

Edgar Filing: EVOLVE SOFTWARE INC - Form DEF 14A

EVOLVE SOFTWARE INC
Form DEF 14A
November 09, 2001

EVOLVE LOGO
[GRAPHIC OMITTED]

SCHEDULE 14A INFORMATION

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 Section 240.14a-12

EVOLVE SOFTWARE, INC.

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

No fee required.

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

Title of each class of securities to which transaction applies:

Aggregate number of securities to which transaction applies:

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):

Proposed maximum aggregate value of transaction:

Total fee paid:

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.

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Amount Previously Paid:

Form, Schedule or Registration Statement No.:

Filing Party:

Date Filed:}

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EVOLVE SOFTWARE, INC.
1400 65th Street
Suite 100
Emeryville, CA 94608

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To Be Held November 26, 2001

To The Stockholders:

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders of Evolve Software, Inc., a Delaware corporation (the "Company"), will be held on Monday, November 26, 2001 at 10:00 a.m., local time, at the offices of the Company, located at 1400 65th Street, Suite 100, Emeryville, CA 94608, for the following purposes:

1. To elect two Class I directors to serve a term of three years or until their successors are duly elected and qualified. The Company's Board of Directors intends to present the following nominees for election as directors: Cary Davis and Jeffrey M. Drazan.
2. To approve an amendment to the Company's Amended and Restated Certificate of Incorporation to increase the number of authorized shares of Common Stock by 90,000,000 shares, from 110,000,000 to 200,000,000 shares.
3. To approve an amendment to the Company's Amended and Restated Certificate of Incorporation to enable the holders of Preferred Stock of the Company to act by written consent (the "Written Consent Amendment").
4. To approve an amendment to the Company's 2000 Stock Plan to increase the maximum number of shares of Common Stock authorized for issuance under the plan by 10,000,000 shares, to 16,000,000 shares, exclusive of future annual increases, and to provide that the shares authorized for issuance under the plan be increased annually by the least of (i) the aggregate number of shares subject to grants made in the previous year, (ii) 10,000,000 and (iii) any lesser amount determined by our Board of Directors.
5. To ratify the appointment of PricewaterhouseCoopers LLP as independent public accountants of the Company for the fiscal year ending June 30, 2002.

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6. To transact such other business as may properly come before the meeting or any adjournment thereof.

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

Only holders of record of our Common Stock at the close of business on September 27, 2001 and holders of record of our Series A Preferred Stock at the close of business on October 10, 2001 are entitled to receive notice of and to vote at the meeting and any adjournments. For ten days prior to the meeting, any stockholder can examine a complete list of the registered stockholders entitled to vote at the meeting for any purpose germane to the meeting during ordinary business hours at our offices at 1400 65th Street, Suite 100, Emeryville, CA 94608.

All stockholders are cordially invited to attend the meeting in person. However, to assure your representation at the meeting, you are urged to mark, sign, date and return the enclosed proxy as promptly as possible in the postage-prepaid envelope enclosed for that purpose. Any stockholder attending the meeting may vote in person even if he or she returned a proxy.

Sincerely,

Christopher B. Boas
Assistant Secretary

Emeryville, California
November 9, 2001

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ANNUAL MEETING OF STOCKHOLDERS
OF
EVOLVE SOFTWARE, INC.

PROXY STATEMENT

INFORMATION CONCERNING SOLICITATION AND VOTING

The enclosed Proxy is solicited on behalf of Evolve Software, Inc., a Delaware corporation ("we," "us" or the "Company"), for the Annual Meeting of Stockholders to be held on Monday, November 26, 2001 at 10:00 a.m., local time (the "Annual Meeting"), at the offices of the Company, located at 1400 65th Street, Suite 100, Emeryville, CA 94608, or any adjournment or adjournments thereof, for the purposes set forth herein and in the accompanying Notice of Annual Meeting of Stockholders. The Company's telephone number is (510) 428-6000. Any questions regarding the contents of this statement may be directed to Kenneth J. Bozzini, Chief Financial Officer, of the Company. These proxy materials were first mailed on or about November 9, 2001 to all stockholders entitled to vote at the meeting.

