

MODEL N, INC.

CHARTER OF THE COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS

As adopted March 19, 2013

I. PURPOSE

The Compensation Committee (the “*Committee*”) of the Board of Directors (the “*Board*”) of Model N, Inc. (the “*Company*”) through delegation from the Board, has principal responsibility to evaluate, recommend, approve and review executive officer compensation arrangements, plans, policies and programs maintained by the Company, and to administer the Company’s cash-based and equity-based compensation plans. The Committee will also consider and make recommendations regarding non-employee director compensation. The Committee may also make recommendations to the Board regarding any other Board responsibilities relating to executive compensation.

This charter (the “*Charter*”) sets forth the authority and responsibility of the Committee in fulfilling its purpose.

II. MEMBERSHIP

The Committee will consist of two or more members of the Board, with the exact number determined from time to time by the Board. Each member of the Committee will:

- be an “independent director” as defined under the applicable rules, regulations and listing requirements of the New York Stock Exchange, as amended from time to time (the “*Exchange Rules*”), except as may otherwise be permitted by such Exchange Rules;
- be “independent” as defined in any other rules and regulations (“*Commission Rules*”) promulgated by the Securities and Exchange Commission (the “*Commission*”) under Section 10C of the Securities Exchange Act of 1934, as amended (the “*Exchange Act*”), except as may otherwise be permitted by Commission Rules;
- be a “non-employee director,” as defined in Rule 16b-3 under Section 16 of the Exchange Act;
- be an “outside director” under Regulation Section 1.162-27 promulgated under Section 162(m) of the Internal Revenue Code of 1986, as amended;
- be free from any relationship that, in the opinion of the Board, would interfere with the exercise of independent judgment as a Committee member; and
- meet any other requirements imposed by applicable law, regulations or rules, subject to any applicable exemptions and transition provisions.

All members of the Committee will be appointed by, and will serve at the discretion of, the Board. The Board may appoint a member of the Committee to serve as the chairperson of the

Committee (the “*Chair*”); if the Board does not appoint a Chair, the Committee members may designate a Chair by their majority vote. The Chair will set the agenda for Committee meetings and conduct the proceedings of those meetings.

III. RESPONSIBILITIES AND DUTIES

The principal responsibilities and duties of the Committee in serving the purposes outlined in Section I of this Charter are set forth below. These duties are set forth as a guide, with the understanding that the Committee will carry them out in a manner that is appropriate given the Company’s needs and circumstances. The Committee may engage in such other activities, and establish such policies and procedures, from time to time as it deems necessary or advisable in implementing this Charter.

The Committee will:

1. Annually review the Company’s overall compensation strategy, including base salary, incentive compensation and equity-based grants.
2. Annually review and approve the goals and objectives to be considered in determining the compensation of the Company’s Chief Executive Officer (the “*CEO*”) and other “executive officers” as defined under Rule 3b-7 and “officers” as defined under Rule 16a-1(f) promulgated under the Exchange Act (collectively with the CEO, the “*Executive Officers*”), and evaluate their performance in light of these goals and objectives.

Based on this evaluation, including an evaluation of the Company’s performance, the Committee will have the authority, subject to any approval by the Board which the Committee or legal counsel determines to be desirable or is required by applicable law or the Exchange Rules, to make decisions respecting (i) the salary paid to the CEO and other Executive Officers, (ii) the grant of all cash-based incentive compensation and equity-based compensation to the CEO and other Executive Officers, (iii) the entering into or amendment or extension of any offer letter, employment contract or similar arrangement with the CEO and other Executive Officers, (iv) the entering into or amendment or extension of any CEO or other Executive Officer severance or change in control arrangements, and (v) any other CEO or other Executive Officer compensation matters; provided that the Committee may take account of the recommendations of the Board (or any Board member) with respect to CEO and other Executive Officer compensation.

In connection with its evaluation of Executive Officer compensation (a “say-on-pay” vote), the Committee will consider the results of the most recent stockholder vote on executive compensation. The Committee also may take account of the recommendations of the CEO with respect to other Executive Officers for each of the foregoing items. The CEO may not be present during voting or deliberations regarding the CEO’s compensation. In determining the long-term incentive component of CEO compensation, the Committee may consider the Company’s performance and relative shareholder return, the value of similar incentive awards to chief executive officers at comparable companies and the awards given to the CEO in past years.

3. Approve any employment agreement that provides for specific severance or termination payments, and approve any change of control provision with employees.

4. Review and make recommendations to the Board with respect to adoption and approval of, or amendments to, cash-based and equity-based incentive compensation plans and arrangements, and the cash amounts and aggregate numbers of shares reserved for issuance thereunder, after taking into consideration the Company's strategies with respect to cash-based and equity-based compensation.

5. Review and approve any policies and procedures relating to perquisites of Executive Officers.

6. Administer and interpret the Company's cash-based and equity-based compensation plans and agreements thereunder.

The Committee may delegate to the CEO, including in conjunction with one or more officers, within the limits imposed by applicable law and the Exchange Rules, the authority to approve cash awards or make equity grants to employees of the Company or of any subsidiary of the Company who are not directors or Executive Officers of the Company, subject to guidelines or limits specified by the Committee, provided that in the case of equity grants, the price per share of any grant by the CEO is no less than the fair market value of the Company's common stock on the date of grant. The CEO or a member of management will promptly inform the Committee members in writing (which includes email) of any equity grants made pursuant to this provision, which notice will include each grantee's name, grant date, exercise price and number of shares of any equity-based awards and the amount, timing and conditions of any cash-based awards.

