VARONIS SYSTEMS INC
Form DEF 14A
March 16, 2018

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A
Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

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

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to § 240.14a-12

VARONIS SYSTEMS, INC.

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box)

No fee required.

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

1. Title of each class of securities to which transaction applies:

2. Aggregate number of securities to which transaction applies:

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

4. Proposed maximum aggregate value of transaction:

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Fee paid previously with preliminary materials.

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

6. Amount Previously Paid:

7. Form, Schedule or Registration Statement No.:

8. Filing Party:

9. Date Filed:

VARONIS SYSTEMS, INC.
1250 Broadway, 29th Floor
New York, NY 10001

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To Be Held On April 26, 2018

Dear Varonis Systems, Inc. Stockholder:

You are cordially invited to attend the Annual Meeting of Stockholders of Varonis Systems, Inc., a Delaware corporation (the "Company", "Varonis", "we," "us" or "our"). The meeting will be held on April 26, 2018 at 4:00 p.m. local ti at the offices of Skadden, Arps, Slate, Meagher & Flom LLP, Four Times Square, New York, NY 10036 for the following purposes:

1. To elect the three nominees for director named herein to the Board of Directors to hold office until the 2021 Annual Meeting of Stockholders.
2. To hold an advisory vote on executive compensation.
3. To hold an advisory vote on the frequency of holding an advisory vote on executive compensation.
4. To ratify the appointment by the Audit Committee of the Board of Directors of Kost Forer Gabbay & Kasierer, a member of Ernst & Young Global Limited, as the independent registered public accounting firm of the Company for the fiscal year ending December 31, 2018.
5. To conduct any other business properly brought before the meeting.

These items of business are more fully described in the Proxy Statement accompanying this Notice.

The record date for the Annual Meeting is February 26, 2018. Only stockholders of record at the close of business on that date may vote at the meeting or any adjournment thereof.

Important Notice Regarding the Availability of Proxy Materials for the Stockholders' Meeting to Be Held on Thursday, April 26, 2018 at 4:00 p.m. local time at the offices of Skadden, Arps, Slate, Meagher & Flom LLP.

As of the date of mailing of the Notice of Internet Availability of Proxy Materials, all stockholders and beneficial owners will have the ability to access all of the proxy materials on a website referenced in the Notice of Internet Availability of Proxy Materials.

By Order of the Board of Directors

/s/ Yakov Faitelson

Yakov Faitelson
Chief Executive Officer, President
and Chairman of the Board

New York, NY
March 16, 2018

You are cordially invited to attend the meeting in person. Whether or not you expect to attend the meeting, please vote over the telephone or the internet or, if you receive a proxy card by mail, by completing and returning the proxy card mailed to you, as promptly as possible in order to ensure your representation at the meeting. Voting instructions are provided in the Notice of Internet Availability of Proxy Materials, or, if you receive a proxy card by mail, the instructions are printed on your proxy card and included in the accompanying proxy statement. Even if you have voted by proxy, you may still vote in person if you attend the meeting. Please note, however, that if your shares are held of record by a broker, bank or other nominee and you wish to vote at the meeting, you must obtain a proxy issued in your name from that record holder.

VARONIS SYSTEMS, INC.

PROXY STATEMENT

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VARONIS SYSTEMS, INC.
1250 Broadway, 29th Floor
New York, NY 10001

PROXY STATEMENT

FOR THE 2018 ANNUAL MEETING OF STOCKHOLDERS

April 26, 2018

This proxy statement is being furnished to the stockholders of Varonis Systems, Inc., a Delaware corporation, in connection with the solicitation of proxies by our board of directors for use at the annual meeting of stockholders to be held at the date and place detailed below.

QUESTIONS AND ANSWERS ABOUT THESE PROXY MATERIALS AND VOTING

When and where will the 2018 Annual Meeting be held?

The meeting will be held on April 26, 2018 at 4:00 p.m. local time at the offices of Skadden, Arps, Slate, Meagher & Flom LLP, Four Times Square, New York, NY 10036.

Who can vote at the Annual Meeting?

Only stockholders of record at the close of business on February 26, 2018 will be entitled to vote at the meeting. On this record date, there were 28,287,130 shares of common stock outstanding and entitled to vote. Each share of common stock is entitled to one vote.

Stockholder of Record: Shares Registered in Your Name

If on February 26, 2018 your shares were registered directly in your name with Varonis Systems, Inc.'s transfer agent, American Stock Transfer & Trust Company, then you are a stockholder of record. As a stockholder of record, you may vote in person at the meeting or vote by proxy over the telephone, through the internet or by using a proxy card that you may request or that we may elect to deliver at a later time. Whether or not you plan to attend the meeting, we urge you to vote by proxy to ensure your vote is counted.

Beneficial Owner: Shares Registered in the Name of a Broker or Bank

If on February 26, 2018 your shares were held not in your name, but rather in an account at a brokerage firm, bank, dealer or other similar organization, then you are the beneficial owner of shares held in "street name" and the Notice is 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 or other agent regarding how to vote the shares 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 meeting unless you request and obtain a valid proxy from your broker or other agent.

What am I voting on?

There are four matters scheduled for a vote:

- Proposal 1: Election of three directors, each for a term of three years;
- Proposal 2: Advisory Vote on Executive Compensation;
- Proposal 3: Advisory Vote on the Frequency of the Advisory Vote on Executive Compensation; and
- Proposal 4: Ratification of the appointment of Kost Forer Gabbay & Kasierer, a member of Ernst & Young Global Limited ("E&Y"), by the Audit Committee of the Board of Directors of the Company (the "Board") as the independent registered public accounting firm of the Company for its fiscal year ending December 31, 2018.

What if another matter is properly brought before the meeting?

The Board knows of no other matters that will be presented for consideration at the Annual Meeting. If any other matters are properly brought before the meeting, it is the intention of the persons named in the accompanying proxy to vote on those matters in accordance with their best judgment.

How do I vote?

You may either vote “For” all the nominees to the Board or you may “Withhold” your vote for any nominee you specify. For the ratification of the appointment of E&Y as our independent registered public accounting firm, you may vote “For” or “Against” or abstain from voting.

The procedures for voting are fairly simple:

Stockholder of Record: Shares Registered in Your Name

If you are a stockholder of record, you may vote in person at the Annual Meeting, vote by proxy over the telephone, vote by proxy through the internet or vote by proxy using a proxy card that you may request or that we may elect to deliver at a later time. Whether or not you plan to attend the meeting, we urge you to vote by proxy to ensure your vote is counted. You may still attend the meeting and vote in person even if you have already voted by proxy.

- To vote in person, come to the Annual Meeting and we will give you a ballot when you arrive.
- To vote using the proxy card that may be delivered to you, simply complete, sign and date the proxy card and return 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.
- To vote over the telephone, dial toll-free 1-800-690-6903 using a touch-tone phone and follow the recorded instructions. You will be asked to provide the control number from the Notice. Your telephone vote must be received by 11:59 p.m., Eastern Time, on April 25, 2018 to be counted.
- To vote through the internet, go to http://www.proxyvote.com to complete an electronic proxy card. You will be asked to provide the control number from the Notice. Your internet vote must be received by 11:59 p.m., Eastern

Time, on April 25, 2018 to be counted.

Beneficial Owner: Shares Registered in the Name of Broker or Bank

If you are a beneficial owner of shares registered in the name of your broker, bank or other agent, you should have received a Notice containing voting instructions from that organization rather than from Varonis. Simply follow the voting instructions in the Notice to ensure that your vote is counted. To vote in person at the Annual Meeting, you must obtain a valid proxy from your broker, bank or other agent. Follow the instructions from your broker or bank included with these proxy materials, or contact your broker or bank to request a proxy form.

Internet proxy voting is provided to allow you to vote your shares online, with procedures designed to ensure the authenticity and correctness of your proxy vote instructions. However, please be aware that you must bear any costs associated with your internet access, such as usage charges from internet access providers and telephone companies.

Why did I receive a notice regarding the availability of proxy materials on the internet?

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, we have sent you a Notice of Internet Availability of Proxy Materials (the “Notice”) because the Board is soliciting your proxy to vote at the 2018 Annual Meeting of Stockholders, including at any adjournments or postponements of the meeting. All stockholders will have the ability to access the proxy materials on the website referred to in the Notice or request to receive 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.

We intend to mail the Notice on or about March 16, 2018 to all stockholders of record entitled to vote at the Annual Meeting.

Who is paying for this proxy solicitation?

We will pay for the entire cost of soliciting proxies. In addition to these proxy materials, our directors and employees may also solicit proxies in person, by telephone or by other means of communication. Directors 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.

What does it mean if I receive more than one Notice?

If you receive more than one Notice, your shares may be registered in more than one name or in different accounts. Please follow the voting instructions on each of the Notices to ensure that all of your shares are voted.

Can I change my vote after submitting my proxy?

Stockholder of Record: Shares Registered in Your Name

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

- You may submit another properly completed proxy card with a later date.
- You may grant a subsequent proxy by telephone or through the internet.
- You may send a timely written notice that you are revoking your proxy to Varonis Systems, Inc.'s General Counsel.
- You may attend the Annual Meeting and vote in person. Simply attending the meeting will not, by itself, revoke your proxy.

Your most current proxy card or telephone or internet proxy is the one that is counted.

Beneficial Owner: Shares Registered in the Name of Broker or Bank

If your shares are held by your broker or bank as a nominee or agent, you should follow the instructions provided by your broker or bank.

How many votes are needed to approve each proposal?

Proposal	Vote Required	Effect of Abstentions	Broker Discretionary Voting Allowed
Proposal No. 1: Election of Directors	For the election of directors, the three nominees receiving the most “For” votes from the holders of shares present in person or represented by proxy and entitled to vote on the election of directors will be elected. Only votes “For” or “Withheld” will affect the outcome.	Not applicable	No – brokers without voting instructions will not be able to vote on this proposal

Proposal	Vote Required	Effect of Abstentions	Broker Discretionary Voting Allowed
Proposal No. 2: Advisory Vote on Executive Compensation	Majority of the votes cast by holders of shares present in person or represented by proxy and entitled to vote at the Annual Meeting.	Abstentions and broker non-votes will not count as a vote cast either FOR or AGAINST approval of such proposal (as applicable), and thus will have no effect on the outcome of the vote on this proposal.	No – brokers without voting instructions will not be able to vote on this proposal.
Proposal No. 3: Advisory Vote on the Frequency of the Advisory Vote on Executive Compensation	Majority of the votes cast by holders of shares present in person or represented by proxy and entitled to vote at the Annual Meeting. If no one single choice (one, two or three years) receives a total majority of the votes, the option receiving the highest number of votes will be considered the option chosen by the stockholders.	Abstentions and broker non-votes will not count as a vote cast either FOR or AGAINST approval of such proposal (as applicable), and thus will have no effect on the outcome of the vote on this proposal.	No – brokers without voting instructions will not be able to vote on this proposal.
Proposal No. 4: Ratification of the Appointment of E&Y	Majority of the votes cast by holders of shares present in person or represented by proxy and entitled to vote at the Annual Meeting.	Abstentions and broker non-votes will not count as a vote cast either FOR or AGAINST approval of such proposal (as applicable), and thus will have no effect on the outcome of the vote on this proposal.	Yes – brokers without voting instructions will have discretionary voting authority to vote.

What is the quorum requirement?

The presence at the Annual Meeting, in person or by proxy, of the holders as of the record date of shares of common stock having a majority of the voting power of all shares of common stock outstanding on the record date will constitute a quorum for the transaction of business at the Annual Meeting. Shares held as of the record date by holders who are present or represented by proxy at the Annual Meeting but who have abstained from voting or have not voted with respect to some or all of such shares on any proposal to be voted on at the Annual Meeting will be counted as present for purposes of establishing a quorum.

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

Preliminary voting results will be announced at the meeting. In addition, final voting results will be published in a current report on Form 8-K that we expect to file within four business days after the meeting. If final voting results are not available to us in time to file a Form 8-K within four business days after the meeting, we intend to file a Form 8-K to publish preliminary results and, within four business days after the final results are known to us, file an additional Form 8-K to publish the final results.

PROPOSAL NO. 1

ELECTION OF DIRECTORS

Pursuant to our Amended and Restated Certificate of Incorporation, the Board is divided into three classes, Class I, Class II and Class III, with members of each class holding office for staggered three year terms. At each Annual Meeting of Stockholders, one class of directors is elected for a three-year term to succeed the same class whose term is then expiring. The terms of the directors will expire upon the election and qualification of successor directors at the Annual Meeting of Stockholders to be held during the year 2018 for the Class I directors, 2019 for the Class II directors and 2020 for the Class III directors.

