

# CARBONITE INC

## **FORM 8-K** (Current report filing)

Filed 12/16/15 for the Period Ending 12/15/15

Address	TWO AVENUE DE LAFAYETTE BOSTON, MA 02111
Telephone	6175871140
CIK	0001340127
Symbol	CARB
SIC Code	7374 - Computer Processing and Data Preparation and Processing Services
Industry	Computer Services
Sector	Technology
Fiscal Year	12/31

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

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**FORM 8-K**

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**CURRENT REPORT**  
**Pursuant to Section 13 or 15(d)**  
**of the Securities Exchange Act of 1934**

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**Date of Report (Date of earliest event reported): December 15, 2015**

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**CARBONITE, INC.**

(Exact name of registrant as specified in its charter)

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**Delaware**  
(State or other jurisdiction  
of incorporation)

**001-35264**  
(Commission  
File Number)

**33-1111329**  
(IRS Employer  
Identification No.)

**Two Avenue de Lafayette, Boston, Massachusetts 02111**  
(Address of principal executive offices, including ZIP code)

**(617) 587-1100**  
(Registrant's telephone number, including area code)

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 C.F.R. §230.425)
  - ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 C.F.R. §230.14a-12)
  - ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 C.F.R. §14d-2(b))
  - ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 C.F.R. §13e-4(c))
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**Item 1.01                      Entry into a Material Definitive Agreement.**

On December 15, 2015, Carbonite, Inc. (the “Company”) and its wholly owned subsidiaries Carbonite Cloud Backup (Canada) Inc. (“Carbonite Canada”), Carbonite GmbH (“Carbonite Switzerland”), and Carbonite Operations BV (“Carbonite Netherlands”) (collectively, the “Carbonite Buyer Parties”) entered into an Asset Purchase Agreement (the “Agreement”) with EVault, Inc. (“EVault”) and Seagate Technology (US), Inc. as sole shareholder of EVault, pursuant to which the Carbonite Buyer Parties will acquire substantially all of the assets utilized in EVault’s operations for a purchase price of \$14 million in cash. The Company expects to complete the acquisition of the assets used in the North American operations of EVault in January of 2016, subject to customary closing conditions, and expects to complete the acquisition of the assets used in the EU operations of EVault in the first quarter of 2016, subject to applicable laws, compliance requirements and customary closing conditions. The Agreement contains customary representations, warranties and covenants.

**Item 5.02(c)                      Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.**

On December 16, 2015, the Company announced that Mr. Paul Mellinger has been appointed as Senior Vice President of the Company’s EVault business, effective January 4, 2015. Since January 2013, Mr. Mellinger, age 54, has served as the Vice President of Software Sales at International Business Machines Corporation (“IBM”), where he was primarily responsible for leading IBMs worldwide team of software client leaders. During his time at IBM, Mr. Mellinger also served as Vice President of Sales and Integration for Cognos, a software division of IBM, from June 2008 to December 2012, Vice President of Software Sales, Asia Pacific from June 2006 to June 2008 and as Vice President, Software Sales, North America from January 2003 to June 2006. There are no family relationships required to be disclosed pursuant to Item 401(d) of Regulation S-K or transactions with related persons required to be disclosed pursuant to Item 404(a) of Regulation S-K involving Mr. Mellinger.

On December 15, 2015, the Company entered into an offer letter agreement with Mr. Mellinger setting forth the terms of his employment as the Company’s Senior Vice President of EVault. The offer letter agreement provides for an annual base salary of \$300,000, subject to increases and modifications as determined by our board of directors or its compensation committee. The offer letter agreement also provides for a sign-on bonus of \$60,000 payable after ninety days of employment, of which Mr. Mellinger is obligated to repay a prorated amount in the event that he voluntarily terminates his employment within one year from its commencement. Mr. Mellinger will be eligible to participate in the Company’s executive incentive bonus plan and in other benefit programs that the Company establishes and makes available to its employees from time to time, to the same extent available to similarly situated employees of the Company.

