 per share (diluted), compared to a non-GAAP net income of \$3.2 million or \$0.12 per share (basic and diluted) in fiscal year 2015;
- We successfully closed on the acquisition of EVault, Inc. (“EVault”), and completed elements of the integration ahead of plan;
- We significantly increased our stockholder outreach efforts, increasing the level of engagement with current and potential stockholders;
- We returned excess cash to stockholders via a stock repurchase program; and
- Our stock price increased approximately 70% in 2016, as compared to an approximate 7.5% increase for the NASDAQ Composite Index and an approximate 24% increase for the NASDAQ-100 Technology Sector Index.

A reconciliation of the non-GAAP financial measures included above to their most directly comparable GAAP measures can be found in Appendix A to this Proxy Statement.

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Stockholder Engagement

We believe in the importance of engaging with and listening to our stockholders. In recent years we have proactively reached out to many of our largest stockholders to solicit their feedback on our executive compensation, corporate governance, or our disclosure practices. We expect to continue to engage in an open dialogue with our stockholders through a combination of email exchanges, conference calls and in-person meetings. We received valuable feedback from stockholders, as well as appreciation of our ongoing outreach efforts and acknowledgment of our increased engagement from stockholders, and we believe we have addressed many of the topics raised by our stockholders.

Changes We've Made in Response to Stockholder Feedback

- ü Performance-Based Equity Program for 2016
- ü Stock Ownership Guidelines for Board and Senior Executives
- ü Independent Chairman of the Board
- ü Expiration of our Rights Agreement
- ü Commitment to Ongoing Stockholder Outreach & Engagement

Corporate Governance

2017 Notice of Meeting and Proxy Statement

Members of our Board of Directors

Name and Principal Occupation	Age	Position	Director Since	Term Expires	Audit Comp. Nom./Gov.	
David Friend * CEO of BlueArchive, Inc.	69	Director (Class III)	2005	2017		
Todd Krasnow * President of Cobbs Capital, Inc.	59	Director (Class III)	2005	2017	ü	ü
Mohamad Ali President & CEO of the Company	46	President, CEO and Director (Class I)	2015	2018		
Scott Daniels Former senior analyst of Shannon River Partners	51	Director (Class I)	2016	2018	ü	
Jeffrey Flowers CTO of BlueArchive, Inc.	63	Director (Class III)	2005	2017		
Peter Gyenes Non-executive Chairman of Sophos plc.	71	Director (Class I)	2015	2018		ü ü
Charles Kane Director and former president of One Laptop Per Child	59	Director (Class II)	2011	2019	ü	ü
Stephen Munford Director and former CEO of Sophos Ltd.	51	Chairman of the Board (Class II)	2014	2019		ü ü

(*) Director standing for re-election at the Annual Meeting. The Nominating and Governance Committee of the Board has initiated a search for an independent director candidate to succeed Mr. Flowers.

Information about our Board and Committees

	Number of Members	Independence	Number of Meetings During Fiscal Year 2016
Full Board	8	62.5%	7
Audit Committee	3	100%	8
Compensation Committee	3	100%	5
Nominating and Corporate Governance Committee	3	100%	4

Governance Strengths

- ü Independent Chairman of the Board
- ü Stock Ownership Guidelines for Board and Senior Executives
- ü Expiration of our Rights Agreement
- ü Standing Board Committees Comprised Solely of Independent Directors
- ü Committee Authority to Retain Independent Advisors
- ü Annual Say on Pay Vote
- ü Succession Planning Process for CEO and Senior Management
- ü Regular Executive Sessions of Board of Directors
- ü Annual Board and Committee Self-Evaluations
- ü Periodic Reviews of Committee Charters and Governance Guidelines

ü Robust Code of Business Conduct and Ethics; Policies on Insider Trading and Related Person Transactions

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Executive Compensation Highlights

We have designed our executive compensation program to align our executive compensation practices with the success of our business and stockholder returns. We do this by providing an annual cash bonus plan tied to our annual financial performance and by granting long-term equity incentives and, beginning in 2016, included performance-based equity awards as part of the annual long-term incentive awards. Since our IPO in 2011, we have continued to update our executive compensation program to remain competitive and to match the maturity, size, scale and growth of our business. See our Compensation Discussion and Analysis for more information about our executive compensation program.