CERTAIN FINANCIAL INFORMATION

Please note that our financial statements and related information are included with our Annual Report to Stockholders on Form 10-K, which is enclosed with this Proxy Statement. These financial statements and related information are incorporated by reference into this Proxy Statement.

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VOTING SECURITIES

Only holders of record of our Common Stock as of the close of business on September 27, 2001 (the "Record Date") and holders of record of our Series A Preferred Stock as of the close of business on October 10, 2001 (the "Preferred Stock Record Date") will be entitled to vote at the meeting and any adjournment. As of the Record Date, there were 40,836,547 shares of the Company's Common Stock issued and outstanding, and as of the Preferred Stock Record Date there were 1,300,000 shares of the Company's Series A Preferred Stock issued and outstanding. Stockholders may vote in person or by proxy. Each share of Common Stock issued and outstanding as of the Record Date shall have one vote on the matters presented herein. Each share of Series A Preferred Stock issued and outstanding as of the Preferred Stock Record Date shall have 20 votes on the matters presented herein. As of the Record Date, Sierra Ventures VI, L.P. and its affiliates ("Sierra"), the Goldman Sachs Group, Inc. and its affiliates and Vivant! Corporation held 18.8%, 6.3% and 5.4%, respectively, of our outstanding shares of Common Stock. As of the Preferred Stock Record Date, Warburg Pincus Private Equity VIII, L.P. ("Warburg"), Index Ventures I, L.P. and its affiliates and Sierra held 76.9%, 11.5% and 7.7%, respectively, of our outstanding shares of Series A Preferred Stock. We are not aware of any other holders of record of 5% or more of our outstanding Common Stock or Series A Preferred Stock. See "Stock Ownership of Certain Beneficial Owners and Management." There is no cumulative voting in the election of our directors.

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Warburg has entered into agreements with Sierra and certain other stockholders, including each of the directors and officers of the Company, whereby the parties to such agreements have committed to vote in favor of the matters set forth under "Proposal Two" below. The parties to such agreements with Warburg held an aggregate of 10,770,132 shares of Common Stock, or approximately 26.4% of our total outstanding shares of Common Stock, as of the Record Date and a total of 300,000 shares of Series A Preferred Stock, or approximately 23% of our total outstanding shares of Series A Preferred Stock, as of the Preferred Record Date.

SOLICITATION OF PROXIES

We will pay the cost of soliciting proxies. In addition to soliciting stockholders by mail and through our regular employees, we will request banks and brokers, and other custodians, nominees and fiduciaries, to solicit their customers who have our stock registered in their names and will reimburse them for their reasonable, out-of-pocket costs. We may use our officers, directors and others to solicit proxies, personally or by telephone, facsimile or electronic mail, without additional compensation.

VOTING OF PROXIES

All valid proxies received prior to the Annual Meeting will be voted. All shares represented by a proxy will be voted, and where a stockholder specifies through the proxy a choice with respect to any matter to be acted upon, the shares will be voted in accordance with that specification. If you do not indicate a choice on the proxy, your shares will be voted "FOR" the nominees for election to the Board of Directors named in this Proxy Statement; "FOR" approval of the amendment and restatement of the Company's Amended and Restated Certificate of Incorporation (the "Certificate of Incorporation") increasing the authorized shares of Common Stock from 110,000,000 to 200,000,000 and adopting the Written Consent Amendment; "FOR" approval of the increase in the shares reserved under the Company's 2000 Stock Plan in the amount of 10,000,000 shares and the increase in the number of shares added to the Stock Plan on an annual basis; and "FOR" the ratification of independent public accountants. The shares

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will be voted as the proxy holders may determine in their discretion with respect to any other matters that properly come before the meeting. A stockholder giving a proxy has the power to revoke his or her proxy, at any time prior to the time it is voted, by (i) delivering to the Company's Assistant Secretary either a written instrument revoking the proxy or a valid proxy with a later date, or (ii) attending the Annual Meeting and voting in person.

QUORUM

The required quorum for the transaction of business at the Annual Meeting is a majority of the votes eligible to be cast by holders of shares of Common Stock issued and outstanding on the Record Date and the shares of Preferred Stock outstanding on the Preferred Stock Record Date. Shares that are voted "FOR," "AGAINST" or "WITHHELD FROM" a matter (the "Votes Cast") are treated as being present at the meeting for purposes of establishing a quorum and are also treated as shares entitled to vote at the Annual Meeting with respect to such matter.

