

Edgar Filing: EVOLVE SOFTWARE INC - Form PRE 14A

EVOLVE SOFTWARE INC
Form PRE 14A
October 18, 2002

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.
(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:

(5) 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.
(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

EVOLVE
[GRAPHIC OMITTED]

EVOLVE SOFTWARE, INC.
150 SPEAR STREET, 11TH FLOOR
SAN FRANCISCO, CA 94105

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD DECEMBER 17, 2002

To our stockholders:

Notice is hereby given that that annual meeting of stockholders of Evolve Software, Inc., a Delaware corporation, will be held on Tuesday, December 17, 2002 at 10:00 a.m. local time, at the principal executive offices of the Company located at 150 Spear Street, 11th Floor, San Francisco, CA 94105, for the following purposes:

1. To elect three Class II directors to serve a term of three years or until their successors are duly elected and qualified. Our board of directors intends to present the following nominees for election as directors: John R. Oltman, Paul Rochester and Nancy Martin;
2. To approve our amended and restated certificate of incorporation to effect a reverse stock split of our common stock in the range of 1:20 to 1:40, as determined in the sole discretion of the board of directors, and to decrease the authorized number of shares of our common stock from 200 million shares to 100 million shares;
3. To ratify our Certificate of Designation of Series B Preferred Stock;
4. To ratify the appointment of PricewaterhouseCoopers LLP as our independent public accountants for the fiscal year ending June 30, 2003; and
5. 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, Series A Preferred Stock and Series B Preferred Stock at the close of business on October 21, 2002 are entitled to receive notice of and to vote at the meeting or any adjournment of the meeting. 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 150 Spear Street, 11th Floor, San Francisco, CA 94105.

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

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prepaid envelope enclosed for that purpose. Any stockholder of record attending the meeting may vote in person even if he or she returned a proxy.

Sincerely,

Arthur T. Taylor
Chief Financial Officer and Secretary

San Francisco, CA
October __, 2002

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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 Tuesday, December 17, 2002 at 10:00 a.m. local time at our principal executive offices, located at 150 Spear Street, 11th Floor, San Francisco, CA 94105, or any adjournment thereof, for the purposes set forth herein and in the accompanying notice of annual meeting of stockholders. Our telephone number is (415) 229-3700. Any questions regarding the contents of this statement may be directed to Arthur T. Taylor, Chief Financial Officer and Secretary of the Company. These proxy materials were first mailed on or about October __, 2002.

VOTING SECURITIES

Only holders of record of our common stock, Series A Preferred Stock and Series B Preferred Stock as of the close of business on October 21, 2002 (the "record date") will be entitled to vote at the meeting or any adjournment of the meeting. As of the record date, there were 46,509,175 shares of common stock, 1,875,000 shares of Series A Preferred Stock and 750,000 shares of Series B Preferred Stock issued and outstanding. Stockholders may vote in person or by proxy. Each share of common stock issued and outstanding on the record date is entitled to one vote on the matters presented herein. Each share of Series A Preferred Stock issued and outstanding on the record date is entitled to 20 votes on the matters presented herein. Each share of Series B Preferred Stock is entitled to approximately 52.63 votes on the matters presented herein, other than on proposal 3, for which the Series B Preferred Stock is not entitled to a vote. There is no cumulative voting in the election of directors.

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, brokers and other custodians, nominees and fiduciaries to solicit their customers who have our stock registered in street name, and will reimburse such banks, brokers and other custodians, nominees and fiduciaries for their reasonable, out-of-pocket costs. Our officers, directors and others may solicit

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proxies personally or by telephone, facsimile or electronic mail, without additional compensation. We have engaged MacKenzie Partners, a professional solicitation firm, to assist in the solicitation of proxies at a cost of approximately \$3,000, plus reasonable expenses.

VOTING OF PROXIES

All valid proxies received prior to the meeting will be voted at the meeting. All shares represented by a proxy will be voted in accordance with the stockholder's specification on the proxy. If the proxy is signed, but no choice has been indicated, your proxy will be voted "FOR" the matters set forth on the proxy. Your shares will be voted as the proxy holders may determine in their sole discretion with respect to any matter that properly comes before the meeting that are not described in this proxy statement. A stockholder giving a proxy has the power to revoke such proxy at any time prior to the time it is voted by:

- delivering to our Secretary a written instrument revoking the earlier submitted proxy;
- delivering to our Secretary a valid proxy with a later date; or
- attending the meeting and voting in person.

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QUORUM, ABSTENTIONS AND BROKER NON-VOTES

The presence in person or represented by proxy of a majority of the voting power of our common stock, Series A Preferred Stock and Series B Preferred Stock issued and outstanding on the record date, voting together as a single class, is necessary to constitute a quorum for the transaction of business at the meeting. Absent controlling authority in the State of Delaware to the contrary, we will count both abstentions and broker non-votes for purposes of determining whether a quorum exists for transacting business at the meeting on all matters on which a vote is taken.