Pursuant to the offer letter agreement, Mr. Mellinger will also be granted restricted stock units equal in value to \$200,000 of the fair market value of the Company’s common stock on the date of grant, which restricted stock units shall vest in 25% annual installments beginning on the first anniversary of employment, contingent upon Mr. Mellinger’s continued employment with the Company. If, during the first twelve months after a change of control of the Company, Mr. Mellinger is terminated without cause or is constructively terminated by the Company, all of Mr. Mellinger’s then-unvested equity shall vest immediately prior to the termination date.

In addition, if Mr. Mellinger’s employment is terminated by the Company within his first year of employment without cause or if Mr. Mellinger is constructively terminated by the Company, he will be entitled to receive a payment in an amount equal to (i) three times his then-current monthly base salary plus (ii) three times the monthly amount that the Company paid for his participation in the Company’s health insurance plan during the month immediately preceding the termination date, in each case subject to Mr. Mellinger’s valid execution and delivery of a full release in favor of the Company. If Mr. Mellinger’s employment is terminated by the Company after his first year of employment without cause or if Mr. Mellinger is constructively terminated by the Company, he will be entitled to receive a payment equal to (i) six times his then-current monthly base salary plus (ii) six times the monthly amount that the Company paid for his participation in the Company’s health insurance plan during the month immediately preceding the termination date, in each case subject to Mr. Mellinger’s valid execution and delivery of a full release in favor of the Company.

The foregoing summary of Mr. Mellinger’s offer letter agreement is summary in nature and is qualified in its entirety by reference to the offer letter agreement, a copy of which is attached hereto as Exhibit 10.1 and incorporated herein by reference.

**Item 7.01                      Financial Statements and Exhibits.**

On December 16, 2015, the Company issued a press release announcing the execution of the Agreement and the transactions contemplated by the Agreement. A copy of the press release is attached hereto as Exhibit 99.1 and incorporated herein by reference.

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In connection with the issuance of the press release announcing the execution of the Agreement and the transactions contemplated by the Agreement, the Company is holding a public conference call and webcast on December 16, 2015, at 8:30 a.m. EST, during which the Company will provide the investor presentation attached as Exhibit 99.2 to this Current Report. The presentation will also be posted on the investor relations portion of the Company's website.

The information contained herein and in Exhibit 99.1 and Exhibit 99.2 shall not be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing, unless expressly incorporated by specific reference to such filing. The information in this Item 7.01, including the exhibit referenced herein, shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section or Sections 11 and 12(a) (2) of the Securities Act of 1933, as amended.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits.

10.1 Offer Letter Agreement with Paul Mellinger, dated December 15, 2015

99.1 Press Release dated December 16, 2015

99.2 Investor Presentation dated December 16, 2015

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## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized on December 16, 2015.

CARBONITE, INC.

By:	<u>/s/ Danielle Sheer</u>
Name:	Danielle Sheer
Title:	General Counsel, Vice President and Corporate Secretary

December 15<sup>th</sup>, 2015**OFFER LETTER**

Dear Paul,

It is a pleasure to offer you a position on the Carbonite team! This Offer Letter serves to confirm the details of our employment offer as follows:

<b>Position :</b>	<b>SVP, eVault</b>
<b>Status :</b>	<b>Full-time, Regular, Exempt</b>
<b>Reporting to:</b>	<b>Chief Executive Officer</b>
<b>Compensation :</b>	<p>Base salary of <b>\$12,500</b> semi-monthly, which is the equivalent of <b>\$300,000</b> annually, paid in accordance with the Company's normal payroll procedures.</p> <p>All forms of compensation which are referred to in this offer letter are subject to reduction to reflect applicable withholding, payroll and other required taxes and deductions. Please note that Carbonite may modify salaries and benefits from time to time as it deems necessary.</p>
<b>Bonus :</b>	You will be eligible for an incentive bonus of 45 % of your base salary. The timing and amount of any bonus is subject to the discretion and approval of the Compensation Committee of the Board of Directors.
<b>Sign-On Bonus:</b>	You will be eligible for a onetime <b>\$60,000</b> sign-on bonus payable within the first regularly scheduled payroll cycle following your 90th day of employment. The sign-on bonus will be subject to all applicable taxes and withholdings. You agree to repay the sign-on bonus on a pro-rated basis if you leave Carbonite within one year of your hire date.
<b>Benefits :</b>	<b>See Appendix A</b>
<b>Equity:</b>	\$200,000 in value of Restricted Stock Units of Carbonite's common stock vesting over four years with 25% vesting on your first anniversary of employment and the balance vesting in equal annual installments thereafter. All equity grants described in this Section are subject to approval by Carbonite's Board of Directors and the specific terms of the options will be governed by Carbonite's stock incentive plan and separate equity award agreement to be entered into by you and Carbonite.
<b>Acceleration of Equity:</b>	If during the first twelve months after a Change of Control (as defined in the 2011 Equity Award Plan) you are terminated without cause or if you voluntarily resign from the company due to "Constructive Termination" (as defined in your existing option agreements), then 100% of your then-unvested equity shall vest immediately prior to the termination date.

