YELP INC
Form DEF 14A
April 22, 2019

SCHEDULE 14A INFORMATION
Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934
(Amendment No.__)
Filed by the Registrant ý
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))
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YELP INC.

(Name of Registrant as Specified In Its Charter)

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LETTER TO OUR SHAREHOLDERS

Dear Fellow Yelp Shareholders,

As we continue into 2019, the foundation laid in 2018 will prove to be an important asset for Yelp. We have undertaken transformations in our go-to-market strategy, including transitioning to selling advertising on demand, launching a program to attract and serve local advertising resellers, making it easier for business owners to claim their presence on Yelp, and establishing a stronger marketing foundation to drive our self-serve client acquisitions.

We have also made substantial progress in our key business verticals. In Restaurants, our most important and highly trafficked user acquisition vertical, our investments resulted in a doubling of diners seated via Yelp and helped drive mid-teens percentage growth in App Unique Devices during 2018. In Home & Local Services, our largest and fastest growing vertical by revenue, our focus on product innovation delivered nearly 30% growth in category revenue in 2018, driven in part by a tripling of revenue attributable to Request A Quote over the same period.

The expansion of our attribution capabilities and our revamped national sales and marketing operations also helped us capture a larger share of the considerable opportunities presented by enterprise and multi-location customers, who accounted for the majority of local ad spending in the United States in 2018. Revenue from these clients also grew nearly 30% in 2018 as we won mandates from marquee advertisers and expanded our relationships with existing clients.

Going forward, we plan to capitalize on the opportunities that our strategic transformations have unlocked in the past year: we are committed to providing consumers and businesses with innovative products and services and to delivering value and long-term growth to our shareholders.

To accelerate Yelp's growth, we are focusing on five important initiatives: (1) winning in key verticals, such as Restaurants and Home & Local Services; (2) expanding our slate of business product offerings; (3) driving more value to our customers; (4) capturing the enterprise opportunity; and (5) continuing to enhance the consumer experience. We expect the product development and go-to-market efforts we undertake in support of these initiatives to help us achieve a mid-teens compound annual revenue growth rate from 2019 through 2023. Together with focusing on our most efficient sales channels and optimizing our sales force and marketing investments, we also expect these efforts to deliver an even more profitable Yelp, which includes achieving Adjusted EBITDA margins in the 30-35% range by 2023.

To support the execution of these growth strategies, we have refreshed our Board of Directors, adding three new members, George Hu, Sharon Rothstein and Brian Sharples, to replace Geoff Donaker, Peter Fenton and Jeremy Levine, respectively, who stepped down from the Board earlier this year. George, Sharon and Brian bring a wealth of practical, hands-on knowledge and skill sets, including scaling operations, sales, marketing, product and monetization, to our Board. Their additions further strengthen our talented and diverse team. On behalf of the entire Board, I would like to thank Geoff, Peter and Jeremy for their many contributions to Yelp over the years.

We remain committed to returning capital to our shareholders. In February, we announced a $250 million increase to Yelp's share repurchase program, bringing the total share repurchase authorization to $500 million of outstanding common stock. Together with the $200 million program completed in November 2018, this represents a planned $700 million return of capital to Yelp shareholders since August 2017.

We are excited about Yelp's future and confident in our strategy to capitalize on the sizable opportunities ahead of us. Our Board, management team and employees are fully committed to delivering on our plan to drive long-term value for our shareholders, which we believe will also create a stronger, more sustainable and more valuable company for our consumers and business owners.

On behalf of our Board of Directors and management team, we cordially invite you to attend the 2019 Annual Meeting of Stockholders, which will be conducted by live audio webcast on Thursday, June 6, 2019 at 9:30 a.m. (Pacific time). Details on how to join the meeting are described in the attached notice of Annual Meeting of Stockholders and Proxy Statement. We look forward to your participation and, as always, we sincerely appreciate your continued support and interest in Yelp.

Diane M. Irvine
Chair, Board of Directors
Yelp Inc.

YELP INC.
140 New Montgomery Street
San Francisco, California 94105

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
To Be Held on June 6, 2019

Dear Stockholder:

You are cordially invited to attend the 2019 Annual Meeting of Stockholders (the “Annual Meeting”) of YELP INC., a Delaware corporation (the “Company”). The Annual Meeting will be held on Thursday, June 6, 2019 at 9:30 a.m. (Pacific time).

As in past years, the Annual Meeting will be a completely virtual meeting of stockholders, which will be conducted via a live audio webcast. You will be able to attend the Annual Meeting, submit your questions and vote online during the meeting by visiting www.virtualshareholdermeeting.com/YELP2019. We continue to believe that hosting a virtual meeting provides expanded access, improved communication and cost savings for our stockholders and the Company.

At the Annual Meeting, stockholders will vote on the following matters:

1. To elect the three nominees for director named in the accompanying proxy statement (the “Proxy Statement”) to hold office until the 2022 Annual Meeting of Stockholders.
2. To ratify the selection by the Audit Committee of the Board of Directors of Deloitte & Touche LLP as the independent registered public accounting firm of the Company for the year ending December 31, 2019.
3. To approve, on an advisory basis, the compensation of the Company’s named executive officers, as disclosed in the Proxy Statement.
4. To indicate, on an advisory basis, the preferred frequency of stockholder advisory votes on the compensation of the Company's named executive officers.
5. To conduct any other business properly brought before the Annual Meeting.

These items of business are more fully described in the Proxy Statement accompanying this Notice. The record date for the Annual Meeting is April 15, 2019. Only stockholders of record at the close of business on that date may vote at the Annual Meeting or at any adjournment thereof.

We look forward to your attendance at our Annual Meeting.

By Order of the Board of Directors
Laurence Wilson
Corporate Secretary
San Francisco, California
April 22, 2019

You are cordially invited to attend and participate in the Annual Meeting, which will be held virtually via the Internet. Whether or not you expect to attend the Annual Meeting, please vote over the telephone or Internet, or, if you receive a paper proxy card by mail, by completing and returning the proxy card mailed to you, as promptly as possible in order to ensure your representation at the Annual Meeting. Voting instructions are provided in the Notice of Internet Availability of Proxy Materials, or, if you receive a paper proxy card by mail, the instructions are printed on your proxy card and included in the accompanying Proxy Statement. Even if you have voted by proxy, you may still vote your shares if you attend the Annual Meeting. Please note, however, that if your shares are held of record by a broker, bank or other nominee and you wish to vote at the Annual Meeting, you must obtain a legal proxy issued in your name from that record holder.

PROXY STATEMENT
FOR THE 2019 ANNUAL MEETING OF STOCKHOLDERS
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This Proxy Statement contains "forward-looking" statements regarding Yelp's current expectations within the meaning of the applicable securities laws and regulations. These statements are subject to a variety of risks and uncertainties that could cause actual results to differ materially from expectations. These risks and uncertainties include, but are not limited to, the risks detailed in our filings with the U.S. Securities and Exchange Commission, including the "Risk Factors" section of our most recent Annual Report on Form 10-K or Quarterly Report on Form 10-Q. We assume no obligation to update any of these forward-looking statements.

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ABOUT THE ANNUAL MEETING

Why am I receiving these materials?

We are providing you with these proxy materials because the Board of Directors of Yelp Inc., or the Board, is soliciting your proxy to vote at Yelp's 2019 Annual Meeting of Stockholders, or the Annual Meeting, including at any adjournments or postponements thereof. As used in this Proxy Statement, references to "we," "us," "our," "Yelp" and the "Company" refer to Yelp Inc. and its consolidated subsidiaries.

You are invited to attend the Annual Meeting to vote on the proposals described in this Proxy Statement. However, you do not need to attend the Annual Meeting to vote your shares. Instead, you may simply follow the instructions below to submit your proxy. The proxy materials, including this Proxy Statement and our Annual Report on Form 10-K for the year ended December 31, 2018, or our Annual Report, are being distributed and made available on or about April 22, 2019.

When and where will the Annual Meeting take place?

The Annual Meeting will be held via a live audio webcast on Thursday, June 6, 2019 at 9:30 a.m. Pacific time. The Annual Meeting can be accessed by visiting www.virtualshareholdermeeting.com/YELP2019, where you will be able to listen to the meeting live, submit questions and vote online.

Why did I receive a notice regarding the availability of proxy materials on the Internet instead of a full set of proxy materials?

Pursuant to rules adopted by the U.S. Securities and Exchange Commission, or SEC, we have elected to provide access to our proxy materials over the Internet. This approach conserves natural resources and reduces our printing and distribution costs, while providing a timely and convenient method of accessing the materials and voting.
As a result, our stockholders generally will not receive paper copies of our proxy materials unless they request them. We will instead send a Notice of Internet Availability of Proxy Materials, or Notice, to our stockholders of record with instructions for accessing the proxy materials and voting online or by telephone. All stockholders will have the ability to access the proxy materials on the website referred to in the Notice or request to have a printed set of the proxy materials. Instructions on how to access the proxy materials online or to request a printed copy may be found in the Notice.
We intend to mail the Notice on or about April 22, 2019 to all stockholders of record entitled to vote at the Annual Meeting.

