

## MODEL N, INC.

### CORPORATE GOVERNANCE GUIDELINES

As adopted on March 19, 2013

The following Corporate Governance Guidelines have been adopted by the Board of Directors (the “*Board*”), of Model N, Inc. (the “*Company*”), pursuant to the recommendations of the Company’s Nominating and Corporate Governance Committee (the “*Committee*”) to promote the effective functioning of the Board and its committees, to promote the interests of stockholders and to ensure a common set of expectations as to how the Board, and its various committees, individual directors and management should perform their functions. The Board intends that these guidelines serve as a flexible framework within which the Board may conduct its business, not as a set of binding legal obligations.

These Corporate Governance Guidelines are not intended to change or interpret any Federal or state law or regulation, including the General Corporation Law of the State of Delaware, or the Certificate of Incorporation or Bylaws of the Company. These Corporate Governance Guidelines are subject to modification from time to time by the Board pursuant to recommendations of the Committee.

#### I. Responsibilities of the Board of Directors

The Board acts as the management team’s adviser and monitors management’s performance. The Board is ultimately responsible for oversight of the Company’s legal compliance program, which is designed to protect the Company against violations of law or Company policies and procedures, and to assess risks facing the Company and management’s approach to addressing such risks. The Board also reviews and, if appropriate, approves significant transactions and develops standards to be utilized by management in determining the types of transactions that should be submitted to the Board for review and approval or notification.

Each member of the Board is expected to spend the time and effort necessary to properly discharge such director’s responsibilities. Accordingly, a director is expected to regularly attend meetings of the Board and Board committees on which such director sits, and review prior to each meeting the material distributed in advance for such meeting. A director who is unable to attend a meeting (which it is understood will occur on occasion) is expected to notify the Chair or the chair of the appropriate committee in advance of such meeting.

#### II. Independence of the Board

The Board shall be comprised of a majority of directors who, in the business judgment of the Board, qualify as independent directors (“*Independent Directors*”) under the applicable rules, regulations, and listing requirements of the New York Stock Exchange or other applicable exchange, as amended from time to time, and these Corporate Governance Guidelines.

### **III. Size of the Board**

The Company's Bylaws provide that the Board shall have such number of directors as are set by resolution of the Board. The Board shall periodically review the size of the Board, which may be increased or decreased if determined to be appropriate by the Board.

### **IV. Frequency of Meetings**

There are at least four regularly scheduled meetings of the Board each year. At least one regularly scheduled meeting of the Board shall be held each quarter, plus special meetings as required by the needs of the Company. The Chief Executive Officer and/or the Chair of the Board shall propose an agenda for each meeting. Management will provide materials in a reasonable period of time in advance of a meeting and the members of the Board are expected to familiarize themselves with them.

### **V. Selection of the Chair of the Board**

The Board does not require the separation of the offices of the Chair and the Chief Executive Officer. The Board shall be free to choose its Chair in any way that it deems best for the Company at any given point in time.

When the positions of Chair and Chief Executive Officer are held by the same person, the independent directors shall designate a Lead Independent Director. In cases in which the Chair and Chief Executive Officer are the same person, the Chair, with the Lead Independent Director, shall schedule and set the agenda for meetings of the Board, and the Chair or, if the Chair is not present, the Lead Independent Director shall chair such meetings. In addition, the Lead Independent Director shall preside over executive sessions of independent directors, serve as a liaison between the Chair and the independent directors, coordinate information sent to the Board, approve meeting schedules to ensure sufficient time to cover all agenda items, be available for consultation and direct communication with major stockholders upon request and perform such other functions and responsibilities as requested by the Board from time to time. The Lead Independent Director will encourage direct dialogue between all directors (particularly those with dissenting views) and management. The Lead Independent Director also will assist the Chair in leading the Board in anticipating and responding to crises.

### **VI. Selection of Directors**

The Board shall be responsible for nominating members for election to the Board and for filling vacancies on the Board that may occur between annual meetings of stockholders. The Committee is responsible for identifying, considering and recommending candidates to the Board for Board membership. When formulating its Board membership recommendations, the Committee shall also consider advice and recommendations from stockholders, management, and others as it deems appropriate.

## **VII. Board Membership Criteria**

The Board's policy is to encourage selection of directors who will contribute to the Company's overall corporate goals. The Committee may from time to time review and recommend to the Board the desired qualifications, expertise and characteristics of directors, including such factors as business experience, diversity, and personal skills in technology, finance, marketing, international business, financial reporting and other areas that are expected to contribute to an effective Board. Exceptional candidates who do not meet all of these criteria may still be considered. In evaluating potential candidates for the Board, the Committee considers these factors in the light of the specific needs of the Board at that time.

## **VIII. Other Public Company Directorships**

The Committee, in making its recommendations, shall consider the number of other public company boards and other boards (or comparable governing bodies) on which a prospective nominee is a member. Directors are expected to limit the number of other boards, including non-profits, on which they serve in order to devote adequate time and effort to their Board responsibilities. The Committee shall advise the Board as to whether any member of the Board or Audit Committee shall be permitted to sit upon the boards of more than five other public company boards, including the Board, or the audit committees of more than two other public companies, respectively, taking into account the Company's needs at such time and the qualifications and demands upon the time of such person. The Board shall thereupon determine whether such service impairs such member's ability to effectively serve on the Board or Audit Committee.

## **IX. Directors Who Change Their Present Job Responsibility**

The Board does not believe that directors who retire or change the position they held when they became a member of the Board should necessarily leave the Board. Promptly following such an event, the director must notify the Committee, which shall review the continued appropriateness of the affected director remaining on the Board. The affected director is expected to act in accordance with the Committee's recommendation following such review.

