

HOMEAWAY INC  
Form DEF 14A  
April 26, 2013  
Table of Contents

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of the  
Securities Exchange Act of 1934 (Amendment No. )**

Filed by the Registrant

Filed by a party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under §240.14a-12

**HomeAway, Inc.**

(Name of Registrant as Specified in Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

- No fee required
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

- .. Fee paid previously with preliminary materials
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(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

**Table of Contents**

**HOMEAWAY, INC.**

1011 W. Fifth Street, Suite 300

Austin, Texas 78703

**NOTICE OF 2013 ANNUAL MEETING OF STOCKHOLDERS**

To the Stockholders of HomeAway, Inc.:

The annual meeting of stockholders for HomeAway, Inc. ( HomeAway, we, us, or the Company ) will be held at the offices of Wilson Sonsini Goodrich & Rosati, P.C., 900 South Capital of Texas Highway, Las Cimas IV, Fifth Floor, Austin, Texas 78746 on Wednesday, June 5, 2013 at 9:00 a.m. local time. The purposes of the meeting are:

1. To elect three Class II directors (Proposal One);
2. To ratify the selection of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2013 (Proposal Two); and

3. To transact such other business as may properly come before the annual meeting or any adjournments or postponements thereof. Our board of directors (the Board ) has fixed the close of business on April 12, 2013 as the record date for determining holders of our common stock entitled to notice of, and to vote at, the annual meeting or any adjournments or postponements thereof. A complete list of such stockholders will be available for examination at our offices in Austin, Texas during normal business hours for a period of ten days prior to the annual meeting. This Notice of 2013 Annual Meeting of Stockholders and accompanying Proxy Statement are being distributed or made available to stockholders beginning on or about April 26, 2013.

Our annual meeting will be available by conference call. To call in to the meeting, please dial (877) 304-8962 and enter the Conference ID: 95871538. An archived audio recording of the meeting will be available for seven days thereafter. To listen to the recording, please dial (855) 859-2056 and enter the Conference ID: 95871538.

**YOUR VOTE IS IMPORTANT!**

**Please vote by using the Internet or by telephone or, if you received a paper copy of the proxy card by mail, by signing and returning the enclosed proxy card. Instructions for your voting options are described on the Notice of Internet Availability of Proxy Materials or proxy card.**

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**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Stockholders to be held on June 5, 2013: The Notice of 2013 Annual Stockholders Meeting and Proxy Statement, and 2012 Annual Report and Form 10-K are available at <https://www.proxydocs.com/AWAY>.**

By order of the Board of Directors,

Brian H. Sharples  
President, Chief Executive Officer and Chairman

Austin, Texas

Date: April 26, 2013

**Table of Contents****TABLE OF CONTENTS**

|  |    |
|--|----|
| <b><u>PROPOSAL ONE: ELECTION OF DIRECTORS</u></b>  | 3  |
| <u>Vote Required</u>   | 3  |
| <u>Recommendation of the Board of Directors</u>  | 3  |
| <u>Directors</u>   | 4  |
| <b><u>CORPORATE GOVERNANCE</u></b>   | 7  |
| <u>Structure and Leadership of the Board of Directors</u>  | 7  |
| <u>Committees of the Board of Directors</u>  | 7  |
| <u>Risk Oversight</u>  | 9  |
| <u>Director Independence</u>   | 9  |
| <u>Communications with the Board of Directors</u>  | 9  |
| <u>Director Nomination Procedures</u>  | 10 |
| <u>Board Meetings and Attendance</u>   | 10 |
| <u>Director Attendance at Annual Meetings of Stockholders</u>  | 11 |
| <u>Compensation Committee Interlocks and Insider Participation</u>   | 11 |
| <u>Director Compensation</u>   | 11 |
| <u>Director Compensation 2012</u>  | 12 |
| <b><u>EXECUTIVE OFFICERS</u></b>   | 13 |
| <b><u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT</u></b>   | 14 |
| <b><u>SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE</u></b>  | 18 |
| <b><u>CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS</u></b>   | 18 |
| <u>Investors Rights Agreement</u>  | 18 |
| <u>Stock Option and Restricted Stock Grants</u>  | 18 |
| <u>Employment and Change of Control Agreements</u>   | 18 |
| <u>Director Compensation</u>   | 18 |
| <u>Indemnification of Officers and Directors</u>   | 18 |
| <u>Policies and Procedures for Related Party Transactions</u>  | 19 |
| <u>Code of Business Ethics and Conduct</u>   | 19 |
| <b><u>EXECUTIVE COMPENSATION</u></b>   | 20 |
| <u>Compensation Discussion and Analysis</u>  | 20 |
| <u>Executive Compensation Philosophy and Objectives</u>  | 20 |
| <u>Compensation Program Design</u>   | 21 |
| <u>Compensation-Setting Process</u>  | 21 |
| <u>Executive Compensation Program Components</u>   | 23 |
| <u>Employment Arrangements</u>   | 28 |
| <u>Other Compensation Policies</u>   | 28 |
| <u>Tax and Accounting Considerations</u>   | 29 |
| <u>Report of the Compensation Committee</u>  | 30 |
| <u>Summary Compensation Table for Years Ended December 31, 2012, 2011 and 2010</u>   | 30 |
| <u>Grants of Plan-Based Awards</u>   | 31 |
| <u>Outstanding Equity Awards at 2012 Fiscal Year-End</u>   | 32 |
| <u>Option Exercises and Stock Vested in 2012</u>   | 33 |
| <u>Employment Agreements</u>   | 33 |
| <u>Potential Payments upon Termination or Change in Control</u>  | 36 |
| <u>Limitation on Liability and Indemnification Matters</u>   | 37 |
| <b><u>EQUITY COMPENSATION PLAN INFORMATION</u></b>   | 38 |
| <b><u>REPORT OF THE AUDIT COMMITTEE</u></b>  | 39 |
| <b><u>PROPOSAL TWO: RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u></b>                                       | 40 |
| <u>Fees Paid to PricewaterhouseCoopers LLP</u>   | 40 |
| <u>Policy on Audit Committee Pre-Approval of Audit and Non-Audit Services Performed by the Independent Registered Public Accounting Firm</u> | 40 |
| <u>Vote Required</u>   | 41 |
| <u>Recommendation of the Board of Directors</u>  | 41 |
| <b><u>OTHER MATTERS</u></b>  | 42 |
| <b><u>STOCKHOLDERS SHARING THE SAME LAST NAME AND ADDRESS</u></b>  | 44 |

**Table of Contents**

**INTERNET AVAILABILITY OF PROXY MATERIALS**

We are furnishing proxy materials to our stockholders primarily via the Internet. On April 26, 2013, we mailed our stockholders a Notice of Internet Availability containing instructions on how to access our proxy materials, including our Proxy Statement and our Annual Report. The Notice of Internet Availability also provides instructions on how to vote via the Internet or by telephone.

Internet distribution of our proxy materials is designed to expedite receipt by stockholders, lower the cost of the Annual Meeting, and conserve natural resources. However, if you would prefer to receive paper copies of proxy materials, please follow the instructions included in the Notice of Internet Availability. Once you have elected to receive our proxy materials electronically, you will continue to receive these materials via e-mail unless you elect otherwise.

**Important Notice Regarding the Availability of Proxy Materials for  
the Annual Meeting of Stockholders to be Held on June 5, 2013:**

The Notice of 2013 Annual Stockholders Meeting and Proxy Statement, and  
2012 Annual Report and Form 10-K are available at <https://www.proxydocs.com/AWAY>.

**ATTENDING THE ANNUAL MEETING**

**Attending in Person**

Doors open at 8:45 a.m. Central Daylight Time

Meeting starts at 9:00 a.m. Central Daylight Time

Proof of HomeAway, Inc. stock ownership and photo identification will be required to attend the Annual Meeting

You do not need to attend the Annual Meeting to vote if you submitted your proxy in advance of the Annual Meeting

The use of cameras is not allowed

There will be limited food service at the meeting

**Attending via Conference call**

Call (877) 304-8962, Conference ID: 95871538; we encourage you to call in prior to the meeting

Conference call starts at 9:00 a.m. Central Daylight Time

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Conference call replay available until June 12, 2013 by calling (855) 859-2056, Conference ID: 95871538

### QUESTIONS

**For questions regarding:**

Annual Meeting or Voting

Stock ownership for registered holders

Stock ownership for beneficial owners

**Contact**

HomeAway Investor Relations, (512) 505-1700

American Stock Transfer & Trust Company, LLC

[https://secure.amstock.com/Shareholder/sh\\_login.asp](https://secure.amstock.com/Shareholder/sh_login.asp)

(800) 937-5449 (within the U.S. and Canada) or

(718) 921-8124 (worldwide)

Please contact your broker, bank, or other nominee



**Table of Contents**

**HOMEAWAY, INC.**

**1011 W. Fifth Street, Suite 300**

**Austin, TX 78703**

**PROXY STATEMENT**

Our Board solicits your proxy for the 2013 Annual Meeting of Stockholders (the Annual Meeting ) and at any postponement or adjournment of the meeting for the matters set forth in the Notice of 2013 Annual Meeting of Stockholders. The Annual Meeting will be held at 9:00 a.m. Central Daylight Time on Wednesday, June 5, 2013 at the offices of Wilson Sonsini Goodrich & Rosati, P.C., 900 South Capital of Texas Highway, Las Cimas IV, Fifth Floor, Austin, Texas 78746. We made this Proxy Statement available to stockholders beginning on April 26, 2013.

|                              |   |
|------------------------------|---|
| <b>Record Date</b>           | April 12, 2013  |
| <b>Quorum</b>                | Majority of shares outstanding on the record date must be present in person or by proxy   |
| <b>Shares Outstanding</b>    | 84,924,114 shares of common stock outstanding as of April 12, 2013  |
| <b>Inspector of Election</b> | A representative from American Stock Transfer & Trust Company, LLC ( AST ) will serve as the inspector of election.   |
| <b>Voting by Proxy</b>       | Internet, phone or mail   |
| <b>Voting at the Meeting</b> | We encourage stockholders to vote in advance of the Annual Meeting, even if they plan to attend the meeting. Stockholders can vote in person during the meeting. Stockholders of record (those whose shares are registered directly in their name with HomeAway s transfer agent, AST) who attend the Annual Meeting in person may obtain a ballot from the inspector of election. Beneficial holders (those whose shares are held in an account at a brokerage firm, bank, broker-dealer or other similar organization) who attend the Annual Meeting in person must obtain a proxy from their broker, bank or other nominee prior to the date of the Annual Meeting and present it to the inspector of election with their ballot. Voting in person during the meeting will replace any previous votes. |

**Voting Instructions; What Happens if no Voting Instructions are Provided**

All shares represented by valid proxies received prior to the Annual Meeting will be voted and, where a stockholder specifies by means of the proxy a choice with respect to any matter to be acted upon, the shares will be voted in accordance with the stockholder's instructions. If you are a stockholder of record and you indicate when voting on the Internet or by telephone that you wish to vote as recommended by the Board or you sign and return a proxy card without giving specific voting instructions, then the proxy holders will vote your shares in the manner recommended by the Board on all matters presented in this Proxy Statement and as the proxy holders may determine in their discretion with respect to any other matters properly presented for a vote at the Annual Meeting. If you are a beneficial owner of shares held in street name and do not provide the organization that holds

**Table of Contents**

your shares with specific voting instructions, under the rules of various national and regional securities exchanges, the organization that holds your shares may generally vote on routine matters but cannot vote on non-routine matters. If the organization that holds your shares does not receive instructions from you on how to vote your shares on a non-routine matter, the organization that holds your shares will inform the inspector of election that it does not have the authority to vote on this matter with respect to your shares. This is generally referred to as a broker non-vote.

**Effect of Broker Non-Votes and Abstentions**

Broker non-votes and abstentions are counted for purposes of determining whether a quorum is present. Only FOR and AGAINST votes are counted for purposes of determining the votes received in connection with each proposal, and therefore broker non-votes and abstentions have no effect on Proposal One, the election of directors. In the case of Proposal Two, the ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2013, broker non-votes and abstentions have no effect on determining whether the affirmative vote constitutes a majority of the shares present or represented by proxy and voting at the Annual Meeting. Approval of this proposal also requires the affirmative vote of a majority of the shares necessary to constitute a quorum, however, and therefore broker non-votes and abstentions could prevent the approval of this proposal because they do not count as affirmative votes. In order to minimize the number of broker non-votes, HomeAway encourages you to provide voting instructions to the organization that holds your shares by carefully following the instructions provided in the Notice.

**Routine and Non-Routine Matters**

Proposal Two, the ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2013 is a matter considered routine under applicable rules. A broker or other nominee may generally vote on routine matters, and therefore no broker non-votes are expected to exist in connection with Proposal Two. Proposal One, the election of directors, is considered a non-routine matter under applicable rules. A broker or other nominee cannot vote without instructions on non-routine matters, and therefore broker non-votes may exist in connection with Proposal One.

**Votes Required to Adopt Proposals; Impact of Advisory Votes**

Each share of our common stock outstanding on the record date is entitled to one vote on each of the three director nominees and one vote on Proposal Two, the ratification of the appointment of our independent registered public accounting firm. Stockholders may not cumulate votes in the election of directors. The three nominees receiving the highest number of affirmative votes of the shares entitled to be voted for them will be elected as directors to serve until the third annual meeting of stockholders following their election. Approval of Proposal Two, the ratification of the appointment of our independent registered public accounting firm, requires the affirmative vote of the majority of the shares of common stock present or represented by proxy at the meeting.

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## **Table of Contents**

### **Changing Your Vote**

Stockholders of record may revoke their proxy at any time before the polls close by submitting a later-dated vote in person at the Annual Meeting, via the Internet, by telephone, by mail, or by delivering instructions to our Corporate Secretary before the Annual Meeting. If you hold shares through a broker, bank or other nominee, you may revoke any prior voting instructions by contacting that firm.

### **Voting Results**

We will announce preliminary results at the Annual Meeting. We will report final results at [www.homeaway.com](http://www.homeaway.com) and in a filing with the U.S. Securities and Exchange Commission (the "SEC") on Form 8-K, which we are required to file with the SEC within four business days following the Annual Meeting.

This Proxy Statement contains two proposals requiring stockholder action. Proposal One requests the election of the three Class II directors to the Board. Proposal Two requests the ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2013.

## **PROPOSAL ONE: ELECTION OF DIRECTORS**

Our Board is currently comprised of nine directors and is divided into three classes with staggered three-year terms. The Board currently has three directors in each of the three classes. The term of our Class II directors, Charles ( "Lanny" ) C. Baker, Tina Sharkey and Brian H. Sharples, will expire at this Annual Meeting. The term of our Class III directors, Jeffrey D. Brody, Christopher ( "Woody" ) P. Marshall and Philip S. Siegel, will expire at our 2014 annual meeting of stockholders. The term of our Class I directors, Simon Breakwell, Carl G. Shepherd and Robert Solomon, will expire at our 2015 annual meeting of stockholders.

This year's nominees for election to the Board are the Class II directors, Lanny Baker, Tina Sharkey and Brian H. Sharples. Each of our director nominees is currently serving on the Board. Our nominees for the election of directors at the Annual Meeting include two independent directors, as defined in the applicable rules for companies traded on The NASDAQ Global Select Market ( "NASDAQ" ), and our President, Chief Executive Officer and Chairman. The biographies of the nominees are set forth below in the section entitled "Directors."

If elected, each nominee will serve for a term of three years expiring at the 2016 annual meeting of stockholders or until his successor, if any, is duly elected and qualified or until such director's earlier death, resignation or removal. If any director nominee is unable or unwilling to serve as a nominee at the time of the Annual Meeting, the persons named as proxies may vote for a substitute nominee chosen by the present Board to fill the vacancy. In the alternative, the proxies may vote just for the remaining nominees, leaving a vacancy that may be filled at a later date by the Board. Alternatively, the Board may reduce the size of the Board. We have no reason to believe that any of the nominees will be unwilling or unable to serve if elected as a director.

### **Vote Required**

The three nominees receiving the highest number of affirmative votes of the shares entitled to be voted for them, up to the three directors to be elected by those shares, will be elected as directors to serve until the third annual meeting following election and until their successors are duly elected and qualified.