The Board presently has nine members. The term of the three Class I directors expires at the 2018 Annual Meeting. If elected at the Annual Meeting, each of the director nominees would serve until the 2021 Annual Meeting and until his or her successor has been duly elected and qualified, or, if sooner, until the director's death, resignation or removal. The following table sets forth information with respect to our directors, as of March 1, 2018:

Name	Age	Position
Class I Directors		
Gili Iohan	42	Director
Ofer Segev	58	Director
Rona Segev-Gal	48	Director
Class II Directors		
Kevin Comolli	58	Director
John J. Gavin, Jr.	62	Director
Fred Van Den Bosch	71	Director
Class III Directors		
Yakov Faitelson	42	Chief Executive Officer, President and Chairman of the Board
Ohad Korkus	39	Director
Thomas F. Mendoza	67	Director

Each of the nominees listed below was recommended for election by the full Board and currently serves as our director. Directors are elected by a plurality of the votes of the holders of shares present in person or represented by proxy and entitled to vote on the election of directors. Accordingly, the three nominees receiving the highest number of affirmative votes will be elected. Shares represented by executed proxies will be voted, if authority to do so is not withheld, for the election of the nominees named below. If any nominee becomes unavailable for election as a result of an unexpected occurrence, shares that would have been voted for that nominee will instead be voted for the election of a substitute nominee proposed by Varonis. Each person nominated for election has agreed to serve if elected. Our management has no reason to believe that any nominee will be unable to serve.

The following is a brief biography of each nominee and each director whose term will continue after the Annual Meeting. None of the corporations or other organizations referred to below with which a director has been or is associated is a parent, subsidiary or an affiliate company.

DIRECTOR NOMINEES

Gili Iohan has served as a director since April 2017. From 2005 until April 2017, Ms. Iohan was the Company's Chief Financial Officer, responsible for the Company's finance, accounting and back office operations. Prior to joining Varonis, Ms. Iohan was a partner for six years at NextAge Co. Ltd., a financial services advisory firm. While at NextAge Co. Ltd., Ms. Iohan served as a Chief Financial Officer and Strategic Financial Consultant for several companies. Previously, Ms. Iohan served as a Senior Financial Manager at M-Systems Inc. and held a position at KPMG LLP.

Our Board believes that Ms. Iohan possesses specific attributes that qualify her to serve as a director, including her long history at Varonis and her experience as a chief financial officer of several companies in the software and technology industry.

Ofer Segev has served as a director since February 2015. Mr. Segev has over 25 years of management experience in the high-tech and services sectors. Mr. Segev is the Chief Financial Officer and Chief Operating Officer at AlgoSec, Inc., a network security policy management solutions provider, since February 2017. Previously, he served as the Vice President of Finance and Chief Financial Officer of AudioCodes Limited, a communications company traded on The Nasdaq Global Select Market, from November 2014 through April 2015. Prior to that, Mr. Segev served as the Chief Executive Officer and as a director of Ness Technologies Srl from 2012 to 2013 and as its Chief Financial Officer from 2007 to 2012.

Our Board believes that Mr. Segev possesses specific attributes that qualify him to serve as a director, including his experience in the technology industry and as a chief financial officer of several companies, including publicly traded companies.

Rona Segev-Gal has served as a director since December 2004. Ms. Segev-Gal is a partner at TLV Partners, an early stage venture capital fund, since 2015. From 2005 to 2015, Ms. Segev-Gal was a general partner at Pitango Venture Capital. Prior to Pitango, Ms. Segev-Gal served as a partner at Evergreen Venture Partners and as Vice President of Business Development at BRM Technologies Ltd. Ms. Segev-Gal also serves as a director of several private companies.

Our Board believes that Ms. Segev-Gal possesses specific attributes that qualify her to serve as a director, including her long history at Varonis, her experience in the software and technology industry as an investment professional and an executive and member of the board of other companies in the industry.

CONTINUING DIRECTORS

Fred Van Den Bosch has served as a director since January 2013. Mr. Van Den Bosch is a private investor and business consultant. Previously, he served as Chief Executive Officer of Librato, Inc., as Chief Executive Officer of PANTA Systems, Inc., as Executive Vice President Engineering, Chief Technology Officer and Director at VERITAS Software, Inc, and in various engineering and management positions at the Computer Systems Division of Philips Electronics. Mr. Van Den Bosch also serves as a director of SmarTap A.Y Ltd., sPark Parking Technologies Ltd., and Trailze Ltd., and as an advisor to OSNexus, Inc., RepliXio Ltd., Robin Systems, Inc., Codota Dot Com Ltd and Thehintbox!, Inc.

John J. Gavin, Jr. has served as a director since January 2013. Mr. Gavin is an industry veteran with more than 30 years of financial and operational management experience. He most recently served as the Executive Vice President and Chief Financial Officer for leading data center automation software provider BladeLogic. Prior to joining

BladeLogic, Mr. Gavin served as the Chief Financial Officer for several companies, including Data General Corporation, Cambridge Technology Partners (CTP) and NaviSite, Inc. Mr. Gavin also serves as a director of Broadsoft, Inc. and Cimpress N.V., and Mr. Gavin served as a director of Qlik Technologies Inc. from 2010-2016.

Kevin Comolli has served as a director since December 2004. Mr. Comolli is a partner at Accel, a global venture capital and growth equity firm. Mr. Comolli has experience serving as a director of several private software companies.

Ohad Korkus is our co-founder and has served as a director since December 2007. Mr. Korkus served as the Company's Chief Technology Officer from 2007 until February 28, 2018. Prior to Varonis, Mr. Korkus was responsible for architecture, design and development of solutions in NetVision, Inc. and NetApp, Inc.

Thomas F. Mendoza has served as a director since June 2015. Mr. Mendoza is vice chairman of NetApp, Inc., a storage and data management solutions provider, since March 2008. From October 2000 to March 2008, Mr. Mendoza served as president of NetApp, Inc. Prior to March 2000, he served in various capacities at NetApp, Inc., including senior vice president, worldwide sales and marketing, senior vice president, worldwide sales and vice president, North American sales. Mr. Mendoza has been a director of ServiceSource International, Inc. since March 2011 and has also served as a director of many other technology companies.

Yakov Faitelson is our co-founder and has served as our Chief Executive Officer, President and the Chairman of the Board since 2004. Prior to Varonis, Mr. Faitelson held leadership positions in the global professional services and systems integration divisions of NetVision, Inc. and NetApp, Inc. Mr. Faitelson also serves as a director of E8 Storage and Jivry, Inc.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE
IN FAVOR OF THE ELECTION OF EACH NAMED NOMINEE AS A CLASS I DIRECTOR
FOR A THREE YEAR TERM EXPIRING AT THE 2021 ANNUAL MEETING.

INFORMATION REGARDING THE BOARD OF DIRECTORS AND CORPORATE GOVERNANCE

Director Independence

On March 8, 2018, the Board reviewed its composition, the composition of its committees and the independence of each director. The determination of independence of members of the Board was based upon information requested from and provided by each director concerning his or her background, employment and affiliations, including family relationships. In making this determination, the Board considered the relationships that each non-employee director has with us and all other facts and circumstances the Board deemed relevant in determining their independence, including the beneficial ownership of our capital stock by each non-employee director. The Board has determined that Mr. Comolli, Mr. Gavin, Mr. Mendoza, Mr. Segev, Ms. Segev-Gal and Mr. Van Den Bosch, representing six of our nine directors, are "independent" as that term is defined under the rules of The Nasdaq Global Select Market for purposes of serving on the Board.

Board Leadership Structure

The Chief Executive Officer ("CEO"), President and Chairman positions are held by Yakov Faitelson. Periodically, our Board assesses these roles and the board leadership structure to ensure the interests of the Company and our stockholders are best served. Our Board has determined that its current leadership structure is appropriate as our CEO, President and Chairman has extensive knowledge of all aspects of the Company, our business and risks, and our customers. Our Board has no Lead Independent Director; however, the Board may choose to elect one.

Role of the Board in Risk Oversight

One of the Board's key functions is informed oversight of our risk management process. The Board does not have a standing risk management committee, but rather administers this oversight function directly through the Board as a whole, as well as through various Board standing committees that address risks inherent in their respective areas of oversight. In particular, the Board is responsible for monitoring and assessing strategic risk exposure, including a determination of the nature and level of risk appropriate for us. As part of monitoring and assessing strategic risk exposure, the Board assess our vulnerability to cyber-attacks and data breaches. Our Audit Committee has the responsibility to consider and discuss our major financial risk exposures and the steps our management has taken to monitor and control these exposures, including guidelines and policies to govern the process by which risk assessment and management is undertaken. Our Audit Committee also monitors compliance with legal and regulatory requirements, in addition to oversight of the performance of our internal audit function. Our Nominating and Corporate Governance Committee monitors the effectiveness of our corporate governance guidelines, including

whether they are successful in preventing illegal or improper liability-creating conduct. Our Compensation Committee assesses and monitors whether any of our compensation policies and programs has the potential to encourage excessive risk-taking. Typically, the entire Board meets periodically with senior management responsible for our risk management, and the applicable Board committees meet periodically with the employees responsible for risk management in the committees' respective areas of oversight. The Board as a whole and the various standing committees receive periodic reports from the head of our legal and operations groups, as well as incidental reports as matters may arise. It is the responsibility of the committees' chairs to report findings regarding material risk exposures to the Board as quickly as possible.

Meetings of the Board

The Board met four times and took action by unanimous written consent two times during the last fiscal year. Each Board member attended 75% or more of the aggregate number of meetings of the Board and of the committees on which he or she served, held during the portion of the last fiscal year for which he or she was a director or committee member. Four of our Board members attended the 2017 Annual Meeting.

Information Regarding Committees of the Board

The Board has three committees: an Audit Committee, a Compensation Committee and a Nominating and Corporate Governance Committee. The following table provides membership and meeting information for fiscal 2017 for each of the Board committees:

Name	Audit	Compensation	Nominating and Corporate Governance
Yakov Faitelson			
Ohad Korkus			
Kevin Comolli		X	X
John J. Gavin, Jr.	X		X
Gili Iohan			
Thomas F. Mendoza			
Ofer Segev	X		
Rona Segev-Gal		X	X
Fred Van Den Bosch	X		
Total meetings in fiscal 2017:	4	4	1

Our Board may establish other committees to facilitate the management of our business. The composition and functions of each committee are described below. Members serve on these committees until their resignation or until otherwise determined by the Board.

Audit Committee

Our Audit Committee oversees our accounting and financial reporting process and the audit of our financial statements and assists the Board in monitoring our financial systems and our legal and regulatory compliance. Our Audit Committee is responsible for, among other things:

- appointing, compensating and overseeing the work of our independent auditors, including resolving disagreements between management and the independent registered public accounting firm regarding financial reporting;

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approving engagements of the independent registered public accounting firm to render any audit or permissible non-audit services;

- reviewing the qualifications and independence of the independent registered public accounting firm;
- reviewing our financial statements and related disclosures and reviewing our critical accounting policies and practices;
- reviewing the adequacy and effectiveness of our internal control over financial reporting;
- establishing procedures for the receipt, retention and treatment of accounting and auditing related complaints and concerns;
- preparing the Audit Committee report required by SEC rules to be included in our annual proxy statement;
- reviewing and discussing with management and the independent registered public accounting firm the results of our annual audit, our quarterly financial statements and our publicly filed reports; and
- reviewing and approving in advance any proposed related person transactions.

We believe that the functioning of our Audit Committee complies with the applicable requirements of The Nasdaq Global Select Market and SEC rules and regulations.

The members of our Audit Committee are Mr. Gavin, Mr. Segev and Mr. Van Den Bosch. Mr. Gavin is the chairman of our Audit Committee. The Board has determined that Messrs. Gavin and Segev qualify as "audit committee financial experts" as contemplated by the rules of the SEC implementing Section 407 of the Sarbanes Oxley Act of 2002.

The Board has considered the independence and other characteristics of each member of our Audit Committee. Audit committee members must satisfy The Nasdaq Global Select Market independence requirements and additional independence criteria set forth under Rule 10A-3 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). In order to be considered independent for purposes of Rule 10A-3, an Audit Committee member may not, other than in his capacity as a member of the board, accept consulting, advisory or other fees from us or be an affiliated person of us. The Board has determined that each of Mr. Gavin, Mr. Segev and Mr. Van Den Bosch of our Audit Committee qualifies as an independent director pursuant to Nasdaq rules and Rule 10A-3.

The Audit Committee operates under a written charter approved by the Board, which is available on our investor website at http://ir.varonis.com/corporate-governance.cfm.

Compensation Committee

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

- reviewing and recommending policies, plans and programs relating to compensation and benefits of our directors, officers and employees;
- reviewing and recommending compensation and corporate goals and objectives relevant to compensation of our Chief Executive Officer;
- reviewing and approving compensation and corporate goals and objectives relevant to compensation for executive officers other than our Chief Executive Officer;
- evaluating the performance of our Chief Executive Officer and other executive officers in light of established goals and objectives; and

- administering our equity compensations plans for our employees and directors.

We believe that the functioning of our Compensation Committee complies with the applicable requirements of The Nasdaq Global Select Market and SEC rules and regulations.

The members of our Compensation Committee are Mr. Comolli and Ms. Segev-Gal. Mr. Comolli is the chairman of our Compensation Committee. The Board has considered the independence and other characteristics of each member of our Compensation Committee. Compensation Committee members must satisfy The Nasdaq Global Select Market independence requirements and additional independence criteria set forth under Rule 10C-1 of the Exchange Act. In order to be considered independent for purposes of Rule 10C-1, the Board must consider whether the director has accepted, other than in his or her capacity as a member of the board, consulting, advisory or other fees from us or whether he or she is an affiliated person of us. Each of the members of our Compensation Committee qualifies as an independent director pursuant to Nasdaq rules and Rule 10C-1 as well as Section 162(m) of the Code.

