

Edgar Filing: YELP INC - Form DEF 14A

YELP INC
Form DEF 14A
April 23, 2013

SCHEDULE 14A INFORMATION

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

Filed by the Registrant x
Filed by a Party other than the Registrant o

Check the appropriate box:

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

YELP INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box)

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

1. Title of each class of securities to which transaction applies:
2. Aggregate number of securities to which transaction applies:
3. Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):
4. Proposed maximum aggregate value of transaction:
5. Total fee paid:
 - Fee paid previously with preliminary materials.
 - Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
6. Amount Previously Paid:
7. Form, Schedule or Registration Statement No.:
8. Filing Party:
9. Date Filed:

YELP INC.
706 Mission Street
San Francisco, California 94103

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To Be Held On June 5, 2013

Dear Stockholder:

You are cordially invited to attend the Annual Meeting (the "Annual Meeting") of Stockholders **YELP INC.**, a Delaware corporation (the "Company"). The Annual Meeting will be held on Wednesday, June 5, 2013 at 9:00 a.m. Pacific Time at The St. Regis San Francisco located at 125 3rd Street, San Francisco, California 94103 for the following purposes:

1. To elect the three nominees for director named in the accompanying proxy statement (the "Proxy Statement") to hold office until the 2016 Annual Meeting of Stockholders.
2. To approve the Company's 2012 Equity Incentive Plan, as amended, to increase the aggregate number of shares of Class A Common Stock authorized for issuance under the plan by 2,000,000 shares.
3. To ratify the selection by the Audit Committee of the Board of Directors of Deloitte & Touche LLP as the independent registered public accounting firm of the Company for the year ending December 31, 2013.
4. To approve, on an advisory basis, the compensation of the Company's named executive officers, as disclosed in the Proxy Statement.
5. To indicate, on an advisory basis, the preferred frequency of stockholder advisory votes on the compensation of the Company's named executive officers.
6. To conduct any other business properly brought before the Annual Meeting.

These items of business are more fully described in the Proxy Statement accompanying this Notice.

The record date for the Annual Meeting is April 8, 2013. Only stockholders of record at the close of business on that date may vote at the meeting or any adjournment thereof.

By Order of the Board of Directors
Laurence Wilson
Secretary

San Francisco, California
April 23, 2013

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

**YELP INC.
706 Mission Street
San Francisco, California 94103**

**PROXY STATEMENT
FOR THE 2013 ANNUAL MEETING OF STOCKHOLDERS**

June 5, 2013

QUESTIONS AND ANSWERS ABOUT THESE PROXY MATERIALS AND VOTING

We are providing you with these proxy materials because the Board of Directors of Yelp Inc. is soliciting your proxy to vote at Yelp's 2013 Annual Meeting of Stockholders, or the Annual Meeting, including at any adjournments or postponements thereof, to be held on Wednesday, June 5, 2013 at 9:00 a.m. Pacific Time at The St. Regis San Francisco located at 125 3rd Street, San Francisco, California 94103. You are invited to attend the Annual Meeting to vote on the proposals described in this Proxy Statement. However, you do not need to attend the Annual Meeting to vote your shares. Instead, you may simply follow the instructions below to submit your proxy. The proxy materials, including this Proxy Statement and our 2012 Annual Report, are being distributed and made available on or about April 23, 2013. As used in this Proxy Statement, references to we, us, our, Yelp and the Company refer to Yelp Inc. and its consolidated subsidiaries.

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

Pursuant to rules adopted by the U.S. Securities and Exchange Commission, or SEC, we have elected to provide access to our proxy materials over the Internet. Consequently, our stockholders generally will not receive paper copies of our proxy materials unless they request them. We will instead send a Notice of Internet Availability of Proxy Materials, or Notice, to our stockholders of record with instructions for accessing the proxy materials and voting over the Internet or by telephone. All stockholders will have the ability to access the proxy materials on the website referred to in the Notice or request to receive a printed set of the proxy materials. Instructions on how to access the proxy materials over the Internet or to request a printed copy may be found in the Notice.

We intend to mail the Notice on or about April 23, 2013 to all stockholders of record entitled to vote at the Annual Meeting.

Will I receive any other proxy materials by mail?

We may send you a proxy card, along with a second Notice, on or after April 23, 2013. In addition, you may request a printed copy of our proxy materials by following the instructions found in the Notice.