**Severance:**

During your first year of employment only, if you are terminated without Cause (as defined below) or are Constructively Terminated (as defined in your existing option agreement), you will be entitled to receive a payment amount equal to (and payable pro rata over such three month period following termination) (i) three times your then current monthly base salary and (ii) three times the monthly amount that the Company paid for your participation in the Company's health insurance plan during the month immediately preceding your termination date, subject to any and all conditions and qualifications contained in this letter.

After your first year of employment, if you are terminated without Cause (as defined below) or are Constructively Terminated (as defined in your existing equity agreements), you will be entitled to receive a payment amount equal to (and payable pro rata over such six month period following termination) (i) six times your then current monthly base salary and (ii) six times the monthly amount that the Company paid for your participation in the Company's health insurance plan during the month immediately preceding your termination date, subject to any and all conditions and qualifications contained in this letter.

"Cause" shall include but shall not be limited to any of the following: (i) a material violation of any Company policy, including but not limited to any policy contained in the Company's Code of Business Conduct and Ethics; (ii) embezzlement from, or theft of property belonging to, the Company or any affiliate; (iii) willful failure to perform, or gross negligence in the performance of, assigned duties; or (iv) other intentional misconduct, whether related to employment or otherwise, which has, or has the potential to have, a material adverse effect on the business conducted by the Company or its affiliate s.

The foregoing amounts shall be made in accordance with the Company's normal payroll practices; provided, however, that the Company shall not make any severance payments unless and until (x) you execute and deliver to the Company a general release in substantially the form attached here at Appendix B (the "Release"), (y) such Release is executed and delivered to the Company within twenty-one (21) days after your termination date and (z) all time periods for revoking the Release have lapsed. If you are terminated during the month of December of any calendar year and are owed severance hereunder, no severance payments shall be made prior to January 1st of the next calendar year and any amount that would have otherwise been payable to you in December of the preceding calendar year will be paid to you on the first date in January on which you would otherwise be entitled to any payment.

Following your termination date, all benefits offered by the Company, including health insurance benefits, shall cease. From and after such date, you may elect to continue your participation in the Company's health insurance benefits at your expense pursuant to COBRA by notifying the Company in the time specified in the COBRA notice you will be provided and paying the monthly premium yourself, subject to as otherwise stated herein. Notwithstanding the above, if you are a "specified employee" within the meaning of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), then any amounts payable to you during the first six months and one day following the date of your termination that constitute nonqualified deferred compensation within the meaning of Section 409A of the Code (as determined by the Company in its sole discretion) shall not be paid to you until the date that is six months and one day following such termination to the extent necessary to avoid adverse tax consequences under Section 409A of the Code.

**At-Will Employment:**

Your employment with Carbonite is for no specified period of time and constitutes "at-will" employment. As a result, you are free to resign at any time, for any reason or for no reason, with or without notice. Similarly, Carbonite is free to conclude its employment relationship with you at any time, with or without cause, and with or without notice.

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**Other Agreements:**

All Carbonite employees are required, as a condition of your employment with Carbonite, to sign, on or before your first day of employment, the Company's Confidentiality, Invention Assignment and Non-Competition Agreement. Please retain a signed copy for your files. We also ask that, if you have not already done so, you disclose to the Company any and all agreements relating to your prior employment that may affect your eligibility to be employed by the Company or that may limit the manner in which you may be employed.