The Compensation Committee operates under a written charter approved by the Board, which is available on our investor website at http://ir.varonis.com/corporate-governance.cfm.

Nominating and Corporate Governance Committee

Our Nominating and Corporate Governance Committee oversees and assists the Board in reviewing and recommending corporate governance policies and nominees for election to the Board and its committees. The Nominating and Corporate Governance Committee is responsible for, among other things:

- evaluating and making recommendations regarding the organization and governance of the Board and its committees and changes to our certificate of incorporation and bylaws and stockholder communications;
- assessing the performance of board members and making recommendations regarding committee and chair assignments and composition and the size of the Board and its committees;
- recommending desired qualifications for board and committee membership and conducting searches for potential members of the Board by independently searching for, identifying, recruiting and, if appropriate, interviewing candidates, as well as reviewing their qualifications, including experience, skills, expertise, diversity, personal and professional integrity, character, business judgment, time availability in light of other commitments, dedication, conflicts of interest and such other relevant factors that the Nominating and Corporate Governance Committee considers appropriate;
- evaluating and making recommendations regarding the creation of additional committees or the change in mandate or dissolution of committees;
- reviewing and making recommendations with regard to our corporate governance guidelines and compliance with laws and regulations;
- reviewing succession planning for our executive officers and evaluating potential successors; and
- reviewing and approving conflicts of interest of our directors and corporate officers, other than related person transactions reviewed by the Audit Committee.

We believe that the functioning of our Nominating and Corporate Governance Committee complies with the applicable requirements of The Nasdaq Global Select Market.

The members of our Nominating and Corporate Governance Committee are Mr. Comolli, Mr. Gavin and Ms. Segev-Gal. Mr. Comolli is the chairman of our Nominating and Corporate Governance Committee. The Board has determined that each of Mr. Comolli, Mr. Gavin and Ms. Segev-Gal are independent within the meaning of the independent director guidelines of The NASDAQ Global Select Market.

The Nominating and Corporate Governance Committee operates under a written charter approved by the Board, which is available on our investor website at http://ir.varonis.com/corporate-governance.cfm.

The Nominating and Corporate Governance Committee will consider nominees recommended by stockholders for election as directors. Candidates for the Board are generally selected based on desired skills and experience in the context of the existing composition of the Board and needs of the Board and its committees at that time, including the requirements of applicable SEC and NASDAQ Stock Market rules. The Nominating and Corporate Governance Committee does not assign specific weights to particular criteria, and no particular criterion is necessarily applicable to all candidates. Although the Nominating and Corporate Governance Committee does not have a specific policy on diversity, in its consideration of the specific needs of the Board and the Company, the Nominating and Corporate Governance Committee considers diverse backgrounds so that the Board composition reflects a broad spectrum of experience and expertise.

Code of Business Conduct and Ethics

We have adopted a Code of Business Conduct and Ethics that is applicable to all of our employees, officers and directors, including our chief executive and senior financial officers. The Code of Business Conduct and Ethics is available on our website at http://ir.varonis.com/corporate-governance.cfm. Any amendment to the code, or any waivers of its requirements, will be disclosed on our website.

Compensation Committee Interlocks and Insider Participation

None of the members of our Compensation Committee is an officer or employee of the Company. None of our executive officers currently serves, or 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 the Board or Compensation Committee.

Corporate Governance Guidelines

The Board has adopted corporate governance guidelines to assure that the Board will have the necessary authority and practices in place to review and evaluate our business operations as needed and to make decisions that are independent of our management. The guidelines are also intended to align the interests of directors and management with those of our stockholders. The corporate governance guidelines set forth the practices the Board intends to follow with respect to board composition and selection, board meetings and involvement of senior management, Chief Executive Officer performance evaluation and succession planning, and board committees and compensation. The corporate governance guidelines are available on our website at http://ir.varonis.com/corporate-governance.cfm.

Other Policies

Insider Trading Policy. Our insider trading policy prohibits our employees and directors from engaging in short sales of Company securities, in transactions in publicly-traded options, such as puts and calls, and other derivative securities with respect to our securities. This prohibition extends to any inherently speculative transaction or similar transaction designed to decrease the risks associated with holding Company securities. In addition, our directors and employees are prohibited from pledging Company securities as collateral for loans and may not hold Company securities in margin accounts.

Stockholder Communications

You can contact the Board to provide comments, to report concerns or to ask a question, at the following address:

Corporate Secretary

Varonis Systems, Inc.

1250 Broadway, 29th Floor

New York, NY 10001

United States

You may submit your concern anonymously or confidentially by postal mail. You may also indicate whether you are a stockholder, customer, supplier or other interested party.

Communications are distributed to the Board, or to any individual directors as appropriate, depending on the facts and circumstances outlined in the communication. In that regard, the Board has requested that certain items which are unrelated to the duties and responsibilities of the Board should be excluded, such as:

- Product complaints
- Product inquiries
- New product suggestions
- Resumes and other forms of job inquiries
- Surveys
- Business solicitations or advertisements

In addition, material that is unduly hostile, threatening, illegal or similarly unsuitable will be excluded, with the provision that any communication that is filtered out must be made available to any non-management director upon request.

You may also communicate online with the Board as a group. Please submit your question using the form you will find on our website: http://ir.varonis.com/contactboard.cfm.

PROPOSAL NO. 2

ADVISORY VOTE ON THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS

In accordance with the rules and regulations of the SEC, pursuant to Section 14A of the Exchange Act, we are providing our stockholders with the opportunity to vote to approve, on an advisory or non-binding basis, the compensation of our named executive officers as disclosed in accordance with the rules and regulations of the SEC in the "Executive Compensation" section of this proxy statement. This proposal, commonly known as a "say-on-pay" proposal, gives our stockholders the opportunity to express their views on our named executive officers' compensation as a whole. This vote is not intended to address any specific item of compensation or any specific named executive officer, but rather the overall compensation of all of our named executive officers and the philosophy, policies and practices described in this proxy statement.

The say-on-pay vote is advisory and therefore is not binding on us, our Compensation Committee or our Board. The say-on-pay vote will, however, provide information to us regarding investor sentiment about our executive compensation philosophy, policies and practices, which our Compensation Committee will be able to consider when determining executive compensation for the remainder of the current fiscal year and beyond. Our Board and our Compensation Committee value the opinions of our stockholders and to the extent there is any significant vote against the compensation of our named executive officers as disclosed in this proxy statement, we will endeavor to communicate with stockholders to better understand the concerns that influenced the vote and consider our stockholders' concerns and our Compensation Committee will evaluate whether any actions are necessary to address those concerns. Beginning with the 2017 fiscal year, the Company is no longer considered an emerging growth company. As such, for the first time we are seeking stockholder approval, on an advisory basis, for the Company's 2017 executive compensation program and look forward to receiving feedback from our stockholders on what we believe to be a strong compensation program aligned with the interests of the Company and its stockholders.

We believe that the information we have provided in the section titled "Executive Compensation," and in particular the information discussed in the section titled "Executive Compensation—Compensation Discussion and Analysis," demonstrates that our executive compensation program has been designed appropriately and is working to ensure management's interests are aligned with our stockholders' interests to support long-term value creation. The Company encourages stockholders to review the executive compensation disclosure in the Compensation Discussion and Analysis and executive compensation tables for the details of how its executive compensation policies and procedures operate and are designed to achieve the Company's compensation objectives.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE IN FAVOR OF THE APPROVAL OF THE COMPANY'S EXECUTIVE COMPENSATION AS DISCLOSED IN THIS PROXY STATEMENT.

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PROPOSAL NO. 3

ADVISORY VOTE ON THE FREQUENCY OF
ADVISORY VOTES ON EXECUTIVE OFFICER COMPENSATION

Stockholders have the opportunity to advise the Board, in a non-binding vote, whether we should conduct an advisory (non-binding) vote to approve named executive officer compensation (that is, votes similar to the non-binding vote in Proposal No. 2 above) every one, two or three years.

While our compensation strategies are related to both the short-term and longer-term business outcomes, we realize that compensation decisions are made annually. We also believe that an annual advisory vote on named executive officer compensation will give us more frequent feedback on our compensation disclosures and named executive officer compensation program. The Board has determined that holding an advisory vote on named executive officer compensation every year is the most appropriate policy for us at this time and recommends that stockholders vote for future advisory votes on named executive officer compensation to occur each year. Notwithstanding the Board's recommendation and the outcome of the stockholder vote, the Board may in the future decide to conduct advisory votes on a more or less frequent basis and may vary its practice based on factors such as discussions with stockholders and the adoption of material changes to compensation programs.

The frequency that receives the highest number of votes cast will be deemed to be the frequency selected by the stockholders. Because this vote is advisory, it will not be binding on the Board. However, the Compensation Committee will consider the outcome of the stockholder vote, along with other relevant factors, in recommending a voting frequency for the say-on-pay vote to the Board. The Company strongly encourages all stockholders to vote on this matter.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE
IN FAVOR OF A FREQUENCY OF "ONE YEAR" FOR AN ADVISORY VOTE ON EXECUTIVE COMPENSATION.**

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PROPOSAL NO. 4

RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee of the Board has selected E&Y as our independent registered public accounting firm for the fiscal year ending December 31, 2018 and has further directed that management submit the selection of its independent registered public accounting firm for ratification by the stockholders at the Annual Meeting. E&Y has audited our financial statements since the fiscal year ended December 31, 2007. Representatives of E&Y are expected to be present at the Annual Meeting. They will have an opportunity to make a statement if they so desire and will be available to respond to appropriate questions.

Neither our bylaws nor other governing documents or law require stockholder ratification of the selection of E&Y as our independent registered public accounting firm. However, the Audit Committee of the Board is submitting the selection of E&Y to the stockholders for ratification as a matter of good corporate practice. If the stockholders fail to ratify the selection, the Audit Committee of the Board will reconsider whether or not to retain that firm. Even if the selection is ratified, the Audit Committee of the Board in its discretion may direct the appointment of different independent auditors at any time during the year if they determine that such a change would be in the best interests of the Company and its stockholders.

The affirmative vote of the holders of shares representing a majority of the voting power of the shares present in person or represented by proxy and entitled to vote at the Annual Meeting will be required to ratify the selection of E&Y.

PRINCIPAL ACCOUNTANT FEES AND SERVICES

The following table represents aggregate fees billed to the Company for the fiscal years ended December 31, 2017 and December 31, 2016 by E&Y, our principal accountant.

	Fiscal Year Ended	
	2017	2016
	(in thousands)	
Audit Fees (1)	$ 530	$ 450
Audit-Related Fees (2)	60	40
Tax Fees (3)	130	49
All Other Fees	-	-

Total Fees	$ 720	$ 539

(1) Audit fees relate to professional services rendered for the audits of our annual consolidated financial statements and the reviews of our quarterly consolidated financial statements.

(2) Audit-related fees relate to professional services rendered in connection with assurance and related services that are reasonably related to the performance of the audit or review of our consolidated financial statements and are not reported under "Audit Fees." These services include accounting consultations regarding financial accounting and reporting standards.

(3) Tax fees consist of professional services for tax compliance, tax advice and tax planning.

All fees described above were pre-approved by the Audit Committee in accordance with the requirements of Regulation S-X under the Exchange Act.

Pre-Approval Policies and Procedures

Consistent with requirements of the SEC and the Public Company Accounting Oversight Board, or PCAOB, regarding auditor independence, our Audit Committee is responsible for the appointment, compensation and oversight of the work of our independent registered public accounting firm. In recognition of this responsibility, our Audit Committee has established a policy for the pre-approval of all audit and permissible non-audit services provided by the independent registered public accounting firm. These services may include audit services, audit-related services, tax services and other services.

Before engagement of the independent registered public accounting firm for the next year's audit, the independent registered public accounting firm submits a description of services expected to be rendered during that year to the Audit Committee for approval.

The Audit Committee pre-approves particular services or categories of services on a case-by-case basis. The fees are budgeted, and the Audit Committee requires the independent registered public accounting firm and management to report actual fees versus budgeted fees periodically throughout the year by category of service. During the year, circumstances may arise when it may become necessary to engage the independent registered public accounting firm for additional services not contemplated in the original pre-approval. In those instances, the services must be pre-approved by the Audit Committee before the independent registered public accounting firm is engaged.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE IN FAVOR OF RATIFICATION OF THE APPOINTMENT OF E&Y AS THE COMPANY'S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE FISCAL YEAR ENDING DECEMBER 31, 2018.

REPORT OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

The Audit Committee is a committee of the board of directors comprised solely of independent directors as required by the listing standards of The NASDAQ Global Select Market and rules of the SEC. The Audit Committee operates under a written charter approved by the board of directors, which is available on our investor website at http://ir.varonis.com/corporate-governance.cfm. The composition of the Audit Committee, the attributes of its members and the responsibilities of the Audit Committee, as reflected in its charter, are intended to be in accordance with applicable requirements for corporate audit committees. The Audit Committee reviews and assesses the adequacy of its charter and the Audit Committee's performance on an annual basis.