Who can vote at the Annual Meeting?

Only stockholders of record at the close of business on April 8, 2013 will be entitled to vote at the Annual Meeting. On this record date, there were 30,721,669 shares of Class A Common Stock and 33,588,156 shares of Class B Common Stock outstanding and entitled to vote.

Stockholder of Record: Shares Registered in Your Name

If on April 8, 2013 your shares were registered directly in your name with our transfer agent, Computershare Trust Company, N.A., then you are a stockholder of record. As a stockholder of record, you may vote in person at the Annual Meeting or vote by proxy. Whether or not you plan to attend the Annual Meeting, we urge you to vote your shares electronically over the Internet or by telephone, or by completing and returning a printed proxy card that you may request or that we may elect to deliver at a later time, to ensure your vote is counted.

Beneficial Owner: Shares Registered in the Name of a Broker or Bank

If on April 8, 2013 your shares were held, not in your name, but rather in an account at a brokerage firm, bank, dealer or other similar organization, then you are the beneficial owner of shares held in street name and the Notice being forwarded to you by that organization. The organization holding your account is considered to be the stockholder of record for purposes of voting at the Annual Meeting. As a beneficial owner, you have the right to direct your broker or other agent regarding how to vote the shares in your account. You are also invited to attend the Annual Meeting. However, because you are not the stockholder of record, you may not vote your shares in person at the Annual Meeting unless you request and obtain a valid proxy from your broker or other agent.

How do I attend the Annual Meeting?

The Annual Meeting will be held on Wednesday, June 5, 2013 at 9:00 a.m. Pacific Time at The St. Regis San Francisco located at 125 3rd Street, San Francisco, California 94103. If you are a stockholder of record, you must bring proof of identification. If you are a beneficial owner of shares registered in the name of your broker, bank or other agent, you must request and obtain a valid proxy from your broker or other agent.

Directions to the Annual Meeting may be found at <http://www.starwoodhotels.com/stregis/property/area/directions.html?propertyID=1511>. Information on how to vote in person at the Annual Meeting is discussed below.

What am I voting on?

There are five matters scheduled for a vote:

- Proposal No. 1: the election of three directors;
- Proposal No. 2: the approval of our 2012 Equity Incentive Plan, as amended, to increase the aggregate number of shares of Class A Common Stock authorized for issuance under the plan by 2,000,000 shares;
- Proposal No. 3: the ratification of the selection by the Audit Committee of the Board of Directors of Deloitte & Touche LLP as our independent registered public accounting firm for the year ending December 31, 2013;
- Proposal No. 4: the approval, on an advisory basis, of the compensation of our named executive officers, as disclosed in this Proxy Statement in accordance with SEC rules; and
- Proposal No. 5: the indication, on an advisory basis, of the preferred frequency of stockholder advisory votes on the compensation of our named executive officers.

What if another matter is properly brought before the Annual Meeting?

The Board of Directors knows of no other matters that will be presented for consideration at the Annual Meeting. If any other matters are properly brought before the Annual Meeting, it is the intention of the persons named in the proxy to vote on those matters in accordance with their best judgment.

How do I vote?

You may vote For all the nominees to the Board of Directors, Withhold your vote from all nominees or you may Withhold your vote for any nominee you specify. With regard to your advisory vote on how frequently we should solicit stockholder advisory approval of executive compensation, you may vote for any one of the following: 1 year, 2 years or 3 years, or you may abstain from voting on that matter. For each of the other matters to be voted on, you may vote For or Against or abstain from voting.

The procedures for voting are as follows:

Stockholder of Record: Shares Registered in Your Name

If you are a stockholder of record, you may vote in person at the Annual Meeting, vote by proxy over the telephone, vote by proxy through the Internet or vote by proxy using a proxy card that you may request or that we may elect to deliver at a later time. Whether or not you plan to attend the Annual Meeting, we urge you to vote by proxy to ensure your vote is counted. You may still attend the Annual Meeting and vote in person even if you have already voted by proxy.