How many votes do I have?

On each matter to be voted on, you have one vote for each share of common stock you owned as of April 15, 2019, or the Record Date.

What am I voting on?

There are four matters scheduled for a vote:

- Proposal No. 1: the election of the three nominees for director named in this Proxy Statement;
- Proposal No. 2: the ratification of the selection by the Audit Committee of the Board of Deloitte & Touche LLP as our independent registered public accounting firm for the year ending December 31, 2019;
- Proposal No. 3: the approval, on an advisory basis, of the compensation of our named executive officers, as disclosed in this Proxy Statement in accordance with SEC rules; and
- Proposal No. 4: the indication, on an advisory basis, of the preferred frequency of stockholder advisory votes on the compensation of our named executive officers.

We will also transact any other business that may properly come before the meeting, although we are not aware of any such business as of the date of this Proxy Statement.

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What are the Board's voting recommendations?

The Board recommends that you vote your shares as follows:

- FOR the election of the three nominees for director named in this Proxy Statement;
- FOR ratification of the selection by the Audit Committee of the Board of Deloitte & Touche LLP as our independent registered public accounting firm for the year ending December 31, 2019;
- FOR the advisory approval of executive compensation; and
- For every 1 YEAR as the preferred frequency of advisory votes to approve executive compensation.

How do I vote in advance of the Annual Meeting?

Whether or not you plan to attend the Annual Meeting, we urge you to vote by proxy to ensure your vote is counted. You may still attend and vote at the Annual Meeting even if you have already voted by proxy.

If you are a stockholder of record, you may vote in any of the following ways:

Internet	Phone	Mail
Visit www.proxyvote.com to complete an electronic proxy card. You will be asked to provide the control number from your Notice.	Dial toll-free 1-800-690-6903 using a touch-tone phone and follow the recorded instructions. You will be asked to provide the control number from the Notice.	Complete, sign and date the proxy card and return it promptly in the envelope provided (if you requested a paper copy of the proxy materials or we elected to deliver a proxy card at a later time).
Your vote must be received by 11:59 p.m. Eastern time on June 5, 2019 to be counted.	Your vote must be received by 11:59 p.m. Eastern time on June 5, 2019 to be counted.	If you return your signed proxy card to us before the Annual Meeting, we will vote your shares as you instruct.

If you are a stockholder who holds shares through a brokerage firm, bank, trust or other similar organization (that is, in "street name"), you should have received a notice containing voting instructions from that organization rather than from us. Simply follow the voting instructions in that notice to ensure that your vote is counted.

We are holding the Annual Meeting online and providing Internet voting to provide expanded access and to allow you to vote your shares online, with procedures designed to ensure the authenticity and correctness of your voting instructions. However, please be aware that you must bear any costs associated with your Internet access, such as usage charges from Internet access providers and telephone companies.

How do I attend and participate in the Annual Meeting?

This year’s Annual Meeting will be held entirely online via audio webcast to allow greater participation. You may attend, vote and ask questions at the Annual Meeting by following the instructions provided on the Notice to log in to www.virtualshareholdermeeting.com/YELP2019. If you are a stockholder of record, you will be asked to provide the control number from your Notice. If you are a stockholder whose shares are held in street name, follow the instructions from your broker or bank.

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PROPOSAL NO. 1
ELECTION OF DIRECTORS

Our business is managed under the direction of our Board, which is presently composed of eight directors. All of our directors other than our Chief Executive Officer, Jeremy Stoppelman, are independent within the meaning of the listing standards of the New York Stock Exchange, or NYSE.

Our Board is divided into three classes of directors. Each class consists, as nearly as possible, of one-third of the total number of directors, and each class has a three-year term. There are three directors in the class whose term of office expires in 2019. If elected at the Annual Meeting, each of these nominees would serve until the 2022 Annual Meeting of Stockholders and until his or her successor has been duly elected and qualified, or, if sooner, until the director's death, resignation or removal.

The following table sets forth the names, ages and certain other information with respect to our directors, including the three nominees for election at the Annual Meeting, as of April 15, 2019:

Name	Age	Director Since	Independent	Audit Committee	Compensation Committee	Nominating Committee
Class I Directors – Nominees for Election at the Annual Meeting						
Fred D. Anderson, Jr.	74	Feb. 2011	ü	l«	µ	
Sharon Rothstein	61	March 2019	ü			l
Brian Sharples	58	March 2019	ü	l		
Class II Directors – Continuing in Office until the 2020 Annual Meeting						
Diane M. Irvine	60	Nov. 2011	ü	µ«		µ
Mariam Naficy	48	Jan. 2014	ü			l
Class III Directors – Continuing in Office until the 2021 Annual Meeting						
Robert Gibbs	48	May 2012	ü	l	l	l
George Hu	44	March 2019	ü		l	
Jeremy Stoppelman	41	Sept. 2005				

Legend: µ Committee Chairperson | l Committee Member | « Audit Committee Financial Expert

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Board Composition

The Nominating and Corporate Governance Committee of the Board, or the Nominating Committee, seeks to assemble a Board that, as a whole, possesses the appropriate balance of professional and industry knowledge, financial expertise and high-level management experience necessary to oversee and direct our business. To that end, the Nominating Committee has identified and evaluated the nominees for election at the Annual Meeting in the broader context of the Board's overall composition, with the goal of selecting nominees who complement and strengthen the skills of other members of the Board and who also exhibit integrity, collegiality, sound business judgment and other qualities that the Nominating Committee views as critical to the effective functioning of the Board, as described in greater detail below.

Considerations in Evaluating Director Nominees

The Nominating Committee believes that candidates for director should have certain minimum qualifications, including being able to read and understand basic financial statements, being over 21 years of age and having the highest personal integrity and ethics. The Nominating Committee also considers such factors as possessing relevant expertise on which to be able to offer advice and guidance to management, having sufficient time to devote to the affairs of the Company, demonstrated excellence in his or her field, having the ability to exercise sound business judgment and having the commitment to rigorously represent the long-term interests of our stockholders. However, the Nominating Committee retains the right to modify these qualifications from time to time. Candidates for director are reviewed in the context of the current composition of the Board, the operating requirements of the Company and the long-term interests of the stockholders.

In conducting this assessment, the Nominating Committee typically considers diversity, age, skills and such other factors as it deems appropriate given the current needs of the Board and the Company, to maintain a balance of knowledge, experience and capability. The Nominating Committee does not have a formal policy with respect to diversity; however, the Board and the Nominating Committee believe that it is essential that the Board members represent diverse viewpoints. Accordingly, the Nominating Committee may consider such factors as diversity of gender, race, professional experience and differences in viewpoints and skills.

In the case of incumbent directors whose terms of office are set to expire, the Nominating Committee reviews such directors' overall service to the Company during their term, including the number of meetings attended, level of participation, quality of performance and any other relationships and transactions that might impair such directors' independence. In the case of new director candidates, the Nominating Committee also determines whether the nominee is independent for NYSE purposes, which determination is based upon NYSE listing standards, applicable SEC rules and regulations and the advice of counsel, if necessary. The Nominating Committee meets to discuss and consider candidates' qualifications and then selects nominee(s) for recommendation to the Board by majority vote.

To identify candidates for Board membership, the Nominating Committee uses its network of contacts to compile a list of potential candidates, but may also engage, if it deems appropriate, a professional search firm. For example, the Nominating Committee engaged Spencer Stuart, a nationally recognized director search firm, to assist with its review of our Board composition in 2018, as described below. The Nominating Committee also conducts any appropriate and necessary inquiries into the backgrounds and qualifications of possible candidates after considering the function and needs of the Board.

At this time, the Nominating Committee does not have a policy with regard to the consideration of director candidates recommended by stockholders and will evaluate such candidates on a case-by-case basis. The Nominating Committee believes that it is in the best position to identify, review, evaluate and select qualified candidates for Board membership, based on the comprehensive criteria for Board membership approved by the Board.

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Summary of Director Experience and Qualifications

The matrix below summarizes what our Board believes are desirable types of experience, qualifications, attributes and skills possessed by one or more of our directors as a result of their particular relevance to our business and structure. While all of these were considered by the Board and Nominating Committee in connection with this year's director nomination process, the following matrix does not encompass all experience, qualifications, attributes or skills of our directors.

	Experience as Senior Executive at Major Public Company	Experience in Internet or Technology Industry	Online Advertising, Sales or Marketing Experience	Digital Marketplace or e-Commerce Experience	Public Company Board Service / Corporate Governance	Specific Expertise in Yelp Key Vertical[1]
Diane M. Irvine	ü	ü		ü	ü	
Fred D. Anderson, Jr.	ü	ü		ü	ü	
Robert Gibbs	ü					ü
George Hu	ü	ü	ü			
Mariam Naficy		ü	ü	ü		
Sharon Rothstein	ü		ü			ü
Brian Sharples	ü	ü	ü	ü	ü	ü
Jeremy Stoppelman	ü	ü		ü		ü

(1) Includes restaurants, hospitality and home services.