Key Features of our Executive Compensation Program

What We Do:

- ü Performance-Based Equity – Beginning in 2016, a significant portion of long-term incentives for all senior management was in the form of PRSUs tied directly to stock price appreciation, in order to further align senior management compensation with stockholder returns.
- ü Linkage Between Performance Measures and Strategic and Operational Objectives – Our executive compensation program is designed to align compensation incentives with our strategic, business, and financial objectives and the long-term interests of our stockholders.
- ü Pay for Performance - A significant percentage of our targeted annual compensation is delivered in the form of variable compensation that is connected to actual performance. For 2016, variable compensation comprised approximately 35% of the targeted annual compensation for our named executive officers.
- ü Market Comparison of Executive Compensation Against a Relevant Peer Group
- ü “Double Trigger” in the Event of a Change in Control – In the event of a change in control, cash severance benefits and unvested equity awards are predominantly payable or vest upon a “double trigger” for our senior executive officers.
- ü Independent Compensation Consultant - The Compensation Committee retains its own compensation consultant to review and advise on the Company’s executive compensation program and practices.
- ü Maximum Payout Caps for Annual Cash Incentive Compensation
- ü Share Ownership Guidelines - Our Chief Executive Officer is required to hold 3x his base salary, and our other senior executive officers are required to hold 1x their base salaries, each within three years of the adoption of the guidelines or, if later, promotion or hire.
- ü Emphasis on Future Pay Opportunity vs. Current Pay Opportunity – For 2016, all our long-term incentive awards were delivered 100% in the form of equity, designed to encourage retention and stock price appreciation through RSUs and PRSUs

What We Don’t Do:

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

2017 Notice of Meeting and Proxy Statement

Recent Compensation Actions

As part of its annual compensation process, the Compensation Committee of the Board approved the following compensation decisions with respect to the named executive officers:

2016 Cash Bonus Plan. Under the 2016 cash bonus plan, bonuses were determined based on the Company's performance with respect to new bookings, renewal bookings and adjusted free cash flow targets, weighted 50%, 25% and 25%, respectively. Based on the Company's goal attainment of 94%, 101%, and 200%, respectively, the Compensation Committee certified a bonus payout of 113% of target for the participating named executive officers, as further described in the Compensation Discussion & Analysis section titled "Elements of our Executive Compensation Program".

2016 Equity Incentives. The 2016 annual equity program consisted of RSUs and PRSUs as part of the annual equity grants in order to better align senior management compensation with stockholder value. Under the terms of the awards granted in 2016, the PRSUs will vest if, within three years from the date of grant, the Company achieves a minimum stock price of \$15.00 per share for 20 consecutive trading days, representing a 53% premium as compared to our December 31, 2015 closing stock price of \$9.80 per share. On November 7, 2016, the PRSUs achieved the \$15.00 trading price for 20 consecutive trading days and as such the PRSUs began to vest subject to the service-based vesting conditions set forth in the respective PRSU Agreement.

Executive Severance Plan. On February 1, 2016, the Compensation Committee adopted the Carbonite, Inc. Executive Severance Plan (the "Severance Plan") for certain members of the Company's senior executive team in order to standardize our severance benefits, and to establish a plan similar to our peers to allow us to attract and retain exemplary talent. The Severance Plan provides for the payment of severance and other benefits to eligible senior executives in the event of a termination of employment with the Company (i) by the Company other than for cause or (ii) by a senior executive for good reason within twelve (12) months following a sale event, each as defined in the Severance Plan.

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INFORMATION ABOUT THE ANNUAL MEETING AND VOTING

Q. When and where will the Annual Meeting be held?

A. The Annual Meeting will be held at the Hyatt Regency, Plymouth Room, One Avenue de Lafayette, Boston, MA 02111 on Monday, May 8, 2017, at 9:00 a.m. Eastern Time.

Q. Why did I receive a one-page notice in the mail regarding the internet availability of proxy materials instead of a full set of proxy materials?

A. Pursuant to rules adopted by the Securities and Exchange Commission (the "SEC"), we have elected to provide access to our proxy materials over the internet. Accordingly, on or about March 27, 2017, a Notice of Internet Availability of Proxy Materials and Notice of Annual Meeting of Stockholders (the "Notice") is first being mailed to our stockholders of record as of March 15, 2017 (the "Record Date") and our proxy materials are first being posted on the website referenced in the Notice (www.proxyvote.com). All stockholders will have the ability to access the proxy materials on the website referred in the Notice or request a printed set of the proxy materials. Instructions on how to access the proxy materials over the internet or to request a printed copy may be found in the Notice. In addition, stockholders may request proxy materials by mail or electronically by email on an ongoing basis. We encourage stockholders to take advantage of the availability of the proxy materials on the internet to help reduce the environmental impact of the Annual Meeting.