### **Recommendation of the Board of Directors**

**The Board recommends that stockholders vote FOR the election of Mr. Baker, Ms. Sharkey and Mr. Sharples.**

**Table of Contents****Directors**

Listed below are HomeAway's nine directors. The nominating and governance committee of the Board and the Board believe the skills, qualities, attributes and experience of its directors provide HomeAway with business acumen and a diverse range of perspectives to engage each other and management to effectively address the evolving needs of HomeAway and represent the best interests of its stockholders.

| <b>Name</b>                       | <b>Position with HomeAway</b>                               | <b>Age as of the Annual Meeting</b> | <b>Director Since</b> |
|-----------------------------------|---|-------------------------------------|-----------------------|
| Charles ( Lanny ) C. Baker        | Director  | 46                                  | 2011                  |
| Tina Sharkey                      | Director  | 49                                  | 2012                  |
| Brian H. Sharples                 | Co-Founder, President, Chief Executive Officer & Chairman   | 52                                  | 2004                  |
| Jeffrey D. Brody                  | Director  | 53                                  | 2005                  |
| Christopher ( Woody ) P. Marshall | Director  | 45                                  | 2008                  |
| Philip S. Siegel                  | Director  | 48                                  | 2004                  |
| Simon Breakwell                   | Director  | 48                                  | 2012                  |
| Carl G. Shepherd                  | Co-Founder, Chief Strategy & Development Officer & Director | 60                                  | 2005                  |
| Robert Solomon                    | Director  | 46                                  | 2009                  |
| <i>Class II Directors</i>         |   |                                     |                       |

*Charles ( Lanny ) C. Baker* has served as the Chief Executive Officer and President of ZipRealty, Inc., a residential real estate brokerage firm and provider of technology systems to real estate agents and brokerages, since October 2010. From December 2008 to October 2010, Mr. Baker served as the Executive Vice President and Chief Financial Officer of ZipRealty, Inc. From March 2005 to June 2007, Mr. Baker served as Senior Vice President and Chief Financial Officer of Monster Worldwide, Inc., an online recruitment services company. From June 1993 to March 2005, Mr. Baker served in positions of increasing responsibility in the Equity Research department at Smith Barney, a division of Citigroup, Inc., serving as Managing Director from January 2000 to March 2005. Mr. Baker serves on the boards of directors of ZipRealty, Inc. and XO Group Inc., a life stages media company targeting couples planning their weddings and lives together. Mr. Baker holds a B.A. in history from Yale College. We believe Mr. Baker's qualifications to serve on the Board include his extensive experience in corporate finance, business strategy and real estate.

*Tina Sharkey* has served as a director since December 2012. From 2007 to 2012, Ms. Sharkey served as Chairman and Global President of BabyCenter LLC, a wholly-owned subsidiary of Johnson and Johnson. Prior to that, Ms. Sharkey held various positions, including Senior Vice President and General Manager of American Online Inc. and Senior Vice President and General Manager for a portfolio of AOL products including AOL.com and AOL Instant Messenger. Ms. Sharkey holds a B.A. in international relations from the University of Pennsylvania and currently serves as a director for ad:tech. Ms. Sharkey has previously served as a director for Baby Buggy, Inc. and the Interactive Advertising Bureau. We believe Ms. Sharkey's qualifications to serve on the Board include her extensive experience with Internet-based businesses and online advertising and marketing.

*Brian H. Sharples* is one of our Co-Founders, has served as our President and Chief Executive Officer since our inception in April 2004 and has served as Chairman of the Board since March 2011. Prior to joining us, 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 served as President and Chief Executive Officer of IntelliQuest Information Group, Inc., a supplier of marketing data and research to Fortune 500 technology companies, from 1996 to 2001, as President from 1991 to 1996, and as Senior Vice President from 1989 to 1991. Prior to IntelliQuest, Mr. Sharples was Chief Executive Officer of Practical Productions, Inc., an event-based automotive distribution business, from 1988 to 1989 and a consultant

**Table of Contents**

with Bain & Company from 1986 to 1988. Mr. Sharples also serves on the boards of directors of WhaleShark Media, Inc. and Kayak Software Corporation. 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. We believe Mr. Sharples' qualifications to serve on the Board include his experience as our Chief Executive Officer, his previous service in executive positions at various public and private technology companies, and his experience in the vacation rental industry.

*Class III Directors*

*Jeffrey D. Brody* has served as a director since January 2005. Mr. Brody is a founding partner of Redpoint Ventures. He also serves as a managing member of Brentwood Venture Capital. Mr. Brody serves on the boards of several private companies, including 55Social, Kodiak Networks, Tantalus, The Receivables Exchange, Viajanet and Xango. Mr. Brody was an early investor and director of Danger (acquired by Microsoft), Fraud Sciences (acquired by eBay), LifeSize Communications (acquired by Logitech), Concur Technologies (CNQR), Loopnet (LOOP), Zing Systems (acquired by OpenWave), ViaVideo (acquired by Polycom) and WebTV (acquired by Microsoft). Mr. Brody holds a B.S. in mechanical engineering from the University of California at Berkeley, and an M.B.A. from the Stanford University Graduate School of Business. We believe Mr. Brody's qualifications to serve on the Board include his extensive experience as an investor and board member in private technology and Internet-based companies and his knowledge gained from service on such boards.

*Christopher (Woody) P. Marshall* has served as a director since October 2008. Mr. Marshall is a General Partner at Technology Crossover Ventures (TCV), a growth equity firm focused on information technology companies. Prior to joining TCV in 2008, Mr. Marshall spent 12 years as a Managing Director at Trident Capital, a venture capital and private equity firm focused on the software, business services and Internet markets. Mr. Marshall also serves on the board of directors of XRS Corporation, a provider of fleet operations solutions to the transportation industry. Mr. Marshall holds a B.A. in economics from Hamilton College and an M.B.A. from the J. L. Kellogg Graduate School of Management at Northwestern University. We believe Mr. Marshall's qualifications to serve on the Board include his extensive experience in corporate finance, business strategy and corporate development and his knowledge gained from service on the boards of various public and private companies.

*Philip S. Siegel* has served as a director since April 2004. Mr. Siegel is a general partner with Austin Ventures, which he joined in 2001, and focuses on services investing, with a particular emphasis on the media, information services, financial and business services, and supply chain markets. Mr. Siegel has founded several private companies and also serves on the boards of directors of several private companies, including All Star Directories, Asset International, Century Payments, LEAP Auto Loans, MIQ Logistics, Newgistics, Port Logistics Group, Vida Capital, and WhaleShark Media. He is currently a part-time professor at the Acton School of Business and served as an adjunct professor in the entrepreneurship department at the University of Texas Graduate School of Business from 1999 until 2002. Mr. Siegel holds a B.A. in chemistry and math and an M.B.A. from the University of Chicago. We believe Mr. Siegel's qualifications to serve on the Board include his extensive experience in corporate development, finance and business strategy and his knowledge gained from service on the boards of various public and private companies.

*Class I Directors*

*Simon Breakwell* has served as a member of our board of directors since August 2012. Mr. Breakwell is currently Head of European Operations for Uber, Inc. From 2001 to 2012, Mr. Breakwell served as the President, Founder, and director of Expedia International, Inc., a subsidiary of Expedia, Inc. Before becoming President of Expedia International, Mr. Breakwell spent seven years in senior business roles in Expedia, Inc., the Travel Group (acquired by Expedia, Inc.) and British Airways. Mr. Breakwell holds a B.A. in politics from Portsmouth Polytechnic and an M.B.A. from Lancaster University. We believe Mr. Breakwell's qualifications to serve on the Board include his extensive experience in high-level management positions at Internet-based businesses in the online travel industry.

**Table of Contents**

*Carl G. Shepherd* is one of our Co-Founders and has served as our Chief Strategy and Development Officer since February 2005. Prior to joining us, Mr. Shepherd worked as a consultant from March 2003 to February 2005. Mr. Shepherd served as Executive Vice President and Chief Operating Officer of Hoover's, Inc., a provider of online business information, from June 1997 to March 2003. From August 1995 to June 1997, Mr. Shepherd served as Vice President of Business Development of Human Code Inc., a software development company. From December 1992 to March 1995, Mr. Shepherd served as Chief Financial Officer of Hanley Wood, LLC, a trade magazine publisher. Mr. Shepherd has held positions with both consumer and trade magazine publishers, including *Texas Monthly*, *Building and Remodeling* and the *Dallas Morning News*. Previously, Mr. Shepherd was a senior manager with Andersen Consulting in New York. Mr. Shepherd holds a B.A. in business administration from Texas Christian University and an M.B.A. from the University of Texas at Austin. We believe Mr. Shepherd's qualifications to serve on the Board include his experience as our Chief Strategy and Development Officer, his previous service in executive positions at various public and private technology and publishing companies, and his experience in the vacation rental industry.

*Robert Solomon* has served as a director since January 2009. Mr. Solomon served as Chief Operating Officer and President of Groupon, Inc., a consumer discount website, from March 2010 through March 2011. Prior to joining Groupon, Mr. Solomon was a venture partner with TCV. From January 2006 to February 2008, Mr. Solomon served as President and Chief Executive Officer of SideStep, Inc., an online travel search engine acquired by Kayak Software Corporation in December 2007. Prior to his time at SideStep, Mr. Solomon held various positions at Yahoo! Inc., an Internet content and services developer, including Senior Vice President of Commerce from February 2000 to January 2006 and Vice President and General Manager of Shopping Group from February 2000 to January 2006. Previously, Mr. Solomon worked for Zaplet, Inc., FireDrop, Inc., Cendant Corporation, Electronic Arts Inc. and GolfWeb, Inc. Mr. Solomon serves on the advisory boards and boards of directors of several private companies. Mr. Solomon holds a B.A. in history from the University of California at Berkeley. We believe Mr. Solomon's qualifications to serve on the Board include his extensive experience in managing growing, international, Internet-based businesses serving consumers and the travel industry, including his experience as Chief Executive Officer of SideStep and Chief Operating Officer of Groupon.

**Table of Contents****CORPORATE GOVERNANCE****Structure and Leadership of the Board of Directors**

In accordance with our amended and restated certificate of incorporation and our amended and restated bylaws, our Board is divided into three classes with staggered three-year terms. At each annual meeting of stockholders, the successors to directors whose terms then expire will be elected to serve from the time of election and qualification until the third annual meeting following election. The authorized number of directors may be changed by resolution of the Board. Vacancies on the Board can be filled by resolution of the Board.

The division of our Board into three classes with staggered three-year terms may delay or prevent a change in our management or a change in control. Mr. Baker, Ms. Sharkey and Mr. Sharples are the Class II directors who have been nominated for election at the Annual Meeting. Mr. Brody, Mr. Marshall and Mr. Siegel are the Class III directors, and their terms will expire in 2014. Mr. Breakwell, Mr. Shepherd and Mr. Solomon are the Class I directors, and their terms will expire in 2015.

The Chairman of our Board is currently our Chief Executive Officer, Brian H. Sharples. The Board believes that Mr. Sharples is best situated to serve as Chairman because he is the director most familiar with our business and industry, and most capable of effectively identifying strategic priorities and leading the discussion and execution of strategy. The Board does not have a policy on whether or not the roles of the Chairperson of the Board and Chief Executive Officer should be separate. The Board believes it should be free to determine what is best for the Company at a given point in time. The Board may designate one of its independent directors as the Lead Independent Director, subject to such director accepting such appointment. If so designated, the Lead Independent Director will be responsible for coordinating activities of the other independent directors and performing various other duties as directed by the Board.

**Committees of the Board of Directors**

Our Board has a standing audit committee, compensation committee and nominating and governance committee. The members of the committees are identified in the table below:

| <b>Director</b>  | <b>Audit<br/>Chair<br/>Member</b> | <b>Committee<br/>Compensation<br/>Chair<br/>Member<br/>Member</b> | <b>Nominating<br/>And<br/>Governance<br/>Member<br/>Member</b> |
|------------------|-----------------------------------|---|--|
| Lanny Baker      |                                   |   |  |
| Simon Breakwell  |                                   |   |  |
| Jeffrey D. Brody |                                   |   |  |
| Woody Marshall   |                                   |   | Chair  |
| Tina Sharkey     |                                   |   |  |
| Philip S. Siegel |                                   |   | Member   |
| Robert Solomon   | Member                            |   | Member   |

*Audit Committee*

Our audit committee is responsible for, among other things:

selecting and hiring our independent auditors;

approving the audit and non-audit services to be performed by our independent auditors;

evaluating the qualifications, performance and independence of our independent auditors;



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monitoring the integrity of our financial statements and our compliance with legal and regulatory requirements as they relate to financial statements or accounting matters;

reviewing the adequacy and effectiveness of our internal control policies and procedures;

## **Table of Contents**

discussing the scope and results of the audit with the independent auditors and reviewing with management and the independent auditors our interim and year-end operating results;

preparing the audit committee report required in our annual proxy statement; and

reviewing and evaluating, at least annually, its own performance and that of its members, including compliance with the committee charter.

Our audit committee is currently composed of Lanny Baker, Simon Breakwell and Robert Solomon. Mr. Baker has served as the chairperson of our audit committee since 2011. In April 2013, our Board determined that Messrs. Baker, Breakwell and Solomon are independent under the applicable requirements of the NASDAQ and SEC rules and regulations. In April 2013, our Board determined that all of the members of our audit committee meet the requirements for financial literacy and sophistication, and that Mr. Baker qualifies as an audit committee financial expert, under the applicable requirements of the NASDAQ and SEC rules and regulations. All of our audit committee members are independent directors. The audit committee met nine times during 2012.

### *Compensation Committee*

Our compensation committee is responsible for, among other things:

reviewing and approving corporate goals and objectives relevant to compensation of our Chief Executive Officer and other executive officers;

reviewing and approving the following for our Chief Executive Officer and our other executive officers: annual base salaries, annual incentive bonuses, including the specific goals and amounts, equity compensation, employment agreements, severance arrangements, change of control arrangements and any other benefits, compensation or arrangements;

reviewing and recommending compensation goals and bonus and stock compensation criteria for our employees;

reviewing and recommending compensation programs for outside directors;

preparing the compensation discussion and analysis and compensation committee report required in our annual proxy statement;

administering, reviewing and making recommendations with respect to our equity compensation plans; and

reviewing and evaluating, at least annually, its own performance and that of its members, including compliance with the committee charter.

Our compensation committee is currently composed of Jeffrey D. Brody, Woody Marshall and Tina Sharkey, each of whom is a non-employee member of the Board. Mr. Brody has served as the chairperson of our compensation committee since 2011. In April 2013, our Board determined that each member of our compensation committee is independent under the applicable requirements of the NASDAQ and SEC rules and regulations, is a non-employee director, as defined by Rule 16b-3 promulgated under the Securities Exchange Act of 1934, as amended, or the Exchange Act, and is an outside director, as defined pursuant to Section 162(m) of the Internal Revenue Code. The compensation committee met seven times during 2012.

### *Nominating and Governance Committee*

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Our nominating and governance committee will be responsible for, among other things:

assisting the Board in identifying prospective director nominees and recommending nominees for each annual meeting of stockholders;

## **Table of Contents**

reviewing developments in corporate governance practices and developing and recommending governance principles applicable to the Board;

overseeing the evaluation of the Board and management;

recommending members for each Board committee to the Board;

reviewing and monitoring our code of conduct and actual and potential conflicts of interest of members of our Board and officers; and

reviewing and evaluating, at least annually, its own performance and that of its members, including compliance with the committee charter.

Our nominating and governance committee is currently composed of Woody Marshall, Philip S. Siegel and Robert Solomon. Mr. Marshall has served as the chairperson of our nominating and governance committee since 2011. In April 2013, our Board determined that each member of our nominating and governance committee is independent under the applicable requirements of the NASDAQ and SEC rules and regulations. The nominating and governance committee met three times during 2012.

The audit committee, compensation committee and nominating and governance committee operate under written charters adopted by the Board. These charters are available on the investor relations portion of our website at <http://investors.homeaway.com> in the Corporate Governance section and will be available without charge, upon request in writing to HomeAway, Inc., 1011 W. Fifth Street, Suite 300, Austin, Texas 78703, Attn: General Counsel.

## **Risk Oversight**

Our business is subject to various types of risk, including business risks relating to our strategy, competitive position, operations and financial structure, technological risks, legal and compliance risks and others. Our Board oversees our risk management processes implemented by management and regularly reviews reports from members of senior management on areas of material risk. The committees of the Board are charged with overseeing certain types of risks. The audit committee is responsible for overseeing the management of financial and operational risks. The compensation committee is responsible for overseeing the management of risks relating to executive compensation. The nominating and governance committee is responsible for overseeing the management of risks relating to corporate governance. The full Board regularly receives reports from each committee on the management of these risks and is charged with the management of all other risks.

## **Director Independence**

Our Corporate Governance Guidelines, which may be found at the investor relations portion of our website at <http://investors.homeaway.com> in the Corporate Governance section, state that our Board shall have a majority of directors who meet the criteria for independence established by applicable law. In April 2013, our Board, following consultation with our nominating and governance committee, undertook a review of the independence of the directors and considered whether any director has a material relationship with us that could compromise his or her ability to exercise judgment in carrying out his or her responsibilities. As a result of this review, our Board determined that Lanny Baker, Simon Breakwell, Jeffrey D. Brody, Woody Marshall, Tina Sharkey, Philip S. Siegel and Robert Solomon are independent directors as defined under the applicable NASDAQ and SEC rules and regulations.

There are no family relationships among our executive officers and directors.

## **Communications with the Board of Directors**

Any matter intended for the Board, or for any individual member or members of the Board, should be directed to our General Counsel at 1011 W. Fifth Street, Suite 300, Austin, Texas 78703, with a request to forward the communication to the intended recipient or recipients. In general, any stockholder communication



## **Table of Contents**

delivered to our General Counsel for forwarding to the Board or specified Board member or members will be forwarded in accordance with the stockholder's instructions. However, our General Counsel reserves the right not to forward to Board members any abusive, threatening or otherwise inappropriate materials.