2019 Board Refreshment

Based on feedback received through engagement with our stockholders, our Board and Nominating Committee initiated a process in late 2018 to evaluate the Board's composition and identify additional director candidates to help drive our strategy, with the support of Spencer Stuart. As a result of this process, upon the recommendation of the Nominating Committee, the Board elected Ms. Rothstein and Messrs. Hu and Sharples to the Board to fill the vacancies created by the resignations of Peter Fenton, Geoff Donaker and Jeremy Levine, respectively. We believe the resulting Board composition strikes the right balance between long-term understanding of our business and fresh external perspectives, while also improving diversity within the boardroom. At the conclusion of this refreshment process, our Board composition reflected the following characteristics:

Biographies of our Board Members

Each of the nominees listed below is currently a director and was recommended for election by the Nominating Committee. Ms. Rothstein and Messrs. Hu and Sharples were appointed to the Board to fill vacancies and have not previously been elected by our stockholders. The Nominating Committee recommended their initial election to the Board based on the Board refreshment process it conducted in 2019 with the support of Spencer Stuart, as described above.

A brief biography of each nominee and each director whose term will continue after the Annual Meeting is set forth below. The biographies below also include information regarding the specific experience, qualifications, attributes or skills of each nominee or director that led the Nominating Committee to determine that such individual should serve as a member of the Board as of the date of this Proxy Statement.

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Nominees for Election for a Three-Year Term Expiring at the 2022 Annual Meeting

Fred D. Anderson, Jr.
Director Since: February 2011
Committees: Audit
Compensation (Chair)

Fred D. Anderson, Jr. serves as a Managing Director of Next Equity Partners, a firm he co-founded in July 2015, and Elevation Partners, a firm he co-founded in July 2004, making venture capital and private equity investments in technology and digital media companies. From March 1996 to June 2004, Mr. Anderson served as Executive Vice President and Chief Financial Officer of Apple Inc., one of the world's largest consumer electronics companies. Prior to joining Apple, Mr. Anderson was Corporate Vice President and Chief Financial Officer of Automatic Data Processing, Inc., an electronic transaction processing firm, from August 1992 to March 1996. Mr. Anderson currently serves on the board of trustees of Whittier College and the Stanford Athletic Advisory Board. Mr. Anderson holds a B.A. from Whittier College and an M.B.A. from the University of California, Los Angeles.

Qualifications

ü Extensive financial expertise from CFO positions at large, global companies

ü Significant board and senior management experience at large, innovative technology companies

ü Deep experience in analyzing and executing sophisticated corporate transactions

Other Public Company Board Service

+ eBay Inc. (since 2003)
+ Apple Inc. (June 2004—September 2006)
+ Palm, Inc. (October 2007—July 2010)
+ Move, Inc. (November 2006—March 2012)

Sharon Rothstein
Director Since: March 2019
Committees: Nominating & Corporate Governance

Sharon Rothstein has served as an Operating Partner at Stripes Group, a growth equity firm since October 2018. Prior to joining Stripes Group, Ms. Rothstein served as Executive Vice President, Global Chief Marketing Officer of Starbucks Corporation, a premier roaster, marketer and retailer of specialty coffee, from April 2013 to February 2018. From May 2009 to March 2013, Ms. Rothstein served as Senior Vice President of Marketing at Sephora, a specialty beauty retailer. Prior to joining Sephora, Ms. Rothstein held senior marketing and brand management positions with Godiva, Starwood Hotels and Resorts, Nabisco Biscuit Company and Procter & Gamble. Ms. Rothstein holds a Bachelor of Commerce from the University of British Columbia and an M.B.A. from the University of California, Los Angeles.

Qualifications

ü Significant marketing expertise from positions at iconic consumer-facing

companies
ü Leadership experience in key restaurant and hospitality verticals

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Brian Sharples
Director Since: March 2019
Committees: Audit

Brian Sharples is a serial entrepreneur, angel investor and advisor to technology and e-commerce companies. Mr. Sharples most recently served as Chairman of Twyla Inc., an online fine art marketplace that he co-founded, from October 2016 to December 2018. Mr. Sharples previously served as Chief Executive Officer of HomeAway, Inc., a vacation rental marketplace he co-founded, from April 2004 to September 2016, as President from April 2004 to May 2014 and as Chairman from March 2011 to December 2015. Prior to founding HomeAway, Mr. Sharples was an angel investor from 2001 to 2004 and also served as Chief Executive Officer of Elysium Partners, Inc., a company in the vacation club ownership market, from 2002 to 2003. Mr. Sharples was President of IntelliQuest Information Group from 1990 to 1996 and Chief Executive Officer from 1996 to 2000. Mr. Sharples holds a B.S. in math and economics from Colby College and an M.B.A. from the Stanford University Graduate School of Business.

Qualifications

ü Experience as board member as well as in leading operations and executive

roles at technology and
e-commerce companies
ü Strategic transactions
ü Expert in technology brand
strategy
Other Public Company
Board Service
+ GoDaddy Inc. (since 2016)
+ RetailMeNot, Inc. (July
2011—May 2017)
+ HomeAway, Inc. (March
2011—December 2015)
+ Kayak, Inc. (December
2011—2015)

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Directors Continuing in Office until the 2020 Annual Meeting

Diane M. Irvine, Chairperson
Director Since: November 2011
Committees: Audit (Chair)
Nominating & Corporate Governance (Chair)

Diane M. Irvine has served as Chairperson of the Board since September 2015. She previously served as Chief Executive Officer of Blue Nile, Inc., an online retailer of diamonds and fine jewelry, from February 2008 to November 2011, and as President from February 2007 to November 2011. Ms. Irvine also served as the Chief Financial Officer of Blue Nile from December 1999 to September 2007. From February 1994 to May 1999, Ms. Irvine served as Vice President and Chief Financial Officer of Plum Creek Timber Company, Inc., a timberland management and wood products company. From September 1981 to February 1994, Ms. Irvine served in various capacities, most recently as a partner, with Coopers & Lybrand LLP, an accounting firm. Ms. Irvine holds a B.S. in Accounting from Illinois State University and an M.S. in Taxation and a Doctor of Humane Letters from Golden Gate University.

Qualifications

ü Extensive financial expertise

ü Significant public company board and senior management experience

Other Public Company Board Service

+ Funko, Inc. (since August 2017)

+ XO Group Inc. (November 2014—December 2018)

+ Rightside Group, Ltd. (August 2014—July 2017)

+ CafePress Inc. (May 2012—May 2015)

+ Blue Nile, Inc. (May 2001—November 2011)

Mariam Naficy
Director Since: January 2014
Committees: Nominating & Corporate Governance

Mariam Naficy has been the Chief Executive Officer of Minted LLC, an online marketplace for independent design and art, since she founded the company in June 2007. Prior to founding Minted, she was the general manager of the e-commerce division of The Body Shop International plc, a cosmetics retailer, from November 2003 to June 2007. She previously served as Vice President, Marketing and Product Development of Movielink, LLC, a web-based video on demand service, from April 2002 to May 2003, Interim Vice President of Marketing for Columbia Tristar International Television, a television and distribution and production company, from January 2002 to May 2002, and co-founder and Chief Executive Officer of Eve.com, an online cosmetics retailer, from June 1998 to October 2000, when it was acquired by Idealab. Ms. Naficy also sits on the board of Every Mother Counts, a non-profit organization founded to increase public awareness and support for improved maternal and child health. She holds a B.A. in Political Economy from Williams College and an M.B.A. from the Stanford University Graduate School of Business.

Qualifications

ü Expertise in operating and managing companies in the e-commerce sector

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Directors Continuing in Office until the 2021 Annual Meeting

Robert Gibbs
Director Since: May 2012
Committees: Audit
Compensation
Nominating & Corporate Governance

Robert Gibbs has been Executive Vice President, Global Chief Communications Officer of McDonald's Corporation, a global food service retailer, since June 2015. Prior to joining McDonald's, Mr. Gibbs was a Partner at The Incite Agency, a strategic communications firm, from June 2013 to June 2015 and a contributor to cable news channel MSNBC from February 2013 to June 2015. Mr. Gibbs previously served as a senior campaign advisor to President Barack Obama for the 2012 presidential election from January 2012 to November 2012. From January 2009 to February 2011, he served as the 28th White House Press Secretary. Prior to January 2009, Mr. Gibbs was the Communications Director for then-U.S. Senator Obama and for Mr. Obama's 2008 presidential campaign. Mr. Gibbs was Press Secretary for Senator John Kerry's 2004 presidential campaign and previously specialized in Senate campaigns, having served as Communications Director for the Democratic Senatorial Campaign Committee and for four individual Senate campaigns, including those of Mr. Obama in 2004 and Fritz Hollings in 1998. Mr. Gibbs holds a B.A. in Political Science from North Carolina State University.