Q. Who can vote at the Annual Meeting?

A. Only stockholders of record at the close of business on the Record Date will be entitled to vote at the Annual Meeting. There were 28,252,812 shares of common stock, par value \$0.01 per share (the "Common Stock") issued and outstanding and entitled to vote as of the close of business on the Record Date.

Q. What if my shares are registered in my name?

A. If, on the Record Date, your shares were registered directly in your name with Carbonite's transfer agent, American Stock Transfer & Trust Company, LLC, then you are a stockholder of record. As a stockholder of record, you may vote in person at the Annual Meeting or vote by proxy. Whether or not you plan to attend the Annual Meeting, we urge you to fill out and return the enclosed proxy card or vote by proxy over the telephone or on the internet as instructed below to ensure that your vote is counted.

Q. What if my shares are registered in the name of a broker, bank or other agent?

A. If, on the Record Date, your shares were held in an account at a brokerage firm, bank or other agent, then you are the beneficial owner of shares held in "street name," and these proxy materials are being forwarded to you by that organization. The organization holding your account is

considered to be the stockholder of record for purposes of voting at the Annual Meeting. As a beneficial owner, you have the right to direct your broker, bank or other agent as to how to vote the shares of Common Stock in your account. You are also invited to attend the Annual Meeting. However, since you are not the stockholder of record, you may not vote your shares in person at the Annual Meeting unless you request and obtain a valid proxy card from your broker, bank or other agent.

Q. What am I being asked to vote on?

A. You are being asked to vote FOR:

- the election of the two Class III directors identified in this Proxy Statement to hold office until the 2020 annual meeting of stockholders or until their successors are elected and qualified;
- the ratification of the selection by the Audit Committee of our Board of Ernst & Young LLP as the independent registered public accounting firm of the Company for the fiscal year ending December 31, 2017;

the approval, on an advisory basis, of the compensation of the Company's named executive officers; and
the approval of the 2017 Employee Stock Purchase Plan.

In addition, you are entitled to vote on any other matters that are properly brought before the Annual Meeting.

Q. How do I vote?

A. You may vote by mail, if you received a printed copy of the proxy materials, or follow any alternative voting procedure described on the proxy card or the Notice. To use an alternative voting procedure, follow the instructions on each proxy card that you receive or on the Notice.

For the election of directors, you may either vote "For" a nominee or you may "Withhold" your vote for a nominee. For the ratification of the selection of the Company's independent registered public accounting firm and the advisory vote to approve named executive officer compensation, you may vote "For" or "Against" or abstain from voting.

Q. What are the voting procedures for stockholders of record?

A. If you are a stockholder of record, you may vote in person at the Annual Meeting. Alternatively, you may vote by mail by using the accompanying proxy card if you receive your proxy materials by U.S. mail or over the internet or by telephone using the instructions on the proxy card or the Notice. Whether or not you plan to attend the Annual Meeting, we urge you to vote by proxy to ensure that your vote is counted. Even if you have submitted a proxy before the Annual Meeting, you may still attend the Annual Meeting and vote in person. In such case, your previously submitted proxy card will be disregarded.

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To vote in person, come to the Annual Meeting and we will give you a ballot when you arrive.

To vote by proxy over the internet or by telephone, follow the instructions provided on the proxy card or in the Notice.

If you requested printed copies of the proxy materials by mail, you may vote by mail using the accompanying proxy card by completing, signing, and dating the proxy card and returning it promptly in the envelope provided. If you return your signed proxy card to us before the Annual Meeting, we will vote your shares as you direct.

Q. What are the voting procedures if my shares are registered in the name of a broker, bank or other agent?

A. If you are a beneficial owner of shares registered in the name of your broker, bank or other agent, you should have received a voting instruction card and voting instructions with these proxy materials from that organization rather than from us. To ensure that your vote is counted, follow the directions set forth on the voting instruction card and voting instructions that you receive. To vote in person at the Annual Meeting, you must obtain a valid proxy card from your broker, bank or other agent. Follow the instructions from your broker, bank or other agent included with these proxy materials, or contact your broker, bank or other agent to request a proxy card.

Q. Who counts the votes?

A. Broadridge Financial Solutions, Inc. (“Broadridge”) has been engaged as our independent agent to provide advisory, consulting and solicitation services, and to tabulate stockholder votes. If you are a stockholder of record, your executed proxy card is returned directly to Broadridge for tabulation. If you hold your shares through a broker, your broker returns one proxy card to Broadridge on behalf of all its clients.

Q. How are votes counted?

A. Each share of Common Stock outstanding on the Record Date is entitled to one vote on each matter. With respect to Proposal One, the election of the directors, the two nominees receiving the highest number of votes will be elected.