Brokers and other institutions that are members of the New York Stock Exchange who are the record holders of our stock, but whose customers are the beneficial holders of our stock, may vote on all of the proposals without an instruction from the beneficial holder of our stock as to how to vote the shares, provided that such brokers or other institutions deliver copies of the proxy statement and annual report to stockholders to such beneficial holders within 15 days prior to the meeting. In the event we do receive a broker non-vote with respect to a proposal at the meeting, such broker non-vote will have no effect on the outcome of the proposal, other than on proposal 2, for which it will have the effect of a vote against the proposal.

Election of one of the Class II directors will require a plurality of the votes cast by the Series A Preferred Stock, and election of the other two Class II directors will require a plurality of the votes cast by the Series A Preferred Stock, Series B Preferred Stock and common stock voting together as a single class. If you indicate "WITHHOLD AUTHORITY TO VOTE" for any nominee on your proxy card, your vote will not count either for or against the election of the nominee.

Approval of Proposal 2 requires the affirmative vote of a majority of the outstanding common stock and a majority of the outstanding Series A Preferred Stock and Series B Preferred Stock, voting together as a single class.

Approval of Proposal 3 requires the affirmative vote of a majority of the

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votes cast at the meeting with respect to that proposal by the common stock and Series A Preferred Stock, voting together as a single class.

Approval of Proposal 4 requires the affirmative vote of a majority of the votes cast at the meeting with respect to that proposal. If you abstain from voting with respect to any of these proposals, your abstention will be treated as a vote "AGAINST" that proposal.

STOCK OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The table below sets forth certain information as of the record date with respect to the beneficial ownership of our common stock by:

- each of our directors;
- each of our executive officers included in the Summary Compensation Table beginning on page 16 of this proxy statement (the "named executive officers");
- all persons known to us to beneficially own more than 5% of our common stock; and
- all directors and executive officers as a group.

We have relied exclusively upon information provided to us by our directors and executive officers and copies of documents sent to us that have been filed with the Securities and Exchange Commission by others for purposes of determining the number of shares each person beneficially owns. Beneficial ownership is determined in accordance with the rules and regulations of the

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Securities and Exchange Commission and generally includes those persons who have voting or investment power with respect to the securities. Except as otherwise indicated, and subject to applicable community property laws, the persons named in the table have sole voting and investment power with respect to all shares of our common stock beneficially owned by them. Percentage ownership in the table below is based on 46,509,175 shares of common stock outstanding on the record date. Shares of our stock subject to options or warrants that are exercisable within 60 days of the record date and shares of our common stock issuable upon conversion of our Series A Preferred Stock and Series B Preferred Stock that are issued and outstanding on the record date are also deemed outstanding for purposes of calculating the percentage ownership of that person, and if applicable, the percentage ownership of executive officers and directors as a group, but are not treated as outstanding for the purpose of calculating the percentage ownership of any other person. Unless otherwise indicated, the address for each stockholder listed in the table below is c/o Evolve Software, Inc., 150 Spear Street, 11th Floor, San Francisco, CA 94105.

NAME AND ADDRESS -----	NUMBER OF SHARES BENEFICIALLY OWNED -----	PERCENT OUTST -----
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GREATER THAN 5% STOCKHOLDERS

Warburg Pincus Private Equity VIII, L.P., Warburg Pincus & Co. and Warburg Pincus LLC 466 Lexington Avenue, New York, NY 10017 (1)	74,359,628	
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Sierra Ventures VI, L.P. and SV Associates VI, L.P. 3000 Sand Hill Road, Building 4, Suite 210, Menlo Park, CA 94025 (2)	14,557,850
Sierra Ventures VII, L.P. and Sierra Ventures Associates VII, LLC 3000 Sand Hill Road, Building 4, Suite 210, Menlo Park, CA 94025 (3)	8,733,214
Index Ventures I (Jersey) L.P. 2 Rue de Jargonnant 1207 Geneva, Switzerland (4)	6,054,905
VivCorp., Inc. 6114 LaSalle Avenue #323, Oakland, CA 94611	3,013,870

DIRECTORS AND THE NAMED EXECUTIVE OFFICERS

Cary Davis (5)	74,438,830
Nancy Martin (6)	74,438,830
Jeffrey M. Drazan (7)	23,537,346
John Bantleman	1,241,141
Gayle Crowell (8)	1,002,500
Kurt Heikkinen (9)	668,512
John R. Oltman (10)	481,812
Kenneth J. Bozzini (11)	369,851
Robert Gillette (12)	275,000
Lin Johnstone (13)	250,000
Paul Rochester (14)	211,333
Janice Ryan (15)	125,000
Linda Zecher	--
ALL DIRECTORS AND EXECUTIVE OFFICERS AS A GROUP (10 PERSONS) (16)	99,946,821