The Audit Committee consists of three members: Mr. Gavin, Mr. Segev and Mr. Van Den Bosch. Mr. Gavin is the chairman of our Audit Committee. With respect to our financial reporting process, our management is responsible for (1) establishing and maintaining internal controls and (2) preparing our consolidated financial statements. E&Y is responsible for auditing these financial statements. It is the responsibility of the Audit Committee to oversee these activities. It is not the responsibility of the Audit Committee to prepare or certify our financial statements or guarantee the audits or reports of E&Y. These are the fundamental responsibilities of management and E&Y. In the performance of its oversight function, the Audit Committee has:

- reviewed and discussed the audited financial statements with management and E&Y;
- discussed with E&Y the matters required to be discussed by the statement on Auditing Standards No. 61, as amended (AICPA, Professional Standards, Vol. 1. AU section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T; and
- received the written disclosures and the letter from E&Y required by applicable requirements of the Public Company Accounting Oversight Board regarding E&Y's communications with the Audit Committee concerning independence, and has discussed with E&Y its independence.

Based on the Audit Committee's review and discussions with management and E&Y, the Audit Committee recommended to the board of directors that the audited financial statements be included in the Annual Report on Form 10-K for the fiscal year ended December 31, 2017 for filing with the SEC.

Respectfully submitted by the members of the Audit Committee of the board of directors:

John J. Gavin, Jr. (Chair)
Ofer Segev

Fred Van Den Bosch

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SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth, as of February 26, 2018, information regarding beneficial ownership of our capital stock by:

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

Beneficial ownership is determined according to the rules of the SEC and generally means that a person has beneficial ownership of a security if he, she or it possesses sole or shared voting or investment power of that security, or has the right to acquire beneficial ownership of that security within 60 days. Except as indicated by the footnotes below, we believe, based on the information furnished to us, that the persons named in the table below have or will have sole voting and investment power with respect to all shares of common stock shown that they beneficially own, subject to community property laws where applicable.

Our calculation of the percentage of beneficial ownership is based on 28,287,130 shares of our common stock outstanding as of February 26, 2018. Common stock subject to stock options currently exercisable or exercisable within 60 days of February 26, 2018 is deemed to be outstanding for computing the percentage ownership of the person holding these options and the percentage ownership of any group of which the holder is a member but is not deemed outstanding for computing the percentage of any other person.

The table is based upon information supplied by officers, directors and principal stockholders, Schedules 13G filed with the SEC and other SEC filings made pursuant to Section 16 of the Exchange Act and the Rules and Regulations promulgated thereunder. Except as otherwise indicated in the table below, addresses of named beneficial owners are c/o Varonis Systems, Inc., 1250 Broadway, 29th Floor, New York, NY 10001.

Name of Beneficial Owner	Number of Shares	% of Total Voting Power
Named Executive Officers and Directors:		
Yakov Faitelson[1]	571,813	2.0%
James O'Boyle[2]	175,378	*
Guy Melamed[3]	27,260	*

Ohad Korkus[4]	30,769	*
Kevin Comolli[5]	159,695	*
John J. Gavin, Jr.[6]	72,724	*
Gili Iohan[7]	70,091	*
Thomas F. Mendoza[8]	17,750	*
Ofer Segev[9]	18,343	*
Rona Segev-Gal[10]	14,654	*
Fred Van Den Bosch[11]	49,724	*
All executive officers and directors as a group (11 persons) [12]:	1,208,201	4.2%
5% Stockholders:		
BlackRock, Inc.[13]	2,382,680	8.4%
Prudential Financial, Inc.[14]	2,029,683	7.2%

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

(1) Consists of (i) 13,113 shares held of record by Mr. Faitelson; (ii) 106,426 shares held of record by the Faitelson Family 2014 Trust; (iii) 422,274 shares subject to stock options exercisable within 60 days of February 26, 2018; and (iv) 30,000 shares subject to restricted stock units exercisable within 60 days of February 26, 2018.

(2) Consists of (i) 83,939 shares held of record by Mr. O'Boyle; (ii) 31,000 shares held of record by the Jim O'Boyle 2014 Trust Family; (iii) 48,439 shares subject to stock options exercisable within 60 days of February 26, 2018; and (iv) 12,000 shares subject to restricted stock units exercisable within 60 days of February 26, 2018.

(3) Consists of (i) 2,033 shares held of record by Mr. Melamed; (ii) 1,727 shares subject to stock options exercisable within 60 days of February 26, 2018; and (iii) 23,500 shares subject to restricted stock units exercisable within 60 days of February 26, 2018.

(4) Consists of 30,457 shares held of record by Mr. Korkus; and (ii) 312 shares subject to stock options exercisable within 60 days of February 26, 2018.

(5) Consists of (i) 25,859 shares held of record by Mr. Comolli; (ii) 905 shares subject to restricted stock units exercisable within 60 days of February 26, 2018; and (iii) 132,931 shares held of record by Rothschild Trust Guernsey Limited, as trustee of the Max Trust, of which Mr. Comolli is a beneficiary.

(6) Consists of (i) 23,819 shares held of record by Mr. Gavin; (ii) 15,000 shares held of record jointly with Mr. Gavin's spouse; (iii) 33,000 shares subject to stock options exercisable within 60 days of February 26, 2018; and (iii) 905 shares subject to restricted stock units exercisable within 60 days of February 26, 2018.

(7) Consists of (i) 33,291 shares held of record by Ms. Iohan; (ii) 29,347 shares subject to stock options exercisable within 60 days of February 26, 2018; and (iii) 7,453 shares subject to restricted stock units exercisable within 60 days of February 26, 2018.

(8) Consists of (i) 16,845 shares held of record by Mr. Mendoza; and (ii) 905 shares subject to restricted stock units exercisable within 60 days of February 26, 2018.

(9) Consists of (i) 17,438 shares held of record by Mr. Segev; and (ii) 905 shares subject to restricted stock units exercisable within 60 days of February 26, 2018.

(10) Consists of (i) 13,749 shares held of record by Ms. Segev-Gal; and (ii) 905 shares subject to restricted stock units exercisable within 60 days of February 26, 2018.

(11) Consists of (i) 38,819 shares held of record by Mr. Van Den Bosch; (ii) 10,000 shares subject to stock options exercisable within 60 days of February 26, 2018; and (iii) 905 shares subject to restricted stock units exercisable within 60 days of February 26, 2018.

(12) Not including David Bass, whose appointment as our Executive Vice President of Engineering and Chief Technology Officer became effective March 1, 2018.

(13) Based solely on a Schedule 13G filed by BlackRock, Inc. on February 1, 2018. The address of BlackRock, Inc. is 55 East 52nd Street, New York, NY 10055.

(14) Based solely on a Schedule 13G/A filed by Prudential Financial, Inc. on January 26, 2018 and Schedule 13G/A filed by Jennison Associates LLC on February 6, 2018. Consists of (i) 1,802,491 shares held of record by Jennison Associates LLC; and (ii) 227,192 shares held of record by Quantitative Management Associates LLC. According to these filings, Jennison Associates LLC and Quantitative Management Associates LLC are subsidiaries of Prudential Financial, Inc., which may be deemed the beneficial owner of and may have direct or indirect voting and/or investment discretion over the above referred 2,029,683 shares. The address of Prudential Financial, Inc. is 751 Broad Street, Newark, NJ 07102-3777.

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SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires our executive officers, directors and certain persons who beneficially own more than 10% of our common stock to file with the SEC initial reports of ownership and reports of changes in ownership of our common stock and other equity securities. Based solely on a review of reports filed with the SEC and written representations that no other reports were required, we believe that our executive officers, directors and greater than 10% stockholders complied with all applicable filing requirements on a timely basis during fiscal 2017, except for (1) Guy Melamed who filed late a Form 4 with respect to a tax withholding of 516 shares on March 31, 2017 (filed on September 7, 2017) and (2) Evergreen IV, L.P., which filed late Form 4s with respect to the sale of: (i) 5,177 shares on January 10, 2017 (filed on January 13, 2017); and (ii) 56,146 shares on January 17, 2017 (filed on January 20, 2017).

EXECUTIVE OFFICERS

The following table sets forth certain information with respect to our executive officers as of March 1, 2018. Biographical information with regard to Mr. Faitelson is presented under “Proposal No. 1—Election of Directors” in this proxy statement.

Name	Age	Position
Yakov Faitelson	42	Chief Executive Officer, President and Chairman of the Board
Guy Melamed	38	Chief Financial Officer and Chief Operating Officer
James O’Boyle	53	Senior Vice President of Worldwide Sales
David Bass	40	Executive Vice President of Engineering and Chief Technology Officer

Executive Officers

David Bass was appointed as our Executive Vice President of Engineering and Chief Technology Officer as of March 1, 2018 and is responsible for all of Varonis’ product development and quality assurance. Mr. Bass has been an employee of the Company since 2005 and served as its Senior Vice President of Engineering from May 2014 through February 2018. Under his leadership, the Company has assembled an engineering organization with deep experience spanning digital collaboration, storage, networking and security. Prior to Varonis, Mr. Bass held managerial development positions in NetVision Internet Applications and as an independent contractor.

Guy Melamed has served as our Chief Financial Officer since April 2017 and was also appointed to serve as our Chief Operating Officer in February 2018. Mr. Melamed is responsible for global operations, executing business strategies and financial management, including legal, treasury, investor relations and purchasing. Prior to becoming Chief Financial Officer, Mr. Melamed served as Vice President of Finance, beginning in 2013, during which time he was responsible for financial planning, reporting and operations and was instrumental in building and managing the global finance organization. Before joining Varonis in 2011, Mr. Melamed held positions at Ernst & Young as an Audit Manager and KPMG, working with both foreign and domestic public and private companies. Mr. Melamed holds both a B.A and M.S.A from Boston College and is a Certified Public Accountant in the U.S. and Israel.

James O'Boyle has served as our Senior Vice President of Worldwide Sales since 2006. Prior to joining Varonis, Mr. O'Boyle held leadership roles at Neoteris/Netscreen (which was acquired by Juniper), BlueCoat Systems, Inc. and Wellfleet/Bay Networks (which was acquired by Nortel).

COMPENSATION DISCUSSION AND ANALYSIS

Overview

Our compensation programs are administered by the Compensation Committee of the Board. The Compensation Committee primarily assists the Board in fulfilling its compensation oversight responsibilities by ensuring best practices, which, among other things, include:

- reviewing and approving the compensation of our Chief Executive Officer and other senior executive officers and establishing annual and long-term performance goals for these individuals;
- reviewing and approving compensation of all executive officers;
- reviewing and approving performance-based compensation of executive officers, including incentive awards;
- reviewing our director compensation program and recommending changes in director compensation to the Board to the extent appropriate; and
- administering our equity compensation plans and programs.

The Compensation Committee consists of Mr. Comolli and Ms. Segev-Gal. Mr. Comolli is the chairman of our Compensation Committee.

This section discusses the Company's compensation policies and programs as it relates to the following "named executive officers" whose compensation information is presented in the tables that follow.

Name	Age	Position
Yakov Faitelson	42	Chief Executive Officer, President and Chairman of the Board
Guy Melamed	38	Chief Financial Officer and Chief Operating Officer
James O'Boyle	53	Senior Vice President of Worldwide Sales
Gili Iohan*	42	Former Chief Financial Officer
Eric Mann**	57	Former Chief Operating Officer

* Ms. Iohan resigned as Chief Financial Officer effective as of March 31, 2017 and became a member of the Board effective as of April 1, 2017.

** Mr. Mann ceased to serve as Chief Operating Officer upon termination of employment effective as of May 2, 2017.

Stockholder Vote on Executive Compensation

Prior to the 2017 fiscal year, the Company has not been required to seek what is referred to as a "say-on-pay" vote from stockholders due to the Company's status as an emerging growth company. Because the Company has not been required to seek a "say on pay" vote, the Company has not had the opportunity to consider or assess any stockholder vote for the approval, on an advisory basis, of executive compensation. Beginning with the 2017 fiscal year, the Company is no longer considered an emerging growth company. As such, we are seeking stockholder approval, on an advisory basis, for the Company's 2017 executive compensation program and look forward to receiving feedback from our stockholders on what we believe to be a strong compensation program aligned with the interests of the Company and its stockholders.

Compensation Philosophy and Objectives

The Compensation Committee's fundamental philosophy is to closely link executive compensation with the achievement of pre-established performance goals and to promote a culture of aligning executive interests with those of the Company and its stockholders. The Compensation Committee's objectives in administering our compensation program for executive officers are to motivate, attract and retain highly-skilled executives as well as to incentivize management to optimize the Company's performance and increase long-term stockholder value. The Compensation Committee also strives to ensure that overall compensation is fair for the services rendered and that the compensation structure is transparent. As such, the key components of executive compensation are limited to a base salary, an annual performance incentive award based on the achievement of pre-established performance goals (including, in certain instances, sales compensation plans providing commission opportunities) and long-term incentive awards in the form of stock-based awards. The Compensation Committee strives to ensure executive compensation aligns management with the Company's annual and long-term plans and strategy.