7. Meet with the CEO annually to discuss the incentive compensation programs to be in effect for the other Executive Officers and for other employees (including sales compensation plans for sales employees) of the Company or any Company subsidiary for such fiscal year, and the corporate goals and objectives relevant to those programs and performance targets applicable to the Executive Officers and, where appropriate, other employees of the Company or any subsidiary.

8. Administer and, if deemed necessary, amend the Company's 401(k) plan and any other deferred compensation plans (collectively, the "*Designated Plans*"), and, if desired, delegate the routine administration of the Designated Plans to an administrative committee consisting of employees of the Company named by the Committee.

9. Periodically review and recommend to the Board, for determination by the Board, the form and amount of cash-based and equity-based compensation to be paid or awarded to the Company's non-employee directors, including compensation for service on the Board or on committees of the Board.

10. Periodically assess the appropriateness of stock ownership guidelines for directors and senior executives.

11. Review with management the Company's major compensation-related risk exposures, and the steps management has taken to monitor or mitigate such exposures.

12. Review and discuss the Company's "Compensation Discussion and Analysis" (when required to be included in Commission filings) and other compensation disclosures prepared in response to the requirement of Item 402(b) and (s) of Regulation S-K (or any successor disclosure item), based on such review and discussion recommend to the Board whether such disclosure should be included in the Company's annual report on Form 10-K, proxy statement, information statement or similar document, and prepare a report of the Committee for inclusion in the annual report or the proxy statement for the Company's annual meeting in accordance with the rules and regulations of the Commission so long as the Company is subject to the periodic reporting requirements of the Exchange Act.

13. Oversee the Company's compliance with regulatory requirements associated with compensation of its directors, officers and employees. Periodically review the Company's procedures with respect to employee loans that are not prohibited by applicable law.

14. Perform any other activities required by applicable law, rules or regulations, including the Exchange Rules and rules and regulations of the Commission, and take such other actions and perform and carry out any other responsibilities and duties delegated to it by the Board or as the Committee deems necessary or appropriate consistent with its purpose.

IV. STUDIES AND ADVISERS

The Committee may conduct or authorize studies of, or investigations into, matters within the Committee's scope of responsibility, with full access to all books, records, facilities and personnel of the Company. The Committee has the sole authority and right, at the Company's expense, to retain legal counsel, compensation and other consultants, accountants, experts and advisers of its choice to assist the Committee in connection with its functions, including any studies or investigations, and shall have direct oversight over the work performed by such advisers. In connection with the retention of such advisers (other than in-house legal counsel), the Committee shall consider the factors related to the independence of such advisers as may be required from time to time by Commission Rules or Exchange Rules.

The Committee will have the sole authority to approve the fees and other retention terms of such advisers. The Company will provide for appropriate funding, as determined by the Committee, for:

- payment of compensation to any legal counsel, compensation and other consultants, accountants, experts and advisers retained by the Committee;
- ordinary administrative expenses of the Committee that are necessary and appropriate in carrying out its functions; and
- the commission of any necessary studies or surveys concerning the levels of executive compensation payable in the industry in which the Company is engaged and in other related industries or obtaining recommendations from outside/independent consultants concerning comparable compensation programs.

V. MEETINGS, ACTIONS WITHOUT A MEETING AND STAFF

The Committee will meet at least twice per year or more frequently, as determined appropriate by the Committee. The Chair, in consultation with the other member(s) of the Committee will set the dates, times and places of such meetings. A quorum of the Committee for the transaction of business will be a majority of its members. Meetings may be held via telephonic- or video-conference. The Committee may also act by unanimous written consent in lieu of a meeting in accordance with the Company's Bylaws. Subject to the requirements of this Charter, applicable law, the Exchange Rules and the rules and regulations of the Commission, the Committee and the Chair may invite any director, executive or employee of the Company, or such other person, as it deems appropriate in order to carry out its responsibilities, to attend and participate (in a non-voting capacity) in all or a portion of any Committee meeting. The Committee may exclude from all or a portion of its meetings any person it deems appropriate in order to carry out its responsibilities. The Chair will designate a secretary for each meeting, who need not be a member of the Committee. The Secretary of the Company shall provide the Committee such support as it may require.

VI. MINUTES AND REPORTS

The Committee will maintain written minutes of its meetings and copies of its actions by written consent, and will cause such minutes and copies of written consents to be filed with the minutes of the meetings of the Board. The Chair will report to the Board from time to time with respect to the activities of the Committee, including on significant matters related to the Committee's responsibilities and the Committee's deliberations and actions. The minutes of the Committee and actions by the unanimous written consent of the Committee members will be made available to the other members of the Board.

VII. DELEGATION OF AUTHORITY

The Committee may from time to time, as it deems appropriate and to the extent permitted under applicable law, the Exchange Rules and the Commission Rules, and the Company's Certificate of Incorporation and Bylaws, form and delegate authority to subcommittees.

VIII. COMPENSATION

Members of the Committee will receive such fees, if any, for their service as Committee members as may be determined by the Board, which may include additional compensation for the Chair. Such fees may include retainers or per meeting fees and will be paid in such form of consideration as is determined by the Board in accordance with applicable law, the Exchange Rules and the Commission Rules.

IX. REVIEW OF COMMITTEE COMPOSITION, PERFORMANCE AND CHARTER

The Committee will evaluate the Committee's composition and performance on an annual basis and submit a report to the Board. The Committee will also review and reassess the adequacy of this Charter periodically, and recommend to the Board any changes the Committee determines are appropriate.

X. PUBLICATION

The Company shall make this Charter freely available to stockholders on request and, provided that the Company is subject to the periodic reporting requirements of the Exchange Act, shall publish it on the Company's website.