Qualifications

ü Extensive media, communications and public policy experience

ü Leadership experience in key restaurant vertical

George Hu
Director Since: March 2019
Committees: Compensation

George Hu has served as Chief Operating Officer of Twilio Inc. since March 2017. From December 2014 to April 2016, Mr. Hu founded and served as Chief Executive Officer at Peer, a workplace feedback startup that was acquired by Twitter, Inc. in 2016. Prior to founding Peer, Mr. Hu served as Chief Operating Officer at Salesforce.com, Inc., a leading provider of enterprise cloud computing applications, from November 2011 to December 2014. From 2001 to 2011, Mr. Hu served in a variety of other management roles at Salesforce.com, including Vice President of Product Marketing, Senior Vice President of Applications, Executive Vice President of Products and Chief Marketing Officer. Mr. Hu holds an A.B. in Economics from Harvard College and an M.B.A. in Business Administration from the Stanford University Graduate School of Business.

Qualifications

ü High-growth technology experience, including over ten years at Salesforce.com

ü Breadth of operational expertise, including a background in product, applications and marketing

Jeremy Stoppelman
Director Since: September 2005

Jeremy Stoppelman is our co-founder and has served as our Chief Executive Officer since our inception in 2004. Prior to founding Yelp, Mr. Stoppelman held various engineering roles at PayPal, Inc., an online payment company, from February 2000 to June 2003, most recently serving as Vice President of Engineering. Prior to PayPal, Mr. Stoppelman was a software engineer at Excite@Home, an Internet company, from August 1999 to January 2000. He holds a B.S. in Computer Science from the University of Illinois.

Qualifications

ü Perspective gained from his experience as one of our co-founders and our Chief Executive Officer

ü Significant experience in the Internet industry

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Required Vote and Board Recommendation

Majority Voting with Director Resignation Policy

In February 2019, our Board amended our Bylaws to adopt a majority voting with director resignation policy. This policy provides that, in uncontested elections (such as this one), directors are elected by a majority of votes cast by holders of shares present in person, by remote communication or represented by proxy and entitled to vote on the election of directors — that is, the nominee must receive a greater number of votes "for" his or her election than votes "withheld" from his or her election.

In the event that an incumbent nominee for director in an uncontested election does not receive the required majority vote and no successor has been elected at such meeting, our Bylaws require the director to promptly tender his or her resignation to the Board. The Nominating Committee will then consider the relevant facts and circumstances and recommend to the Board the action to be taken with respect to such offer of resignation. The Board will then act on the Nominating Committee's recommendation. Within ninety (90) days after the date of the certification of election results, we will disclose the Board's decision and an explanation of such decision in a filing with the SEC, a press release or other broadly disseminated means of communication.

If the Board does not accept such incumbent director's resignation, the director will continue to serve until the next annual meeting and until his or her successor is elected and duly qualified. If the Board accepts such incumbent director's resignation, or if a nominee for director does not receive the required vote and is not an incumbent director, then the Board, in its sole discretion, may decrease the size of the Board or may fill the resulting vacancy by a majority vote of the remaining directors. A director elected by the Board to fill a vacancy in a class, including vacancies created by an increase in the number of directors, will serve for the remainder of the full term of that class and until the director's successor is elected and duly qualified.

Through this policy, the Board seeks to be accountable to all stockholders and respect the rights of stockholders to express their views through their votes for nominees. However, the Board also deems it important to preserve sufficient flexibility to make sound evaluations based on the relevant circumstances in the event a nominee fails to receive a majority of the votes cast with respect to such nominee. For example, the Board may wish to assess whether the sudden resignation of one or more directors would materially impair the effective functioning of the Board. This policy is intended to allow the Board to react to situations that could arise if the resignation of multiple directors would prevent a key committee from achieving a quorum or if a resignation would otherwise impair the functioning of the committee. The policy also would allow the Board to assess whether a director was targeted for reasons unrelated to his or her performance as a director at the Company.

Under this policy, in contested elections — any election in which the number of candidates for director exceeds the number of directors to be elected — directors will continue to be elected by a plurality of the votes of holders of shares present in person, by remote communication or represented by proxy and entitled to vote on the election of directors, meaning the candidates who receive the highest numbers of affirmative votes will be elected as directors.

Board Recommendation

Shares represented by executed proxies will be voted, if authority to do so is not withheld, for the election of the three nominees named above. If any nominee becomes unavailable for election as a result of an unexpected occurrence, shares that would have been voted for that nominee will instead be voted for the election of a substitute nominee proposed by the Nominating Committee. Each person nominated for election has agreed to serve if elected. Our management has no reason to believe that any nominee will be unable to serve.

THE BOARD RECOMMENDS
A VOTE "FOR" ALL OF THE NAMED NOMINEES

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INFORMATION REGARDING THE BOARD OF DIRECTORS
AND CORPORATE GOVERNANCE
Corporate Governance

Our mission is to connect consumers with great local businesses. Since our founding in 2004, we have built a trusted local platform that delivers significant value to both consumers and businesses by helping each discover, interact and transact with the other. Our comprehensive, mobile-first platform offers food-ordering, booking, and reservation and wait list capabilities, among many other transaction opportunities, in addition to the 164.3 million recommended reviews available as of December 31, 2018.

Our culture is at the foundation of our success, and it continues to help drive our business forward as a pivotal part of our everyday operations. It allows us to attract and retain a talented group of employees, create an energetic work environment and continue to innovate in a highly competitive market. Our culture extends beyond our offices and into the local communities in which people use Yelp. We organize events several times a year to recognize our most important contributors, facilitating face-to-face interactions, building the Yelp brand and fostering the sense of true community in which we believe so strongly.

We recognize that pursuing our mission and preserving our culture goes hand in hand with a commitment to corporate governance practices that promote long-term stockholder value creation by providing the right leadership structure and composition of the Board, as well as providing our stockholders with both the opportunity to provide direct feedback and key substantive rights to ensure accountability.

To help ensure that the Board will have the necessary practices in place to review and evaluate our business operations as needed to make decisions that are independent of our management, the Board has documented its governance practices in our Corporate Governance Guidelines. The Corporate Governance Guidelines set forth the practices the Board intends to follow with respect to Board composition and selection, Board meetings and involvement of executive management, Chief Executive Officer performance evaluation and succession planning, and Board committees and compensation. Our Board has also adopted a Code of Business Conduct and Ethics applicable to all officers, directors and employees, including those officers responsible for financial reporting, that, together with our Corporate Governance Guidelines, Bylaws and Board committee charters, provide the framework for the governance of the Company.

Key highlights of our Board profile and corporate governance practices are set forth below:

ü	Approximately 88% of directors are independent	ü	100% independent committee members
ü	Maintain an independent Chairperson separate from our CEO	ü	Robust Code of Conduct and Corporate Governance Guidelines
ü	Majority voting with director resignation policy in uncontested elections	ü	Annual say-on-pay vote
ü	Strong stockholder engagement practice	ü	Succession planning process
ü	Commitment to Board refreshment	ü	Regular executive sessions of independent directors
ü	Stock ownership guidelines for directors and executive officers	ü	Clawback Policy on cash and equity incentive compensation
ü	Periodic reviews of committee charters, Code of Conduct and Corporate Governance Guidelines	ü	Comprehensive risk oversight by full Board and committees
ü	No short sales, hedging, pledging, margin purchases or other inherently speculative transactions in our equity securities by directors or executive officers	ü	Annual Board and committee self-evaluations, including individual director evaluations

Our Corporate Governance Guidelines, Code of Business Conduct and Ethics, and the charters of our principal Board committees are available to stockholders on our website at www.yelp-ir.com under the section entitled “Corporate Governance.” If we make any substantive amendments to the Code of Business Conduct and Ethics or grant any waiver of its provisions to any executive officer or director, we will promptly disclose the nature of the amendment or waiver on our website.

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Independence of the Board

Under the NYSE listing standards, a majority of the members of a listed company's board of directors must qualify as "independent," as affirmatively determined by its board of directors. The Board consults with our counsel to ensure that its determinations are consistent with relevant securities and other laws and regulations regarding the definition of "independent," including those set forth in pertinent listing standards of the NYSE, as in effect from time to time. Consistent with these considerations, after review of all relevant identified transactions or relationships between each director, or any of his or her family members, and the Company, our executive management and independent auditors, the Board has affirmatively determined that the following seven directors are independent directors within the meaning of the applicable NYSE listing standards: Mses. Irvine, Naficy and Rothstein and Messrs. Anderson, Gibbs, Hu and Sharples. In addition, the Board had previously determined that Peter Fenton and Jeremy Levine were independent directors within the meaning of the applicable NYSE listing standards prior to their resignations from the Board on March 1, 2019.

In making these determinations, the Board found that none of these directors had a material or other disqualifying relationship with the Company. It considered the current and prior relationships that each non-employee director has with our company and each other and all other facts and circumstances the Board deemed relevant in determining their independence, including the beneficial ownership of our capital stock by each non-employee director. Mr. Stoppelman, our Chief Executive Officer, is not independent by virtue of his employment with the Company. In addition, Geoff Donaker, our former Chief Operating Officer, was not independent prior to his resignation from the Board on March 1, 2019 due to his recent employment with the Company.