With respect to Proposal Two, Proposal Three and Proposal Four the affirmative vote of the holders of a majority in voting power of the votes cast by holders of the shares of Common Stock that are present in person or by proxy and voting on each such proposal is required for approval.

If your shares are held by a broker, bank, or other agent (that is, in “street name”) and you do not instruct the broker, bank, or other agent as to how to vote these shares on Proposals One, Three, or Four, the broker, bank, or other agent may not exercise discretion to vote on those proposals. This would be a “broker non-vote,” and these shares will not be counted as having been voted on the applicable proposal. However, “broker non-votes” will be considered present and will be counted towards determining whether or not a quorum is present. With respect to Proposal Two, the broker, bank, or

other agent may exercise its discretion to vote for or against that proposal in the absence of your instruction. Please instruct your broker, bank, or other agent so that your vote can be counted.

If stockholders abstain from voting, including brokers, banks, or other agents holding their clients’ shares of record who cause abstentions to be recorded, these shares will be considered present and entitled to vote at the Annual Meeting and will be counted towards determining whether or not a quorum is present. Abstentions will have no effect with regard to Proposals One, Two, Three or Four.

Q. How do I vote via internet or telephone?

A. You may vote by proxy via the internet or by telephone by following the instructions provided on the proxy card or in the Notice. Please be aware that if you vote by phone or over the internet, you may incur costs such as telephone and internet access charges for which you will be responsible. The internet and telephone voting facilities for eligible stockholders of record will close at 11:59 p.m. Eastern Time on May 7, 2017. The giving of such a telephonic or

internet proxy will not affect your right to vote in person should you decide to attend the Annual Meeting.

The telephone and internet voting procedures are designed to authenticate stockholders' identities, to allow stockholders to give their voting instructions and to confirm that stockholders' instructions have been recorded properly.

Q. What if I return a proxy card but do not make specific choices?

A. If we receive a signed and dated proxy card and the proxy card does not specify how your shares are to be voted, your shares will be voted in accordance with the recommendations of our Board, including "For" the election of each of the two nominees for director, "For" the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm, "For" the approval, on an advisory basis, of named executive officer compensation and "For" the approval of the 2017 Employee Stock Purchase Plan. If any other matter is properly presented at the Annual Meeting, your proxy (one of the individuals named on your proxy card) will vote your shares using his or her best judgment.

Q. Who is paying for this proxy solicitation?

A. This proxy solicitation is being made on behalf of our Board. We will pay for the entire cost of soliciting proxies. In addition to mailed proxy materials and proxy materials available over the internet, our directors, officers, and employees may also solicit proxies in person, by telephone or by other means of communication. Directors, officers, and employees will not be paid any additional compensation for soliciting proxies. We may also reimburse brokerage firms, banks, and other agents for the cost of forwarding proxy materials to beneficial owners. The Company has engaged Broadridge to provide advisory, consulting and solicitation

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services. The Company has agreed to pay customary compensation for such services at an initial fee of \$19,000. Broadridge and our directors, officers and employees may solicit proxies by mail, in person or by telephone.

Q. What does it mean if I receive more than one set of proxy materials?

A. If you receive more than one set of proxy materials and/or Notices, your shares are registered in more than one name or are registered in different accounts. In order to vote all of the shares that you own, you must either sign and return all of the proxy cards or follow the instructions for any alternative voting procedure on each of the proxy cards and/or Notices that you receive.

Q. Can I change my vote after submitting my proxy?

A. Yes. You can revoke your proxy at any time before the final vote at the Annual Meeting. If you are the record holder of your shares, you may revoke your proxy in any one of three ways:

• You may submit another properly completed proxy card with a later date.

• You may send a written notice that you are revoking your proxy to Carbonite's Secretary at Two Avenue de Lafayette, Boston, Massachusetts 02111.

• You may attend the Annual Meeting and vote in person. Simply attending the Annual Meeting will not, by itself, revoke your proxy.

If your shares are held by your broker, bank, or other agent, you should follow the instructions provided by such broker, bank, or other agent.

Q. When are stockholder proposals due for next year's Annual Meeting?

A. If you are interested in submitting a proposal for inclusion in the Proxy Statement for our 2017 annual meeting, you must follow the procedures outlined in Rule 14a-8 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). To be eligible for inclusion in the Proxy Statement, we must receive your stockholder proposal at the address noted below no later than November 27, 2017.