You agree that, during the term of your employment with Carbonite, you will not engage in any other employment, occupation, consulting or other business activity directly related to the business in which Carbonite is now involved or becomes involved during the term of your employment, nor will you engage in any other activities that conflict with your obligations to Carbonite.

This Offer Letter, along with the Carbonite Confidentiality, Invention Assignment and Non-Competition Agreement, set forth the terms of your employment with Carbonite and supersede any prior representations or agreements, whether written or oral.

**Expected Start Date:**

**Monday, January 4<sup>th</sup>, 2016**

**Expiration  
and Modification**

This Offer Letter may not be modified or amended except by a written agreement, signed by the Chief Executive Officer or Chief Financial Officer of Carbonite and by you.

Sincerely,

/s/ Alec Carstensen

**Alec Carstensen**

**VP, HR and Talent Acquisition**

**ACCEPTANCE AND ACKNOWLEDGMENT**

I accept the offer of employment from Carbonite as set forth in the Offer Letter dated December 15, 2015. I understand and acknowledge that my employment with Carbonite is at-will, for no particular term or duration and that I, or Carbonite, may terminate the employment relationship at any time, with or without cause and with or without prior notice. I acknowledge that the Company reserves the right to conduct background investigations and/or reference checks on all of its potential employees, and that my job offer, therefore, is contingent upon a clearance of such a background investigation and/or reference check, if any.

I understand and agree that the terms and conditions set forth in the Offer Letter represent the entire agreement between Carbonite and me superseding all prior negotiations and agreements, whether written or oral. I understand that the terms and conditions described in this Offer Letter, along with the Carbonite Confidentiality, Invention Assignment and Non-Competition Agreement are the terms and conditions of my employment. No one other than Carbonite's Chief Executive Officer or Chief Financial Officer is authorized to sign any employment or other agreement which modifies the terms of the Offer Letter and Carbonite's Carbonite Confidentiality, Invention Assignment and Non-Competition Agreement, and any such modification must be in writing and signed by either such executive.

/s/ Paul Mellinger

Signature:

Name:

Paul Mellinger

Date:

December 15, 2015



## Carbonite to Acquire EVault from Seagate Technology

**BOSTON, MA – December 16, 2015** – Carbonite, Inc. (NASDAQ: CARB), a leading provider of cloud and hybrid business continuity solutions for small and midsize businesses (SMBs), today announced it has entered into an agreement to acquire the business continuity and disaster recovery business of EVault, a division of Seagate Technology (NASDAQ: STX).

EVault is a leading provider of business continuity and disaster recovery solutions designed for SMBs and small enterprises. Together with Carbonite's highly successful line of data protection and recovery products for small businesses and individuals, the company will now provide a full suite of solutions that are cost-effective, easy to use and meet the needs of all SMBs, a market estimated by Carbonite at \$13 billion dollars in the U.S. and over \$40 billion worldwide.

"With this acquisition, Carbonite is taking a big step forward in meeting the data protection and business continuity needs of the entire SMB market from home offices to medium-sized businesses," said Mohamad Ali, President and CEO of Carbonite. "EVault's proven technology, which includes a line of highly scalable appliances and advanced disaster recovery as a service (DRaaS) capabilities, enables us to round out our portfolio and immediately provide the features and functionality larger businesses require to support their complex environments."

As part of the acquisition, EVault, recently named a "Major Player" in the DRaaS market by industry analyst firm IDC, adds the following products to the Carbonite solution suite:

- **EVault Cloud Backup and Recovery** - software-only solution for server backup
- **EVault Backup and Recovery Appliance** - all the benefits of EVault Cloud Backup and Recovery with an appliance form factor for local backup and restore
- **EVault Cloud Resiliency Services** - DRaaS services providing failover in the cloud

"We are excited to combine two powerful, best-of-breed product portfolios to meet the needs of all SMBs" said Anthony Folger, Chief Financial Officer at Carbonite. "We expect the acquisition will be accretive to non-GAAP net income per share in year one and will result in more than 50% of Carbonite's total bookings coming from the sale of SMB products in 2016." Added Folger, "Our strong cash position and ability to efficiently deploy capital was extremely advantageous in our ability to make this opportunistic and strategic acquisition."