Setting Compensation Levels of Executive Officers

The Compensation Committee reviews executive compensation at its meetings throughout the year and sets executive compensation based primarily on both the Company's performance and executive management's performance in executing the Company's business strategy, optimizing the Company's business performance and increasing long-term stockholder value. The Compensation Committee also considers the scope of an executive's duties and responsibilities and individual executive performance. Our Chief Executive Officer reviews the performance of other named executive officers and makes recommendations, if any, to the Compensation Committee with respect to compensation adjustments for such officers. However, the Compensation Committee determines in its sole discretion whether to make any adjustments to the compensation paid to such executive officers.

For 2017, a significant portion of each named executive officer's total compensation was allocated to compensation in the form of an annual performance-based incentive award and stock-based awards in order to provide incentives to maintain and increase long-term stockholder value. The Compensation Committee also reviewed and considered total direct compensation in setting each element of compensation for our named executive officers.

The Role of the Compensation Consultant. The Compensation Committee has engaged Compensia, an independent compensation consulting firm, to provide research and analysis and to make recommendations as to the form and level of executive compensation. The Compensation Committee sought input from Compensia on executive compensation matters for 2017, including the design and competitive positioning of our executive compensation program, our peer group, appropriate compensation levels and evolving compensation trends.

The Compensation Committee has considered the independence of Compensia as a consultant to the Compensation Committee. In connection with this process, the Compensation Committee has reviewed, among other items, a letter from Compensia addressing its independence and the members of the consulting team serving the Compensation Committee, including the following factors: (i) other services provided to the Company by Compensia, (ii) fees paid by the Company as a percentage of Compensia's total revenue, (iii) policies or procedures of Compensia that are designed to prevent conflicts of interest, (iv) any business or personal relationships between the senior advisor of the Compensia consulting team with a member of the Compensation Committee, (v) any Company stock owned by the senior advisor of the Compensia consulting team or any member of that individual's immediate family and (vi) any business or personal relationships between our executive officers and the senior advisor. The Compensation Committee discussed these considerations and concluded that the work performed by Compensia and its senior advisor involved in the engagement did not raise any conflict of interest.

The Role of the Chief Executive Officer. Our CEO provides the Compensation Committee with his views on the performance of each of the named executive officers (other than himself) and also reviews the report prepared by Compensia providing research, analysis and recommendations as to the form and level of executive compensation.

While the CEO made recommendations to the Compensation Committee regarding the 2017 compensation of each of the named executive officers (other than himself) based on his assessment of Company and individual performance as well as his review of Compensia's report on executive compensation matters for 2017, the Compensation Committee determines the form and level of executive compensation in its sole discretion.

The Role of Peer Companies and Competitive Positioning. As part of its review of executive compensation for 2017, the Compensation Committee reviewed the executive compensation arrangements at peer group companies. Our peer group includes comparable software companies based on specific financial criteria, including, but not limited to, revenue and market capitalization. For 2017, our peer group consisted of the following companies:

A10 Networks	Imperva	Q2 Holdings
AppFolio	Jive Software	Qualys
Bazaarvoice	Marketo	Rapid7
Carbonite	MINDBODY	Rubicon Project
Five9	Model N	Tangoe
Gigamon	Paycom Software	
Hortonworks	Proofprint	

The Compensation Committee reviewed the executive compensation benchmark data, including a report prepared by Compensia containing its findings, data and recommendations, in order to evaluate and confirm whether our executive compensation was within a reasonably competitive range and to set executive compensation for 2017. The Compensation Committee, however, did not set executive compensation or each element of compensation at a specific target percentile within the peer group. The Compensation Committee focuses on providing compensation that is fair for the services rendered and reflects an executive's experience, performance and scope of responsibilities, closely linking executive compensation with the achievement of Company performance goals under the annual incentive compensation program, and promoting a culture of aligning executive interests with those of the Company and its stockholders.

2017 Financial Performance Highlights

In 2017, Varonis achieved revenues of $217.4 million, an increase of 32% year-over-year. License revenues increased 33% for the full year, and maintenance and services revenues increased 31%. These results were supported by our consistently high maintenance renewal rate, which again came in at over than 90%.

These results demonstrate that our highly differentiated data security solutions are helping to solve critical needs of organizations globally as we ended the year with approximately 6,250 customers across a broad array of company sizes and industries located in over 75 countries. In the last three years, we have doubled our revenues and done so while improving our profitability profile and delivering meaningful levels of cash flow from operations. We continue with our focus to build an organization that is durable and well positioned to extend our lead globally.

2017 Executive Compensation Elements

The key elements of our executive compensation program for the year ended December 31, 2017 were comprised of:

- base salary;
- annual incentive award (including, in certain instances, sales compensation plans providing commission opportunities); and
- long-term incentive compensation in the form of restricted stock units ("RSUs").

Executive officers are also entitled to other benefits as outlined below under "Perquisites and Other Benefits." The following is a summary of the considerations underlying each component of compensation paid to our named executive officers for 2017.

Base Salary

Our named executive officers and other officers receive a base salary to compensate them for services rendered during the fiscal year. The Compensation Committee reviews and, as appropriate, adjusts the base salaries for our named executive officers. The factors that the Compensation Committee considers in setting salaries include the scope of job responsibilities, individual execution of Company strategies and contributions to Company success, Company-wide performance and comparability to market compensation.

For 2017, the Compensation Committee, based on a review of the factors set forth above including a report prepared by Compensia of market and peer group compensation, adjusted the annual base salary for Mr. O'Boyle. Effective as of January 1, 2017, the annual base salary for Mr. O'Boyle was $310,000. The annual base salary for each of our other named executive officers, including Mr. Faitelson, remained unchanged for 2017.

Annual Incentive Compensation

Mr. Faitelson and Mr. Melamed. Messrs. Faitelson and Melamed participated in our 2017 Cash Incentive Plan. For 2017, the Compensation Committee, based on a review of factors including the scope of job responsibilities, individual execution of Company strategies and contributions to Company success, Company-wide performance, and comparability to market compensation based on the report prepared by Compensia, adjusted the targeted total bonus compensation opportunity for Mr. Faitelson. Effective as of January 1, 2017, Mr. Faitelson's targeted total bonus compensation opportunity was $400,000. Mr. Melamed was provided the opportunity to earn targeted total bonus compensation in the amount of $80,000 in his role of Chief Financial Officer, which he assumed on April 1, 2017. Each of Messrs. Faitelson's and Melamed's annual incentive compensation is earned in the form of quarterly and year-end bonus awards weighted as follows: (i) 90% based on the quarterly achievement of company revenue targets and (ii) 10% based upon individual performance as determined by the Compensation Committee in its discretion. We must achieve the predetermined threshold level of corporate performance in respect of revenue targets before any payments may be made under the plan. The 2017 Cash Incentive Plan provided for no bonus to be paid if our quarterly and annual revenues were less than certain minimum amounts established for the corresponding fiscal periods and for a cap equal to 115% of the target bonus amount to be paid if our revenue performance equaled or exceeded "stretch" revenue amounts for the same periods.

The established performance objectives for fiscal 2017 were considered aggressive and attainable only with focused effort and execution and were designed to drive increased revenues, which the Compensation Committee felt would increase stockholder value consistent with our overall growth strategy.

Based on Company and individual performance, Mr. Faitelson was awarded bonuses in 2017 in the aggregate amount of $460,000, and Mr. Melamed was awarded bonuses in 2017 in the aggregate amount of $92,000. With the strong revenue growth achieved during the year, both Messrs. Faitelson and Melamed achieved 115% of their target bonus (the maximum allowed under the 2017 Cash Incentive Plan) aligned with the significant revenue growth and performance achieved during the year.

Ms. Iohan. Ms. Iohan also participated in our 2017 Cash Incentive Plan, which provided Ms. Iohan the opportunity to earn targeted total bonus compensation in the amount of $44,000 in the form of a bonus award for the first quarter of the fiscal year weighted in the same manner and based on the same performance criteria as described above for Messrs. Faitelson and Melamed. Based on Company performance that exceeded the target level of performance and

individual performance, Ms. Iohan was awarded a bonus in 2017 in the aggregate amount of $50,600, which was 115% of the target provided (the maximum allowed under the 2017 Cash Incentive Plan).

Mr. O'Boyle. Mr. O'Boyle participated in a 2017 Sales Compensation Plan pursuant to which he was entitled to annual sales commissions based on the revenues, generated with Mr. O'Boyle's assistance, which we receive from the sale of our products and services worldwide. For 2017, the Compensation Committee, advised by Compensia and based on a review of factors including the scope of job responsibilities, individual execution of Company strategies and contributions to Company success, Company-wide performance, and comparability to market compensation, adjusted the annualized target commission opportunity for Mr. O'Boyle. Effective January 1, 2017 and pursuant to his 2017 Sales Compensation Plan, Mr. O'Boyle had the opportunity to earn an annualized target commission for the year if the annual "collected net revenues target" (as defined in the plan) was met, or a pro-rata portion of his target compensation if annual collected net revenues were below the annual collected net revenues target. For any additional annual collected net revenues in excess of 100% of the annual collected net revenues target for 2017, Mr. O'Boyle was entitled to receive one and a half percent (1.5%) of any such excess. Pursuant to the 2017 Sales Compensation Plan (as well as prior plans for Mr. O'Boyle), the performance condition for the sales commission was not met unless related revenues were collected by us; accordingly, Mr. O'Boyle became entitled to receive commission bonus payments with respect to any fiscal year only after we collected the net revenues to which the commission bonus payments relate. Mr. O'Boyle received in 2017 an aggregate amount of commissions equal to $286,315, which represents the sum of (i) $202,922 resulting from collected net revenues under the 2017 Sales Compensation Plan; (ii) $83,167 resulting from collected net revenues under his 2016 Sales Compensation Plan; and (iii) $235 resulting from collected net revenues under his 2015 and 2014 Sales Compensation Plans. Assuming 100% collection of 2017 net revenues, Mr. O'Boyle would receive an additional amount equal to $100,325 as a commission bonus pursuant to the 2017 Sales Compensation Plan (which would be aggregated with the $202,922 already earned under the 2017 Sales Compensation Plan towards the target commission opportunity of $310,000 set for Mr. O'Boyle in 2017).

On February 8, 2018, the Compensation Committee also granted Mr. O'Boyle a discretionary bonus in the amount of $55,000 in recognition of Mr. O'Boyle's exemplary efforts and contributions to the Company's success in 2017.

Mr. Mann. Mr. Mann participated in a 2017 Sales Compensation Plan pursuant to which he was entitled to annual sales commissions based on the revenues, generated with Mr. Mann's assistance, which we receive from the sale of our products and services worldwide. Pursuant to the 2017 Sales Compensation Plan, Mr. Mann had the opportunity to earn an annualized target commission of $350,000 for the year if the annual "collected net revenues target" (as defined in the plans) was met, or a pro-rata portion of his target compensation if annual collected net revenues were below the annual collected net revenues target. For any additional annual collected net revenues in excess of 100% of the annual collected net revenues target, Mr. Mann was entitled to receive two percent (2%) of any such excess. Pursuant to the 2017 Sales Compensation Plan, the performance condition for the sales commission was not met unless related revenues were collected by us; accordingly, Mr. Mann became entitled to receive commission bonus payments with respect to any fiscal year only after we collected the net revenues to which the commission bonus payments relate. Mr. Mann received in 2017 an aggregate amount of commissions equal to $168,846, which represents the sum of (i) $66,381 resulting from collected net revenues under the 2017 Sales Compensation Plan and (ii) $102,465 resulting from collected net revenues under his 2016 Sales Compensation Plan. Assuming 100% collection of 2017 net revenues achieved with the assistance of Mr. Mann, Mr. Mann would receive an additional amount equal to $283,619 as a commission bonus pursuant to his 2017 Sales Compensation Plan. Upon his termination of employment with us, Mr. Mann ceased to be eligible to earn additional commissions under the 2017 Sales Compensation Plan with respect to revenues achieved after the date of his termination of employment.

Long-Term Incentive Awards

The Compensation Committee grants stock-based awards to our named executive officers in order to provide long-term incentives, which align the long-term interests of management with the long-term interests of the Company and its stockholders. The Compensation Committee believes that stock-based awards incentivize our named executive officers to optimize our long-term business performance and stockholder value and promote a culture aligning the interests of our executive officers with those of the Company and its stockholders. For 2017, the Compensation Committee administered our equity compensation plans and approved all stock-based awards under the Company's 2013 Omnibus Equity Incentive Plan (referred to as the 2013 Plan).

Stock-based awards to our named executive officers are approved on an annual basis in amounts determined by the Compensation Committee. In February 2017, the Compensation Committee approved the grant of time-based restricted stock unit awards under the 2013 Plan to Messrs. Faitelson, Melamed and O'Boyle on February 13, 2017 (the "2017 RSU Awards"). One quarter of the 2017 RSU Awards will vest annually upon the last calendar day of the month of February, beginning on February 28, 2018, subject to the executive's continued service. The 2017 RSU Awards will be settled in shares of the Company's common stock within 30 days of each applicable vesting date, subject to the terms and conditions set forth in the applicable RSU award agreement. In determining the size of the grants made to each named executive officer, as shown in the "Grants of Plan Based Awards in Fiscal 2017" table below, the

Compensation Committee intended to reward and motivate the named executive officers to drive the financial performance of the Company forward and determined that the grants were within a reasonably competitive range of market practice among the Company's peers. The RSU award for Mr. Melamed in 2017 was approved by the Compensation Committee in connection with his promotion to the office of Chief Financial Officer with its attendant responsibilities.