If you wish to present a proposal or nominate any candidates for election at our 2018 annual meeting, but do not wish to have the proposal or nomination considered for inclusion in the Proxy Statement and proxy card, you must give written notice to Carbonite's Secretary at the address noted below by February 7, 2018, but no sooner than January 8, 2018. However, if the 2018 annual meeting is held before April 8, 2018 or after July 17, 2018, then we must receive the required notice of a proposal or proposed director candidate no earlier than the 120th day prior to the 2018 annual meeting and no later than the close of business on the later of (1) the 70th day prior to the 2018 annual meeting and (2) the 10th day following the date on which public disclosure of the date of the 2018 annual meeting was made. You are also advised to review our

By-Laws, which contain additional requirements about advance notice of stockholder proposals and director nominations.

Any proposals, notices, or information about proposed director candidates should be sent to Carbonite's Secretary at Two Avenue de Lafayette, Boston, Massachusetts 02111.

Q. What is the quorum requirement?

A. A quorum of stockholders is necessary to hold a valid meeting. A quorum will be present if the holders of a majority in voting power of the shares of Common Stock issued and outstanding and entitled to vote are present in person or represented by proxy at the Annual Meeting. On the Record Date, there were 28,252,812 shares of Common Stock outstanding and entitled to vote. Accordingly, 14,126,406 shares of Common Stock must be represented by

stockholders present at the Annual Meeting or by proxy to have a quorum. Your shares will be counted towards the quorum if you submit a valid proxy vote or vote at the Annual Meeting. Abstentions and broker non-votes will also be counted towards the quorum requirement. If there is no quorum, either the chairperson of the Annual Meeting or a majority in voting power of the stockholders entitled to vote at the Annual Meeting present in person or represented by proxy may adjourn the Annual Meeting to another time or place.

Q. How can I find out the results of the voting at the Annual Meeting?

A. Voting results will be announced by the filing of a Current Report on Form 8-K within four business days after the Annual Meeting. If final voting results are unavailable at that time, we will file an amended Current Report on Form 8-K within four business days of the day on which the final results are available.

Q. Whom should I call if I have questions about the Annual Meeting or voting?

A. Please call Broadridge Financial Solutions, Inc., the firm assisting us in the solicitation of proxies, at 1-800 353-0103.

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PROPOSAL ONE
ELECTION OF DIRECTORS

The Company's Amended and Restated Certificate of Incorporation provides that our Board shall be divided into three classes, with the directors in each class having a three-year term.

The Board currently consists of eight directors, divided into the three following classes:

Class I: Mohamad Ali, Scott Daniels and Peter Gyenes, whose current terms will expire at the annual meeting of stockholders to be held in 2018;

Class II: Charles Kane and Stephen Munford, whose current terms will expire at the annual meeting of stockholders to be held in 2019; and

Class III: Jeff Flowers, David Friend and Todd Krasnow, whose current terms will expire at the Annual Meeting.

Messrs. Friend and Krasnow have been nominated by our Board to serve as Class III directors and have each agreed to stand for reelection. To further maximize Board independence, Mr. Flowers, a co-founder of the Company, is not standing for reelection, and the Nominating and Corporate Governance Committee of the Board has initiated a search for an independent director candidate to succeed Mr. Flowers. Each director elected at the Annual Meeting will serve for a term ending on the date of the third annual meeting of stockholders following his election and until his successor is elected and has been qualified, or until his earlier death, resignation, or removal.

Shares represented by executed proxy cards will be voted, if authority to do so is not withheld, for the election of Messrs. Friend and Krasnow. In the event that any nominee is unavailable for election as a result of an unexpected occurrence, such shares will be voted for the election of such substitute nominee as our Board may propose. Each of Messrs. Friend and Krasnow has agreed to serve if elected, and management has no reason to believe that any such nominee will be unable to serve. Proxies cannot be voted for a greater number of persons than the number of nominees named in this Proxy Statement.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE ELECTION OF EACH NOMINEE NAMED IN THIS PROXY STATEMENT.

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Board of Directors, Corporate Governance & Related Matters

Our Board of Directors

The principal responsibility of our Board is to hire our chief executive officer and assess the overall strategy and direction of the Company and, in so doing, serve the best interests of the Company and its stockholders. The Company's Amended and Restated Certificate of Incorporation provides that our Board shall be divided into three classes, with the directors in each class serving a three-year term. There are currently eight directors on the Board. The following table sets forth, for our current directors, information with respect to their principal occupations, ages, positions/offices held with the Company, tenure, term of office and committee membership.