- To vote in person, come to the Annual Meeting and we will give you a ballot when you arrive.
- To vote using the printed proxy card that may be delivered to you, simply complete, sign and date the proxy card that may be delivered and return it promptly in the envelope provided. If you return your signed proxy card to us before the Annual Meeting, we will vote your shares as you direct.
- To vote over the telephone, dial toll-free 1-800-690-6903 using a touch-tone phone and follow the recorded instructions. You will be asked to provide the control number from the Notice. Your vote must be received by 11:59 p.m. Eastern Time on June 4, 2013 to be counted.
- To vote through the Internet, go to www.proxyvote.com to complete an electronic proxy card. You will be asked to provide the control number from the Notice. Your vote must be received by 11:59 p.m. Eastern Time on June 4, 2013 to be counted.

Beneficial Owner: Shares Registered in the Name of Broker or Bank

If you are a beneficial owner of shares registered in the name of your broker, bank or other agent, you should have received a Notice containing voting instructions from that organization rather than from us. Simply follow the voting instructions in the Notice to ensure that your vote is counted. To vote in person at the Annual Meeting, you must obtain a valid proxy from your broker, bank or other agent. Follow the instructions from your broker or bank included with these proxy materials, or contact your broker or bank to request a proxy form.

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

Can I vote my shares by filling out and returning the Notice?

No. The Notice identifies the items to be voted on at the Annual Meeting, but you cannot vote by marking the Notice and returning it. The Notice provides instructions on how to vote over the Internet or by telephone, by requesting and returning a printed proxy card or by submitting a ballot in person at the Annual Meeting.

How many votes do I have?

On each matter to be voted upon, you have one vote for each share of Class A Common Stock and ten votes for each share of Class B Common Stock you owned as of April 8, 2013. The Class A Common Stock and Class B Common Stock will vote together as a single class on all proposals described in this Proxy Statement.

What happens if I do not vote?

Stockholder of Record: Shares Registered in Your Name

If you are a stockholder of record and do not vote by telephone, through the Internet, by completing the proxy card that may be delivered to you or in person at the Annual Meeting, your shares will not be voted.

Beneficial Owner: Shares Registered in the Name of Broker or Bank

If you are a beneficial owner and do not instruct your broker, bank or other agent how to vote your shares, the question of whether your broker or nominee will still be able to vote your shares depends on whether the New York Stock Exchange, or NYSE, deems the particular proposal to be a routine matter. Brokers and nominees can use their discretion to vote uninstructed shares with respect to matters that are considered to be routine, but not with respect to non-routine matters.

Under the rules and interpretations of the NYSE, non-routine matters are matters that may substantially affect the rights or privileges of stockholders, such as mergers, stockholder proposals, elections of directors (even if not contested), executive compensation (including any advisory stockholder votes on executive compensation and on the frequency of stockholder votes on executive compensation) and certain corporate governance proposals, even if management-supported. Accordingly, your broker or nominee may not vote your shares on Proposal Nos. 1, 2, 4 or 5 without your instructions, but may vote your shares on Proposal No. 3.

What if I return a proxy card or otherwise vote but do not make specific choices?

If you return a signed and dated proxy card or otherwise vote without marking voting selections, your shares will be voted, as applicable:

- For the election of all three nominees for director;
- For the approval of our 2012 Equity Incentive Plan, as amended, to increase the aggregate number of shares of Class A Common Stock authorized for issuance under the plan by 2,000,000 shares;
- For the ratification of the selection of Deloitte & Touche LLP as our independent registered public accounting firm for the year ending December 31, 2013;
- For the advisory approval of executive compensation; and
- for every 1 Year as the preferred frequency of advisory votes to approve executive compensation.

If any other matter is properly presented at the Annual Meeting, your proxyholder (one of the individuals named on your proxy card) will vote your shares using his best judgment.

Who is paying for this proxy solicitation?

We will pay for the entire cost of soliciting proxies. In addition to these proxy materials, our directors and employees may also solicit proxies in person, by telephone or by other means of communication. Directors and employees will not be paid any additional compensation for soliciting proxies. We may also reimburse brokerage firms, banks and other agents for the cost of forwarding proxy materials to beneficial owners.

What does it mean if I receive more than one Notice?

If you receive more than one Notice, your shares may be registered in more than one name or in different accounts. Please follow the voting instructions on each of your Notices to ensure that all of your shares are voted.

Can I change my vote after submitting my proxy?