Ms. Iohan did not receive a grant of restricted stock unit awards in February 2017, but subsequently received a grant of time-based restricted stock unit awards on May 9, 2017 in connection with her appointment as a member of the Board. Ms. Iohan's awards will vest as described in the section entitled "Director Compensation" beginning on page 37 of this proxy statement.

Perquisites and Other Benefits

We do not maintain a perquisites plan for our named executive officers. Our compensation program for named executive officers includes employee benefits, including participation in the Company's life and health insurance and similar benefit programs (including our 401(k) plan) on the same general terms as other participants in these programs.

Employment Agreements with Named Executive Officers

On February 10, 2014, in connection with our initial public offering, we entered into employment agreements with Messrs. Faitelson and O'Boyle; and effective April 1, 2017, we entered into an employment agreement with Mr. Melamed, which was amended on February 8, 2018 in connection with Mr. Melamed's appointment as our Chief Operating Officer in addition to his position as Chief Financial Officer. The employment agreements of Mr. Mann and Ms. Iohan are no longer in effect as of Mr. Mann's termination of employment as of May 2, 2017 and Ms. Iohan's resignation as of March 31, 2017. Ms. Iohan became a member of the Board effective April 1, 2017.

The Company does not provide gross-up payments with respect to "excess parachute payments" under Section 280G of the Internal Revenue Code, pursuant to any agreements with the named executive officers including the employment agreements.

Please refer to the section entitled "Executive Employment Agreements" beginning on page 32 of this proxy statement and the section entitled "Potential Payments Upon Termination or Change in Control" beginning on page 35 of this proxy statement for more information regarding the general terms of the employment agreements with Messrs. Faitelson, Melamed and O'Boyle, including termination provisions, and separation terms relating to Mr. Mann.

Policy Regarding Recoupment of Certain Incentive Compensation

The Company has committed to adopting a recoupment (“clawback”) policy once final rules are established by the SEC.

Company Policy on Section 162(m) Limits on Deductibility of Compensation

Section 162(m) of the Internal Revenue Code places a limit of $1 million per year on the amount of compensation paid to certain of our executive officers that the Company may deduct for federal income tax purposes. An exception to the $1 million limitation for performance-based compensation meeting certain requirements was repealed beginning in 2018, as further described below.

H.R.1, formally known as the “Tax Cuts and Jobs Act,” enacted on December 22, 2017, substantially modifies Section 162(m) by, among other things, eliminating the performance-based exception to the $1 million deduction limit effective as of January 1, 2018. As a result, beginning in 2018, compensation paid to our named executive officers in excess of $1 million will generally be nondeductible, whether or not it is performance-based. The Compensation Committee will continue to maintain flexibility and the ability to pay competitive compensation by not requiring all compensation to be deductible. H.R.1 also includes a transition rule under which the changes to Section 162(m) described above will not apply to compensation payable pursuant to a written binding contract that was in effect on November 2, 2017 and is not subsequently materially modified. To the extent applicable to our existing contracts and awards, the Compensation Committee may choose to avail itself of the transition rule.

Conclusion

The Compensation Committee believes that our compensation programs appropriately incentivize executive performance and align the interests of our named executive officers and key employees with the long-term interests of our stockholders and enable the Company to attract and retain talented executives. The Compensation Committee will continue to assess and administer our compensation program in a manner that the Compensation Committee believes will be in the best interests of our stockholders.

REPORT OF THE COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS

The Compensation Committee, comprised of independent directors, reviewed and discussed the above Compensation Discussion and Analysis with the Company's management. Based on this review and discussion, the Compensation Committee recommends to the Board that the Compensation Discussion and Analysis be included in these proxy materials.

The Compensation Committee:
Kevin Comolli

Rona Segev-Gal

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EXECUTIVE COMPENSATION

Prior to the 2017 fiscal year, we provided compensation disclosure that satisfied the requirements applicable to emerging growth companies, as defined in the Jumpstart Our Business Startups Act of 2012 (the JOBS Act) and complied with the executive compensation rules applicable to "smaller reporting companies," as such term is defined under the Securities Act of 1933, as amended (the "Securities Act"), which required compensation disclosure for our principal executive officer and the two most highly compensated executive officers other than our principal executive officer. Beginning with the 2017 fiscal year, we are no longer considered an emerging growth company and, thus, must comply with the broader compensation disclosure requirements under the Securities Act generally applicable to registrants who are not emerging growth or smaller reporting companies.

The following summary compensation table sets forth the cash and non-cash compensation paid to or earned by (i) our principal executive officer, (ii) our principal financial officer, (iii) the most highly compensated executive officer of the Company other than the principal executive officer or the principal financial officer who was serving at the end of the 2016 fiscal year and (iv) two former executive officers who would have been among the three most highly compensated executive officers (other than the principal executive officer and the principal financial officer) of the Company if they had continued to serve as executive officers at the end of the 2017 fiscal year (collectively, our named executive officers). In each case, compensation is shown for the years during which compensation disclosure was required over the last three completed fiscal years of the Company: the fiscal years ended December 31, 2015, December 31, 2016 and December 31, 2017, respectively.

SUMMARY COMPENSATION TABLE

Name and Position	Year	Salary ($)	Bonus ($)	Stock Awards ($)[1]	Option Awards ($)[1]	Non-Equity Incentive Plan Compensation ($)[2]	All Other Compensation ($)	Total ($)
Yakov Faitelson	2017	400,000		1,831,050	-	460,000	10,800[3]	2,701,850
Chief Executive Officer	2016	400,000	-	337,400	196,269	389,837	10,600	1,334,106
and President	2015	380,000	-	1,045,800	635,319	32,096	10,600	2,103,815
Guy Melamed[4]	2017	285,000	-	2,394,450	-	92,000	10,320[3]	2,781,770
Chief Financial Officer and Chief Operating Officer								
James O'Boyle	2017	310,000	55,000	704,250	-	286,315	15,801[7]	1,371,366
Senior Vice President	2016	285,000	-	253,050	147,202	261,582	15,601	962,435
of Worldwide Sales	2015	240,000	-	239,040	145,216	192,718	15,590	832,564

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Eric Mann[5]	2017	119,359	-	-	-	168,847	250,026[8]	538,232
Former Chief Operating Officer	2016	344,840	-	1,433,950	834,145	221,926	-	2,834,861
Gili Iohan[6]	2017	62,520	-	-	-	50,600	262,678[9]	375,798
Former Chief Financial Officer								

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(1) Represents the grant date fair value of each award computed in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718 (FASB ASC Topic 718). For a summary of the assumptions made in the valuation of the awards granted in 2017, please see Note 2.k, "Accounting for Stock-Based Compensation," of the Notes to Consolidated Financial Statements in our Annual Report on Form 10-K for the year ended December 31, 2017. For a summary of the assumptions made in the valuation of the awards granted in 2016, please see Note 2.l, "Accounting for Stock-Based Compensation," of the Notes to Consolidated Financial Statements in our Annual Report on Form 10-K for the year ended December 31, 2016. For a summary of the assumptions made in the valuation of the awards granted in 2015, please see Note 2.l, "Accounting for Stock-Based Compensation," of the Notes to Consolidated Financial Statements in our Annual Report on Form 10-K for the year ended December 31, 2015. Ms. Iohan received a grant of restricted stock units in her capacity as a non-employee director beginning April 1, 2017, as disclosed in the "All Other Compensation" column of the Summary Compensation Table.

(2) Represents performance-based (i) bonus earned by Messrs. Faitelson and Melamed and Ms. Iohan in respect of company performance in the relevant fiscal year and (ii) annual sales commissions paid to Messrs. Mann and O'Boyle in the relevant fiscal year. The material terms of the non-equity incentive plan compensation paid to named executive officers in our last completed fiscal year are described in the section entitled "*Compensation Discussion & Analysis, Annual Incentive Compensation.*"

(3) Represents Company matching contributions to the 401(k) savings plan.

(4) Mr. Melamed was appointed Chief Financial Officer effective April 1, 2017 and Chief Operating Officer effective February 8, 2018.

(5) Mr. Mann's employment terminated effective May 2, 2017.

(6) Ms. Iohan ceased to serve as Chief Financial Officer effective March 31, 2017. Ms. Iohan began serving as a member of the Board effective April 1, 2017. The Summary Compensation Table above and the subsequent tables summarizing the compensation of our named executive officers below includes Ms. Iohan's compensation in respect of her employment as Chief Financial Officer as well as her service as a member of the board of directors during the 2017 fiscal year. Certain amounts payable to Ms. Iohan were paid in Israeli Shekels. The exchange rate used for the purpose of the Summary Compensation Table is $1.00 = 3.60.

(7) Includes $5,001 in car allowance and $10,800 in Company matching contributions to the 401(k) savings plan.

(8) Includes $200,000 in severance payments and benefits and $50,026 in accrued vacation.

(9) Includes $40,192 in redemption of accrued vacation days, a $635 tax gross up in respect of sponsored meals and $9,336 in disability insurance benefits and contributions to pension and severance funds as required under Israeli law. In addition, this column includes $212,515 in compensation Ms. Iohan received with respect to her service as a non-employee director beginning April 1, 2017. This director compensation consists of $22,500 in fees paid in cash and a grant of restricted stock units with a value of $190,015 (with the number of RSUs calculated by dividing $190,000 by the closing price of our common stock on the grant date and rounding up to nearest whole number of shares of common stock underlying the RSUs), which vest with respect to 1/12 of the RSUs upon the end of each

calendar month following the date of the grant, subject to the Ms. Iohan's continued service on the Board.

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GRANTS OF PLAN BASED AWARDS TABLE FOR FISCAL 2017

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards(1)			All Other Stock Awards: Number of Shares of Stock or Units (#)	Grant Date Fair Value of Stock Awards ($)
		Threshold ($)	Target ($)	Maximum ($)		
Yakov Faitelson	-	360,000	400,000	460,000	-	-
	2/13/2017	-	-	-	65,000	1,831,050
Guy Melamed	-	72,000(2)	80,000(2)	92,000(2)	-	-
	2/13/2017	-	-	-	85,000	2,394,450
James O'Boyle	-	-	310,000	-	-	-
	2/13/2017	-	-	-	25,000	704,250
Eric Mann	-	-	350,000	-	-	-
Gili Iohan(4)	-	40,000(3)	44,000(3)	50,600(3)	-	-

(1) Actual annual incentive amounts and, in the cases of Messrs. O'Boyle and Mann, sales commission amounts, are shown in the Summary Compensation Table.

(2) Represents the annual incentive opportunity granted to Mr. Melamed, at threshold, target and at maximum, as indicated, for the portion of the fiscal year after his appointment to the office of Chief Financial Officer.

(3) Represents the annual incentive opportunity granted to Ms. Iohan, at threshold, target and at maximum, as indicated, while she served as a named executive officer of the Company. Based upon Ms. Iohan's resignation, she was entitled to earn the bonus payable for the first quarter of fiscal 2017 only.

(4) The grant date fair market value of stock awards granted in the form of 5,439 restricted stock units on May 9, 2017 to Ms. Iohan in her capacity as a member of the board of directors are shown in the "All Other Compensation" column of Summary Compensation Table.

EXECUTIVE EMPLOYMENT AGREEMENTS

On February 10, 2014, in connection with our initial public offering, we entered into employment agreements with Messrs. Faitelson and O'Boyle; and effective April 1, 2017, we entered into an employment agreement with Mr. Melamed, which was amended on February 8, 2018 in connection with Mr. Melamed's appointment as Chief Operating Officer in addition to his position as Chief Financial Officer. The employment agreements of Mr. Mann and Ms. Iohan are no longer in effect as of Mr. Mann's termination of employment effective as of May 2, 2017 and Ms. Iohan's resignation as of March 31, 2017. Ms. Iohan became a member of the board of directors effective April 1, 2017.

The current employment agreements with each of Messrs. Faitelson and O'Boyle became effective upon the completion of our initial public offering. According to the employment agreements each executive will receive an annual base salary, which may be increased during the employment term (but not decreased other than pursuant to an across-the-board reduction that applies to all employees or to senior executives), in the sole discretion of the Compensation Committee. The current base salaries of Messrs. Faitelson and O'Boyle are $560,000 and $350,000, respectively. With respect to Mr. Faitelson, the employment agreement also provides for an annual target bonus opportunity. Mr. Faitelson's current annual target bonus opportunity is $440,000. With respect to Mr. O'Boyle, the employment agreement provides for an annual target commission bonus opportunity. Mr. O'Boyle's current annual target commission bonus opportunity is $350,000. Unless terminated earlier, the employment agreements have an initial term of three years following the effective date, subject to automatic one-year renewals unless either party provides ninety days' written notice to the other prior to the expiration of the term.

The current employment agreement with Mr. Melamed provides that Mr. Melamed will receive an annual base salary, which may be increased during the employment term (but not decreased other than pursuant to an across-the-board reduction that applies to all employees or to senior executives), in the sole discretion of the Compensation Committee. Mr. Melamed's current base salary is $400,000. The employment agreement with Mr. Melamed also provides for an annual target bonus opportunity. Mr. Melamed's current target bonus opportunity is $250,000. Unless terminated earlier, the employment agreement has an initial term of three years following the effective date, subject to automatic one-year renewals unless either party provides ninety days' written notice to the other prior to the expiration of the term.