Name and Principal Occupation	Age	Position	Director Since	Term Expires	Committees	
					Audit	Comp. Nom./Gov.
David Friend CEO of BlueArchive, Inc.	69	Director (Class III)	2005	2017		
Todd Krasnow President of Cobbs Capital, Inc.	59	Director (Class III)	2005	2017	ü	ü
Mohamad Ali President & CEO of the Company	46	President, CEO and Director (Class I)	2015	2018		
Scott Daniels Former Senior Analyst of Shannon River Partners	51	Director (Class I)	2016	2018	ü	
Jeffry Flowers CTO of BlueArchive, Inc.	63	Director (Class III)	2005	2017		
Peter Gyenes Non-executive Chairman of Sophos plc.	71	Director (Class I)	2015	2018		ü ü
Charles Kane Director and former president of One Laptop Per Child	59	Director (Class II)	2011	2019	ü	ü
Stephen Munford Director and former CEO of Sophos Ltd.	51	Director (Class II)	2014	2019		ü ü

Set forth below is biographical information for each of the nominees and each person whose term of office as a director will continue after the Annual Meeting. The following includes certain information regarding our directors' individual experience, qualifications, attributes and skills that led our Board to conclude that they should serve as directors. Mr. Flowers is not standing for reelection.

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Director Biographies and Qualifications

Directors Nominated by the Board for Election

David Friend	Carbonite Committees:	Other Public Directorships:
Age: 69	None	None

David Friend has served as a member of our Board since he co-founded our Company with Mr. Flowers in February 2005. Since March 2016, Mr. Friend has served as the chief executive officer and as a member of the board of directors of BlueArchive, Inc., a provider of cloud data archiving. Previously, Mr. Friend served as our chief executive officer from February 2005, as our President from February 2005 to September 2007 and again from August 2010 to December 2014. On December 3, 2014, Mr. Friend resigned as President and Chief Executive Officer of the Company and became Executive Chairman of the Board. Mr. Friend served as Executive Chairman of the Board from December 2014 to February 2016. From March 1999 through March 2002, Mr. Friend co-founded with Mr. Flowers and served as chief executive officer and president of Sonexis, Inc., a software company providing audio-conferencing services and served as a director of Sonexis from March 1999 through August 2004. From June 1995 through December 1999, Mr. Friend co-founded with Mr. Flowers and served as chief executive officer and as a director of FaxNet Corporation, a supplier of messaging services to the telecommunications industry. Prior to that time, Mr. Friend co-founded Pilot Software, Inc., a software company, with Mr. Flowers in 1983. Previously, Mr. Friend founded Computer Pictures Corporation, a software company whose products applied computer graphics to business data, and served as president of ARP Instruments, Inc., an audio hardware manufacturer. Mr. Friend served as a director of GEAC Computer Corporation Ltd., a publicly-traded enterprise software company, from October 2001 to October 2006, and currently serves as a director of CyraCom International, Inc., DealDash Oyj, and Netblazr, Inc. Mr. Friend holds a B.S. in Engineering from Yale University.

Skills and Qualifications Senior Leadership Experience: Currently the Chief Executive Officer of BlueArchive, Inc. Formerly the Chief Executive Officer and President of Carbonite, Inc.; Co-Founder and Chief Executive Officer of Sonexis, Inc.; Co-Founder and Chief director of Executive Officer of FaxNet Corporation.

Board Experience: Carbonite, Inc.; BlueArchive, Inc.;

CyraCom
International,
Inc.; Netblazr,
Inc.; and
DealDash
Oyj.

Todd

Krasnow Carbonite Committees: Other Public Directorships:
Chair, Compensation Committee; Member, Audit Committee Tile Shop Holdings, Inc.

Age: 59

Todd Krasnow has served on our Board since September 2005 and served as our lead independent director from April 2011 to December 2016. Mr. Krasnow has served as the president of Cobbs Capital, Inc., a private consulting company, since January 2005, and as marketing domain expert with Highland Consumer Fund, a venture capital firm, since June 2007. Previously, Mr. Krasnow was the chairman of Zoots, Inc., a dry cleaning company from June 2003 to January 2008 and chief executive officer of Zoots, Inc. from February 1998 to June 2003. He served as the executive vice president of sales and marketing of Staples, Inc. from May 1993 to January 1998 and in other sales and marketing positions for Staples, Inc. from March 1986 to May 1993. Mr. Krasnow is a director of Tile Shop Holdings, Inc. (NASDAQ: TTS), a publicly-traded retailer of tile and stone, and is chairman of the Tile Shop Holdings' compensation committee. Mr. Krasnow is also a director of Ecentria, a privately held online marketer of optical, outdoor, and camping gear, and Bakkavor, a UK-based, privately owned, maker of fresh prepared meals. Mr. Krasnow holds an M.B.A. from the Harvard University Graduate School of Business and an A.B. in Chemistry from Cornell University.