Board Leadership Structure

Ms. Irvine has served as Chairperson of the Board since September 2015. Ms. Irvine's tenure on the Board, as well as the deep knowledge of our Company gained in her role as Chairperson of the Audit Committee of the Board, or Audit Committee, allow her to provide valuable insights and facilitate the implementation of our strategic initiatives and business plans. In our view, having a Chairperson that is far removed from management would have the potential to give rise to divided leadership, which could interfere with good decision making or weaken our ability to develop and implement strategy. The Board also believes, however, that Ms. Irvine's independence is an essential complement to her familiarity with the Company and management representation on the Board, helping to foster an environment that is conducive to objective evaluation and oversight of management's performance.

Ms. Irvine has authority, among other things, to call and preside over Board meetings and set meeting agendas, as well as to preside over and establish agendas for executive sessions of the independent directors, giving her substantial authority to shape the work of the Board. The Board believes that her independence, coupled with her substantial financial expertise and experience in public company management, enhances the effectiveness of the Board as a whole and makes her chairpersonship in the best interests of the Board, the Company and its stockholders.

Meetings of the Board

The Board met four times during 2018. Each member of the Board attended at least 75% of the aggregate number of meetings of the Board and of the committees on which he or she served that were held during the portion of 2018 during which he or she was a director or committee member.

Under our Corporate Governance Guidelines, directors are also expected to attend our annual meetings of stockholders. Six out of eight directors attended the 2018 Annual Meeting of Stockholders.

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Information Regarding the Committees of the Board

The Board has three standing committees: the Audit Committee, Compensation Committee and Nominating Committee. The following table provides membership and meeting information for 2018 for each of the Board committees:

Name	Audit	Compensation	Nominating
Diane M. Irvine	µ		l[1]
Fred D. Anderson, Jr.	l	l	
Peter Fenton		µ[2]	
Robert Gibbs	l		
Jeremy Levine			µ[3]
Mariam Naficy			l
Total meetings in 2018	9	3	2

µ Committee Chairperson | l Committee Member

(1) The Board appointed Ms. Irvine to the Nominating Committee effective December 5, 2018.

(2) Mr. Fenton resigned from the Compensation Committee in connection with his resignation from the Board on March 1, 2019. Effective as of March 1, 2019, the Board designated Mr. Anderson as Chairperson of the Compensation Committee and appointed Messrs. Gibbs and Hu as members of the Compensation Committee.

(3) Mr. Levine resigned from the Nominating Committee in connection with his resignation from the Board on March 1, 2019. Effective as of March 1, 2019, the Board designated Ms. Irvine as Chairperson of the Nominating Committee and appointed Ms. Rothstein and Mr. Gibbs as members of the Nominating Committee.

Below is a description of each committee of the Board. The Board has determined that each member of each committee meets the applicable NYSE rules and regulations regarding "independence" and that each member is free of any relationship that would bear on the materiality of his or her relationship to us.

Audit Committee

The Board established the Audit Committee to oversee our corporate accounting and financial reporting processes, systems of internal control over financial reporting and audits of our financial statements, and the quality and integrity of our financial statements and reports. For this purpose, the Audit Committee performs several functions, including:

- reviewing and pre-approving the engagement of our independent registered public accounting firm to perform audit services and any permissible non-audit services;
- evaluating the performance of our independent registered public accounting firm and deciding whether to retain its services;
- monitoring the rotation of partners of our independent registered public accounting firm on our engagement team as required by law;
- reviewing our annual and quarterly financial statements and reports and discussing the statements and reports with our independent registered public accounting firm and management, including a review of disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations";
- conferring with management and our independent registered public accounting firm regarding the scope, adequacy and effectiveness of our internal control over financial reporting;
- considering, approving, disapproving or ratifying related-party transactions;
- reviewing, with our independent registered public accounting firm and management, significant issues that may arise regarding accounting principles and financial statement presentation, as well as matters concerning the scope, adequacy and effectiveness of our financial controls;
- reviewing and establishing appropriate insurance coverage for our directors and executive officers;
- conducting an annual assessment of the performance of the Audit Committee and its members, and the adequacy of its charter; and

- establishing procedures for the receipt, retention and treatment of complaints received by us regarding financial controls, accounting or auditing matters.

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The Audit Committee is currently composed of four directors, Ms. Irvine and Messrs. Anderson, Gibbs and Sharples, each of whom the Board has determined to be independent (as independence is currently defined in Section 303A.02 of the NYSE listing standards and in Rule 10A-3(b)(1) promulgated under the Securities Exchange Act of 1934, as amended, or the Exchange Act). The Board has determined that Ms. Irvine and Mr. Anderson each qualify as an "audit committee financial expert," as defined in applicable SEC rules. The Board made a qualitative assessment of Ms. Irvine's and Mr. Anderson's level of knowledge and experience based on a number of factors, including their formal education and experiences as described in their biographies included in this Proxy Statement. Ms. Irvine is the Chairperson of the Audit Committee.

The Audit Committee has adopted a written charter that is available to stockholders on our website at www.yelp-ir.com under the section entitled "Corporate Governance."

Audit Committee Report[1]

The Audit Committee has reviewed and discussed the audited financial statements for the year ended December 31, 2018 with management of the Company. The Audit Committee has discussed with the independent registered public accounting firm the matters required to be discussed by Auditing Standard No. 1301, Communications with Audit Committees, as adopted by the Public Company Accounting Oversight Board, or PCAOB. The Audit Committee has also received the written disclosures and the letter from the independent registered public accounting firm required by applicable requirements of the PCAOB regarding the independent accountants' communications with the Audit Committee concerning independence, and has discussed with the independent registered public accounting firm the accounting firm's independence. Based on the foregoing, the Audit Committee has recommended to the Board that the audited financial statements be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2018.

Respectfully submitted,
The Audit Committee of the Board of Directors[2]

Diane M. Irvine, Chairperson
Fred D. Anderson, Jr.
Robert Gibbs

(1) The material in this report is not "soliciting material," is furnished to, but not deemed "filed" with, the SEC and is not deemed to be incorporated by reference in any filing of Yelp under the Securities Act of 1933, as amended, or the Securities Act, or the Exchange Act, whether made before or after the date hereof and irrespective of any general incorporation language in any such filing.

(2) Mr. Sharples joined the Audit Committee following this review and discussion and so did not participate.

Compensation Committee

The Board established the Compensation Committee to oversee our compensation policies, plans and programs, and to review and determine the compensation to be paid to our executive officers and directors. The functions of the Compensation Committee include:

- determining the compensation and other terms of employment of our Chief Executive Officer and our other executive officers and reviewing and approving corporate performance goals and objectives relevant to such compensation, if appropriate;
- reviewing and recommending to the full Board the compensation of our directors;
- evaluating, adopting and administering the equity incentive plans, compensation plans and similar programs advisable for us, as well as modification or termination of existing plans and programs;
- establishing policies with respect to equity compensation arrangements;
- reviewing with management our disclosures under the caption "Compensation Discussion and Analysis" and recommending to the full Board its inclusion in our periodic reports to be filed with the SEC; and
-

reviewing and evaluating, at least annually, the performance of the Compensation Committee and the adequacy of its charter.

Our Compensation Committee is currently composed of three directors, Messrs. Anderson, Gibbs and Hu, each of whom the Board has determined to be independent under the NYSE listing standards and a “non-employee director” as defined in Rule 16b-3 promulgated under the Exchange Act. Mr. Anderson is the Chairperson of the Compensation Committee.

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The Compensation Committee has adopted a written charter that is available to stockholders on our website at www.yelp-ir.com under the section entitled "Corporate Governance." Under its charter, the Compensation Committee may form and delegate authority to subcommittees as appropriate, including, but not limited to, a subcommittee composed of one or more members of the Board to grant stock awards under our equity incentive plans.

The specific determinations of the Compensation Committee with respect to executive compensation for 2018 and the Compensation Committee Report, as well as the Compensation Committee's processes and procedures and the role of our executive officers in recommending and determining executive compensation, are described in detail in the section of this Proxy Statement entitled "Executive Compensation—Compensation Discussion and Analysis." Our compensation arrangements for our non-employee directors are described under the section of this Proxy Statement entitled "—Director Compensation" below.

Compensation Committee Interlocks and Insider Participation

No member of the Compensation Committee is currently or has been at any time one of our officers or employees. None of our executive officers currently serves, or has served during the last year, as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving as a member of our Board or Compensation Committee.

Nominating Committee

The Board established the Nominating Committee to oversee our corporate governance functions. Specifically, the functions of the Nominating Committee include:

- reviewing periodically and evaluating director performance on our Board and its applicable committees, and recommending to the Board and management areas for improvement;
- interviewing, evaluating, nominating and recommending individuals for membership on our Board;
- implementing an orientation process for directors and, in the Nominating Committee's discretion, instituting a plan or program for the continuing education of directors;
- reviewing and recommending to our Board any amendments to our corporate governance policies; and
- reviewing and assessing, at least annually, the performance of the Nominating Committee and its charter.