### **Director Nomination Procedures**

The nominating and governance committee has the responsibility for reviewing and recommending to the Board candidates for director positions. The nominating and governance committee will consider nominations made by stockholders. There are no differences in the manner in which the nomination and governance committee evaluates nominees for director based on whether the nominee is recommended by a stockholder. To have a candidate considered by the nominating and governance committee, a stockholder must submit its recommendation in writing in accordance with the procedures described in the section of this Proxy Statement entitled "Other Matters 2013 Stockholder Proposals or Nominations" and must include the information specified in our Bylaws, including information concerning the nominee and information about the stockholder's ownership of and agreements related to our stock.

The nominating and governance committee, in evaluating Board candidates, considers issues such as character, integrity, judgment, diversity, age, independence, skills, education, expertise, business acumen, business experience, length of service, understanding of our business and other commitments and the like, all in the context of an assessment of the needs of the Board at the time. The committee's objective is to maintain a Board of individuals of the highest personal character, integrity and ethical standards, and that reflects a range of professional backgrounds and skills relevant to our business. The nominating and governance committee does not have a formal policy with respect to diversity; however, the committee considers diversity in identifying nominees for director, including personal characteristics such as race and gender, as well as diversity in the experience and skills that contribute to the Board's performance of its responsibilities in the oversight of a global technology business.

The nominating and governance committee believes that the minimum qualifications for serving as a director are that a nominee demonstrate knowledge of our industry, accomplishment in his or her field, an ability to make a meaningful contribution to the Board's oversight of our business and affairs, independence under NASDAQ rules, lack of conflicts of interest, and a record and reputation for integrity and ethical conduct in both his or her professional and personal activities. In addition, the nominating and governance committee examines a candidate's specific experiences and skills, time availability in light of other commitments, interpersonal skills and compatibility with the Board, and ability to complement the competency and skills of the other Board members.

The nominating and governance committee annually reviews with the Board the requisite skills and characteristics of Board members, as well as the composition of the Board as a whole. This assessment includes a consideration of independence, diversity, age, skills, and experience and industry backgrounds in the context of the needs of the Board and the Company, as well as the ability of current and prospective directors to devote sufficient time to performing their duties in an effective manner. Directors are expected to exemplify the highest standards of personal and professional integrity, and to constructively challenge management through their active participation and questioning. In particular, the nominating and governance committee seeks directors with established strong professional reputations and expertise in areas relevant to the strategy and operations of our business.

### **Board Meetings and Attendance**

The Board held seven meetings in 2012. During 2012, each member of the Board attended 75% or more of the aggregate of (i) the total number of Board meetings held during the period of such member's service and (ii) the total number of meetings held by all Board committees on which such member served during the period of such member's service.

**Table of Contents****Director Attendance at Annual Meetings of Stockholders**

Directors are encouraged, but not required, to attend our annual stockholder meetings. Messrs. Sharples and Shepherd attended our 2012 annual meeting of stockholders.

**Compensation Committee Interlocks and Insider Participation**

None of the members of our compensation committee is an officer or employee of HomeAway. None of our executive officers currently serves, or in the past year has served, as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving on our Board or compensation committee.

**Director Compensation**

Our non-employee directors are entitled to receive an annual fee of \$25,000 for their services as directors. The non-employee directors receive an additional annual fee for their service on committees of the Board in accordance with the following table:

| <b>Committee</b>                    | <b>Chairperson Fee</b> | <b>Member Fee</b> |
|-------------------------------------|------------------------|-------------------|
| Audit Committee                     | \$ 20,000              | \$ 12,000         |
| Compensation Committee              | \$ 10,000              | \$ 5,000          |
| Nominating and Governance Committee | \$ 7,500               | \$ 3,000          |

Non-employee directors will generally receive an initial option grant entitling the director to purchase that number of shares of our common stock equal to \$375,000 divided by the then current Black-Scholes value of our common stock. These options will vest monthly over three years, provided that the non-employee director continues to serve as a director through each such vesting date. Each non-employee director received their initial option grant during the month and year set forth below.

| <b>Director</b>           | <b>Received Initial Option Grant</b> |
|---------------------------|--------------------------------------|
| Lanny Baker               | April 2011                           |
| Simon Breakwell           | August 2012                          |
| Jeffrey D. Brody          | March 2012                           |
| Woody Marshall            | March 2012                           |
| Tina Sharkey              | December 2012                        |
| Philip S. Siegel          | March 2012                           |
| Robert Solomon            | April 2009                           |
| <b>Former Directors:*</b> |                                      |
| Todd Chaffee              | March 2012                           |
| Susan Wojcicki            | April 2011                           |

\* Mr. Chaffee resigned on August 29, 2012 and Ms. Wojcicki resigned on December 13, 2012.

In addition, starting in 2012, non-employee directors receive an annual option grant entitling each director to purchase that number of shares of our common stock equal to \$150,000 divided by the then current Black-Scholes value of our common stock. These options vest monthly over one year, provided that the non-employee director continues to serve as a director through each such vesting date. We do not pay meeting fees to our directors. We reimburse the directors for their travel and related expenses in connection with attending Board meetings and Board-related activities, such as HomeAway site visits, as well as continuing education programs.

**Table of Contents****Director Compensation 2012**

The following table presents information regarding the compensation paid during 2012 to non-employee directors who served on the Board during the year. Neither Mr. Sharples nor Mr. Shepherd, our two employee directors, receives any compensation for their services as members of the Board.

| Name                    | Fees Earned or Paid in Cash (\$) | Option Awards (\$)(1) | All Other Compensation (\$) | Total (\$) |
|-------------------------|----------------------------------|-----------------------|-----------------------------|------------|
| Lanny Baker (2)         | 45,000                           | 150,005               |                             | 195,005    |
| Simon Breakwell (3)     | 3,083                            | 375,015               |                             | 378,099    |
| Jeffrey D. Brody (4)    | 35,000                           | 496,271               |                             | 531,271    |
| Woody Marshall (4)      | 40,167                           | 496,271               |                             | 536,438    |
| Tina Sharkey (5)        |                                  | 375,000               |                             | 375,000    |
| Philip S. Siegel (4)    | 21,000                           | 496,271               |                             | 517,271    |
| Robert Solomon (6)      | 40,000                           | 150,005               |                             | 190,005    |
| <b>Former Directors</b> |                                  |                       |                             |            |
| Todd C. Chaffee (7)     | 20,000                           | 496,271               |                             | 516,271    |
| Susan D. Wojcicki (8)   | 30,000                           | 150,005               |                             | 180,005    |

- (1) In accordance with SEC rules, the amounts reported in this column reflect the aggregate grant date fair value of option awards granted to non-employee directors during 2012 and computed in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718. For a discussion of the assumptions and methodologies used to calculate the amounts referred to above, please see the discussion of option awards in the section entitled "Stockholders' Equity and Stock-Based Compensation" in Note 9 of the Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K.
- (2) Mr. Baker was granted an automatic stock option grant following the 2011 Annual Meeting for 13,514 shares, which vests in 12 equal monthly installments starting on July 6, 2012. Mr. Baker was granted his initial stock option grant in 2011 when he joined the Board, and it is not included in this table.
- (3) Mr. Breakwell was appointed to the Board in August 2012. In connection with his appointment, Mr. Breakwell received an initial stock option grant of 32,135 shares, which vests in 36 equal monthly installments beginning on August 29, 2012. The fees paid to Mr. Breakwell in 2012 reflect pro-rated annual retainers for his service as a non-employee director and a member of the audit committee during 2012.
- (4) The stock option awards consist of (i) the initial stock option grant made to all members of the Board that were directors prior to both the appointment of Mr. Baker and Ms. Wojcicki and our initial public offering in June 2011; this initial grant was made on March 27, 2012 for 26,762 shares, which vests in 36 equal monthly installments beginning on March 27, 2012; and (ii) the automatic stock option grant made to all directors on the Board following the 2011 annual meeting of stockholders, which vest in 12 equal monthly installments starting on July 6, 2012.
- (5) Ms. Sharkey was appointed to the Board on December 13, 2012. In connection with her appointment, Ms. Sharkey received an initial stock option grant of 38,756 shares, which vests in 36 equal monthly installments beginning on January 13, 2012. Ms. Sharkey did not receive director fees in 2012.
- (6) Mr. Solomon's stock option award consists of the automatic stock option grant made to all directors on the Board following the 2011 annual meeting of stockholders, which vest in 12 equal monthly installments starting on July 6, 2012. Mr. Solomon received an initial stock option grant when he joined the Board in April 2009, and it is not included in this table.
- (7) Mr. Chaffee resigned on August 29, 2012. Fees include pro-rated fees for his service as a non-employee director and as a member of our compensation committee.
- (8) Ms. Wojcicki resigned on December 13, 2012. She was granted an automatic stock option grant following the 2011 annual meeting of stockholders for 13,514 shares, which vests in 12 equal monthly installments starting on July 6, 2012. Ms. Wojcicki was granted her initial stock option grant in 2011 when she joined the Board, and it is not included in this table.



**Table of Contents****EXECUTIVE OFFICERS**

The following sets forth certain information regarding our executive officers. Information pertaining to Messrs. Sharples and Shepherd, each of whom is both an officer and a director of HomeAway, may be found in the section of this Proxy Statement entitled Proposal One: Election of Directors Directors .

| <b>Name</b>       | <b>Position with HomeAway</b>                               | <b>Age as of the Annual Meeting</b> |
|-------------------|---|-------------------------------------|
| Brian H. Sharples | Co-Founder, President, Chief Executive Officer & Chairman   | 52                                  |
| Lynn Atchison     | Chief Financial Officer & Secretary                         | 53                                  |
| Brent Bellm       | Chief Operating Officer                                     | 41                                  |
| Ross A. Buhrdorf  | Chief Technology Officer                                    | 49                                  |
| Thomas Hale       | Chief Product Officer                                       | 44                                  |
| Carl G. Shepherd  | Co-Founder, Chief Strategy & Development Officer & Director | 60                                  |

*Lynn Atchison* has served as our Chief Financial Officer since August 2006. Prior to joining us, Ms. Atchison was Chief Financial Officer of Infoglide Software Corporation, an enterprise software provider, from February 2004 to August 2006. From October 2003 to January 2004, Ms. Atchison worked as a business consultant for Range Online Media, an Internet marketing firm. From May 1996 to April 2003, Ms. Atchison served as Chief Financial Officer and Vice President of Finance and Administration of Hoover's, Inc., a provider of online business information. From November 1994 to April 1996, Ms. Atchison served as Chief Financial Officer of Travelogix, Inc., a provider of travel ticketing systems software. From May 1990 to November 1994, Ms. Atchison worked as a consultant providing controller functions for software, technology and non-profit organizations, including Trilogy Development, a provider of sales automation software, and Austin American Technology. Prior to that, Ms. Atchison worked for eight years as an accountant with Ernst & Young LLP. Ms. Atchison holds a B.B.A. in accounting from Stephen F. Austin State University.

*Brent Bellm* has served as our Chief Operating Officer since June 2010. From October 2009 to June 2010, Mr. Bellm served as Vice President of Global Product and Experience of PayPal, Inc., an online payment services provider and subsidiary of eBay Inc., and as Chief Executive Officer of PayPal (Europe) Ltd. from October 2005 to September 2009. Before joining PayPal, Mr. Bellm served as Director of Corporate Strategy of eBay from April 2001 to December 2002. Previously, Mr. Bellm held positions at McKinsey & Company, focusing on the retail, e-commerce and payment industries, and at Goldman, Sachs & Co. Mr. Bellm holds a B.A. in economics and international relations from Stanford University and an M.B.A. from Harvard Business School.

*Ross A. Buhrdorf* has served as our Chief Technology Officer since July 2005. Prior to joining us, Mr. Buhrdorf served as Vice President of Engineering of BetweenMarkets, Inc., a platform for ensuring business-to-business information quality, from June 2004 to June 2005. From 2000 to 2004, Mr. Buhrdorf served as Vice President of Engineering of Salion, Inc., an enterprise CRM solution for supply-side manufacturing, and from 1997 to 2000 he served as Vice President of Engineering of Excite.com, a search engine company. Since 1993, Mr. Buhrdorf also has owned and consulted with a variety of software companies. Mr. Buhrdorf holds a B.S. in computer science from the University of Texas at Austin.

*Thomas Hale* has served as our Chief Product Officer since June 2010. Prior to joining us, Mr. Hale served as Chief Product Officer of Linden Research, Inc., an online game and virtual community provider, from October 2008 to May 2010. From December 2007 to October 2008, Mr. Hale served as an Entrepreneur in Residence at Redpoint Ventures, a venture capital firm. From September 1995 to October 2007, Mr. Hale held various positions, including Senior Vice President of the Knowledge Worker Business Unit at Adobe Systems Incorporated and Macromedia, Inc. Mr. Hale has served on the board of directors of IntraLinks, Inc., a provider of Software-as-a-Service solutions, since May 2008. Mr. Hale holds a B.A. in history and literature from Harvard University.

**Table of Contents****SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth certain information with respect to the beneficial ownership of our common stock as of April 12, 2013 for each person known by us to beneficially own more than 5% of our outstanding shares of common stock, each of our named executive officers, each of the members of our Board and all of the members of our Board and executive officers as a group.

We have determined beneficial ownership in accordance with SEC rules. The information does not necessarily indicate beneficial ownership for any other purpose. Except as indicated in the footnotes to this table, and pursuant to state community property laws, we believe, based on the information furnished to us, that the persons named in the table have sole voting and investment power with respect to all shares reflected as beneficially owned by them. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, shares of common stock that could be issued upon the exercise of outstanding options held by that person that are currently exercisable or exercisable within 60 days of April 12, 2013 are considered outstanding. These shares, however, are not considered outstanding when computing the percentage ownership of any other person.

Percentage of ownership is based on 84,924,114 shares of our common stock outstanding on April 12, 2013.

Unless otherwise indicated, the address for each of the stockholders in the table below is c/o HomeAway, Inc., 1011 W. Fifth Street, Suite 300, Austin, Texas 78703.

| Name of Beneficial Owner   | Shares Beneficially Owned | Percent of Common Stock Outstanding |
|--|---------------------------|-------------------------------------|
| <b>5% Stockholders:</b>  |                           |                                     |
| Entities affiliated with Austin Ventures (1)                     | 13,939,174                | 16.4%                               |
| Entities affiliated with Redpoint Ventures (2)                   | 4,230,164                 | 5.0%                                |
| Entities affiliated with Technology Crossover Ventures (3)       | 8,163,507                 | 9.6%                                |
| Entities affiliated with Institutional Venture Partners (4)      | 6,558,910                 | 7.7%                                |
| Entities affiliated with Wells Fargo & Company (5)               | 6,248,441                 | 7.4%                                |
| <b>Named Executive Officers, Directors and Nominees:</b>         |                           |                                     |
| Brian H. Sharples (6)  | 1,907,800                 | 2.2%                                |
| Lynn Atchison (7)  | 400,814                   | *                                   |
| Brent Bellm (8)  | 253,420                   | *                                   |
| Ross A. Buhrdorf (9)   | 239,671                   | *                                   |
| Thomas Hale (10)   | 387,848                   | *                                   |
| Carl G. Shepherd (11)  | 528,243                   | *                                   |
| Lanny Baker (12)   | 37,715                    | *                                   |
| Simon Breakwell  |                           |                                     |
| Jeffrey D. Brody (13)  | 4,425,902                 | 5.2%                                |
| Woody Marshall (14)  | 8,185,923                 | 9.6%                                |
| Tina Sharkey   |                           |                                     |
| Philip S. Siegel (15)  | 755,718                   | *                                   |
| Robert Solomon (16)  | 43,514                    | *                                   |
| All directors and executive officers as a group (13 people) (17) | 17,166,568                | 19.7%                               |

- (1) Includes 13,282,377 shares held by Austin Ventures VIII, L.P. and 656,797 shares held by Austin Ventures X, L.P. The sole general partner of Austin Ventures VIII, L.P. is AV Partners VIII, L.P. Joseph C. Aragona, Kenneth P. DeAngelis, John D. Thornton and Christopher A. Pacitti are the general partners of AV Partners VIII, L.P. and may be deemed to share voting and/or dispositive power over the shares held by Austin Ventures VIII, L.P. The general partner of Austin Ventures X, L.P. is AV Partners X, L.P. and the general partner of AV Partners X, L.P. is AV Partners X, LLC. Joseph C. Aragona, Kenneth P. DeAngelis, John D. Thornton, Christopher A. Pacitti and Philip S. Siegel are members of AV Partners X,