PENSION AND NON-QUALIFIED DEFERRED COMPENSATION PLANS

We did not maintain a pension plan or non-qualified deferred compensation plan for any of our named executive officers in fiscal year 2017.

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR END 2017

The following table shows information regarding outstanding equity awards held by each named executive officer as of our fiscal year end, December 31, 2017.

		Option Awards				Stock Awards	
Name	**Grant Date**	**Number of Securities Underlying Unexercised Options (#) Exercisable**	**Number of Securities Underlying Unexercised Options (#) Unexercisable**	**Option Exercise Price ($)**	**Option Expiration Date**	**Number of Shares or Units of Stock That Have Not Vested (#)**	**Market Value of Shares or Units of Stock That Have Not Vested ($)(1)**
Yakov Faitelson	1/15/2009	176,950	-	1.256	1/15/2019	-	-
	6/25/2009	52,560	-	1.256	6/25/2019	-	-
	8/5/2009	68,949	-	1.256	8/5/2019	-	-
	2/27/2012	7,356	-	8.80	2/27/2022	-	-
	8/7/2014	70,834	14,166(2)	21.00	8/7/2024	-	-
	2/20/2015	24,792	10,208(3)	29.88	2/20/2025	17,500(4)	849,625
	2/17/2016	9,166	10,834(3)	16.87	2/17/2026	15,000(5)	728,250
	2/13/2017	-	-	-	-	65,000(6)	3,155,750

Guy Melamed	3/21/2014	125	187(3)	39.86	3/21/2024	-	-
	5/12/2014	209	520(3)	22.01	5/12/2024	-	-
	8/7/2014	104	416(3)	21.00	8/7/2024	-	-
	11/11/2014	83	458(3)	21.66	11/11/2024	-	-
	2/20/2015	167	1,166(3)	29.88	2/20/2025	2,000(4)	97,100
	5/11/2015	209	1,770(3)	19.51	5/11/2025	2,500(7)	121,375
	2/17/2016	-	-	-	-	3,750(5)	182,063
	2/13/2017	-	-	-	-	85,000(6)	4,126,750
James O'Boyle	4/17/2013	6,500	-	12.47	4/17/2023	-	-
	3/21/2014	2,813	187(3)	39.86	3/21/2024	-	-
	5/12/2014	22,396	2,604(3)	22.01	5/12/2024	-	-
	2/20/2015	5,667	2,333(3)	29.88	2/20/2025	4,000(4)	194,200

	2/17/2016	6,875	8,125(3)	16.87	2/17/2026	11,250(5)	546,188
	2/13/2017	-	-	-	-	25,000(6)	1,213,750
Eric Mann	-	-	-	-	-	-	-
Gili Iohan	10/1/2010	7,500	-	1.25	6 10/1/2020	-	-
	4/17/2013	750	-	12.47	4/17/2023	-	-
	3/21/2014	125	188(3)	39.86	3/21/2024	-	-
	5/12/2014	6,483	2,604(3)	22.01	5/12/2024	-	-
	2/20/2015	3,009	3,791(3)	29.88	2/20/2025	6,500(4)	315,575
	2/17/2016	6,875	8,125(3)	16.87	2/17/2026	11,250(5)	546,187
	5/9/2017	-	-	-	-	2,263(8)	109,869

(1) Represents the market value of the unvested shares subject to RSUs based on the closing price of our common stock on December 29, 2017 (the last trading day of our fiscal year), which was $48.55 per share.

(2) 1/48th of the shares subject to the option vests each month on the same day of the month as the grant date (and if there is no corresponding day, on the last day of the month), subject to Mr. Faitelson continuing to be employed by us through each such date.

(3) 25% of the option award vests on the first anniversary of grant, and an additional 1/48th of the shares subject to the option vests at the end of each one-month period thereafter, subject to the optionee continuing to be employed by us through each such date.

(4) The shares subject to the RSU award will vest, and an equal number of shares of our common stock will be deliverable to the grantee, in four equal annual installments upon the last calendar day of the month of February beginning on February 29, 2016, subject to the grantee continuing to be employed by us through each such date.

(5) The shares subject to the RSU award will vest, and an equal number of shares of our common stock will be deliverable to the grantee, in four equal annual installments upon the last calendar day of the month of February beginning on February 28, 2017, subject to the grantee continuing to be employed by us through each such date.

(6) The shares subject to the RSU award will vest, and an equal number of shares of our common stock will be deliverable to the grantee, in four equal annual installments upon the last calendar day of the month of February beginning on February 28, 2018, subject to the grantee continuing to be employed by us through each such date.

(7) The shares subject to the RSU award will vest, and an equal number of shares of our common stock will be deliverable to the grantee, in four equal annual installments upon the last calendar day of the month of May beginning on May 31, 2016, subject to the grantee continuing to be employed by us through each such date.

(8) Ms. Iohan received an RSU award grant in connection with her service as a member of the Board beginning April 1, 2017. The shares subject to the RSU award will vest, and an equal number of shares of our common stock will settle with respect to 1/12 of the RSUs upon the end of each calendar month following the date of the grant, subject to the Ms. Iohan's continued service on the Board. The number of shares subject to the RSU award includes 453 shares that were released on the first business day following December 31, 2017.

OPTION EXERCISES AND STOCK VESTED TABLE FOR FISCAL 2017

	Option Awards		**Stock Awards**	

Name	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise ($)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting ($)
Yakov Faitelson	-	-	13,750	376,750
Guy Melamed	26,087	564,949	3,500	107,088
James O'Boyle	-	-	5,750	157,550
Eric Mann	24,791	516,460	21,250	582,250
Gili Iohan	148,424	5,147,849	10,619	342,873

POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL

Termination Provisions of Employment Agreements

Upon a termination by us without "cause" (as defined in the respective employment agreements) or upon a termination by the executive for "good reason" (as defined in the respective employment agreements) and provided that the executive signs and does not revoke a general release of claims, the executive will be entitled to the following severance benefits: (i) with respect to Messrs. Faitelson and O'Boyle, a lump sum payment equal to one times the executive's base salary, and with respect to Mr. Melamed, a lump sum payment equal to one-half times Mr. Melamed's base salary, and (ii) with respect to Messrs. Faitelson and Melamed, an amount equal to a pro rata portion of the annual bonus that each would have earned for the year of termination based on actual performance, and with respect to Mr. O'Boyle, an amount equal to the amount of the annual commissions earned but not paid prior to his date of termination. Upon a termination by us without "cause" or upon a termination by the executive for "good reason" within the one-year period following a "change in control" (as defined in the respective employment agreements) and provided that the executive signs and does not revoke a general release of claims, the executive will be entitled to the following enhanced severance benefits: (i) for Messrs. Faitelson and O'Boyle, a lump sum payment equal to one and a half times the executive's base salary and for Mr. Melamed, a lump sum payment equal to one times his base salary, (ii) for Messrs. Faitelson and Melamed, an amount equal to the executive's target annual bonus for the year of termination, and for Mr. O'Boyle, an amount equal to his target annual commission opportunity for the year of termination to the extent not previously paid, and (iii) immediate vesting of all of the executive's outstanding equity-based awards (referred to as "double trigger" vesting).

If the executive's employment is terminated by us for cause, due to death or "disability" (as defined in the respective employment agreements) or due to the executive's resignation without good reason, the executive will not be entitled to any further compensation or benefits other than any accrued but unpaid base salary, reimbursement for any business expenses properly incurred by executive prior to the date of termination and vested benefits, if any, to which the executive may be entitled under the terms of the Company's employee benefit plans as of the date of termination.

The Company does not provide gross-up payments with respect to "excess parachute payments" under Section 280G of the Internal Revenue Code.

The employment agreements contain standard twelve-month post-termination non-competition and non-solicitation covenants. If the executive breaches any of the restrictive covenants, we are not required to make any of the severance payments listed above, and we can require the executive to repay any of the severance payments previously made.

Treatment Under Equity Plans

The outstanding and unvested equity awards held by our named executive officers are governed by the terms of the 2013 Plan. Under the terms of the 2013 Plan, if an outstanding award is continued, assumed, or substituted in connection with a "change in control" (as defined in the 2013 Plan and related agreements), then if the participant's employment is terminated without cause within 12 months of the change in control, all of the participant's outstanding equity awards that have not yet vested will immediately vest and become exercisable and all restrictions on such awards will immediately lapse.

Under the 2013 Plan, if an outstanding award is not continued, assumed, or substituted in connection with the change in control, then such award will immediately vest and become exercisable and all restrictions on such awards will immediately lapse (if applicable, assuming achievement at the target level of performance for any awards subject to performance-based vesting conditions).

Quantification

The tables below reflect the amount of compensation that would have been payable to each of our named executive officers under any contract, agreement, plan, or arrangement with us that provides for any payment to such executive in the event of termination of such executive's employment or termination in connection with a change in control of the Company, in each case assuming the termination and change in control occurred effective as of December 29, 2017, the last business day of our last completed fiscal year. The amount of compensation payable to each named executive officer upon "involuntary termination without cause or for good reason," and "involuntary termination without cause or termination for good reason following change in control," as applicable, is shown below. We have prepared the tables based on the closing price of our common stock on the last business day of our 2017 fiscal year.

Named Executive Officer Benefits and Payments upon Termination

Name	**Involuntary Termination Without Cause or for Good Reason[1]**	**Involuntary Termination Without Cause or Termination for Good Reason Following a Change in Control[2]**
Yakov Faitelson	$ 400,000	$ 1,000,000
Guy Melamed	$ 150,000	$ 400,000
James O'Boyle	$ 310,000	$ 775,000

(1) Includes a lump sum payment equal to one times base salary (or, in Mr. Melamed's case, one-half times base salary).

(2) Includes (i) a lump sum payment equal to one and a half times base salary (or, in Mr. Melamed's case, one times base salary) and (ii) an amount equal to the executive's target annual bonus for the year of termination (or, in Mr. O'Boyle's case, target annual commission opportunity for the year of termination to the extent not previously paid), as detailed in the table below.

Name	Lump Sum Cash Payment	Target Bonus Payment
Yakov Faitelson	$ 600,000	$ 400,000
Guy Melamed	$ 300,000	$ 100,000
James O'Boyle	$ 465,000	$ 310,000

Acceleration of Vesting of Options and RSUs upon Termination

	Change in Control[1]		**Involuntary Termination within One Year of Change in Control[2]**	
Name	Number of Shares Underlying Accelerated RSUs and Options	Value of Shares Underlying Accelerated RSUs and Options	Number of Shares Underlying Accelerated RSUs and Options	Value of Shares Underlying Accelerated RSUs and Options
Yakov Faitelson	-	-	132,708	$ 4,733,625
Guy Melamed	-	-	97,767	$ 4,527,288
James O'Boyle	-	-	53,499	$ 1,954,138

(1) None of our named executive officers is entitled to single trigger vesting of equity awards.

(2) Acceleration of the outstanding equity awards would also occur in the event that the awards are not assumed or substituted by the acquiring company in the change in control transaction. In the event that outstanding equity awards are assumed or substituted in connection with the change in control transaction, the outstanding awards would vest on a double trigger basis, requiring a qualifying termination of employment upon or following the change in control.

Executive Officer Departures in 2017

In connection with his termination of employment effective May 2, 2017, Mr. Mann received a lump sum severance payment equal to $200,000 pursuant to the terms of our employment agreement with Mr. Mann, subject to his execution of a general release. A total of $34,190 in earned commissions was subsequently paid to Mr. Mann upon collection pursuant to the terms of the commission bonus agreement with Mr. Mann.

DIRECTOR COMPENSATION

The following table sets forth information regarding compensation earned by or paid to our non-employee directors during 2017:

Name[1]	Fees Earned or Paid in Cash ($)	Stock Awards[2]($)	Total ($)
Kevin Comolli	48,000	190,015	238,015
John J. Gavin Jr.	53,500	190,015	243,515
Thomas F. Mendoza	30,000	190,015	220,015
Ofer Segev	37,500	190,015	227,515
Rona Segev-Gal	38,500	190,015	228,515
Fred Van Den Bosch	37,500	190,015	227,515

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(1) Ms. Iohan, who is not included in the Director Compensation Table above, ceased to serve as Chief Financial Officer effective March 31, 2017 and began serving as a member of the Board effective April 1, 2017. The "All Other Compensation" column of the Summary Compensation Table beginning on page 30 of this proxy statement reflects Ms. Iohan's compensation in respect of her service as a member of the board of directors.

(2) Represents the grant date fair value of the RSU awards granted on May 9, 2017. The following table shows the aggregate number of stock options and RSU awards held by each of our non-employee directors as of December 31, 2017:

Director	Options (#)	Restricted Stock Units (#)
Kevin Comolli	-	2,263
John J. Gavin Jr.	33,000	2,263
Thomas F. Mendoza	-	2,263
Ofer Segev	-	2,263
Rona Segev-Gal	-	2,263
Fred Van Den Bosch	10,000	2,263

We have a policy of reimbursing our directors for their reasonable out-of-pocket expenses incurred in attending Board and Board committee meetings. None of our employee directors receives additional compensation for his or her service on the Board.