The Nominating Committee is currently composed of four directors, Mses. Irvine, Naficy and Rothstein and Mr. Gibbs, each of whom the Board has determined to be independent under the NYSE listing standards. Ms. Irvine is the Chairperson of the Nominating Committee.

The Nominating Committee has adopted a written charter that is available to stockholders on our website at www.yelp-ir.com under the section entitled "Corporate Governance."

Stockholder Engagement

Outreach

We believe that effective corporate governance should include regular, constructive conversations with our stockholders. As described in greater detail below, beginning in the fall of 2018, we expanded our stockholder engagement program with certain members of our Board, executive management and investor relations team engaging with stockholders directly to discuss our corporate governance and executive compensation programs, as well as to answer questions and elicit feedback. Our Chief Executive Officer, Chief Financial Officer and Chief Operating Officer also regularly engage in dialogue with our stockholders in connection with our quarterly announcement of financial results, at conferences and through other channels. Management provides an overview of these discussions and feedback to the Board and relevant committees for consideration and appropriate follow up.

In the fourth quarter of 2018 and early 2019, we reached out to stockholders collectively representing over two-thirds of our outstanding shares. Members of executive management, Ms. Irvine and Mr. Anderson ultimately engaged in substantive discussions relating to governance and compensation matters with stockholders collectively representing approximately 50% of our outstanding shares. The key feedback from our stockholders and the actions we took in response were as follows:

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What We Heard from Investors	Actions We Took

Communications with the Board

Stockholders, any other security holders of the Company and other interested parties may communicate with the Board at the following address:

The Board of Directors
c/o Corporate Secretary
Yelp Inc.
140 New Montgomery Street, 9th Floor
San Francisco, CA 94105

Communications are distributed to the Board or to a particular director, as appropriate, depending on the facts and circumstances outlined in the communication. Material that is unduly hostile, illegal or similarly unsuitable will be excluded, with the provision that any communication that is filtered out will be made available to any non-management director upon request.

Board and Committee Performance Evaluations

Our Board and each of its standing committees conduct annual self-evaluations to determine whether they are functioning effectively and whether any changes are necessary to improve their performance. Our Nominating Committee is responsible for establishing the evaluation criteria and implementing the process for the evaluations. Each year, with the assistance of our outside counsel, we conduct interviews of each director to obtain his or her assessment of the effectiveness of the Board and committees, director performance and Board dynamics. A representative of our outside counsel then reports the results of these interviews to the Nominating Committee and the Board, where the results are discussed.

Role of the Board

Our Board is selected by stockholders to provide oversight of, and strategic guidance to, the Company's senior management. More specifically, the Board is responsible for reviewing, approving and monitoring fundamental financial and business strategies and major corporate actions, assessing major risks facing the Company and considering ways to address those risks, and selecting and overseeing management. We discuss each of these responsibilities in greater detail below.

Oversight of Strategy

Our Board is deeply engaged in overseeing the Company's long-term strategy, including evaluating key market opportunities, trends and competitive developments. Strategic matters also inform the Board's oversight of risk, as described below, and committee-level discussions of a range of issues.

While the Board and its committees oversee our strategic planning, our management is responsible for executing our business strategy. To monitor performance against our strategic goals, the Board receives regular updates from senior management. Each director is expected to and does bring to bear their own talents, insights and experiences on these strategy discussions. These boardroom discussions are supplemented between meetings through engagement with senior management and updates to the Board on significant items, such as major corporate actions.

The Board's oversight and management's execution of our business strategy are conducted with a long-term mindset and a focus on assessing both opportunities for and potential risks to the Company. However, our Board believes that its continuous process of monitoring strategic matters also enables it to effectively evaluate their impact on short- and medium-term Company performance, as well as on the quality of Company operations.

Oversight of Risk

Our Board recognizes the importance of effective risk oversight in running a successful business and in fulfilling its fiduciary responsibilities to Yelp and its stockholders. While our management is responsible for the day-to-day management of the risks that we face, the Board is responsible for overseeing our aggregate risk profile and our risk management process, as well as ensuring that an appropriate culture of risk management exists within the Company and setting the right “tone at the top.”

Notably, the Board recognizes Yelp's responsibility to operate in a responsible and sustainable manner aligned with our mission, vision and values to build authentic connections between consumers and businesses based on trust and integrity, in addition to delivering long-term value to stockholders. The management of key non-financial risks and opportunities, such as consumer protection, workforce inclusion and development, social impact and environmental sustainability, are critical components of the Board's risk oversight responsibilities.

The Board believes that its current leadership structure facilitates its risk oversight responsibilities. In particular, the Board believes an independent Chairperson, the majority-independent Board and independent Board committees provide a well-functioning and effective balance to management’s representation on the Board. Although the Board does not have a standing risk management committee, it administers its oversight function directly as well as through its standing committees that address risks inherent in their respective areas of oversight. In particular, our Board is responsible for monitoring and assessing strategic risk exposure, including a determination of the nature and level of risk appropriate for the Company.

The Audit Committee considers and discusses our major financial, legal and regulatory risk exposures, which include financial reporting, accounting processes, regulatory compliance and cybersecurity. The Audit Committee also oversees the steps our management has taken to monitor and control these exposures, including guidelines and policies to govern the process by which risk assessment and management are undertaken. Finally, the Audit Committee oversees the performance of our internal audit function.

Our Nominating Committee oversees risks related to our overall corporate governance, including Board and committee composition, Board size and structure and director independence, as well as succession planning for the Board and management. In addition, the Nominating Committee monitors the effectiveness of our Corporate Governance Guidelines and Code of Business Conduct and Ethics, including whether they are successful in preventing illegal and improper liability-creating conduct.

The Compensation Committee assesses and monitors whether any of our compensation policies and programs has the potential to encourage excessive risk taking. For additional information regarding the Compensation Committee's review of compensation-related risk, please see the section of this Proxy Statement entitled "Executive Compensation—Compensation Risk Assessment."

Both the Board as a whole and the various standing committees receive periodic reports from executive management and our Head of Internal Audit, as well as incidental reports as matters may arise. It is the responsibility of the committee chairpersons to report findings regarding material risk exposures to the Board as appropriate.

Management Succession Planning

Our Board believes that the directors and Chief Executive Officer should collaborate on succession planning and that the entire Board should be involved in critical aspects of the succession planning process, including establishing selection criteria that reflect our business strategies, identifying and evaluating potential candidates, reviewing the Company's leadership pipeline and talent strategies, and making management succession decisions. Management succession is discussed in regular Board meetings and in executive sessions of the Board.

Our Chief Executive Officer and Chief Operating Officer are responsible for making available to the Board their recommendations and evaluations of potential successors for the Company's executive officers, including a review of development plans for such individuals to help prepare them for future succession. As outlined in our Corporate Governance Guidelines, the Nominating Committee is primarily responsible for periodically reviewing these succession plans with the Chief Executive Officer and Chief Operating Officer, and, based on such review, making recommendations to the Board with respect to the selection of appropriate individuals to succeed our executive officers.

Director Compensation

The following table shows, for the year ended December 31, 2018, certain information with respect to the compensation of each of our non-employee directors.

Director Compensation for the Year Ended December 31, 2018

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($)(2)(3)	Option Awards ($)(4)	Total ($)
Diane M. Irvine	(1)	59,956	—	59,956
Fred D. Anderson, Jr.	(1)	33,978	—	33,978
Geoff Donaker	(1)	20,000	—	20,000
Peter Fenton	(1)	29,978	—	29,978
Robert Gibbs	(1)	28,989	—	28,989
Jeremy Levine	(1)	24,989	—	24,989
Mariam Naficy	(1)	22,494	—	22,494

(1) The indicated non-employee director elected to receive the following cash fees he or she was otherwise entitled to receive in the form of a restricted stock unit, or RSU, award of equivalent value (calculated as set forth under "—Director Compensation Arrangements—Cash Compensation" below): (a) Ms. Irvine, $60,000; (b) Mr. Anderson, $34,000; (c) Mr. Donaker, $20,000; (d) Mr. Fenton, $30,000; (e) Mr. Gibbs, $29,000; (f) Mr. Levine, $25,000; and (g) Ms. Naficy, $22,500.

(2) The amounts reported here do not reflect the actual economic value realized by our directors. In accordance with SEC rules, this column represents the aggregate grant date fair value of shares underlying stock awards granted during the year ended December 31, 2018, calculated in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718, or ASC 718. Assumptions used in the calculation of the grant date fair value are set forth in Note 14, "Stockholders' Equity," in our Annual Report.

(3) The aggregate number of shares subject to outstanding RSU awards held by each non-employee director as of December 31, 2018 was as follows: (a) 349 shares of common stock for Ms. Irvine; (b) 198 shares of common stock for Mr. Anderson; (c) 117 shares of common stock for Mr. Donaker; (d) 175 shares of common stock for Mr. Fenton; (e) 169 shares of common stock for Mr. Gibbs; (f) 146 shares of common stock for Mr. Levine; and (g)

131 shares of common stock for Ms. Naficy.