**Table of Contents**

- LLC and may be deemed to share voting and/or dispositive power over the shares held by Austin Ventures X, L.P. The address of Austin Ventures VIII, L.P. and Austin Ventures X, L.P., or the Austin Ventures Funds, is 300 West 6th Street, Suite 2300, Austin, Texas 78701, Attention: Kenneth P. DeAngelis.
- (2) Includes 1,939,955 shares held by Redpoint Ventures I, L.P., 1,715,020 shares held by Redpoint Ventures II, L.P., 252,317 shares held by Redpoint Technology Partners Q-1, L.P., 187,823 shares held by Redpoint Omega, L.P., 49,743 shares held by Redpoint Associates I, LLC, 39,655 shares held by Redpoint Associates II, LLC, 40,340 shares held by Redpoint Technology Partners A-1, L.P. and 5,311 shares held by Redpoint Omega Associates, LLC. Redpoint Ventures I, LLC is the general partner of each of Redpoint Ventures I, L.P., Redpoint Technology Partners A-1, L.P., and Redpoint Technology Partners Q-1, L.P., and the manager of Redpoint Associates I, LLC. Redpoint Ventures II, LLC is the general partner of Redpoint Ventures II, L.P. Voting and dispositive decisions with respect to shares held by each of Redpoint Ventures I, L.P., Redpoint Technology Partners A-1, L.P., Redpoint Technology Partners Q-1, L.P., Redpoint Ventures II, L.P., Redpoint Associates I, LLC and Redpoint Associates II, LLC are shared by Jeffrey D. Brody, R. Thomas Dyal, Timothy M. Haley, G. Bradford Jones, John L. Walecka and Geoffrey Y. Yang in their capacities as managing members of each of Redpoint Ventures I, LLC, Redpoint Ventures II, LLC, and Redpoint Associates II, LLC. Redpoint Omega, LLC is the general partner of Redpoint Omega, L.P. Voting and dispositive decisions with respect to shares held by Redpoint Omega, L.P. and Redpoint Omega Associates, LLC are shared by Jeffrey D. Brody, R. Thomas Dyal, Timothy M. Haley, G. Bradford Jones, John L. Walecka, Geoffrey Y. Yang, Christopher B. Moore and W. Allen Beasley in their capacities as managing members of each of Redpoint Omega, LLC and Redpoint Omega Associates, LLC. The address of the entities affiliated with Redpoint Ventures, or the Redpoint Ventures Funds, is 3000 Sand Hill Road, Building 2, Suite 290, Menlo Park, California 94025, Attention: Jeffrey D. Brody.
- (3) Includes 3,815,651 shares held by TCV VII, L.P., 2,314,213 shares held by TCV VI, L.P., 1,981,510 shares held by TCV VII (A), L.P., and 52,133 shares held by TCV Member Fund, L.P. Technology Crossover Management VI, L.L.C., or TCM VI, as the general partner of TCV VI, L.P. and a general partner of TCV Member Fund, L.P., may be deemed to have the sole voting and dispositive power over the shares held by TCV VI, L.P. and certain of the shares held by TCV Member Fund, L.P. Jay C. Hoag, Richard H. Kimball, John L. Drew, Jon Q. Reynolds Jr. and Robert W. Trudeau, or the TCM VI Members, are Class A Members of TCM VI and limited partners of TCV Member Fund, L.P. and may be deemed to share voting and dispositive power over the shares held by TCV VI, L.P. and certain of the shares held by TCV Member Fund, L.P. Christopher P. Marshall, John C. Rosenberg and David L. Yuan are Assignees of TCM VI. Technology Crossover Management VII, Ltd., or Management VII, as a general partner of TCV Member Fund, L.P. and the general partner of Technology Crossover Management VII, L.P., or TCM VII, which is the direct general partner of each of TCV VII, L.P. and TCV VII (A), L.P. may be deemed to have the sole voting and dispositive power over the shares held by TCV VII, L.P. and TCV VII (A), L.P. and certain of the shares held by TCV Member Fund, L.P. The TCM VI Members, Christopher P. Marshall, Timothy P. McAdam, John C. Rosenberg and David L. Yuan, collectively the Management VII Members, are the Class A Directors of Management VII and limited partners of TCM VII and TCV Member Fund, L.P. and share voting and dispositive power over the shares held by TCV VII, L.P. and TCV VII (A), L.P. and certain of the shares held by TCV Member Fund, L.P. The address of the entities affiliated with Technology Crossover Ventures, or TCV, is 528 Ramona Street, Palo Alto, California 94301.
- (4) Includes 3,058,910 shares held by Institutional Venture Partners XII, L.P. or IVP XII, 3,017,000 shares held by Institutional Venture Partners XI, L.P., or IVP XI, and 483,000 shares held by Institutional Venture Partners XI GmbH & Co Beteiligungs KG, or IVP XI KG. The general partner of IVP XII is Institutional Venture Management XII, LLC. The general partner of IVP XI and the managing limited partner of IVP XI KG is Institutional Venture Management XI, LLC. Todd C. Chaffee, Norman A. Fogelsong, Stephen J. Harrick, J. Sanford Miller and Dennis B. Phelps are the managing directors of Institutional Venture Management XII, LLC and share voting and dispositive power over the shares held by IVP XII. Todd C. Chaffee, Norman A. Fogelsong, Stephen J. Harrick, J. Sanford Miller and Dennis B. Phelps are the managing directors of Institutional Venture Management XI, LLC and share voting or dispositive

**Table of Contents**

- power over the shares held by each of IVP XI and IVP XI KG. The address of entities affiliated with Institutional Venture Partners, or IVP Funds, is 3000 Sand Hill Road, Building 2, Suite 250, Menlo Park, California 94025, Attention: Melanie Chladek.
- (5) Based on a Schedule 13G dated March 29, 2013, as filed with the Securities and Exchange Commission, Wells Fargo & Company reported that it had sole voting and dispositive power over 65,542 shares, shared voting power over 5,553,816 shares and shared dispositive power over 6,182,899 shares as of December 31, 2012 and that its address is 420 Montgomery Street, San Francisco, CA 94104.
- (6) Includes 740,489 shares held by Moose Pond Investments, LP, 190,476 shares held by Sharples Venture Partners, LP, 103,841 shares held by Brian H. Sharples, 63,194 shares held by Brian H. Sharples as Trustee of the Sharples 2012 Irrevocable Trust DTD 12/10/2012 FBO Hawken Drake Sharples Trust, or the Hawken Sharples FBO Trust, 63,194 shares held by Brian H. Sharples as Trustee of the Sharples 2012 Irrevocable Trust DTD 12/10/2012 FBO Chloe Marie Sharples, or the Chloe Sharples FBO Trust, 63,194 shares held by Brian H. Sharples as Trustee of the Sharples 2012 Irrevocable Trust DTD 12/10/2012 FBO Emma Jette Sharples, or the Emma Sharples FBO Trust, 11,403 shares held by Brian H. Sharples as Trustee of The Hawken Drake Sharples 2009 Trust, or the Hawken Sharples Trust, 11,402 shares held by Brian H. Sharples as Trustee of The Chloe Marie Sharples 1998 Trust, or the Chloe Sharples Trust, 11,402 shares held by Brian H. Sharples as Trustee of The Emma Jette Sharples 2002 Trust, or the Emma Sharples Trust and 649,205 shares issuable upon exercise of options held by Mr. Sharples that are exercisable within 60 days of April 12, 2013. Mr. Sharples is the limited partner of Moose Pond Investments, LP and the sole manager of Moose Pond Mgt., LC, which is the general partner of Moose Pond Investments, LP, the general partner of Sharples Venture Partners, LP and the trustee of the Hawken Sharples FBO Trust, the Chloe Sharples FBO Trust, the Emma Sharples FBO Trust, the Hawken Sharples Trust, the Chloe Sharples Trust and the Emma Sharples Trust. Mr. Sharples has voting and dispositive power over the shares held by Moose Pond Investments, LP, Sharples Venture Partners, LP, the Hawken Sharples Trust, the Chloe Sharples Trust and the Emma Sharples Trust.
- (7) Includes 318,416 shares issuable upon the exercise of options held by Ms. Atchison that are exercisable within 60 days of April 12, 2013.
- (8) Includes 31,250 shares that are subject to forfeiture to us, which forfeiture restriction lapses as to 2,083 shares each month and 195,117 shares issuable upon the exercise of options held by Mr. Bellm that are exercisable within 60 days of April 12, 2013.
- (9) Includes 222,421 shares issuable upon the exercise of options held by Mr. Buhrdorf that are exercisable within 60 days of April 12, 2013.
- (10) Includes 15,625 shares that are subject to forfeiture to us, which forfeiture restriction lapses as to 1,042 shares each month and 323,113 shares issuable upon the exercise of options held by Mr. Hale that are exercisable within 60 days of April 12, 2013.
- (11) Includes 138,398 shares issuable upon the exercise of options held by Mr. Shepherd that are exercisable within 60 days of April 12, 2013.
- (12) Includes 37,715 shares issuable upon the exercise of options held by Mr. Baker that are exercisable within 60 days of April 12, 2013.
- (13) Includes all of the shares referred to in footnote number 2 above. Also includes 147,126 shares held by the Brody Family Trust U/D/T dated July 1, 1994, or the Family Trust, 23,444 shares held by the Brody Children s Partnership, or the Children s Partnership, 1,247 shares held by Koga Partners, L.P., or Koga, and 23,921 shares issuable upon the exercise of options held by Mr. Brody that are exercisable within 60 days of April 12, 2013. Mr. Brody is a trustee and beneficiary of the Family Trust, a general partner of the Children s Partnership and a general partner of Koga has voting and dispositive power over the shares held by the Family Trust, the Children s Partnership and Koga.
- (14) Includes all of the shares referred to in footnote number 3 above. Also includes 1,295 shares held by the Marshall Carroll 2000 Trust and 21,121 shares issuable upon the exercise of options held by Mr. Marshall that are exercisable within 60 days of April 12, 2013. Christopher P. Marshall is a trustee of the Marshall Carroll 2000 Trust and may be deemed to beneficially own certain securities held by the Marshall Carroll 2000 Trust.

**Table of Contents**

- (15) Includes 656,797 shares held by Austin Ventures X, L.P., 75,000 shares held by Philip Siegel and 23,921 shares issuable upon the exercise of options held by Mr. Siegel that are exercisable within 60 days of April 12, 2013. The general partner of Austin Ventures X, L.P. is AV Partners X, L.P., and the general partner of AV Partners X, L.P. is AV Partners X, LLC. Joseph C. Aragona, Kenneth P. DeAngelis, John D. Thornton, Christopher A. Pacitti and Philip S. Siegel are members of AV Partners X, LLC and share voting and/or dispositive power over the shares held by Austin Ventures X, L.P. Mr. Siegel's address is 300 West 6th Street, Suite 2300, Austin, Texas 78701.
- (16) Includes 43,514 shares issuable upon the exercise of options held by Mr. Solomon that are exercisable within 60 days of April 12, 2013.
- (17) Includes 791,372 shares held of record by our directors and executive officers, 1,996,862 shares issuable upon the exercise of options held by our directors and executive officers that are exercisable within 60 days of April 12, 2013 and 14,378,334 shares held by entities over which our directors and executive officers may be deemed to have voting and dispositive power.

## **Table of Contents**

### **SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Exchange Act requires our officers and directors, and persons who own more than ten percent of a registered class of our equity securities, to file reports of securities ownership and changes in such ownership with the SEC. Officers, directors and greater than ten percent stockholders are also required by SEC rules to furnish us with copies of all Section 16(a) forms they file.

Based solely on a review of the copies of such forms furnished to us or written representations that no Forms 5 were required, we believe that all Section 16(a) filing requirements were timely met during 2012, except that Forms 4 were filed late for the following officers and directors for the following number of transactions: Brian Sharples: one Form 4 covering one transaction, Ross Buhrdorf: three Forms 4 covering six transactions, Simon Breakwell: one Form 4 covering one transaction, Tina Sharkey: one Form 4 covering one transaction, Carl Shepherd: two Forms 4 covering four transactions, Brent Bellm: one Form 4 covering two transactions, Thomas Hale: one Form 4 covering one transaction and Jeffrey Brody: one Form 4 covering three transactions

### **CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS**

We have been a party to the following transactions since January 1, 2012, in which the amount involved exceeded or will exceed \$120,000, and in which any director, executive officer or holder of more than 5.0% of any class of our voting stock, or any member of the immediate family of or entities affiliated with any of them, each a related party, had or will have a material interest.

#### **Investors Rights Agreement**

In March 2011, we entered into an amended and restated investors rights agreement with certain of our stockholders, including individuals and entities affiliated with Austin Ventures, Redpoint Ventures, Institutional Venture Partners, Technology Crossover Ventures, Tiger Global, Brian H. Sharples, Carl G. Shepherd and Philip S. Siegel. The amended and restated investors rights agreement, among other things grants such stockholders certain registration rights with respect to shares of our common stock.

#### **Stock Option and Restricted Stock Grants**

Certain stock option and restricted stock grants to our directors and named executive officers and related stock option and restricted stock grant policies are described in the sections of this Proxy Statement entitled Corporate Governance Director Compensation 2012 and Executive Compensation Grants of Plan-Based Awards, respectively.

#### **Employment and Change of Control Agreements**

We have entered into employment and change of control arrangements with certain of our executive officers as described in the section of this Proxy Statement entitled Executive Compensation Employment Agreements.

#### **Director Compensation**

During 2012, our non-employee directors received the compensation described in the section of this Proxy Statement entitled Corporate Governance Director Compensation.

#### **Indemnification of Officers and Directors**

Our amended and restated bylaws provide that we will indemnify each of our directors and officers to the fullest extent permitted by the Delaware General Corporation Law. Further, we have entered into indemnification agreements with each of our directors and officers. These agreements provide for the indemnification of our

## **Table of Contents**

directors, officers and some employees for all reasonable expenses and liabilities incurred in connection with any action or proceeding brought against them by reason of the fact that they are or were our agents. We believe that these indemnification agreements are necessary to attract and retain qualified persons as directors and officers. We also maintain directors and officers liability insurance. For further information, see the section of this Proxy Statement entitled Executive Compensation Limitation on Liability and Indemnification Matters.

## **Policies and Procedures for Related Party Transactions**

As provided by our audit committee charter, our audit committee must review and approve in advance any related party transaction. All of our directors, officers and employees are required to report to our audit committee any such related party transaction prior to its completion.

## **Code of Business Ethics and Conduct**

Our Board adopted a code of business ethics and conduct for all employees, including our executive officers, and directors. The code of business ethics and conduct is available without charge upon request in writing to HomeAway, Inc., 1011 W. Fifth Street, Suite 300, Austin, Texas 78703, Attn: General Counsel or on the investor relations portion of our website at [investors.homeaway.com](http://investors.homeaway.com). We will disclose on our website at [www.homeaway.com](http://www.homeaway.com), to the extent and in the manner permitted by Item 5.05 of Form 8-K, the nature of any amendment to this code of business ethics and conduct (other than technical, administrative, or other non-substantive amendments), our approval of any material departure from a provision of this code of business ethics and conduct, and our failure to take action within a reasonable period of time regarding any material departure from a provision of this code of business ethics and conduct that has been made known to any of our executive officers.

**Table of Contents**

**EXECUTIVE COMPENSATION**

**Compensation Discussion and Analysis**

This section explains how our executive compensation program is designed and operates with respect to our named executive officers listed in the Summary Compensation Table below. Our named executive officers in 2012 were:

Brian H. Sharples, our Chief Executive Officer, or CEO;

Lynn Atchison, our Chief Financial Officer, or CFO;

Brent Bellm, our Chief Operating Officer;

Ross A. Buhrdorf, our Chief Technical Officer; and

Carl G. Shepherd, our Chief Strategy and Development Officer.

This Compensation Discussion and Analysis provides an overview of our executive compensation philosophy, the overall objectives of our executive compensation program and each compensation component that we provide. In addition, we explain how and why the compensation committee of our Board arrived at specific compensation policies and decisions involving our named executive officers for the fiscal year ended December 31, 2012.

This Compensation Discussion and Analysis contains forward-looking statements that are based on our current plans, considerations, expectations and determinations regarding future compensation programs. The actual compensation programs that we adopt in the future may differ materially from currently planned programs as summarized in this discussion.

**Executive Compensation Philosophy and Objectives**

We operate the world's largest online marketplace for the vacation rental industry. As of December 31, 2012, we operated our online marketplace through 44 websites in 13 languages and provided over 710,000 listings for vacation rentals located in 171 countries. To effectively operate in this dynamic and rapidly changing market and to continue to grow our business, we need a highly talented and seasoned team of executives and business professionals.

We compete with many other companies in seeking to attract and retain a skilled management team. To meet this challenge, we have adopted a compensation philosophy designed to offer our named executive officers compensation and benefits that are market competitive and that meet our goals of attracting, retaining and motivating highly skilled individuals to help us achieve our financial and strategic objectives.

Our executive compensation program is designed to achieve the following principal objectives:

attract and retain talented and experienced individuals;

offer total compensation opportunities that take into consideration the practices of other comparably positioned Internet and technology companies;



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directly and substantially link total compensation to measurable corporate and individual performance;

create and sustain a sense of urgency surrounding strategy execution and the achievement of key business objectives; and

strengthen the alignment of the interests of our named executive officers and stockholders through equity-based long-term incentives and reward our named executive officers for creating long-term stockholder value.