### Transaction Details

Carbonite has entered into an agreement to acquire substantially all of the assets of EVault's operations for a purchase price of \$14 million in cash. The company expects to complete the acquisition of the North American assets of EVault in January of 2016, subject to customary closing conditions, and expects to complete the acquisition of the European Union assets of EVault in the first quarter of 2016, subject to applicable laws, compliance requirements and customary closing conditions.

Foley & Lardner LLP and Eversheds LLP acted as legal advisors, William Blair & Company, LLC, acted as lead financial advisor to Carbonite. Wilson Sonsini Goodrich & Rosati and Baker & Mackenzie LLP acted as legal advisors for Seagate Technology.

### Conference Call and Webcast Information

In conjunction with this announcement, Carbonite will host a conference call on Wednesday, December, 16, 2015 at 8:30 a.m. EDT to discuss the expected acquisition. This call will be webcast live and can be found in the investor relations section of the Company's website at <http://investor.carbonite.com>. The conference call can also be accessed by dialing (877) 303-1393 in the United States or (315) 625-3228 internationally with the passcode 9793593.

Following the completion of the call, a recorded replay will be available on the company's website, <http://investor.carbonite.com>, under "Events & Presentations" through December 16, 2016.

### Non-GAAP Financial Measures

This press release contains non-GAAP financial measures including non-GAAP net income per share. Non-GAAP net income per share excludes amortization expense on intangible assets, stock-based compensation expense, litigation-related expense, restructuring-related expense, acquisition-related expense, hostile takeover-related expense, and CEO transition expense.

The Company believes that these non-GAAP measures of financial results provide useful information to management and investors regarding certain financial and business trends relating to the Company's financial condition and results of operations. The Company's management uses these non-GAAP measures to compare the Company's performance to that of prior periods and uses these measures in financial reports prepared for management and the Company's board of directors. The Company believes that the use of these non-GAAP financial measures provides an additional tool for investors to use in evaluating ongoing operating results and trends and in comparing the Company's financial measures with other software-as-a-service companies, many of which present similar non-GAAP financial measures to investors.

The Company does not consider these non-GAAP measures in isolation or as an alternative to financial measures determined in accordance with GAAP. The principal limitation of these non-GAAP financial measures is that they exclude significant items that are required by GAAP to be recorded in the Company's financial statements. In addition, they are subject to inherent limitations as they reflect the exercise of judgments by management. These non-GAAP financial measures, as well as the other information in this press release, should be read in conjunction with the Company's financial statements filed with the SEC.

### **Cautionary Language Concerning Forward-Looking Statements**

These slides and the accompanying oral presentation contain "forward-looking statements" within the meaning of the Securities Act of 1933 and the Securities Exchange Act of 1934, as amended by the Private Securities Litigation Reform Act of 1995. These forward-looking statements represent the Company's views as of the date they were first made based on the current intent, belief or expectations, estimates, forecasts, assumptions and projections of the Company and members of our management team. Words such as "expect," "anticipate," "should," "believe," "hope," "target," "project," "goals," "estimate," "potential," "predict," "may," "will," "might," "could," "intend," variations of these terms or the negative of these terms and similar expressions are intended to identify these forward-looking statements. Those statements include, but are not limited to, statements regarding guidance on our future financial results and other projections or measures of future performance, (i) the Company's ability to complete the acquisition of assets of EVault; (ii) the expected future results of the acquisition of EVault, including revenues, non-GAAP EPS and growth rates; (iii) the Company's ability to successfully integrate EVault's business; and (iv) the Company's expectations regarding its future performance. Forward-looking statements are subject to a number of risks and uncertainties, many of which involve factors or circumstances that are beyond the Company's control. The Company's actual results could differ materially from those stated or implied in forward-looking statements due to a number of factors, including, but not limited to, the Company's ability to profitably attract new customers and retain existing customers, including the customers of EVault, the Company's dependence on the market for cloud backup services, the Company's ability to manage growth, and changes in economic or regulatory conditions or other trends affecting the Internet and the information technology industry. These and other important risk factors are discussed under the heading "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2014 filed with the Securities and Exchange Commission, which is available on [www.sec.gov](http://www.sec.gov). Except as required by law, we do not undertake any obligation to update our forward-looking statements to reflect future events, new information or circumstances.