Stockholder of Record: Shares Registered in Your Name

Yes. You can revoke your proxy at any time before the final vote at the Annual Meeting. If you are the record holder of your shares, you may revoke your proxy in any one of the following ways:

- You may submit another properly completed proxy card with a later date.
- You may grant a subsequent proxy by telephone or through the Internet.
- You may send a timely written notice that you are revoking your proxy to our Corporate Secretary at 706 Mission Street, San Francisco, California 94103.
- You may attend the Annual Meeting and vote in person. Simply attending the Annual Meeting will not, by itself, revoke your proxy.

Your most current proxy card or telephone or Internet proxy is the one that is counted.

Beneficial Owner: Shares Registered in the Name of Broker or Bank

If your shares are held by your broker or bank as a nominee or agent, you should follow the instructions provided by your broker or bank.

How are votes counted?

Votes will be counted by the inspector of election appointed for the Annual Meeting, who will separately count, for Proposal No. 1 to elect directors, For and Withhold votes and broker non-votes; with respect to Proposal No. 5 regarding the frequency of stockholder advisory votes to approve executive compensation, votes for frequencies of every 1 year, 2 years and 3 years, abstentions and broker non-votes; and, with respect to the other proposals, votes For and Against, abstentions and, if applicable, broker non-votes.

What are broker non-votes ?

As discussed above, when a beneficial owner of shares held in street name does not give instructions to the broker or nominee holding the shares as to how to vote on matters deemed by the NYSE to be non-routine, the broker or nominee cannot vote the shares. These unvoted shares are counted as broker non-votes.

How many votes are needed to approve each proposal?

The following table summarizes the minimum vote needed to approve each proposal and the effect of abstentions and broker non-votes.

Proposal Number	Proposal Description	Vote Required for Approval	Effect of Abstentions	Effect of Broker Non-Votes
1	Election of Directors	Three nominees receiving the most For votes from the holders of shares present and entitled to vote	Withheld votes will have no effect	None
2	Approval of our 2012 Equity Incentive Plan, as amended, to increase the aggregate number of shares of Class A Common Stock authorized for issuance under the plan by 2,000,000 shares	For votes from the holders of shares representing a majority of the voting power of the shares present and entitled to vote	Against	None
3	Ratification of the selection of Deloitte & Touche LLP as our independent registered public accounting firm for 2013	For votes from the holders of shares representing a majority of the voting power of the shares present and entitled to vote	Against	None*
4	Advisory approval of the compensation of our named executive officers	For votes from the holders of shares representing a majority of the voting power of the shares present and entitled to vote	Against	None
5	Advisory vote on the frequency of stockholder advisory votes on executive compensation	The frequency receiving the votes of the holders of shares representing a majority of the voting power of the shares present and entitled to vote	Against each proposed frequency	None

* Broker non-votes will have no effect; however, Proposal No. 3 is considered a routine matter, and therefore no broker non-votes are expected to exist in connection with Proposal No. 3.

What is the quorum requirement?

In order to conduct business at the Annual Meeting, a quorum must be present in person or represented by proxy. A quorum will be present if shares representing a majority of the aggregate voting power of shares of Class A Common Stock and Class B Common Stock (voting together as a single class) entitled to vote are present at the Annual Meeting in person or represented by proxy. On the record date, there were 30,721,669 shares of Class A Common Stock and 33,588,156 shares of Class B Common Stock outstanding and entitled to vote. Thus, the holders of shares representing an aggregate of 183,301,615 votes must be present in person or represented by proxy at the Annual Meeting to have a quorum.

Your shares will be counted towards the quorum only if you submit a valid proxy (or one is submitted on your behalf by your broker, bank or other nominee) or if you attend the Annual Meeting in person. Abstentions and broker non-votes will be counted towards the quorum requirement. If there is no quorum, the holders of shares representing a majority of the voting power present at the Annual Meeting in person or represented by proxy may adjourn the Annual Meeting to another date.

When are stockholder proposals and director nominations due for next year's annual meeting?

To be considered for inclusion in next year's proxy materials, you must submit your proposal, in writing, by December 24, 2013 to our Corporate Secretary at 706 Mission Street, San Francisco, California 94103, and you must comply with all applicable requirements of Rule 14a-8 promulgated under the Securities Exchange Act of 1934, as amended, or the Exchange Act.