## **X. Retirement Age**

The Board does not believe that a fixed retirement age for directors is appropriate.

## **XI. Director Tenure**

The Board is classified into three classes, with the members of each class being elected once every three years. There are no limits on the number of three-year terms that may be served by a director. However, in connection with evaluating recommendations for nomination for re-election, the Committee shall consider director tenure.

## **XII. Number and Composition of Board Committees**

The Board currently has the following standing committees: Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee. The purpose and responsibilities for each of these committees shall be outlined in committee charters adopted by the Board. After consultation with the Committee, the Board may, from time to time, form new committees, re-allocate responsibilities of one committee to another committee or disband a current committee. In addition, the Board may form ad hoc committees from time to time, and determine the composition and areas of competence of such committees.

Each of the committees shall be composed entirely of Independent Directors satisfying applicable legal, regulatory and stock exchange requirements necessary to serve on any such committee. All other standing committees formed by the Board shall be chaired by Independent Directors, except where the Board, pursuant to the recommendation of the Committee, determines otherwise.

## **XIII. Executive Sessions**

In general, the agenda for every regularly scheduled Board meeting shall include a meeting of the “Independent Directors” as defined by the applicable rules, regulations, and listing requirements of the New York Stock Exchange (or similar rules of the applicable exchange), in executive session. In any event, the non-management directors shall meet in executive session at least four times per year to discuss, among other matters, the performance of the Chief Executive Officer. The non-management directors will meet in executive session at other times at the request of any non-management director. Absent unusual circumstances, these sessions shall be held on the same date as regularly scheduled Board meetings. The director who presides at these meetings shall be (i) the Chair (if a non-management director), (ii) the Lead Independent Director, or (iii) such other non-management director as is selected by a majority of the non-management directors. The same non-management director need not preside at all executive sessions of the non-management directors.

## **XIV. Director Compensation**

Non-employee directors may receive compensation consisting of cash and/or equity. Employee directors are not paid additional compensation for their services as directors. The Compensation Committee shall recommend to the Board the form and amount of cash-based and/or equity-based compensation to be paid or awarded to non-employee directors for service on the Board and its committees based on the Compensation Committee’s consideration of the responsibilities and time commitment of Company directors and information regarding the compensation paid at peer companies. The Compensation Committee will periodically review the level and form of, and, if it deems appropriate, recommend to the Board changes in, director compensation. Such review will also include a review of both direct and indirect forms of compensation to the Company’s directors, including any charitable contributions by the Company to organizations affiliated with a director.

#### **XIV. Director Stock Ownership**

The Compensation Committee will periodically assess the appropriateness of stock ownership guidelines for directors and senior executives, including whether and to what extent executives should be restricted from selling stock acquired through equity compensation.

#### **XV. Board Access to Management**

Directors are encouraged to speak directly to any member of management regarding any questions or concerns the directors may have.

#### **XVI. Attendance at Annual Meeting of Stockholders**

Directors are invited and encouraged to attend the Company's annual stockholder meeting.

#### **XVII. Director Orientation and Continuing Education**

The Company shall provide new directors with written material, oral presentations and site visits to familiarize such directors with, among other things, the Company's business, strategic plans, significant financial, accounting and risk management issues, compliance programs, codes of business conduct, corporate governance guidelines, principal officers, internal auditors and independent auditors. Directors may be expected, based on the recommendations of the Committee, to participate in continuing educational programs in order to maintain the necessary level of expertise to perform their responsibilities as directors.

#### **XIII. Formal Evaluation of Officers**

The formal evaluation of the performance of the Chief Executive Officer should be made in the context of the Chief Executive Officer's annual compensation review by the Compensation Committee of the Board, with appropriate input from other Board members, and should be communicated to the Chief Executive Officer by the Chair of the Compensation Committee. In consultation with the Chief Executive Officer, the Compensation Committee will also review the performance of each other officer in connection with the determination of the salary and bonus for those officers. The Compensation Committee will provide a report to the Board on these performance evaluations.

#### **XIX. Succession Planning**

The Board, working with the Committee, is responsible for Chief Executive Officer succession planning, and only the Board may appoint a Chief Executive Officer. The Board may also monitor management's succession plans for other key executives and leadership development programs. The Chief Executive Officer shall propose to the Board an emergency succession plan to provide for one or more individuals to fulfill the Chief Executive Officer's responsibilities on an interim basis in the event that the Chief Executive Officer is incapacitated or otherwise unable to perform his or her duties as Chief Executive Officer, which the Board will review and approve.

## **XX. Authority to Retain Advisers**

The Board and each of its committees has the authority, at the Company's expense, to retain and terminate independent advisers as the Board and any such committee deems necessary.

## **XXI. Amendments**

The Board may amend these Corporate Governance Guidelines, or grant waivers in exceptional circumstances, provided that any such modification or waiver may not be a violation of any applicable law, rule or regulation, and, provided further, that any such modification or waiver is appropriately disclosed.

## **XXII. Evaluation of Board Performance**

The Board and each of its committees shall conduct a self-evaluation annually. Committees shall assess their performance relative to their charter and best practices. The Committee will oversee an annual assessment of the Board and each committee of the Board. The Committee will utilize the results of this self-evaluation process to assess the effectiveness of the Board and its committees, determine the desired qualifications, expertise and characteristics of Board nominees, and make recommendation to the Board regarding assigning directors to various Board committees. The Board will discuss the evaluation results to determine what action, if any, would improve Board and committee performance, and whether any changes to the Corporate Governance Guidelines would be appropriate.