### **About Carbonite**

Carbonite (Nasdaq:CARB) is a leading provider of cloud and hybrid business continuity solutions for small and mid-sized businesses. Together with our partners, we support more than 1.5 million individuals and small businesses around the world who rely on us to ensure their important data is protected, available and useful. To learn more about the cloud solutions voted #1 by PC Magazine readers, as well as our partner program and our award-winning customer support, visit us at [Carbonite.com](http://Carbonite.com).

### **Investor Relations Contact:**

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CARBONITE TO ACQUIRE EVAULT  
FROM SEAGATE TECHNOLOGY

DECEMBER 2015

**CARBONITE** 

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EMILY WALT

Director, Investor  
Relations



## Safe Harbor

These slides and the accompanying oral presentation contain "forward-looking statements" within the meaning of the Securities Act of 1933 and the Securities Exchange Act of 1934, as amended by the Private Securities Litigation Reform Act of 1995. These forward-looking statements represent the Company's views as of the date they were first made based on the current intent, belief or expectations, estimates, forecasts, assumptions and projections of the Company and members of our management team. Words such as "expect," "anticipate," "should," "believe," "hope," "target," "project," "goals," "estimate," "potential," "predict," "may," "will," "might," "could," "intend," variations of these terms or the negative of these terms and similar expressions are intended to identify these forward-looking statements. Those statements include, but are not limited to, statements regarding guidance on our future financial results and other projections or measures of future performance, (i) the Company's ability to complete the acquisition of assets of EVault; (ii) the expected future results of the acquisition of EVault, including revenues, non-GAAP EPS and growth rates; (iii) the Company's ability to successfully integrate EVault's business; and (iv) the Company's expectations regarding its future performance. Forward-looking statements are subject to a number of risks and uncertainties, many of which involve factors or circumstances that are beyond the Company's control. The Company's actual results could differ materially from those stated or implied in forward-looking statements due to a number of factors, including, but not limited to, the Company's ability to profitably attract new customers and retain existing customers, including the customers of EVault, the Company's dependence on the market for cloud backup services, the Company's ability to manage growth, and changes in economic or regulatory conditions or other trends affecting the Internet and the information technology industry. These and other important risk factors are discussed under the heading "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2014 filed with the Securities and Exchange Commission, which is available on [www.sec.gov](http://www.sec.gov). Except as required by law, we do not undertake any obligation to update our forward-looking statements to reflect future events, new information or circumstances.

This presentation contains non-GAAP financial measures. Non-GAAP net income per share excludes amortization expense on intangible assets, stock-based compensation expense, litigation-related expense, restructuring-related expense, acquisition-related expense, hostile takeover-related expense, and CEO transition expense.

MOHAMAD ALI

President and CEO



## Carbonite to Acquire EVault



- **Overview**
  - Transaction Rationale
  - About EVault
- **The Opportunity**
  - Expands product portfolio
  - Increases addressable market
  - Creates value
- **Operational and Financial Summary**



## Overview - Transaction Rationale

### Delivers customer-proven solutions

- Brings robust business continuity and disaster recovery solutions, including cloud-connected appliances and advanced disaster-recovery-as-a-service (DRaaS)
- Combines two strong brands at opposite ends of the SMB market

### Doubles market opportunity

- Doubles our addressable market with solutions for all SMBs including those with complex environments
- Expands our market reach through its active Managed Service Providers (MSP) and reseller channel

### Creates value

- Leverages Carbonite's highly efficient and scalable cloud infrastructures
- Carbonite expects to generate approximately \$200M in 2016 bookings
- Expected to be accretive on a non-GAAP net income per share basis in the first year
- Purchase price of \$14M, all cash, leaves Carbonite with a strong balance sheet