(4) The aggregate number of shares subject to outstanding stock options held by each non-employee director as of December 31, 2018 was as follows: (a) 55,000 shares of common stock for Ms. Irvine; (b) 10,000 shares of common stock for Mr. Anderson; (c) 496,400 shares of common stock for Mr. Donaker; (d) 10,000 shares of common stock for Mr. Fenton; (e)

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55,000 shares of common stock for Mr. Gibbs; (f) 10,000 shares of common stock for Mr. Levine; and (g) 32,500 shares of common stock for Ms. Naficy.

Director Compensation Arrangements

The Compensation Committee periodically reviews and assesses non-employee director pay practices, typically with the assistance of an independent compensation consultant. For example, in connection with its most recent full evaluation of Board compensation in the first quarter of 2016, the Compensation Committee engaged Compensia, Inc. to provide a compensation analysis consisting of board compensation data from the same peer group used for executive compensation purposes. After considering this market data, as well as the time and responsibility requirements of the various Board roles and committees, our Compensation Committee recommended, and the Board approved, the director compensation arrangements set forth below, which were effective beginning with 2016 compensation.

We have a policy of reimbursing our directors for their reasonable out-of-pocket expenses incurred in attending Board and Board committee meetings. Mr. Stoppelman does not receive any additional compensation for his service on the Board.

Cash Compensation. We currently provide the following cash compensation for Board and Board committee services, as applicable, to non-employee directors:

- $20,000 per year for service as chairperson of the Board;
- $20,000 per year for service as a Board member (in addition to the cash compensation for service as chairperson of the Board);
- $20,000 per year for service as chairperson of the Audit Committee;
- $9,000 per year for service as a member of the Audit Committee (other than as chairperson);
- $10,000 per year for service as the chairperson of the Compensation Committee;
- $5,000 per year for service as a member of the Compensation Committee (other than as chairperson) or chairperson of any other committee; and
- $2,500 per year for service as a member of any other committee (other than as chairperson).

Our non-employee directors may elect to receive any cash fees that they would otherwise be entitled to receive in the form of shares of common stock with an equivalent value, issued in the form of RSU awards that vest quarterly over the applicable year of service. Such election must be made on an annual basis no later January 1 of the year for which the election is being made. In 2018, the number of shares issued in lieu of cash fees was calculated based on the

average closing price of our common stock on the NYSE over the two calendar months prior to grant.

Equity Compensation. Each non-employee director is also currently entitled to receive an option to purchase 10,000 shares of our common stock every other year on the date of our annual meeting of stockholders. Each such option vests in equal monthly installments over four years following the date of grant. In addition, any new chairperson of the Audit Committee (if a new director) will also receive an option grant of 25,000 shares of common stock. The option vests over four years, with 25% vesting on the one-year anniversary of the date of grant and the remainder vesting on a monthly basis thereafter. We grant stock options with an exercise price of not less than the fair market value of our common stock on the date of grant. We do not have, nor do we plan to establish, any program, plan or practice to time stock option grants in coordination with releasing material non-public information.

2019 Compensation Changes. In connection with the Board refreshment process completed in February 2019, the Board determined that new non-employee directors will be entitled to receive equity awards valued at $325,000, split evenly between stock options and RSUs by value. Each such award vests over four years, with 25% vesting after one year and the remaining shares underlying the options vesting in equal monthly installments and the remaining shares covered by the RSUs vesting in equal quarterly installments.

The Board approved this change in our non-employee director compensation program after taking into account input from Compensia regarding market practices with respect to initial equity awards; however, it did not obtain a full compensation analysis as in 2016. The Board expects to conduct a full review of our non-employee director compensation program during 2019.

Director Stock Ownership Requirement

In December 2018, our Board adopted Stock Ownership Guidelines that require each non-employee director to attain a minimum share ownership position of the lesser of (a) 2,000 shares or (b) shares valued at 3x the director's annual cash retainer for service on the Board, excluding any fees paid with respect to service on a committee of the Board, calculated based on the average closing price over the ninety (90) trading days prior to measurement.
Each non-employee director must achieve this minimum position by the later of (x) December 5, 2021 or (y) three years after the individual became subject to the Stock Ownership Guidelines. Although this deadline has not passed for any non-employee director, all of our non-employee directors were in compliance with the Stock Ownership Guidelines measured as of December 31, 2018.

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PROPOSAL NO. 2
RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED
PUBLIC ACCOUNTING FIRM

The Audit Committee has selected Deloitte & Touche LLP as our independent registered public accounting firm for the year ending December 31, 2019 and has further directed that management submit the selection of our independent registered public accounting firm for ratification by the stockholders at the Annual Meeting. We first engaged Deloitte & Touche LLP in 2008 to audit our financial statements beginning with those for the year ended December 31, 2007.

Representatives of Deloitte & Touche LLP are expected to be present at the Annual Meeting. They will have an opportunity to make a statement if they so desire and will be available to respond to appropriate questions.

Neither our Bylaws nor other governing documents or law require stockholder ratification of the selection of Deloitte & Touche LLP as our independent registered public accounting firm. However, the Audit Committee is submitting the selection of Deloitte & Touche LLP to the stockholders for ratification as a matter of good corporate practice. If the stockholders fail to ratify the selection, the Audit Committee will reconsider whether or not to retain that firm. Even if the selection is ratified, the Audit Committee in its discretion may direct the appointment of different independent auditors at any time during the year if they determine that such a change would be in the best interests of the Company and our stockholders.

Principal Accountant Fees and Services

The following table represents aggregate fees billed to us for the years ended December 31, 2018 and 2017 by Deloitte & Touche LLP, our independent registered public accounting firm.

	Year Ended December 31, 2018	2017
	(in thousands)	
Audit Fees(1)	$1,746	$1,965*
Audit-related Fees(2)	$53	$40
Tax Fees(3)	$186	$105
All Other Fees(4)	$—	$—
Total Fees	$1,984	$2,110*

* Includes $150,000 of audit fees related to the audit of our financial statements for the year ended December 31, 2017 billed after April 20, 2018, the date that our Definitive Proxy Statement on Schedule 14A for our 2018 Annual Meeting of Stockholders was filed with the SEC.

(1) Audit Fees are fees and expenses for the audit of our financial statements, review of interim financial statements and services in connection with our statutory and regulatory filings or engagements in those fiscal years.

(2) Audit-related Fees are fees billed for the assurance and related services that are reasonably related to the performance of the audit or review of our financial statements and are not reported under “Audit Fees.”

(3) Tax Fees are fees billed for tax compliance, advice and planning.

(4) All other fees are fees for products and services other than the services described above. No other fees were billed in 2017 or 2018.

All fees described above were pre-approved by the Audit Committee.

In connection with the audit of our 2018 financial statements, we entered into certain engagement agreements with Deloitte & Touche LLP that set forth the terms by which Deloitte & Touche LLP will perform audit services for the Company. These agreements are subject to alternative dispute resolution procedures.

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Pre-Approval Policies and Procedures

The Audit Committee has adopted a policy and procedures for the pre-approval of audit and non-audit services rendered by our independent registered public accounting firm, Deloitte & Touche LLP. The policy generally pre-approves specified services up to specified amounts. Pre-approval may also be given as part of the Audit Committee’s approval of the scope of the engagement of the independent auditor or on an individual, explicit, case-by-case basis before the independent auditor is engaged to provide each service. The Audit Committee has delegated to the Chairperson of the Audit Committee the authority to grant interim pre-approvals of audit services, provided that any such pre-approvals are required to be presented to the full Audit Committee at its next scheduled meeting.

The Audit Committee has determined that the rendering of the services other than audit services by Deloitte & Touche LLP is compatible with maintaining the principal accountant’s independence.

Required Vote and Board Recommendation

The affirmative vote of holders of a majority of the shares present in person, by remote communication or represented by proxy and entitled to vote generally on the subject matter will be required to ratify the selection of Deloitte & Touche LLP.

THE BOARD RECOMMENDS
A VOTE IN FAVOR OF PROPOSAL NO. 2

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PROPOSAL NO. 3
ADVISORY VOTE ON EXECUTIVE COMPENSATION

Under the Dodd-Frank Wall Street Reform and Consumer Protection Act, or the Dodd-Frank Act, and Section 14A of the Exchange Act, the Company's stockholders are entitled to vote to approve, on an advisory basis, the compensation of the Company's named executive officers as disclosed in this Proxy Statement in accordance with SEC rules. The Board has adopted a policy of soliciting a non-binding advisory vote on the compensation of our named executive officers, commonly referred to as a "say-on-pay" vote, every year in accordance with the preference previously indicated by our stockholders. Accordingly, this year we are again asking the stockholders to approve, on an advisory basis, the compensation of our named executive officers as disclosed in this Proxy Statement. This vote is not intended to address any specific item of compensation, but rather the overall compensation of our named executive officers and the philosophy, policies and practices described in this Proxy Statement.