## **Table of Contents**

### **Compensation Program Design**

We conducted our initial public offering of equity securities on June 28, 2011. Consequently, 2012 was our first full year as a publicly traded company. In designing our executive compensation program for 2012, we were cognizant of our need to motivate our named executive officers to meet our short-term goals and long-term strategic objectives as a publicly traded company. Thus, we continued to emphasize the use of equity in the form of options to purchase shares of our common stock and restricted stock unit ( RSU ) awards covering shares of our common stock to incent our named executive officers to focus on the growth of our overall enterprise value and, correspondingly, to create sustainable long-term value for our stockholders. We believe that stock options and RSU awards offer our named executive officers a valuable long-term incentive that aligns their interests with the interests of our stockholders.

We also offer cash compensation to our named executive officers in the form of base salaries and annual cash bonus opportunities at levels that we believe help us provide competitive compensation packages. To emphasize our annual goals, we set the target total cash compensation opportunities of our named executive officers at or above the 50<sup>th</sup> percentile of the competitive market while maintaining base salaries at the median of the competitive market. Generally, we have structured our annual cash bonus opportunities to focus on the achievement of specific short-term financial and strategic goals that will further our longer-term growth objectives.

In 2012, the compensation committee considered competitive compensation data from companies within our industry (which are discussed in more detail below in the section entitled Compensation-Setting Process Use of Competitive Data ) to assist it in establishing cash compensation levels for our named executive officers. The data was compiled by Compensia, Inc., a national compensation consulting firm ( Compensia ), engaged by the compensation committee. Our compensation peer group consists of publicly traded companies with business models and financial and size characteristics similar to ours, with an emphasis on technology companies. Using this information as a guideline, the compensation committee placed an emphasis on remaining competitive in our market and differentiating total cash compensation through the use of an annual incentive plan. Equity awards were granted by the compensation committee on a discretionary basis for the purpose of retaining our named executive officers and aligning their interests with our long-term strategic and operational objectives.

At our annual meeting of stockholders in 2012, our stockholders adopted a three-year interval for management say on pay review. Accordingly, our stockholders last voted on such matter at our annual meeting of stockholders in 2012 and approved, on an advisory (non-binding) basis and with over 94% of the votes cast in favor of the proposal, the compensation of our named executive officers. The compensation committee considered the results of this vote in connection with the compensation decisions it made during 2012 following the vote.

### **Compensation-Setting Process**

#### *Role of the Compensation Committee*

The compensation committee is responsible for overseeing our executive compensation philosophy and administering our executive compensation program, as well as determining and approving the compensation for our named executive officers. The compensation committee regularly reports to our full Board on its deliberations, but is ultimately responsible for compensation decisions, as described in the compensation committee charter. See the summary description of the compensation committee charter in the section of this Proxy Statement entitled Corporate Governance Committees of the Board of Directors.

The compensation committee reviews, on at least an annual basis, our executive compensation program, including any incentive compensation plans, to determine whether they are appropriate, properly coordinated, and achieve their intended purposes and recommends to our Board any modifications or new plans or programs. It also reviews the compensation of our named executive officers and makes decisions about the various components that comprise their compensation packages.

## **Table of Contents**

### *Role of Management*

In carrying out its responsibilities, the compensation committee works with members of our management team, including our CEO. Typically, our management team assists the compensation committee by providing information about our corporate financial and individual performance, competitive market data and management's perspective and recommendations on compensation matters.

Typically, our CEO makes recommendations to the compensation committee regarding the compensation of our employees, including our named executive officers (except with respect to his own compensation), and attends compensation committee meetings (except with respect to discussions involving his own compensation).

While the compensation committee solicits and reviews our CEO's recommendations and proposals with respect to compensation-related matters, the compensation committee only uses these recommendations and proposals as one factor in making compensation decisions.

### *Role of Compensation Consultant*

The compensation committee is authorized to retain the services of compensation consultants and other advisors from time to time, as it sees fit, in connection with carrying out its responsibilities, including the adoption of cash and equity compensation plans and arrangements and related policies.

Starting in November 2010, the compensation committee has engaged Compensia to assist it each year in reviewing and making appropriate changes to our executive compensation guiding principles, to update our compensation peer group; to evaluate the competitiveness of our named executive officers' compensation and to assist it in the course of its deliberations concerning executive compensation decisions. Compensia serves at the discretion of the compensation committee.

The compensation committee has assessed the independence of Compensia taking into account, among other things, the factors set forth in Exchange Act Rule 10C-1 and the NASDAQ listing standards, and has concluded that no conflict of interest exists with respect to the work that Compensia performs for the compensation committee.

### *Use of Competitive Data*

To assess the competitiveness of our executive compensation program and compensation levels, the compensation committee directed Compensia to examine the executive compensation practices of a peer group of software and Internet companies. Compensation data for the peer group companies were gathered from public filings and from Compensia's proprietary compensation databases. Peer group data are used to assess compensation levels and to assist the compensation committee in setting compensation levels for 2012.

The companies comprising the compensation peer group were selected on the basis of their similarity to us in size (as determined by revenue and market capitalization, when available), industry sector and product or service similarity. In some cases, the compensation peer group included companies that may compete with us for talent or may otherwise influence the market compensation for our employees.

**Table of Contents**

During 2012, the compensation peer group was comprised of the following companies:

|                            |                      |
|----------------------------|----------------------|
| Ancestry.com Inc.          | Rovi Corporation     |
| Ariba, Inc.                |                      |
| Bankrate                   |                      |
| Fortinet, Inc.             |                      |
| Kayak Software Corporation |                      |
| LinkedIn Corp.             |                      |
| NetSuite Inc.              | Shutterfly, Inc.     |
| OpenTable, Inc.            | Solarwinds, Inc.     |
| Pandora Media Inc.         | SuccessFactors, Inc. |
| Qlik Technologies, Inc.    |                      |
| RealPage, Inc.             | WebMD Health Corp.   |
|                            | Zynga, Inc.          |

The compensation committee reviews the compensation peer group at least annually and makes adjustments to its composition as necessary.

In addition, as part of the assessment of current market practices for executive compensation that is reviewed by the compensation committee, Compensia examined and included relevant data from the most recent Radford Executive Survey and the IPAS High Technology Survey, with an emphasis on companies with revenues comparable to ours. The compensation committee reviewed the data compiled by Compensia from these surveys and the peer group and used it to assess whether the compensation components we provide to each executive officer were in the percentiles targeted by the committee. This analysis helped the committee to determine the changes in compensation discussed below.

**Executive Compensation Program Components**

The following describes each component of our executive compensation program, the rationale for each component and how compensation amounts and awards are determined.

*Base Salary*

Base salary represents the fixed portion of our named executive officers' compensation, which we view as an important element to attract, retain and motivate highly talented executives. Base salaries represent a modest portion of the total compensation opportunity for our named executive officers.

In 2012, the compensation committee conducted a review of each named executive officer's base salary in consultation with Compensia and with input from our CEO. The compensation committee then considered and made adjustments as it determined to be reasonable and necessary to reflect the scope of each named executive officer's performance, individual contributions, responsibilities, experience, prior base salary level, position (in the case of a promotion) and market conditions. In making these adjustments, the compensation committee also considered the median of the base salary range of the companies in the compensation peer group. The changes in the base salaries of the named executive officers from 2011 to 2012 are set forth in the following table and below in the section entitled Summary Compensation Table For Years Ended December 31, 2012, 2011 and 2010.

| <b>Named Executive Officer</b> | <b>2011 Base Salary</b> | <b>2012 Base Salary</b> |
|--------------------------------|-------------------------|-------------------------|
| Brian Sharples                 | \$ 450,000              | \$ 500,000              |
| Lynn Atchison                  | \$ 309,000              | \$ 318,700              |
| Brent Bellm                    | \$ 339,000              | \$ 360,000              |
| Ross Buhrdorf                  | \$ 250,000              | \$ 285,000              |
| Carl Shepherd                  | \$ 309,000              | \$ 318,700              |



**Table of Contents***Annual Cash Bonuses*

We use annual cash bonuses to motivate our named executive officers to achieve both short-term financial and strategic goals and longer-term growth and other objectives. Under our 2012 Executive Officer Performance Bonus Plan, the compensation committee determines cash bonus payments for our CEO and other named executive officers based on achievement of corporate financial targets established in our annual operating plan and individual performance requirements, as described below.

*2012 Target Bonus Opportunities*

Under our 2012 Executive Officer Performance Bonus Plan, our annual cash bonus opportunities were designed to reward our named executive officers based on our performance and, for all named executive officers other than our CEO, the individual named executive officer's contribution to that performance. The compensation committee determined that the target annual cash bonus opportunity for each of our named executive officers should be determined as a percentage of his or her base salary. The target annual cash bonus opportunities for the named executive officers were as follows:

| <b>Named Executive Officer</b> | <b>2011 Target<br/>Annual Cash<br/>Bonus Opportunity</b> | <b>2012 Target<br/>Annual Cash<br/>Bonus Opportunity</b> |
|--------------------------------|--|--|
| Brian H. Sharples              | 100%   | 100%   |
| Lynn Atchison                  | 50%  | 60%  |
| Brent Bellm                    | 50%  | 75%  |
| Ross A. Buhrdorf               | 50%  | 60%  |
| Carl G. Shepherd               | 50%  | 60%  |

With respect to each named executive officer, the amount of his or her target annual cash bonus opportunity was established by the compensation committee in consultation with our CEO (except with respect to himself) and was determined based on a variety of factors, including his or her past performance, anticipated future contributions, position, responsibilities and experience. Based on these factors and to keep the named executive officers in the median range of the competitive market, the compensation committee decided on the annual cash bonus opportunities set forth above. In the same process, the compensation committee further determined to weight each annual cash bonus opportunity based 80% on corporate performance measures and based 20% on individual performance measures as described below.

*Corporate Performance Measures*

Under the 2012 Executive Officer Performance Bonus Plan, the compensation committee established the following corporate financial measures that supported our annual operating plan and enhanced long-term value creation as the principal performance measures for making annual cash bonus determinations:

| <b>Corporate Measure</b> | <b>Description</b>   |
|--------------------------|--|
| GAAP Revenue             | Our total revenues as determined under Generally Accepted Accounting Principles ( GAAP )   |
| Adjusted EBITDA          | Our total net income (loss) plus depreciation; amortization of intangible assets; interest expense, net; income tax expense (benefit); stock-based compensation expense; and net of any foreign exchange income or expense |

The compensation committee selected GAAP revenue as a performance measure because it is a key indicator of our overall performance. Adjusted EBITDA was selected by the compensation committee because it is used by management, together with other GAAP financial measures, to track the underlying operating

## Table of Contents

profitability and efficiency of the business. The compensation committee determined to weight each of these measures equally, because they were both deemed to be critical to our operational efficiency and the long-term success of the organization.

### *Individual Performance Measures*

To achieve our compensation objective of rewarding individual performance, our CEO developed individual performance objectives, which we refer to as management by objective metrics, or MBOs, for each of our other named executive officers, which were then recommended to and approved by our compensation committee. Our compensation committee established the MBOs for our CEO. Each named executive officer's performance as measured by the achievement of his or her MBOs represented up to 20% of such named executive officer's total annual cash bonus opportunity, based on their performance rating.

Our CEO evaluated the achievement of Ms. Atchison and Messrs. Bellm and Shepherd against his or her MBOs and formulated recommendations for the individual performance portion of such named executive officer's annual cash bonus payments for consideration by the compensation committee. Mr. Hale, our Chief Product Officer, made such evaluation (in consultation with our CEO) with respect to Mr. Buhrdorf because Mr. Buhrdorf reports to Mr. Hale. Our CEO's and Mr. Hale's recommendations were based on their subjective assessments of the individual's contributions during the year and internal equity between named executive officers. In the case of our CEO, the compensation committee evaluated his performance against his MBOs. This evaluation included consulting with the other independent members of our Board regarding our CEO's performance.

The possible performance scores did not change in 2012 from those in 2011 and were as follows:

| <b>MBO Performance Score</b> | <b>Weighting</b> |
|------------------------------|------------------|
| 5: Exceeds most expectations | 30%              |
| 4: Exceeds some expectations | 25%              |
| 3: Meets high expectations   | 20%              |
| 2: Meets some expectations   | 15%              |
| 1: Doesn't meet expectations | 0%               |

The performance objectives varied among these individuals according to the functional role and responsibility of each named executive officer. The following summarizes the MBOs (and the related performance assessment) for the named executive officers for 2012:

Brian H. Sharples, Chief Executive Officer Mr. Sharples' key goals were to achieve operational targets for our overall business, lead the effort to build, maintain and develop a world-class organization to achieve the Company's long-term goals, and to effectively serve shareholder interests as well as communicate to shareholders and manage their expectations. Based on the compensation committee's assessment of these objectives, Mr. Sharples was given a performance score of 3 for his annual cash bonus.

Lynn Atchison, Chief Financial Officer Ms. Atchison's key goals were to, successfully lead a processes to obtain compliance for the company with the requirements of the Sarbanes-Oxley Act of 2002 and to meet or exceed filing timeline requirements for public financial reporting in 2012 without any significant issues, expand the financial team in Europe with qualified personnel who operate effectively, drive the rollout of improvements in business systems to support orders, billing and accounting and to provide executive oversight of the human resources function with a goal toward retaining and awarding top talent. Based on our compensation committee's assessment of these objectives (in consultation with our CEO), Ms. Atchison was given a performance score of 3 for her annual cash bonus.

**Table of Contents**

Brent Bellm, Chief Operating Officer Mr. Bellm's key goals were to successfully execute our 2012 strategic plan, including launching new products and services, driving the achievement of internal sales targets, structuring and maintaining a high performing global matrix organization and driving excellence in his organization. Based on our compensation committee's assessment of these objectives (in consultation with our CEO), Mr. Bellm was given a performance rating of 3 for his annual cash bonus.

Ross A. Buhrdorf, Chief Technology Officer Mr. Buhrdorf's key goals were to successfully lead efforts to establish a culture of excellence for technology product releases, release critical technology deliverables on time, focus on customer technology needs and obtain insight, release key traveler technology enhancements, successfully lead property management software efforts and to establish a highly efficient and effective technology organization. Based on our compensation committee's assessment of these objectives (in consultation with Mr. Hale and our CEO), Mr. Buhrdorf was given a performance rating of 3 for his annual cash bonus.

Carl G. Shepherd, Chief Strategy and Development Officer Mr. Shepherd's key goals were to provide ongoing assessment and execution of worldwide merger and acquisition and strategic partnership opportunities, successfully drive government relations efforts to promote fair regulation, provide oversight for the global legal team in its goal of providing excellent legal services, including reducing risk and being proactive with respect to actual or potential legal issues and to consult with and advise the trust and safety team to address phishing risks. Based on our compensation committee's assessment of these objectives (in consultation with our CEO), Mr. Shepherd was given a performance rating of 3 for his annual cash bonus.

*Award Decisions and Analysis*

In March 2013, the compensation committee determined the amount of the annual cash bonus payments for our named executive officers for 2012. In making these decisions, the compensation committee consulted with our CEO with respect to the named executive officers other than himself and evaluated our financial performance and the level of achievement of the corporate financial measures for the year.

Both the corporate financial measures and related target levels and individual performance requirements are based on our annual operating plan and are meant to be challenging to achieve but within reach. In 2012, the corporate financial measures target levels were achieved at a 98% level. In addition, each of the named executive officers achieved their individual performance requirements as described below. The compensation committee retained, but did not exercise, discretion to adjust corporate financial measure target levels and individual performance requirements.

With respect to the corporate performance measures, the compensation committee reviewed our performance against the performance matrix of our 2012 Executive Officer Performance Bonus Plan and determined that we had met the objectives established for the year at 98%. In addition, the compensation committee, in consultation with the CEO (other than with respect to assessing the CEO's performance), determined that each of the individual performance objectives were met and they all achieved a score of 3. The bonuses paid for 2012 are provided in the table below and in the section entitled Summary Compensation Table for Years Ended December 31, 2012, 2011 and 2010.

| <b>Named Executive Officer</b> | <b>2011<br/>Bonus</b> | <b>2012<br/>Bonus</b> |
|--------------------------------|-----------------------|-----------------------|
| Brian Sharples                 | \$ 501,480            | \$ 449,767            |
| Lynn Atchison                  | \$ 179,900            | \$ 175,077            |
| Brent Bellm                    | \$ 189,392            | \$ 245,625            |
| Ross Buhrdorf                  | \$ 139,300            | \$ 152,921            |
| Carl Shepherd                  | \$ 172,175            | \$ 175,077            |



**Table of Contents***Equity Compensation*

We use equity awards to motivate and reward our named executive officers, to encourage long-term corporate performance based on the value of our common stock and to align the interests of our named executive officers with those of our stockholders. In 2012, the equity awards granted to our named executive officers consisted of a mix of options to purchase shares of our common stock and RSU awards covering shares of our common stock. We believe that stock options, when granted with exercise prices equal to the fair market value of our common stock on the date of grant, provide an appropriate long-term incentive for our named executive officers, since the stock options reward our officers only to the extent that our stock price grows and stockholders realize value following their grant date. We also believe that RSU awards help us to retain our named executive officers and reward them for long-term stock price appreciation while at the same time providing some value to the recipient even if the market price of our common stock declines. In determining the appropriate mix of RSU and option awards, the compensation committee considers the current share and equity holdings of each named executive officer and competitive data of the types of equity compensation provided to executive officers to companies in our peer group, with a goal of reaching a mix that would provide the right incentives while staying competitive in our market.