## About EVault

### SOLUTIONS

Disaster Recovery & Business Continuity Solutions for Midsize Business

### BUSINESS

Founded 1997 • Acquired 2006 by Seagate

### CUSTOMERS

~5300

### PARTNERS

~500

### LOCATIONS

Retained offices: Salt Lake City, Utah & Toronto, Canada

### EMPLOYEES

200+ EVault employees welcomed to the Carbonite team

## The Opportunity - Our Industry is Gaining Momentum

### IT Spending is Up

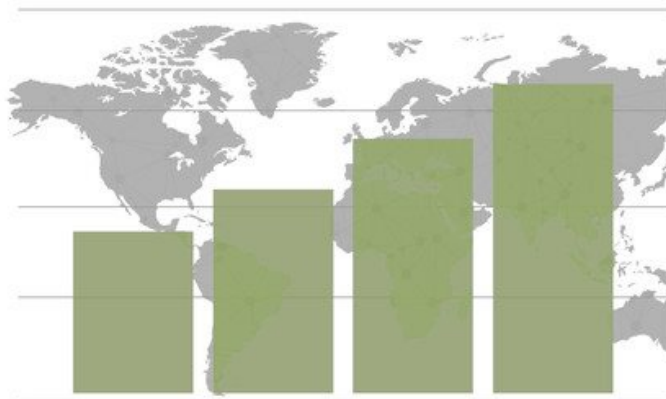
- SMB U.S. spending will grow from \$161 billion in 2015 to \$190 billion in 2019

### Market is Growing

- Worldwide data protection and recovery software market will grow from \$6.3 billion in 2015 to \$8.2 billion in 2019

### BC/DR is Moving Rapidly to the Cloud

- Total cloud spend growing at 12.4%\* vs. on premise 5.5% (CAGR)
- \*SMB growing faster than enterprise



## The Opportunity – Delivers Customer-Proven Solutions



### CLOUD BACKUP/ RECOVERY SERVICES

#### Scalable, cloud based backup and recovery for servers

- Supports multiple o/s including Windows, Oracle, Solaris, Linux, VMware and Hyper-V
- Centralized management
- End-to-end security
- Customer Support 24/7/365



### HYBRID BACKUP/RECOVERY SOFTWARE AND APPLIANCES

#### All the benefits of EVault Cloud Backup and Recovery with an appliance form factor for local backup and restore

- Scalability from 1TB to 100TB
- Fast, granular recoveries
- Easy installation, deployment, monitoring and management



### CLOUD FAILOVER SERVICES

#### DRaaS services providing Failover in the cloud

- Managed service SLA provides guaranteed access to critical systems in the cloud after an outage
- 1-hour SLA option is backup independent and includes proactive failover, enabling zero downtime
- Customer Support 24/7/365