Skills and Qualifications

Board

Experience:

Current
director of
Carbonite,
Inc.; Tile

Shop Senior Leadership Experience: Currently the President of Cobbs Capital, Inc. Formerly the
Holdings, Chief Executive Officer of Zoots, Inc.; and Vice President of Sales and Marketing of
Inc.; Staples, Inc.

Ecentria;
and Bakk

A1
Holdings,
Ltd.

Former
chairman
of Zoots,
Inc.

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Continuing Directors

<p>Mohamad Ali</p> <p>Age: 46</p>	<p>Carbonite Committees: Other Public Directorships: None iRobot Corporation</p>
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Mohamad Ali was appointed as President and Chief Executive Officer, effective as of December 3, 2014, and as a Class I director of the Company, effective as of January 8, 2015. He served as chief strategy officer of Hewlett-Packard, an information technology company, from August 2012 to December 2014. From April 2012 to August 2012, Mr. Ali served as chief executive officer of the Workforce Optimization division of Aspect Software, a provider of business communications solutions and services. From April 2011 to April 2012, Mr. Ali served as senior vice president and president of the global services business of Avaya Corporation, a provider of business collaboration and communications solutions, and from July 2009 to March 2011 he served as Avaya’s senior vice president of corporate development and strategy. From January 1996 to July 2009, Mr. Ali served in various roles at IBM, including vice president of business and strategy for the information management division from 2005 to 2009. Mr. Ali currently serves as a director of iRobot Corporation (NASDAQ: IRBT). Mr. Ali holds a B.S. in Computer Engineering, a B.A. in History and a Master of Science in Electrical Engineering from Stanford University.

<p>Skills and Qualifications</p> <p>Board Experience: Current director of</p> <p>Carbonite, Inc., iRobot Corporation, and two nonprofits, Oxfam America and Massachusetts Technology Leadership</p>	<p>Senior Leadership Experience: Current Chief Executive Officer of Carbonite, Inc.; former Chief Strategy Officer of Hewlett-Packard; President of Avaya Global Services; and Senior executive at IBM.</p>
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Council. Former
director of City
National
Corporation and
City National
Bank.

Scott
Daniels Carbonite Committees: Other Public Directorships:
Member, Audit Committee None
Age: 51

Scott Daniels has served on our Board since January 2016. Mr. Daniels served as a senior analyst of Shannon River Partners, a private hedge fund focused on technology, media and communications companies, from July 2013 to April 2014. From November 2005 to July 2013, Mr. Daniels served as a senior analyst and partner of S Squared Technology, a technology investment fund where he evaluated and invested in multiple publicly traded small and mid-sized emerging growth technology companies around the world. Prior to S Squared Technology, Mr. Daniels served in various analyst roles covering technology and software companies. Mr. Daniels holds an M.B.A from Columbia Business School and a B.A. in English Literature from University of Pennsylvania.

Skills
and
Qualifications

Board Senior Leadership Experience: Formerly a Senior
Experience: Current Analyst of Shannon River Partners, and a Senior
director Analyst and Partner of S Squared Technology.
of
Carbonite,
Inc.

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Peter Gyenes Age: 71	Carbonite Committees: Chair, Nominating & Governance Committee; Member, Compensation Committee	Public Directorships: Sophos plc.; Pegasystems Inc.; RealPage, Inc.	Other
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Peter Gyenes has served on our Board since April 2015. Mr. Gyenes has served as the non-executive Chairman of the board of directors of Sophos plc. (LSE: SOPH), a global security software company, since July 2015, lead independent director from September 2012 to July 2015, and as non-executive chairman from May 2006 to September 2012. Mr. Gyenes served as Chairman and Chief Executive Officer of Ascential Software Corporation (NASDAQ: ASCL), a market leader in data integration software, and its predecessor companies VMark Software, Ardent Software and Informix from 1996 until it was acquired by International Business Machines Corporation in 2005. Mr. Gyenes served on the board of Applix (NASDAQ: APLX) a provider of business analytics software solutions, from 2000 until it was acquired by Cognos Incorporated in 2007, and on the board of webMethods Inc., a leading provider of infrastructure software, from 2005 until it was acquired by Software AG in 2007. Mr. Gyenes also served on the board of BladeLogic Inc. (NASDAQ: BLOG) from 2006 until it was acquired by BMC Software, Inc. in 2008. Mr. Gyenes also served on the board of directors of Netezza Corporation (NYSE: NZ) from 2008 until it was acquired by International Business Machines Corporation in 2010. Mr. Gyenes also served on the board of Lawson Software, Inc. (NASDAQ: LWSN) from 2006 until it was acquired by Infor in July 2011 and on the board of EnerNOC, Inc. (NASDAQ: ENOC) from 2013 to 2015. From 2009 to 2015, Mr. Gyenes also served on the board of directors of Cimpress NV (NASDAQ: CMPR). From May 2008 through January 2017, Mr. Gyenes served on the board of directors of IntraLinks Holdings, Inc. (NYSE: IL). He currently serves on the boards of directors of Pegasystems Inc. (NASDAQ: PEGA), RealPage, Inc. (NASDAQ: RP), and serves as trustee emeritus of the Massachusetts Technology Leadership Council. Mr. Gyenes received his B.A. in mathematics and his M.B.A. in marketing from Columbia University.