We do not apply a rigid formula to determine the size of the equity awards that are granted to our named executive officers. Instead, these awards are determined in the judgment of the compensation committee, taking into consideration, among other things, our performance and that of the named executive officer during the past year, the prospective role and responsibility of the named executive officer, competitive factors, equity compensation data for executive officers of our peer group, the amount of equity-based compensation, including the portion that is vested, held by the named executive officer and the cash compensation received by the named executive officer. Based upon these factors, the compensation committee sets the size of each equity award at the level it considers appropriate to create a meaningful opportunity for reward predicated on the creation of long-term stockholder value.

In 2012, stock options and, with the exception of our CEO, RSU awards, were granted to the named executive officers to position them at approximately the 75th percentile of our compensation peer group. The compensation committee decided to grant our CEO's equity award entirely in the form of a stock option because he was vested in significantly more equity than the other named executive officers and, thus, it believed that stock options would serve as a better retention tool with respect to him. For the other named executive officers, a mix of approximately 70% stock options and 30% RSU awards were granted. The compensation committee determined that it was more appropriate for a significant percentage of the equity award to be in the form of stock options to provide a stronger incentive for the named executive officer to increase the market price of our common stock. The grant date fair market value for each named executive officer's equity grant made in 2012 is set forth below and in the sections below entitled "Summary Compensation Table for Years Ended December 31, 2012, 2011 and 2010" and "Grants of Plan-Based Awards."

| Named Executive Officer | 2012               | 2012       |
|-------------------------|--------------------|------------|
|                         | Stock Option Grant | RSU Grant  |
| Brian Sharples          | \$ 1,491,056       | \$         |
| Lynn Atchison           | \$ 735,487         | \$ 335,979 |
| Brent Bellm             | \$ 1,043,739       | \$ 476,806 |
| Ross Buhrdorf           | \$ 773,631         | \$ 353,423 |
| Carl Shepherd           | \$ 683,784         | \$ 312,380 |

*Retirement and Other Benefits*

Our named executive officers are eligible to participate in our tax-qualified Section 401(k) retirement savings plan on the same basis as our other employees who satisfy the plan's eligibility requirements, including requirements relating to age and length of service. Under this plan, participants may elect to make pre-tax

## **Table of Contents**

contributions of up to 80% of their current compensation, not to exceed the applicable statutory income tax limitation, which was \$17,000 in 2012. In addition, we may make discretionary contributions to the plan in any year, up to certain limits.

Additional benefits received by our named executive officers include medical, dental and vision benefits, medical and dependent care flexible spending accounts, short-term and long-term disability insurance, accidental death and dismemberment insurance, and basic life insurance. These benefits are provided on the same basis as to all of our full-time employees.

Historically, we have not provided perquisites or other personal benefits to our named executive officers. Currently, we do not view perquisites or other personal benefits as a component of our executive compensation program. Our future practices with respect to perquisites or other personal benefits will be approved and subject to periodic review by the compensation committee.

## **Employment Arrangements**

In connection with our initial public offering of our common stock, on May 27, 2011, we entered into employment agreements with each of our named executive officers. With the exception of his own agreement, each of these agreements was negotiated on our behalf by our CEO, with the oversight and approval of the compensation committee. Our CEO's employment agreement was negotiated directly with the compensation committee. We believe that these employment agreements were necessary to retain these individuals and induce them to lead us in achieving our goals as a publicly traded company.

For a summary of the material terms and conditions of these employment agreements, see the section entitled [Employment Agreements](#).

### *Post-Employment Compensation Arrangements*

The employment agreements provide each of the named executive officers with certain protection in the event of his or her termination of employment under specified circumstances, including following a change of control of our Company. We believe that these protections serve our executive retention objectives by helping our named executive officers maintain continued focus and dedication to their responsibilities to maximize stockholder value, including in the event that there is a potential transaction that could involve a change in control of our Company. The terms of these agreements were determined after review by the compensation committee of our retention goals for each named executive officer and an analysis of competitive market data.

For a summary of the material terms and conditions of these severance and change in control arrangements, see the section entitled [Potential Payments upon Termination or Change in Control](#).

## **Other Compensation Policies**

### *Stock Ownership Guidelines*

Currently, we have not implemented a policy regarding minimum stock ownership requirements for our named executive officers. The compensation committee will consider whether to adopt such a policy in the future.

### *Compensation Recovery Policy*

We have not implemented a policy regarding retroactive adjustments to any cash or equity-based incentive compensation paid to our named executive officers and other employees where the payments were predicated upon the achievement of financial results that were subsequently the subject of a financial restatement. The compensation committee intends to adopt such a policy when the SEC completes its rulemaking pursuant to Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

## **Table of Contents**

### **Tax and Accounting Considerations**

#### *Deductibility of Executive Compensation*

Generally, Section 162(m) of the Internal Revenue Code disallows a tax deduction to any publicly-held corporation for any remuneration in excess of \$1.0 million paid in any taxable year to its chief named executive officer and each of its three next most highly-compensated named executive officers (other than its chief financial officer). Remuneration in excess of \$1.0 million may be deducted if, among other things, it qualifies as performance-based compensation within the meaning of the Internal Revenue Code. Additionally, under a Section 162(m) exception for private companies that subsequently become publicly held, any compensation paid pursuant to a compensation plan in existence before the effective date of the public offering of securities will not be subject to the \$1.0 million limitation until the earliest of: (i) the expiration of the compensation plan, (ii) a material modification of the compensation plan (as determined under Section 162(m)), (iii) the issuance of all the employer stock and other compensation allocated under the compensation plan, or (iv) the first meeting of stockholders at which directors are elected after the close of the third calendar year following the year in which the public offering of securities occurred.

Where reasonably practicable, the compensation committee may seek to qualify the variable compensation paid to our named executive officers for the performance-based compensation exemption from Section 162(m). As such, in approving the amount and form of compensation for our named executive officers in the future, the compensation committee will consider all elements of the cost to us of providing such compensation, including the potential impact of Section 162(m). The compensation committee may, in its judgment, authorize compensation payments that do not comply with the exemptions in Section 162(m) when it believes that such payments are appropriate to attract and retain executive talent.

#### *Taxation of Parachute Payments and Deferred Compensation*

Sections 280G and 4999 of the Internal Revenue Code provide that named executive officers and directors who hold significant equity interests and certain other service providers may be subject to an excise tax if they receive payments or benefits in connection with a change of control of our Company that exceeds certain prescribed limits, and that we (or a successor) may forfeit a deduction on the amounts subject to this additional tax.

Section 409A of the Internal Revenue Code imposes significant additional taxes in the event that an employee, including a named executive officer, director, or service provider receives nonqualified deferred compensation that does not satisfy the conditions of Section 409A.

We did not provide any named executive officer with a gross-up or other reimbursement payment for any tax liability that he or she might owe as a result of the application of Sections 280G, 4999 or 409A of the Internal Revenue Code during 2012 and we have not agreed and are not otherwise obligated to provide any named executive officer with such a gross-up or other reimbursement.

#### *Accounting for Stock-Based Compensation*

We follow the FASB ASC Topic 718 for our stock-based compensation awards. ASC 718 requires companies to calculate the grant date fair value of their stock-based awards using a variety of assumptions. This calculation is performed for accounting purposes and reported in the compensation tables that accompany this Compensation Discussion and Analysis, even though recipients may never realize any value from their awards. ASC 718 also requires companies to recognize the compensation cost of their stock-based awards in their income statements over the period that the recipient of the award is required to render service in exchange for the award.

**Table of Contents****Report of the Compensation Committee**

During fiscal year 2012, the compensation committee consisted of three non-employee directors: Jeffrey D. Brody served for the full year, Todd Chaffee served until his resignation from the Board on August 29, 2012, at which time he was replaced by Christopher ( Woody ) Marshall and Susan Wojcicki served until her resignation from the Board on December 13, 2012, at which time she was replaced by Tina Sharkey. The Board has determined each of these directors to be independent under applicable NASDAQ rules. The compensation committee has duties and responsibilities as described in its charter adopted by the Board. A copy of the charter can be found on our website at <http://investors.homeaway.com>.

The compensation committee has reviewed and discussed with management the disclosures contained in the section of this Proxy Statement entitled Executive Compensation Compensation Discussion and Analysis. Based on this review and discussion, the compensation committee recommended to the Board that the section entitled Executive Compensation Compensation Discussion and Analysis be included in this Proxy Statement for the Annual Meeting of Stockholders.

SUBMITTED BY THE COMPENSATION COMMITTEE  
OF  
THE BOARD OF DIRECTORS

Jeffrey D. Brody, Chairperson  
Woody Marshall  
Tina Sharkey

**Summary Compensation Table for Years Ended December 31, 2012, 2011 and 2010**

The following table provides information regarding the compensation awarded to or earned during our fiscal years ended December 31, 2012, 2011 and 2010 by our named executive officers.

| Name and Principal Position  | Year | Salary<br>(\$) | Bonus<br>(\$) (2) | Stock<br>Awards<br>(\$) (3) | Option<br>Awards<br>(\$) (4) | Non-Equity<br>Incentive          | All Other<br>Compensation<br>(\$) (6) | Total (\$) |
|--|------|----------------|-------------------|-----------------------------|------------------------------|----------------------------------|---------------------------------------|------------|
|  |      |                |                   |                             |                              | Plan<br>Compensation<br>(\$) (5) |                                       |            |
| Brian H. Sharples,<br><i>President and Chief Executive<br/>Officer</i> | 2012 | 487,500        |                   | 1,491,056                   |                              | 449,767                          | 2,451                                 | 2,430,774  |
|  | 2011 | 420,833        |                   |                             | 10,769,000                   | 501,480                          | 4,047                                 | 11,695,360 |
|  | 2010 | 328,146        | 220,000           | 1,761,351                   |                              | 193,533                          | 1,040                                 | 2,504,070  |
| Lynn Atchison,<br><i>Chief Financial Officer</i>                       | 2012 | 316,275        |                   | 735,487                     | 335,979                      | 175,077                          | 566                                   | 1,563,384  |
|  | 2011 | 281,350        |                   |                             | 1,076,900                    | 179,900                          | 1,112                                 | 1,539,262  |
|  | 2010 | 214,200        | 60,000            |                             |                              | 105,494                          | 1,040                                 | 380,734    |
| Brent Bellm,<br><i>Chief Operating Officer</i>                         | 2012 | 354,975        |                   | 1,043,739                   | 476,806                      | 245,625                          | 391                                   | 2,121,536  |
|  | 2011 | 337,013        |                   |                             | 646,140                      | 189,392                          | 1,112                                 | 1,173,657  |
|  | 2010 | 161,157 (1)    |                   | 1,192,185                   | 3,969,241                    | 77,772                           | 38,529                                | 5,438,884  |
| Ross A. Buhrdorf,<br><i>Chief Technical Officer</i>                    | 2012 | 276,250        |                   | 773,631                     | 353,423                      | 152,921                          | 498                                   | 1,556,723  |
|  | 2011 | 242,708        |                   |                             | 807,675                      | 139,300                          | 1,112                                 | 1,190,795  |
|  | 2010 | 225,000        |                   |                             |                              | 110,813                          | 1,040                                 | 336,853    |
| Carl G. Shepherd   | 2012 | 316,275        |                   | 683,784                     | 312,380                      | 175,077                          | 572                                   | 1,448,088  |
|  | 2011 | 284,325        |                   |                             | 1,076,900                    | 172,175                          | 1,112                                 | 1,534,512  |

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|   |      |         |        |         |       |         |
|---|------|---------|--------|---------|-------|---------|
| <i>Chief Strategy and Development Officer</i> | 2010 | 224,400 | 60,000 | 110,517 | 1,040 | 395,957 |
|---|------|---------|--------|---------|-------|---------|

- (1) Mr. Bellm was hired on June 21, 2010.
- (2) Consists of discretionary retention bonuses paid in 2010.
- (3) Amounts represent the aggregate grant date fair value of, for 2010, restricted stock grants and, for 2012, restricted stock unit grants, each during the respective year and each computed in accordance with FASB ASC

**Table of Contents**

Topic 718. Assumptions used in the calculations of these amounts are described in Note 9 to our consolidated financial statements included in our Annual Report on Form 10-K.

- (4) Amounts represent the aggregate grant date fair value of stock options granted during the year computed in accordance with FASB ASC Topic 718. Assumptions used in calculating these are described in Note 9 to our consolidated financial statements included in our Annual Report on Form 10-K.
- (5) Includes amounts earned under the 2010 Executive Officer Performance Bonus Plan, the 2011 Executive Officer Performance Bonus Plan and the 2012 Executive Officer Performance Bonus Plan. Payments due under the 2010 Executive Officer Performance Bonus Plan were made in February 2011, payments due under the 2011 Executive Officer Performance Bonus Plan were made in March 2012 and payments due under the 2012 Executive Officer Performance Bonus Plan were made in March 2013.
- (6) Consists of premiums paid for short-term disability, long-term disability, life, and accidental death and dismemberment insurance. In addition, for Mr. Bellm, the amount reported for 2010 includes \$37,973 in relocation benefits.

**Grants of Plan-Based Awards**

The following table sets forth certain information concerning grants of plan-based awards to named executive officers in 2012.

| Name              | Grant Date (2) | Threshold  | Target     | Maximum    | Estimated Future Payouts Under<br>Non-Equity Incentive Plan Awards (1) |                           |   |
|-------------------|----------------|------------|------------|------------|--|---------------------------|---|
|                   |                |            |            |            | All Other<br>Option<br>Awards:   | Exercise or<br>Base Price | Grant Date Fair<br>Value of Stock<br>and Option<br>Awards (3) |
|                   |                |            |            |            | No. of<br>Securities<br>Underlying<br>Options                          | of Option<br>Awards       |   |
| Brian H. Sharples | 3/27/2012      | \$ 235,000 | \$ 500,000 | \$ 547,500 | 115,240  | \$ 25.54                  | \$ 2,943,230  |
| Lynn Atchison     | 3/27/2012      | 89,873     | 191,220    | 209,386    | 69,999   | 25.54                     | 1,787,774   |
| Brent Bellm       | 3/27/2012      | 126,900    | 270,000    | 295,650    | 99,337   | 25.54                     | 2,537,067   |
| Ross A. Buhrdorf  | 3/27/2012      | 80,370     | 171,000    | 187,245    | 73,630   | 25.54                     | 1,880,510   |
| Carl G. Shepherd  | 3/27/2012      | 89,873     | 191,220    | 209,386    | 65,079   | 25.54                     | 1,662,118   |

- (1) Amounts represent amounts payable under the 2012 Executive Officer Performance Bonus Plan. The target column assumes the achievement of target goals approved by our Board. Actual amounts paid to our named executive officers are set forth in the section entitled Summary Compensation Table for Years Ended December 31, 2012, 2011 and 2010.
- (2) Grant Date is the date the stock option awards in the last three columns were awarded. There is no grant date under the 2012 Executive Officer Performance Bonus Plan.
- (3) Amounts represent the aggregate grant date fair value of awards or equity plan compensation computed in accordance with FASB ASC Topic 718. Assumptions used in the calculation of these amounts are described in the section entitled Stockholders Equity and Stock-Based Compensation in Note 9 of the Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K.