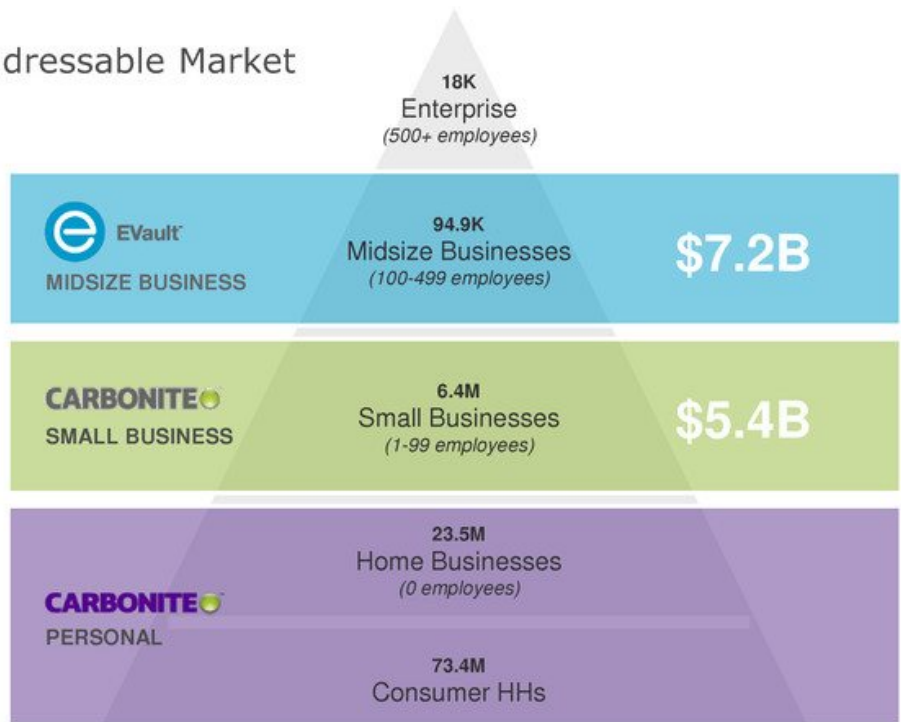
Note: Current services  
carbonite.com

# The Opportunity – Delivers Customer-Proven Solutions

	Endpoint	Server	Appliance	Failover	Archiving
MIDSIZE BUSINESS 100-499	<b>CARBONITE</b> ENDPOINT +	 EVault BY CARBONITE	 EVault BY CARBONITE	 EVault BY CARBONITE	 EVault BY CARBONITE
SMALL BUSINESS 1-99	<b>CARBONITE</b> ENDPOINT PRO	<b>CARBONITE</b> CSB	<b>CARBONITE</b> APPLIANCE		<b>MAIL STORE</b> BY CARBONITE
CONSUMER	<b>CARBONITE</b> PERSONAL ENDPOINT				

## The Opportunity – Doubles Addressable Market

Research indicates U.S. SMBs are willing to spend up to **~\$13B** for Business Continuity & Disaster Recovery



Source: IDC 2015  
carbonite.com

## The Opportunity – Creates Business Value for Customers, Partners and Shareholders



ANTHONY FOLGER

Chief Financial Officer





## Operational and Financial Summary

### Synergies

- More efficient data centers
  - Improved customer care
  - Significant cross sell opportunities with reseller partners and MSPs across entire product portfolio
- 

### Transaction Summary

- Expected close January of 2016\*
  - Total purchase price is \$14 million, all cash
- 

### Buyback not impacted

- Fourth quarter repurchases to date of approximately \$2.4M at an average price of \$10.33/share
- Year to date share repurchases total \$5.4M

EVault NA operations expected to close January 2016 and EU operations expected to close first quarter 2016.

carbonite.com

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CARBONITE

## Outlook

- SMB bookings are expected to comprise more than 50% of total bookings in 2016
- Total bookings in 2016 will be approximately \$200M
- Transaction is expected to be accretive to non-GAAP net income per share in year one

## Carbonite and EVault: Two Strong Brands with Massive Opportunity

### Delivers Customer-Proven Solutions

Robust BC/DR solutions including appliances and DRaaS

### Doubles Addressable Market to \$13B

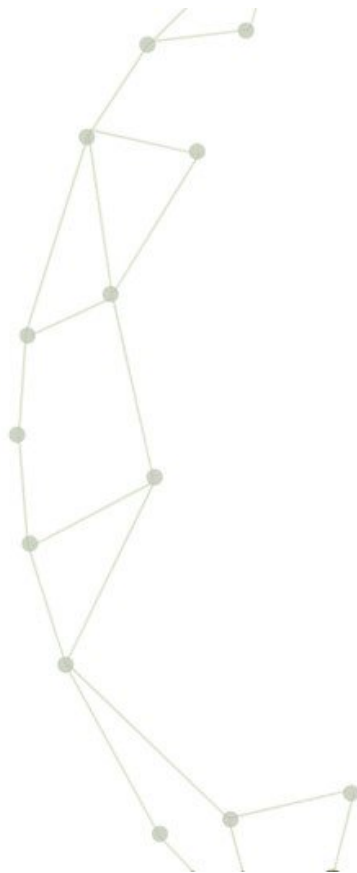
Solutions for all SMBs

### Creates Business Value

Accretive to non-GAAP net income per share in year one

### Strong Balance Sheet

Purchase price of \$14M leaves flexibility for capital deployment in future



Q&A