Skills Senior Leadership Experience: Currently the non-executive Chairman of the board of directors of Sophos, plc. and Formerly the lead independent director of Sophos plc., and Chief Executive Officer of Ascential Software Corporation.

Board
 Experience: Current
 director
 of
 Carbonite,
 Inc.;
 Chairman
 of the
 Board
 of
 Sophos
 plc.;
 Pegasystems
 Inc.;
 RealPage,
 Inc.
 and
 Epicor
 Software

Corporation.
Former
director
of
IntraLinks
Holding,
Inc.;
Ascential
Software
Corporation;
Applix;
webMethods
Inc.;
BladeLogic,
Inc.;
Netezza
Corporation;
Lawson
Software,
Inc.;
and
EnerNOC,
Inc.

Charles
Kane

Age: 59

Carbonite Committees:
Chair, Audit Committee; Member Nominating & Governance
Committee

Other Public Directorships:
Progress Software Corporation;
Realpages, Inc.

Charles Kane has served on our Board since July 2011. Since November 2006, Mr. Kane has served as a director of One Laptop Per Child, a non-profit organization that provides computing and internet access for students in the developing world, for which he also served as president and chief operating officer from March 2008 to July 2009. From July 2007 to March 2008, Mr. Kane served as executive vice president and chief administrative officer of Global BPO Services Corp., a special purpose acquisition corporation, and from August 2007 to March 2008, as chief financial officer of Global BPO. From May 2006 to October 2006, he served as chief financial officer of RSA Security Inc., a provider of e-security solutions. From July 2003 to May 2006, Mr. Kane served as chief financial officer of Aspen Technology, Inc., a provider of supply chain management software and professional services. Earlier in his career, Mr. Kane served as president and chief executive officer of Corechange, Inc., an enterprise software company, and as chief financial officer of Informix Software, Inc., a provider of database management systems. Mr. Kane also held financial positions with Stratus Computer, Inc., Prime Computer Inc. and Deloitte & Touche LLP. Since November 2006, Mr. Kane has served as a member of the board of directors and as chairman of the audit committee of Progress Software Corporation (NASDAQ: PRGS), a publicly-traded provider of infrastructure software. Since May 2010, he has served as a member of the board of directors and as chairman of the audit committee of Demandware, Inc., a provider of e-commerce solutions, and since November 2011 he has served as a member of the board of directors and as chairman of the audit committee of RealPages, Inc. (NASDAQ: RP), a publicly-traded provider of software solutions for the rental housing industry. Since October 2012 Mr. Kane has served as a member of the board of directors and as chairman of the audit committee of PhotoBox LTD, an online digital photo service provider. Mr. Kane holds a B.B.A. in Accounting from the University of Notre Dame, an M.B.A. in International Finance from Babson College, and is senior lecturer of International Finance at the Massachusetts Institute of Technology Sloan School of Management.

Skills and
Qualifications

Board

Experience: Current

director of

Carbonite,

Inc.; One

Laptop Per

Child;

Progress

Software

Corporation;

Demandware,

Inc.;

RealPages,

Inc.; and

PhotoBox

Ltd. Former

director of

Borland

Software

Corp.;

Netezza

Corporation;

and Applix

Inc.

Senior Leadership Experience: Currently a Senior lecturer of International Finance at the Massachusetts Institute of Technology Sloan School of Management. Former President and Chief Operating Officer of One Laptop Per Child; Chief Financial Officer of Global BPO Services; Chief Financial Officer of RSA Security, Inc.; and Chief Financial Officer of Aspen Technology, Inc. Corp.,

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Stephen Munford	Independent Chairman of the Board Carbonite Committees: Member, Compensation Committee; Member, Nominating & Governance Committee	Other Public Directorships: Sophos Group plc.
Age: 50		