**Table of Contents****Outstanding Equity Awards at 2012 Fiscal Year-End**

The following table sets forth outstanding equity awards held by the named executive officers as of December 31, 2012.

| Name           | Date of Grant      | OPTION AWARDS   |   |                            |                        | STOCK AWARDS  |  |
|----------------|--------------------|---|---|----------------------------|------------------------|---|--|
|                |                    | Number of Securities Underlying Unexercised Options (Exercisable) (#) | Number of Securities Underlying Unexercised Options (Unexercisable) (#) | Option Exercise Price (\$) | Option Expiration Date | Number of Shares or Units of Stock That Have Not Vested (#) | Market Value of Shares or Units of Stock That Have Not Vested (\$) |
| Brian Sharples | 1/30/2007 (1)      | 218,000   |   | \$ 2.06                    | 1/30/2017              |   |  |
|                | 1/29/2008 (2)      | 135,262   |   | \$ 8.10                    | 1/29/2018              |   |  |
|                | 2/10/2011 (1)      | 266,333   | 541,667   | \$ 19.97                   | 2/10/2021              |   |  |
|                | 3/27/2012 (11)     | 19,206  | 96,034  | \$ 25.54                   | 3/27/2022              |   |  |
| Lynn Atchison  | 1/30/2007 (1)      | 46,200  |   | \$ 2.06                    | 1/30/2017              |   |  |
|                | 1/29/2008 (4)      | 96,483  |   | \$ 8.10                    | 1/29/2018              |   |  |
|                | 11/13/2009 (6)     | 100,000   |   | \$ 13.93                   | 11/13/2019             |   |  |
|                | 2/10/2011 (1)      | 45,833  | 54,167  | \$ 19.97                   | 2/10/2021              |   |  |
|                | 3/27/2012 (11)(12) | 9,473   | 47,371  | \$ 25.54                   | 3/27/2022              | 11,510  | 253,220  |
| Brent Bellm    | 6/28/2010 (7)      | 312,500   | 312,500   | \$ 13.49                   | 6/28/2020              | 37,500  | 825,000  |
|                | 2/10/2011 (1)      | 27,500  | 32,500  | \$ 19.97                   | 2/10/2021              |   |  |
|                | 3/27/2012 (11)(12) | 13,444  | 67,224  | \$ 25.54                   | 3/27/2022              | 16,336  | 359,392  |
| Ross Buhrdorf  | 7/22/2005 (3)      | 125,000   |   | \$ 0.01                    | 7/22/2015              |   |  |
|                | 11/13/2009 (6)     | 52,542  |   | \$ 13.49                   | 11/13/2019             |   |  |
|                | 2/10/2011 (1)      | 34,375  | 40,625  | \$ 19.97                   | 2/10/2021              |   |  |
|                | 3/27/2012 (11)(12) | 9,965   | 49,827  | \$ 25.54                   | 3/27/2022              | 12,109  | 266,398  |
| Carl Shepherd  | 11/13/2009 (6)     | 63,886  |   | \$ 13.49                   | 11/13/2019             |   |  |
|                | 2/10/2011 (1)      | 45,833  | 54,167  | \$ 19.97                   | 2/10/2021              |   |  |
|                | 3/27/2012 (11)(12) | 9,909   | 42,939  | \$ 25.54                   | 3/27/2022              | 10,702  | 235,444  |

- (1) Vested as to 6.25% of the shares subject to option three months following the vesting commencement date and an additional 1/48th of the shares subject to the option each month thereafter.
- (2) Vested as to 5,397 shares each month beginning January 29, 2009 through December 29, 2009 and as to 8,125 shares each month beginning January 29, 2010 through December 29, 2010.
- (3) Vested as to 25% of the total number of shares underlying the option on the first anniversary of the vesting commencement date for the option and as to an additional 1/48th of the total number of shares underlying the option vest on the corresponding day of each month thereafter.
- (4) Vested as to 3,413 shares each month beginning January 29, 2009 through December 29, 2009 and as to 4,628 shares each month beginning January 29, 2010 through December 29, 2010.
- (5) All of the shares underlying the option vested on December 31, 2010.
- (6) All of the shares underlying the option vested on December 31, 2012.
- (7) Vested as to 20% of the total number of shares underlying the option on the first anniversary of the vesting commencement date for the option and as to an additional 1/60th of the total number of shares underlying the option vest on the corresponding day of each month thereafter.
- (8) Vested as to 4,253 shares each month beginning January 29, 2009 through December 29, 2009 and as to 7,292 shares each month beginning January 29, 2010 through December 29, 2010.
- (9) Vested 3,776 shares each month beginning January 29, 2009 through December 29, 2009 and as to 4,427 shares each month beginning January 29, 2010 through December 31, 2010.
- (10) Vested as to 25% of the shares subject to the award on the first anniversary of the vesting commencement date and an additional 1/48th of the shares subject to the award each month thereafter.
- (11) Six and one quarter percent (6.25%) of the shares subject to the option will vest on July 1, 2012, with the remainder vesting ratably over the next 36 months, subject to continued service through each vesting date.





**Table of Contents**

(12) Six and one quarter percent (6.25%) of the restricted stock units will vest each quarter over a period of four years beginning June 1, 2012, subject to continued service through each vesting date. Shares will be delivered on the vesting date.

**Option Exercises and Stock Vested in 2012**

The following table sets forth exercises and vesting of options held by our named executive officers during 2012.

| Name              | Option Awards                               |                                 | Stock Awards                             |                                |
|-------------------|---|---------------------------------|--|--------------------------------|
|                   | Number of Shares Acquired Upon Exercise (#) | Value Realized on Exercise (\$) | Number of Shares Acquired on Vesting (#) | Value Realized on Vesting (\$) |
| Brian H. Sharples | 291,000                                     | 2,848,495                       |  |                                |
| Lynn Atchison     | 54,703                                      | 1,315,077                       | 1,645                                    | 36,307                         |
| Brent Bellm       |   |                                 | 27,333                                   | 647,114                        |
| Ross A. Buhrdorf  | 192,500                                     | 3,095,928                       | 1,729                                    | 38,161                         |
| Carl G. Shepherd  | 105,552                                     | 1,246,029                       | 1,529                                    | 33,747                         |

**Employment Agreements**

On May 27, 2011, we entered into an amended and restated employment agreement with Brian H. Sharples. The amended and restated agreement entitles Mr. Sharples to an annual base salary of \$450,000 and provides that he is eligible to earn an annual bonus of up to 100% of his base salary pursuant to a bonus plan adopted by the compensation committee of our Board. Mr. Sharples' current annual base salary is set forth in the section entitled Summary Compensation Table for Years Ended December 31, 2012, 2011 and 2010, and his current target cash bonus opportunity is set forth in the section entitled Executive Compensation Executive Compensation Program Components. In addition, the amended and restated agreement provides that (i) in the event of a change of control (as defined in the amended and restated agreement), 50% of the unvested portion of all equity awards granted to him would become fully vested; (ii) in the event of a termination of Mr. Sharples' employment by us without cause or if he resigned for good reason (as such terms are defined in the amended and restated agreement), other than in connection with a change of control, then Mr. Sharples would receive (a) a lump sum cash payment equal to 12 months' base salary and (b) reimbursement of COBRA payments for up to 12 months; and (iii) in the event of a termination of Mr. Sharples' employment by us without cause or if he resigned for good reason within three months prior to, or 18 months following, a change of control, then Mr. Sharples would receive (a) a lump-sum cash payment equal to 24 months' base salary, (b) vesting of 100% of the unvested portion of all equity awards granted to him by us, and (c) reimbursement of COBRA payments for up to 18 months. Any severance benefits would be contingent on Mr. Sharples executing a full general release of claims in our favor. The amended and restated agreement provides for at-will employment and has a term of three years.

On May 27, 2011, we entered into an employment agreement with Lynn Atchison. The agreement entitles Ms. Atchison to an annual base salary of \$309,000 and provides that she is eligible to earn an annual bonus of up to 50% of her base salary pursuant to a bonus plan adopted by the compensation committee of our Board. Ms. Atchison's current annual base salary is set forth in the section entitled Summary Compensation Table for Years Ended December 31, 2012, 2011 and 2010, and her current target cash bonus opportunity is set forth in the section entitled Executive Compensation Executive Compensation Program Components. In addition, the agreement provides that (i) in the event of a termination of Ms. Atchison's employment by us without cause (as defined in the agreement), other than in connection with a change of control, then Ms. Atchison would receive (a) a lump-sum cash payment equal to six months' base salary and (b) reimbursement of COBRA payments for up to six months and (ii) in the event of a termination of Ms. Atchison's employment by us without cause or if she resigned for good reason within three months prior to, or 18 months following, a change of control, then Ms. Atchison would receive (a) a lump-sum cash payment equal to 12 months' base salary,

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**Table of Contents**

(b) vesting of 100% of the unvested portion of all equity awards granted to her by us, and (c) reimbursement of COBRA payments for up to 12 months. Any severance benefits would be contingent on Ms. Atchison executing a full general release of claims in our favor. The agreement provides for at-will employment and has a term of three years.

On May 27, 2011, we entered into an employment agreement with Brent Bellm. The agreement entitles Mr. Bellm to an annual base salary of \$339,000 and provides that he is eligible to earn an annual bonus of up to 50% of his base salary pursuant to a bonus plan adopted by the compensation committee of our Board. Mr. Bellm's current annual base salary is set forth in the section entitled "Summary Compensation Table for Years Ended December 31, 2012, 2011 and 2010," and his current target cash bonus opportunity is set forth in the section entitled "Executive Compensation Executive Compensation Program Components." In addition, the agreement provides that (i) in the event of a termination of Mr. Bellm's employment by us without cause (as defined in the agreement), other than in connection with a change of control, at any time on or prior to June 21, 2013, then Mr. Bellm would receive (a) a lump-sum cash payment equal to 12 months' base salary, and (b) 12 months' accelerated vesting of all equity awards granted to him, and (c) reimbursement of COBRA payments for up to six months; (ii) in the event of a termination of Mr. Bellm's employment by us without cause, other than in connection with a change of control, at any time after June 21, 2013, then Mr. Bellm would receive (a) a lump-sum cash payment equal to six months' base salary, (b) six months' accelerated vesting of all equity awards granted to him, and (c) reimbursement of COBRA payments for up to six months; and (iii) in the event of a termination of Mr. Bellm's employment by us without cause or if he resigned for good reason within three months prior to, or 18 months following, a change of control, then Mr. Bellm would receive (a) a lump-sum cash payment equal to 12 months' base salary, (b) vesting of 100% of the unvested portion of all equity awards granted to him by us, and (c) reimbursement of COBRA payments for up to 12 months. Any severance benefits would be contingent on Mr. Bellm executing a full general release of claims in our favor. The agreement provides for at-will employment and has a term of three years.

On May 27, 2011, we entered into an employment agreement with Mr. Hale. The agreement entitles Mr. Hale to an annual base salary of \$309,000 and provides that he is eligible to earn an annual bonus of up to 50% of his base salary pursuant to a bonus plan adopted by the compensation committee of our board of directors. Mr. Hale's current annual base salary is \$326,668 and his current target cash bonus opportunity is up to 60% of his base salary. In addition, the agreement provides that (i) in the event of a termination of Mr. Hale's employment by us without cause (as defined in the agreement), other than in connection with a change of control, at any time on or prior to June 18, 2011, then Mr. Hale would receive (a) a lump-sum cash payment equal to 12 months' base salary, (b) 12 months' accelerated vesting of all equity awards granted to him, and (c) reimbursement of COBRA payments for up to six months; (ii) in the event of a termination of Mr. Hale's employment by us without cause, other than in connection with a change of control, at any time after June 18, 2011 but on or before June 18, 2012, then Mr. Hale would receive (a) a lump-sum cash payment equal to six months' base salary, (b) six months' accelerated vesting of all equity awards granted to him, and (c) reimbursement of COBRA payments for up to six months; (iii) in the event of a termination of Mr. Hale's employment by us without cause, other than in connection with a change of control, at any time after June 18, 2012, then Mr. Hale would receive (a) a lump-sum cash payment equal to six months' base salary and (b) reimbursement of COBRA payments for up to six months; and (iv) in the event of a termination of Mr. Hale's employment by us without cause or if he resigned for good reason within three months prior to, or 18 months following, a change of control, then Mr. Hale would receive (a) a lump-sum cash payment equal to 12 months' base salary, (b) vesting of 100% of the unvested portion of all equity awards granted to him by us, and (c) reimbursement of COBRA payments for up to 12 months. Any severance benefits would be contingent on Mr. Hale executing a full general release of claims in our favor. The agreement provides for at-will employment and has a term of three years.

On May 27, 2011, we entered into an employment agreement with Mr. Shepherd. The agreement entitles Mr. Shepherd to an annual base salary of \$309,000 and provides that he is entitled to an annual bonus of up to 50% of his base salary pursuant to a bonus plan adopted by the compensation committee of our Board.

**Table of Contents**

Mr. Shepherd's current annual base salary is set forth in the section entitled "Summary Compensation Table for Years Ended December 31, 2012, 2011 and 2010," and his current target cash bonus opportunity is set forth in the section entitled "Executive Compensation - Executive Compensation Program Components." The agreement provides that (i) in the event of a termination of Mr. Shepherd's employment by us without cause (as defined in the agreement), other than in connection with a change of control, then Mr. Shepherd would receive (a) a lump-sum cash payment equal to six months' base salary and (b) reimbursement of COBRA payments for up to six months and (ii) in the event of a termination of Mr. Shepherd's employment by us without cause or if he resigned for good reason within three months prior to, or 18 months following, a change of control, then Mr. Shepherd would receive (a) a lump-sum cash payment equal to 12 months' base salary, (b) vesting of 100% of the unvested portion of all equity awards granted to him by us, and (c) reimbursement of COBRA payments for up to 12 months. Any severance benefits would be contingent on Mr. Shepherd executing a full general release of claims in our favor. The agreement provides for at-will employment and has a term of three years.

On May 27, 2011, we entered into an employment agreement with Ross A. Buhrdorf. The agreement entitles Mr. Buhrdorf to an annual base salary of \$250,000 and provides that he is eligible to earn an annual bonus of up to 50% of his base salary pursuant to a bonus plan adopted by the compensation committee of our Board. Mr. Buhrdorf's current annual base salary is set forth in the section entitled "Summary Compensation Table for Years Ended December 31, 2012, 2011 and 2010," and his current target cash bonus opportunity is set forth in the section entitled "Executive Compensation - Executive Compensation Program Components." The agreement provides that (i) in the event of a termination of Mr. Buhrdorf's employment by us without cause (as defined in the agreement), other than in connection with a change of control, then Mr. Buhrdorf would receive (a) a lump-sum cash payment equal to six months' base salary and (b) reimbursement of COBRA payments for up to six months and (ii) in the event of a termination of Mr. Buhrdorf's employment by us without cause or if he resigned for good reason within three months prior to, or 18 months following, a change of control, then Mr. Buhrdorf would receive (a) a lump-sum cash payment equal to 12 months' base salary, (b) vesting of 100% of the unvested portion of all equity awards granted to him by us, and (c) reimbursement of COBRA payments for up to 12 months. Any severance benefits would be contingent on Mr. Buhrdorf executing a full general release of claims in our favor. The agreement provides for at-will employment and has a term of three years.

**Table of Contents****Potential Payments upon Termination or Change in Control**

As of December 31, 2012, we were parties to agreements with each of our named executive officers that provide for certain severance or vesting benefits or both if they are involuntarily terminated, in connection with a change of control, or if in connection with or during the 12-month period following a change of control they are involuntarily terminated under certain circumstances. The key terms of our arrangements upon an involuntary termination or a change of control for these named executive officers are as follows:

| Name              | Without a Change of Control Event   |  | Following a Change of Control Event  |   |
|-------------------|---|--|--|---|
|                   | Cash and Benefit Payments   | Equity Acceleration  | Cash and Benefit Payments  | Equity Acceleration   |
| Brian H. Sharples | One-time payment equal to 12 months base salary   | None   | One-time payment equal to 24 months base salary.   | 100% of the unvested portion of all equity awards granted to him would become fully vested. |
|                   | Reimbursement of COBRA payments for up to 12 months.  |  | Reimbursement of COBRA payments for up to 18 months.   |   |
| Lynn Atchison     | One-time payment equal to 6 months base salary  | None   | One-time payment equal to 12 months base salary.   | 100% of the unvested portion of all equity awards granted to her would become fully vested. |
|                   | Reimbursement of COBRA payments for up to six months  |  | Reimbursement of COBRA payments for up to 12 months.   |   |
| Brent Bellm       | Continuing severance pay at a rate equal to 100.0% of base salary for 12 months if terminated on or prior to June 21, 2013, or six months if terminated thereafter. | Unvested equity grants receive vesting credit for 12 months following termination if terminated on or prior to June 21, 2013, or six months credit if terminated thereafter. | One-time payment equal to 12 months base salary.<br><br>Reimbursement of COBRA payments for up to 12 months. | 100% of the unvested portion of all equity awards granted to him would become fully vested. |
|                   | Reimbursement of COBRA payments for up to six months.   |  |  |   |
| Ross A. Buhrdorf  | One-time payment equal to 6 months base salary  | None   | One-time payment equal to 12 months base salary.   | 100% of the unvested portion of all equity awards granted to him would become fully vested. |
|                   | Reimbursement of COBRA payments for up to six months  |  | Reimbursement of COBRA payments for up to 12 months.   |   |
| Carl G. Shepherd  | One-time payment equal to 6 months base salary  | None   | One-time payment equal to 12 months base salary.   | 100% of the unvested portion of all equity awards granted to him would become fully         |

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Reimbursement of COBRA  
payments for up to six  
months

Reimbursement of COBRA   vested.  
payments for up to 12  
months.