Non-employee directors receive the following cash compensation for Board and Board committee services, as applicable, paid on a quarterly basis:

- $30,000 per year for service as a Board member;
- $20,000 per year for service as the chair of the Audit Committee and $7,500 per year for service as a member (other than as chair) of the Audit Committee;
- $10,500 per year for service as the chair of the Compensation Committee and $5,000 per year for service as a member (other than as chair) of the Compensation Committee; and
- $7,500 per year for service as the chair of the Nominating and Corporate Governance Committee and $3,500 per year for service as a member (other than as chair) of the Nominating and Corporate Governance Committee.

In addition, each non-employee director is entitled to receive an award of restricted stock units under the 2013 Plan in the amount of $190,000 each year following the date of our Annual Meeting of Stockholders (which, in 2017, resulted in a grant of 5,439 RSUs (calculated by dividing $190,000 by the closing price of our common stock on the grant date and rounding up to nearest whole number of shares of common stock underlying the RSUs). Each such RSU will vest with respect to 1/12 of the RSUs upon the end of each calendar month following the date of the grant, subject to the director’s continued service on the Board.

EQUITY COMPENSATION PLAN INFORMATION

The following table sets forth the number of shares of our common stock subject to outstanding stock options and RSUs under the 2013 Plan and our 2005 Stock Plan, as amended, the weighted average exercise price of outstanding stock options and the number of shares remaining available for future grants under the 2013 Plan and for future purchases under our 2015 Employee Stock Purchase Plan (the "ESPP") as of December 31, 2017. Future grants may not be made pursuant to the 2005 Stock Plan. In the event of certain changes in our capitalization, such as a reorganization, stock split, merger or similar change in our corporate structure or the number of outstanding shares of our common stock, our Compensation Committee will make appropriate adjustments to (i) under our 2013 Plan, the aggregate and individual share limits and to the number, class and/or exercise price under outstanding awards in order to prevent undue diminution or enlargement of the benefits or potential benefits available and (ii) under our ESPP, the number and class of shares or other securities that are reserved for issuance and the option price.

Plan Category	**Number of Securities to be Issued upon Exercise of Outstanding Options and RSUs**	**Weighted Average Exercise Price of Outstanding Options**	**Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (excluding securities reflected in the first column)[1][2]**
Equity compensation plans approved by security holders	3,506,591	$16.17[3]	558,981[4]
Equity compensation plans not approved by security holders	-	-	-
Total	3,506,591	$16.17	558,981

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(1) The Company initially reserved 1,904,633 shares of common stock for issuance under the 2013 Plan. The number of shares of common stock available for issuance under the 2013 Plan was increased on January 1, 2017, and will be increased each January 1 thereafter, by four percent (4%) of the number of shares of our common stock issued and outstanding on each December 31 immediately prior to the date of increase, except that the amount of each increase will be limited to the number of shares of common stock necessary to bring the total number of shares of our common stock available for grant and issuance under the 2013 Plan to five percent (5%) of the number of shares of common stock issued and outstanding on each such December 31. On January 1, 2016, 2017 and 2018, the share reserve under the 2013 Plan was automatically increased by 1,042,766, 1,072,870 and 1,125,846 shares, respectively.

(2) The Company initially reserved 500,000 shares of common stock for purchase under the ESPP. The number of shares of common stock available for issuance under the ESPP was increased on January 1, 2016, and will be increased each January 1 thereafter, by an amount equal to the lesser of (i) one percent (1%) of the number of shares of common stock issued and outstanding on each December 31 immediately prior to the date of increase, except that the amount of each such increase will be limited to the number of shares of common stock necessary to

bring the total number of shares of common stock available for issuance under the ESPP to two percent (2%) of the number of shares of common stock issued and outstanding on each such December 31, or (ii) 400,000 shares of common stock. On January 1, 2016, 2017 and 2018, the share reserve under the ESPP was automatically increased by 21,383, 158,695 and 188,813 shares, respectively.

(3) Since RSU awards have no exercise price, they are not included in the weighted-average exercise price calculation in this column.

(4) Represents, as of December 31, 2017, 184,871 shares of common stock that remained available for issuance under the 2013 Plan and 374,110 shares of common stock that remained available for purchase under the ESPP.

TRANSACTIONS WITH RELATED PERSONS

We describe below transactions and series of similar transactions, since the beginning of our last fiscal year, to which we were a party or will be a party, in which:

- the amounts involved exceeded or will exceed $120,000; and

- any of our directors, executive officers or beneficial holders of more than 5% of any class of our capital stock had or will have a direct or indirect material interest.

Other than as described below, there has not been, nor is there any currently proposed, transactions or series of similar transactions to which we have been or will be a party.

Employment Arrangements and Indemnification Agreements

We have entered into employment arrangements with certain current executive officers. See “Executive Compensation.”

We have also entered into indemnification agreements with certain directors and officers. The indemnification agreements and our certificate of incorporation and bylaws require us to indemnify our directors and officers to the fullest extent permitted by Delaware law.

Sales Agent Agreement with NetApp

Mr. Thomas Mendoza is a member of our Board. Mr. Mendoza is also vice chairman of NetApp, Inc. (“NetApp”). We have entered into a Sales Agent Agreement with NetApp, under which NetApp acts as our non-exclusive sales agent to promote the Company’s products to possible customers. In 2017, NetApp earned $560,204 pursuant to this agreement, of which $107,581 was paid in 2017 and the remainder will be paid after collection.

Policies and Procedures for Related Person Transactions

We have adopted a written related person transactions policy that our executive officers, directors, nominees for election as a director, 5% stockholders, and any members of the immediate family of and any entity affiliated with any of the foregoing persons, are not permitted to enter into a transaction with us without the prior consent of our Audit Committee, or other independent members of the Board in the event it is inappropriate for our Audit Committee to review such transaction due to a conflict of interest. Any request for us to enter into a transaction with an executive officer, director, nominee for election as a director, 5% stockholder or any of their immediate family members or affiliates, in which the amount involved exceeds $120,000 must first be presented to our Audit Committee for review, consideration and approval. In approving or rejecting any such proposal, our Audit Committee will consider all facts and information that is available and deemed relevant by the Audit Committee, including, but not limited to, whether the transaction is on terms no less favorable than terms generally available to an unaffiliated third party under the same or similar circumstances and the extent of the related person's interest in the transaction.

HOUSEHOLDING OF PROXY MATERIALS

The SEC has adopted rules that permit companies and intermediaries (e.g., brokers) to satisfy the delivery requirements for Notices of Internet Availability of Proxy Materials or other Annual Meeting materials with respect to two or more stockholders sharing the same address by delivering a single Notice of Internet Availability of Proxy Materials or other Annual Meeting materials addressed to those stockholders. This process, which is commonly referred to as "householding," potentially means extra convenience for stockholders and cost savings for companies.

This year, a number of brokers with account holders who are Varonis stockholders will be "householding" our proxy materials. A single Notice of Internet Availability of Proxy Materials will be delivered to multiple stockholders sharing an address unless contrary instructions have been received from the affected stockholders. Once you have received notice from us (if you are a stockholder of record) or from your broker (if you are a beneficial owner) that we or they will be "householding" communications to your address, "householding" will continue until you are notified otherwise or until you revoke your consent. If, at any time, you no longer wish to participate in "householding" and would prefer to receive a separate Notice of Internet Availability of Proxy Materials, or if you currently receive multiple copies and would like to request "householding" of your communications, please notify your broker or us by contacting our General Counsel at 1250 Broadway, 29th Floor, New York, NY 10001, or (877) 292-8767.

OTHER MATTERS

When are stockholder proposals and director nominations due for next year's Annual Meeting?

To be considered for inclusion in next year's proxy materials, your proposal must be submitted in writing and be received by our General Counsel at 1250 Broadway, 29th Floor, New York, NY 10001, no later than the close of business on November 16, 2018, and must comply with all applicable requirements of Rule 14a-8 promulgated under the Exchange Act. If, however, our 2019 Annual Meeting of Stockholders is called for a date that is not within 30 days before or after the anniversary of our 2018 Annual Meeting of Stockholders, then the deadline is a reasonable amount of time before we begin to print and mail the Proxy Statement for the 2019 Annual Meeting of Stockholders.

If you wish to submit a proposal (including a director nomination) at the 2019 Annual Meeting of Stockholders that is not to be included in next year's proxy materials, the proposal must be received by our General Counsel not later than the close of business on February 10, 2019 nor earlier than the close of business on January 11, 2019. The notice must contain certain information as specified in our bylaws. If, however, our 2019 Annual Meeting of Stockholders is called for a date that is not within 25 days before or after the anniversary of our 2018 Annual Meeting of Stockholders, then the deadline is not later than the close of business on the tenth (10th) day following the day on which such notice of the date of the Annual Meeting was mailed or such public disclosure of the date of the annual meeting was made, whichever first occurs.

In no event shall the adjournment or postponement of an Annual Meeting, or the public announcement of such an adjournment or postponement, commence a new time period (or extend any time period) for the giving of a stockholder's notice as described above.

You are also advised to review our bylaws, which contain additional requirements about advance notice of stockholder proposals and director nominations.

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The Board knows of no other matters that will be presented for consideration at the Annual Meeting. If any other matters are properly brought before the meeting, it is the intention of the persons named in the accompanying proxy to vote on such matters in accordance with their best judgment.

Stockholders may contact the Board by writing to them c/o our General Counsel at 1250 Broadway, 29th Floor, New York, NY 10001, and such mail will be forwarded to the director or directors, as the case may be.

By Order of the Board of Directors

/s/ Yakov Faitelson
Yakov Faitelson
Chief Executive Officer, President
and Chairman of the Board

A copy of our Annual Report to the SEC on Form 10-K for the fiscal year ended December 31, 2017 is available without charge upon written request to: Varonis Systems, Inc., Attn: Legal Department, 1250 Broadway, 29th Floor, New York, NY 10001.

VOTE BY INTERNET - www.proxyvote.com
Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M. Eastern Time the day before the cut - off date or meeting date. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

VARONIS SYSTEMS, INC. 1250 BROADWAY, 29TH FLOOR NEW YORK, NY 10001

ELECTRONIC DELIVERY OF FUTURE PROXY MATERIALS
If you would like to reduce the costs incurred by our company in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access proxy materials electronically in future years.

VOTE BY PHONE - 1-800-690-6903
Use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. Eastern Time the day before the cut - off date or meeting date. Have your proxy card in hand when you call and then follow the instructions.

VOTE BY MAIL
Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

KEEP THIS PORTION FOR YOUR RECORDS

DETACH AND RETURN THIS PORTION ONLY

THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.

	For All	Withhold All	For All Except	
The Board of Directors recommends you vote FOR the following:				To withhold authority to vote for any individual nominee(s), mark “For All Except” and write the number(s) of the nominee(s) on the line below.

1. To elect the three nominees for director named below to the Board of Directors to hold office until the 2021 Annual Meeting of Stockholders.

Nominees

01 Gili Iohan 02 Ofer Segev 03 Rona Segev-Gal

The Board of Directors recommends you vote FOR **the following proposal:**	For	Against	Abstain
2. Advisory vote to approve the Company's executive compensation, as disclosed in the proxy statement			

The Board of Directors recommends you vote 1 YEAR on the following proposal:	1 year	2 years	3 years	Abstain
3. Advisory vote on the frequency of holding an advisory vote on executive compensation.				

The Board of Directors recommends you vote FOR proposals 4 and 5:	For	Against	Abstain
4. To ratify the appointment by the Audit Committee of the Board of Directors of Kost Forer Gabbay & Kasierer, a member of Ernst & Young Global Limited, as the independent registered public accounting firm of the Company for the fiscal year ending December 31, 2018.			
5. To conduct any other business properly brought before the meeting.			

Please sign exactly as your name(s) appear(s) hereon. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should

each sign personally. All holders must sign. If a corporation or partnership, please sign in full corporate or partnership name by authorized officer.

Signature [PLEASE SIGN WITHIN BOX]	Date	Signature (Joint Owners)	Date

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting:

The Notice and Proxy Statement and Form 10-K are available at www.proxyvote.com

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VARONIS SYSTEMS INC.
Annual Meeting of Stockholders
April 26, 2018 4:00 P.M.
This proxy is solicited by the Board of Directors

The stockholder(s) hereby appoint(s) Yakov Faitelson and Guy Melamed, or either of them, as proxies, each with the power to appoint his/her substitute, and hereby authorizes them to represent and to vote, as designated on the reverse side of this ballot, all of the shares of Common Stock of VARONIS SYSTEMS, INC. that the stockholder(s) is/are entitled to vote at the Annual Meeting of Stockholder(s) to be held at 4:00 PM, EDT, on April 26, 2018, at the

offices of Skadden, Arps, Slate, Meagher & Flom LLP, Four Times Square, New York, NY 10036, and any adjournment or postponement thereof.

This proxy, when properly executed, will be voted in the manner directed herein. If no such direction is made, this proxy will be voted in accordance with the Board of Directors' recommendations.

Continued and to be signed on reverse side