Our executive compensation program for 2018 emphasized teamwork and long-term value creation through a philosophy of maintaining internal pay equity, tying a meaningful portion of compensation to the long-term value of our business and establishing responsible pay practices that have a reasonable cost structure and do not encourage unnecessary or excessive risk taking. Consistent with this philosophy, the Compensation Committee designed an executive compensation program that we believe has been effective at achieving its objectives of:

- attracting and retaining talented and experienced executive officers, whose knowledge, skills and performance are critical to our success;
- motivating these executive officers to achieve our business objectives;
- aligning the interests of our executive officers with those of our stockholders; and
- promoting teamwork while also recognizing the role that each executive officer plays in our success.

As described in detail under the heading "Executive Compensation—Compensation Discussion and Analysis," equity compensation continued to be the principal component of our executive compensation program in 2018. Equity awards to our named executive officers directly link the most substantial component of their compensation to the long-term success of our business and generally require continued service over a multi-year period as a condition to vesting, which creates a strong retention incentive and helps ensure the continuity of our operations.

Other highlights of our executive compensation program for 2018 include:

- For the sixth consecutive year, our Chief Executive Officer elected to receive a nominal base salary of $1.00 per year as a testament to his commitment to and confidence in our business and its long-term value creation potential.
- We made no increases to the base salaries of other named executive officers, except for Mr. Ramsay, who received a 10% base salary increase in recognition of the increased responsibilities he had assumed since his promotion to Chief Accounting Officer.
- We granted stock options to our Chief Executive Officer with a value representing nearly a 50% decrease from his 2017 stock option grants, based on the grant date fair value of such awards as reported in our Summary Compensation Table. We granted a combination of stock options and RSU awards to our other named executive officers.
- We did not award any bonuses to our named executive officers.
- We do not maintain employment agreements with our executive officers that contain multi-year guarantees for salary increases, guaranteed bonuses or guaranteed equity compensation.
- Our executives are employed at-will and are expected to demonstrate high-quality performance in order to continue serving as members of our executive team.
- We offer reasonable change in control and severance benefits to our executive officers, as customary in our industry, with cash severance payments under these agreements not exceeding the executive's annual cash compensation (i.e. base salary plus cash bonus amount, if any) at the time of termination.
- We do not provide excise tax reimbursements or "gross ups" to our executive officers with respect to benefits received in connection with a change in control or termination event.
- We provide few fringe benefits to our executive officers and do not offer access to car allowances, financial planning advice or club memberships.

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We believe this program is reasonable in light of the executive compensation programs of companies with whom we compete for talent and responsible in that it encourages our executive officers to pursue sustainable increases in stockholder value without encouraging excessive risk taking. We encourage you to read the Compensation Discussion and Analysis, compensation tables and related narrative disclosures included in this Proxy Statement for additional details about our executive compensation program.

The Board is asking the stockholders to indicate their support for the compensation of our named executive officers, as described in this Proxy Statement, by casting a non-binding advisory vote "FOR" the following resolution:

"RESOLVED, that the compensation paid to the Company's named executive officers, as disclosed pursuant to the compensation disclosure rules of the SEC, including the Compensation Discussion and Analysis, the compensation tables and any related material disclosed in this Proxy Statement, is hereby APPROVED."

Because the vote is advisory, it is not binding on the Board or the Company. Nevertheless, the views expressed by the stockholders, whether through this vote or otherwise, are important to management and the Board and, accordingly, the Board and Compensation Committee intend to consider the results of this vote in making determinations in the future regarding executive compensation arrangements.

Advisory approval of this Proposal No. 3 requires the vote of the holders of a majority of the shares present in person, by remote communication or represented by proxy and entitled to vote generally on the subject matter. Unless the Board decides to modify its policy regarding the frequency of soliciting advisory votes on the compensation of our named executive officers, the next scheduled advisory vote will be at the 2020 Annual Meeting of Stockholders.

THE BOARD RECOMMENDS
A VOTE IN FAVOR OF PROPOSAL NO. 3

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PROPOSAL NO. 4
ADVISORY VOTE ON THE FREQUENCY OF SOLICITATION OF
ADVISORY STOCKHOLDER APPROVAL OF EXECUTIVE COMPENSATION

The Dodd-Frank Act and Section 14 of the Exchange Act also enable our stockholders, at least once every six years, to indicate their preference regarding how frequently we should solicit a non-binding advisory vote on the compensation of our named executive officers as disclosed in our proxy statements. Accordingly, we are asking stockholders to indicate whether they would prefer an advisory vote every year, every other year or every three years. Alternatively, stockholders may abstain from casting a vote.

After considering the benefits and consequences of each alternative, the Board recommends that the advisory vote on the compensation of our named executive officers be submitted to stockholders every year.

The Board believes that an annual advisory vote on the compensation of our named executive officers is the most appropriate policy for us at this time. While our executive compensation programs are designed to promote the creation of stockholder value over the long term, the Board recognizes that executive compensation disclosures are made annually, and holding an annual advisory vote on executive compensation provides us with more direct and immediate feedback on our compensation disclosures. However, stockholders should note that because the advisory vote on executive compensation occurs well after the beginning of the compensation year, and because the different elements of our executive compensation programs are designed to operate in an integrated manner and to complement one another, in many cases it may not be appropriate or feasible to change our executive compensation programs in consideration of any one year's advisory vote on executive compensation by the time of the following year's annual meeting of stockholders. We believe that an annual advisory vote on executive compensation is consistent with our practice of seeking input and engaging in dialogue with our stockholders on corporate governance matters, including providing stockholders with the opportunity to ratify the Audit Committee's selection of our independent registered public accounting firm, and our executive compensation philosophy, policies and practices.

Accordingly, the Board is asking stockholders to indicate their preferred voting frequency by voting for every one, two or three years or abstaining from voting on this Proposal No. 4. While the Board believes that its recommendation is appropriate at this time, the stockholders are not voting to approve or disapprove that recommendation, but are instead asked to indicate their preferences, on an advisory basis, as to whether the non-binding advisory vote on the approval of our executive officer compensation practices should be held every year, every other year or every three years. The option among those choices that receives the vote of the holders of a majority of the shares present in person, by remote communication or represented by proxy and entitled to vote generally on the subject matter will be deemed to be the frequency preferred by the stockholders.

The Board and the Compensation Committee value the opinions of the stockholders in this matter and, to the extent there is any significant vote in favor of one frequency over the other options, even if less than a majority, the Board will consider the stockholders' concerns and evaluate any appropriate next steps. However, because this vote is advisory and therefore not binding on the Board or the Company, the Board may decide that it is in the best interests of the stockholders that we hold an advisory vote on executive compensation more or less frequently than the option preferred by the stockholders. The vote will not be construed to create or imply any change or addition to the fiduciary duties of the Company or the Board.

THE BOARD RECOMMENDS
A VOTE IN FAVOR OF EVERY "1 YEAR"
ON PROPOSAL NO. 4

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EXECUTIVE OFFICERS

The names, ages and certain other information concerning our executive officers as of April 15, 2019 are set forth below.

Name	Age	Position Held With the Company
Jeremy Stoppelman	41	Co-Founder and Chief Executive Officer
Charles ("Lanny") Baker	52	Chief Financial Officer
Joseph R. ("Jed") Nachman	46	Chief Operating Officer
Vivek Patel	40	Chief Product Officer
Alan Ramsay	50	Chief Accounting Officer
Laurence Wilson	46	Chief Administrative Officer, General Counsel and Secretary

There are no family relationships between any of our directors and any of our executive officers.

Jeremy Stoppelman. Biographical information regarding Mr. Stoppelman is set forth under "Proposal No. 1—Election of Directors."

Lanny Baker has served as our Chief Financial Officer since April 2016. Prior to joining us, Mr. Baker served as Chief Executive Officer and President of ZipRealty, Inc., an online real estate brokerage and technology company, from September 2010 through March 2016. He also served as Executive Vice President and Chief Financial Officer of ZipRealty from December 2008 to September 2010. ZipRealty was acquired by Realogy Holdings, Inc. in August 2014. From June 2007 to December 2008, Mr. Baker was an independent investor. From March 2005 to June 2007, he served as Senior Vice President and Chief Financial Officer of Monster Worldwide, Inc., which operates the employment website monster.com. From 1993 to 2005, Mr. Baker held various positions at Salomon Brothers (subsequently Salomon Smith Barney, then Citigroup), including Managing Director in the Equity Research Department. Mr. Baker currently serves on the board of Leaf Group Ltd., a diversified consumer Internet company. Mr. Baker previously served on the board and chaired the audit and nominating and corporate governance committees of XO Group, Inc., a life stage consumer Internet and media company, from November 2005 to December 2018, when it was acquired by WeddingWire, Inc. He also served as a director and chairman of the audit committee of HomeAway, Inc., an online vacation rental company, from 2011 to December 2015, when it was acquired by Expedia, Inc. Mr. Baker holds a B.A. from Yale College.