**Table of Contents**

The table below estimates payments that would have been due to each named executive officer in the event his or her employment had been involuntarily terminated not in connection with a change of control, assuming the termination occurred on December 31, 2012. The accelerated equity market value was \$22.00, the closing price of our common stock on the NASDAQ on December 31, 2012.

| Name              | Cash Payments |           | Equity Acceleration |  |
|-------------------|---------------|-----------|---------------------|--|
|                   | Salary        | Benefits  | Shares              | Market Value of Accelerated Equity (net of exercise price, if any) |
| Brian H. Sharples | \$ 500,000    | \$ 21,489 |                     |  |
| Lynn Atchison     | \$ 159,350    | \$ 6,115  |                     |  |
| Brent Bellm       | \$ 360,000    | \$ 9,211  | 101,934             | \$ 4,269,596   |
| Ross A. Buhrdorf  | \$ 142,500    | \$ 9,211  |                     |  |
| Carl G. Shepherd  | \$ 159,250    | \$ 9,211  |                     |  |

The table below estimates payments that would have been due to each named executive officer in the event his or her employment had been involuntarily terminated immediately following a change of control, assuming the termination occurred on December 31, 2012. The accelerated equity market value was \$22.00, the closing price of our common stock on the NASDAQ on December 31, 2012.

| Name              | Cash Payments |           | Equity Acceleration |  |
|-------------------|---------------|-----------|---------------------|--|
|                   | Salary        | Benefits  | Shares              | Market Value of Accelerated Equity (net of exercise price, if any) |
| Brian H. Sharples | \$ 1,000,000  | \$ 32,233 | 1,161,262           | \$ 7,867,302   |
| Lynn Atchison     | \$ 318,700    | \$ 12,231 | 354,193             | \$ 3,569,562   |
| Brent Bellm       | \$ 360,000    | \$ 18,421 | 738,836             | \$ 6,349,942   |
| Ross A. Buhrdorf  | \$ 285,000    | \$ 18,421 | 264,651             | \$ 3,614,530   |
| Carl G. Shepherd  | \$ 318,700    | \$ 18,421 | 174,588             | \$ 982,114   |

**Limitation on Liability and Indemnification Matters**

Our amended and restated certificate of incorporation contains provisions that limit the liability of our directors for monetary damages to the fullest extent permitted by Delaware law. Consequently, our directors will not be personally liable to us or our stockholders for monetary damages for any breach of fiduciary duties as directors, except liability for:

any breach of the director's duty of loyalty to us or our stockholders;

any act or omission not in good faith or that involves intentional misconduct or a knowing violation of law;

unlawful payments of dividends or unlawful stock repurchases or redemptions as provided in Section 174 of the Delaware General Corporation Law; or

any transaction from which the director derived an improper personal benefit.

Our amended and restated bylaws provide that we are required to indemnify our directors and officers to the fullest extent permitted by Delaware law. Our amended and restated bylaws also provide that we are obligated to advance expenses incurred by a director or officer in advance of the final disposition of any action or proceeding and permit us to secure insurance on behalf of any officer, director, employee or other agent for any liability arising out of his or her actions in that capacity, regardless of whether we would otherwise be permitted to indemnify him or her under the provisions of Delaware law. We have entered and expect to continue to enter into agreements to indemnify our directors,

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executive officers and other employees as determined by our Board. With specified exceptions, these agreements provide for indemnification for related expenses including, among other

**Table of Contents**

things, attorneys' fees, judgments, fines and settlement amounts incurred by any of these individuals in any action or proceeding. We believe that these bylaw provisions and indemnification agreements are necessary to attract and retain qualified persons as members of our Board and officers and potentially in other roles with our Company. We also maintain directors' and officers' liability insurance.

**EQUITY COMPENSATION PLAN INFORMATION**

The following table sets forth certain information, as of December 31, 2012, concerning shares of our common stock authorized for issuance under all of our equity compensation plans.

|  | Number of<br>Securities to be<br>Issued Upon<br>Exercise of<br>Outstanding<br>Options,<br>Warrants and<br>Rights<br>(a) | Weighted-<br>Average Exercise<br>Price of<br>Outstanding<br>Options,<br>Warrants and<br>Rights<br>(b) | Number of<br>Securities<br>Remaining<br>Available for<br>Future Issuance<br>Under Equity<br>Compensation<br>Plans<br>(Excluding<br>Securities<br>Reflected in<br>Column (a)) (1)<br>(c) |
|--|---|---|---|
| Equity compensation plans approved by stockholders     | 11,211,020  | \$ 17.37  | 11,999,814  |
| Equity compensation plans not approved by stockholders |   |   |   |
| Total equity compensation plans                        | 11,211,020  | \$ 17.37  | 11,999,814  |

- (1) Pursuant to the terms of the 2011 Equity Incentive Plan, the number of shares available for issuance under the 2011 Equity Incentive Plan will be increased on the first day of each fiscal year in an amount equal to the lesser of (i) four percent (4%) of the outstanding shares of our Common Stock on the last day of the immediately preceding fiscal year or (ii) such number of shares determined by the Board.



**Table of Contents**

**REPORT OF THE AUDIT COMMITTEE**

The audit committee of our Board is responsible for, among other things, reviewing with PricewaterhouseCoopers LLP, our independent registered public accounting firm, the scope and results of their audit engagement. In connection with the 2012 audit, the audit committee has:

reviewed and discussed with management our audited financial statements, included in our Annual Report on Form 10-K for the year ended December 31, 2012;

discussed with PricewaterhouseCoopers LLP the matters required by Statement of Auditing Standards No. 61, as amended (AICPA, Professional Standards, Vol. 1, AU § 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T; and

received from and discussed with PricewaterhouseCoopers LLP the communications from PricewaterhouseCoopers LLP required by the Public Company Accounting Oversight Board regarding its independence.

Based on the review and discussions described in the preceding bullet points, the audit committee recommended to the Board that the audited financial statements be included in our Annual Report on Form 10-K for the year ended December 31, 2012 for filing with the Securities and Exchange Commission.

The audit committee has adopted a charter and a process for pre-approving services to be provided by PricewaterhouseCoopers LLP.

The members of the audit committee have been determined to be independent in accordance with the requirements of The NASDAQ Global Select Market listing standards and the requirements of Section 10A(m)(3) of the Exchange Act.

SUBMITTED BY THE AUDIT COMMITTEE OF  
THE BOARD OF DIRECTORS  
Charles ( Lanny ) C. Baker (Chair)  
Simon Breakwell  
Robert Solomon

**Table of Contents****PROPOSAL TWO: RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED****PUBLIC ACCOUNTING FIRM**

The audit committee has appointed PricewaterhouseCoopers LLP ( PwC ) as our independent registered public accounting firm and auditors of our consolidated financial statements for the fiscal year ending December 31, 2013.

At the Annual Meeting, the stockholders are being asked to ratify the appointment of PwC as our independent registered public accounting firm for 2013. In the event of a negative vote on such ratification, the audit committee will reconsider its selection. Even if this appointment is ratified, the audit committee, in its discretion, may direct the appointment of a different independent registered public accounting firm at any time during the year if the audit committee determines that such a change would be in the best interest of HomeAway and our stockholders. Representatives of PwC are expected to be present at the Annual Meeting to make a statement if such representatives desire to do so and to respond to questions.

**Fees Paid to PricewaterhouseCoopers LLP**

The following table sets forth the fees accrued or paid to our independent registered public accounting firm for the years ended December 31, 2012 and 2011.

**Audit and Non-Audit Fees**

|                        | <b>PricewaterhouseCoopers LLP</b> |                     |
|------------------------|-----------------------------------|---------------------|
|                        | <b>2012</b>                       | <b>2011</b>         |
| Audit Fees (1)         | \$ 1,563,000                      | \$ 2,345,106        |
| Audit-Related Fees (2) | 42,000                            |                     |
| Tax Fees (3)           | 112,000                           |                     |
| All Other Fees (4)     | \$ 2,000                          | 1,919               |
| <b>Total</b>           | <b>\$ 1,719,000</b>               | <b>\$ 2,347,025</b> |

- (1) Audit fees relate to professional services rendered in connection with the audit of our annual financial statements, quarterly review of financial statements included in our Annual Report on Form 10-K and our Quarterly Reports on Form 10-Q.
- (2) Audit-related fees are comprised of fees for professional services that are reasonably related to the performance of the worldwide audit or review of our financial statements.
- (3) Tax fees relate to professional services rendered in connection with tax audits, international tax compliance, and international tax consulting and planning services.
- (4) All other fees consist of an Internet subscription for accounting research.

**Policy on Audit Committee Pre-Approval of Audit and Non-Audit Services Performed by the Independent Registered Public Accounting Firm**

We maintain an auditor independence policy that bans our auditors from performing non-financial consulting services, such as information technology consulting and internal audit services. This policy mandates that the audit committee approve the audit and non-audit services and related budget in advance, and that the audit committee be provided with quarterly reporting on actual spending. This policy also mandates that we may not enter into auditor engagements for non-audit services without the express approval of the audit committee. In accordance with this policy, the audit committee pre-approved all services to be performed by our independent registered public accounting firm.

**Table of Contents**

**Vote Required**

You may vote FOR, AGAINST or ABSTAIN on this proposal. Approval of Proposal Two requires a FOR vote from a majority of the shares present or represented by proxy and voting at the Annual Meeting.

**Recommendation of the Board of Directors**

**The Board recommends that you vote FOR ratification of the selection of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2013.**

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**Table of Contents**

**OTHER MATTERS**

*Meeting Admission.* You are entitled to attend the Annual Meeting only if you were a HomeAway stockholder at the close of business on April 12, 2013 or hold a valid proxy for the Annual Meeting. If attending the physical meeting, you should be prepared to present photo identification for admittance. In addition, if you are a stockholder of record, meaning that you hold shares directly with AST ( registered holders ), the inspector of election will have your name on a list, and you will be able to gain entry with a form of government-issued photo identification, such as a driver s license, state-issued ID card or passport. If you are not a stockholder of record but hold shares through a broker, bank, or nominee ( street name or beneficial holders), in order to gain entry you must provide proof of beneficial ownership as of the record date, such as an account statement or similar evidence of ownership, along with a form of government-issued photo identification. If you do not provide photo identification and comply with the other procedures outlined above for attending the Annual Meeting in person, you will not be admitted to attend the Annual Meeting location in person.

*Proxy Solicitation.* HomeAway is paying the costs of the solicitation of proxies. We must also pay brokerage firms, banks, broker-dealers and other similar organizations representing beneficial owners of shares held in street name certain fees associated with forwarding the Notice to beneficial owners, forwarding printed proxy materials by mail to beneficial owners who specifically request them, and obtaining beneficial owners voting instructions. We currently estimate such costs will be approximately \$18,000.

In addition to soliciting proxies by mail, certain of our directors, officers and regular employees, without additional compensation, may solicit proxies personally or by telephone, facsimile or email on our behalf.

*Inspector of Election.* AST has been engaged as our independent inspector of election to tabulate stockholder votes for the 2013 Annual Meeting.

*Stockholder List.* HomeAway s list of stockholders as of April 12, 2013 will be available for inspection for 10 days prior to the 2013 Annual Meeting. If you want to inspect the stockholder list, please call our Investor Relations department at (512) 505-1700 to schedule an appointment.

*2014 Stockholder Proposals or Nominations.* Pursuant to Rule 14a-8 under the Securities Exchange Act of 1934, as amended, some stockholder proposals may be eligible for inclusion in our 2014 proxy statement. These stockholder proposals must be submitted, along with proof of ownership of our stock in accordance with Rule 14a-8(b)(2), to our principal executive offices in care of our Corporate Secretary by one of the means discussed below in the section entitled Communicating with Us. Failure to deliver a proposal in accordance with this procedure may result in it not being deemed timely received. We must receive all submissions no later than the close of business (5:00 p.m. Central Standard Time) on December 27, 2013.

We strongly encourage any stockholder interested in submitting a proposal to contact our Corporate Secretary in advance of this deadline to discuss the proposal, and stockholders may want to consult knowledgeable counsel with regard to the detailed requirements of applicable securities laws. Submitting a stockholder proposal does not guarantee that we will include it in our proxy statement. Our nominating and governance committee reviews all stockholder proposals and makes recommendations to the Board for action on such proposals. For information on recommending individuals for consideration as nominees, see the section of this Proxy Statement entitled Corporate Governance Director Nomination Procedures.

In addition, under our bylaws, any stockholder intending to nominate a candidate for election to the Board or to propose any business at our 2014 annual meeting, precatory (non-binding) proposals presented under Rule 14a-8, must give notice to our Corporate Secretary between February 10, 2014 and March 12, 2014, unless the notice also is made pursuant to Rule 14a-9. The notice must include information specified in our bylaws, including information concerning the nominee or proposal, as the case may be, and information about the stockholder s ownership of and agreements related to our stock. If the 2014 annual meeting is held more than

## Table of Contents

30 days prior to or 60 days after the anniversary of the 2013 Annual Meeting, the stockholder must submit notice of any such nomination and of any such proposal that is not made pursuant to Rule 14a-8 by the later of the 90<sup>th</sup> day prior to the 2013 annual meeting or the tenth day following the day on which public announcement of the meeting is first made. We will not entertain any proposals or nominations at the annual meeting that do not meet the requirements set forth in our bylaws. If the stockholder does not also comply with the requirements of Rule 14a-4(c)(2) under the Securities Exchange Act of 1934, as amended, we may exercise discretionary voting authority under proxies that we solicit to vote in accordance with our best judgment on any such stockholder proposal or nomination. The bylaws are filed as an exhibit to our Registration Statement filed with the SEC on March 11, 2011. To make a submission or to request a copy of our bylaws, stockholders should contact our General Counsel. We strongly encourage stockholders to seek advice from knowledgeable counsel before submitting a proposal or a nomination.

*Financial Statements.* Our financial statements for the year ended December 31, 2012 are included in our 2012 Annual Report to Stockholders, which we are providing to our stockholders at the same time as this Proxy Statement. Our Annual Report and this Proxy Statement are also posted on the Internet at <https://www.proxydocs.com/AWAY>. **If you have not received or do not have access to the Annual Report, which includes our Form 10-K Annual Report, call our Investor Relations department at (512) 505-1700, and we will send a copy to you without charge; or send a written request to HomeAway, Inc., Attn: Investor Relations, 1011 W. Fifth Street, Suite 300, Austin, Texas 78703.**

*Communicating with Us.* Visit our main Internet site at [www.homeaway.com](http://www.homeaway.com) for information on our products and services, marketing programs, worldwide locations, customer support and job listings. Our Investor Relations site at <http://investors.homeaway.com> contains stock information, earnings and conference call replays, our annual report, corporate governance and historical financial information and links to our SEC filings. We do not incorporate the information contained on, or accessible through, our corporate website into this Proxy Statement.

If you would like to contact us, call our Investor Relations department at (512) 505-1700, or send correspondence to HomeAway, Inc., 1011 W. Fifth Street, Suite 300, Austin, Texas 78703. If you would like to communicate with our Board, see the procedures described in the section of this Proxy Statement entitled Corporate Governance Communications with the Board of Directors.

You can contact our General Counsel by mail to Melissa Frugé, HomeAway, Inc., 1011 W. Fifth Street, Suite 300, Austin, Texas 78703 to communicate with the Board, suggest a director candidate, make a stockholder proposal, provide notice of an intention to nominate candidates or introduce business at the Annual Meeting, or revoke a prior proxy instruction.

We know of no other matters to be submitted to the stockholders at the Annual Meeting. If any other matters properly come before the stockholders at the Annual Meeting, it is the intention of the persons named on the proxy to vote the shares represented thereby in accordance with their best judgment.

**Table of Contents**

**STOCKHOLDERS SHARING THE SAME LAST NAME AND ADDRESS**

To reduce the expense of delivering duplicate proxy materials to stockholders who may have more than one account holding HomeAway stock but who share the same address, we have adopted a procedure approved by the SEC called householding. Under this procedure, certain stockholders of record who have the same address and last name, and who do not participate in electronic delivery of proxy materials, will receive only one copy of our Notice of Internet Availability of Proxy Materials and, as applicable, any additional proxy materials that are delivered until such time as one or more of these stockholders notifies us that they want to receive separate copies. This procedure reduces duplicate mailings and saves printing costs and postage fees, as well as natural resources. Stockholders who participate in householding will continue to have access to and utilize separate proxy voting instructions.

If you receive a single set of proxy materials as a result of householding and you would like to have separate copies of our Notice of Internet Availability of Proxy Materials, Annual Report, or Proxy Statement mailed to you, please submit a request to our General Counsel at HomeAway, Inc., 1011 W. Fifth Street, Suite 300, Austin, Texas 78703 or call our Investor Relations Department at (512) 505-1700, and we will promptly send you what you have requested. However, please note that if you want to receive a paper proxy or voting instruction form or other proxy materials for purposes of this year's Annual Meeting, follow the instructions included in the Notice of Internet Availability that was sent to you. You can also contact our Investor Relations department at the phone number above if you received multiple copies of the Annual Meeting materials and would prefer to receive a single copy in the future, or if you would like to opt out of householding for future mailings.

By Order of the Board of Directors

Brian H. Sharples  
*President, Chief Executive Officer and Chairman*

Austin, Texas

April 26, 2013

**Table of Contents**







**Table of Contents**

**Table of Contents**