ABSTENTIONS

While there is no definitive statutory or case law authority in Delaware as to the proper treatment of abstentions, the Company believes that abstentions should be counted for purposes of determining both (i) the presence or absence of a quorum for the transaction of business and (ii) the number of Votes Cast with respect to a proposal (other than the election of directors). In the absence of controlling precedent to the contrary, the Company intends to treat abstentions in this manner. Accordingly, abstentions will have the same effect as a vote against the proposal.

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BROKER NON-VOTES

Broker non-votes will be counted for purposes of determining the presence or absence of a quorum for the transaction of business, but will not be counted for purposes of determining the number of Votes Cast with respect to the particular proposal on which the broker has expressly not voted. Accordingly, broker non-votes will not affect the outcome of the voting on a proposal that requires a majority of the Votes Cast (such as the proposed amendments to our 2000 Stock Plan). With respect to a proposal that requires a majority of the outstanding shares (such as the proposed amendments to our Certificate of Incorporation), however, a broker non-vote has the same effect as a vote against the proposal.

STOCK OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information as of the Record Date, September 27, 2001, with respect to the beneficial ownership of the Company's Common Stock and as of the Preferred Record Date, October 10, 2001, with respect to beneficial ownership of the Company's Series A Preferred Stock by (i) each director of the Company; (ii) each executive officer of the Company included in the Summary Compensation Table below under the heading "Executive Compensation and Other Matters" (the "Named Executive Officers"); (iii) all current executive officers and directors of the Company as a group; and (iv) all persons who are the beneficial owner of more than 5% of the Company's Common Stock or Series A Preferred Stock. Unless otherwise indicated, the address for each listed stockholder is c/o Evolve Software, 1400 65th Street, Suite 100, Emeryville, CA 94608.

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NAME AND ADDRESS OF BENEFICIAL OWNER	COMMON STOCK		PREFERRED STOCK	
	AMOUNT AND NATURE OF BENEFICIAL OWNERSHIP (1)	PERCENT OF SHARES OUTSTANDING (1)	AMOUNT AND NATURE OF BENEFICIAL OWNERSHIP (1)	PERCENTAGE OF SHARES OUTSTANDING (1)
Warburg Pincus Private Equity VIII, L.P. (2) 466 Lexington Avenue New York, NY 10017	50,003,298	55.0%	2,000,000	87.0%
Sierra Ventures VI, L.P. (3) 3000 Sand Hill Road, Building 4 Suite 210 Menlo Park, CA 94025	12,683,310	27.7%	200,000	14.2%
Index Ventures I (Jersey), L.P. (4) 2 Rue de Jargonnant 1207 Geneva, Switzerland	8,347,420	17.3%	300,000	20.7%
The Goldman Sachs Group (5) 85 Broad Street New York, NY 10004	2,571,434	6.3%	--	*
VivCorp, Inc. (6) 6114 LaSalle Avenue No. 323 Oakland, CA 94611	2,216,749	5.4%	--	*
John P. Bantleman (7)	1,313,128	3.2%	--	*
James J. Bozzini (8)	799,181	2.0%	--	*
Marc C. Ferrie (9)	541,667	1.3%	--	*
John R. Oltman (10)	440,778	1.1%	--	*
Douglas S. Sinclair (11)	416,667	1.0%	--	*
Kurt M. Heikkinen (12)	340,387	*	--	*
Anil K. Gupta (13)	293,856	*	--	*
Joseph A. Fuca (14)	270,833	*	--	*
Paul Rochester (15)	173,333	*	--	*
Judith H. Hamilton (16)	166,667	*	--	*
Jeffrey M. Drazan (17)	160,123	*	--	*
Gayle Crowell (18)	--	--	--	*
Cary Davis (19)	50,000,000	55.0%	2,000,000	87.0%
Nancy Martin (19)	50,000,000	55.0%	2,000,000	87.0%

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All Current Directors & Officers as a Group (11 persons) (20)	1,356,489	3.3%	--	*
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