Pursuant to our Bylaws, if you wish to bring a proposal before the stockholders or nominate a director at the 2014 Annual Meeting of Stockholders, but you are not requesting that your proposal or nomination be included in next year's proxy materials, you must notify our Corporate Secretary, in writing, not later than the close of business on March 7, 2014 nor earlier than the close of business on February 5, 2014. However, if our 2014 Annual Meeting of Stockholders is not held between May 6, 2014 and July 5, 2014, to be timely, notice by the stockholder must be received not earlier than the close of business on the 120th day prior to the 2014 Annual Meeting of Stockholders and not later than the close of business on the later of the 90th day prior to the 2014 Annual Meeting of Stockholders or the 10th day following the day on which public announcement of the date of the 2014 Annual Meeting of Stockholders is first made. You are also advised to review our Bylaws, which contain additional requirements about advance notice of stockholder proposals and director nominations.

The chair of the 2014 Annual Meeting of Stockholders may determine, if the facts warrant, that a matter has not been properly brought before the meeting and, therefore, may not be considered at the meeting. In addition, the proxy solicited by the Board of Directors for the 2014 Annual Meeting will confer discretionary voting authority with respect to (i) any proposal presented by a stockholder at that meeting for which we have not been provided with timely notice and (ii) any proposal made in accordance with our Bylaws, if the 2014 proxy statement briefly describes the matter and how management's proxy holders intend to vote on it, if the stockholder does not comply with the requirements of Rule 14a-4(c)(2) promulgated under the Exchange Act.

How can I find out the results of the voting at the Annual Meeting?

Preliminary voting results will be announced at the Annual Meeting. In addition, final voting results will be published in a current report on Form 8-K that we expect to file with the SEC within four business days after the Annual Meeting. If final voting results are not available to us in time to file a Form 8-K within four business days after the Annual Meeting, we intend to file a Form 8-K to publish preliminary results and, within four business days after the final results are known to us, file an additional Form 8-K to publish the final results.

PROPOSAL NO. 1**ELECTION OF DIRECTORS**

Our Board of Directors, or the Board, is divided into three classes. Each class consists, as nearly as possible, of one-third of the total number of directors, and each class has a three-year term. Vacancies on the Board may be filled only by persons elected by a majority of the remaining directors. A director elected by the Board to fill a vacancy in a class, including vacancies created by an increase in the number of directors, will serve for the remainder of the full term of that class and until the director's successor is duly elected and qualified.

The Board presently has nine members. There are three directors in the class whose term of office expires in 2013. If elected at the Annual Meeting, each of these nominees would serve until the 2016 Annual Meeting of Stockholders and until his successor has been duly elected and qualified, or, if sooner, until the director's death, resignation or removal. Under our Corporate Governance Guidelines, directors are expected to attend the Annual Meeting. Because we completed our initial public offering in March 2012, we did not hold an annual meeting of stockholders in 2012.

The following table sets forth information with respect to our directors, including the three nominees for election at the Annual Meeting, as of April 8, 2013:

NAME	AGE	DIRECTOR SINCE	PRINCIPAL OCCUPATION/ POSITION HELD WITH THE COMPANY
<i>Class I Directors Nominees for Election at the Annual Meeting</i>			
Fred Anderson	68	Feb. 2011	Lead Independent Director of the Board; Managing Director, Elevation Partners
Peter Fenton	40	Sept. 2006	General Partner, Benchmark Capital
Jeremy Levine	39	Nov. 2005	Partner, Bessemer Venture Partners
<i>Class II Directors Continuing in Office until the 2014 Annual Meeting</i>			
Diane Irvine	54	Nov. 2011	Independent Advisor
Max Levchin	37	Sept. 2004	Chairman of the Board; Independent Investor and Advisor
Keith Rabois	44	Sept. 2005	Partner, Khosla Ventures
<i>Class III Directors Continuing in Office until the 2015 Annual Meeting</i>			
Geoff Donaker	40	Dec. 2010	Chief Operating Officer of Yelp
Robert Gibbs	42	May 2012	Contributor, MSNBC
Jeremy Stoppelman	35	Sept. 2005	Co-Founder and Chief Executive Officer of Yelp

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

Each of the nominees listed below is currently a director and was elected or appointed to the Board prior to our initial public offering pursuant to a Third Amended and Restated Voting Agreement, dated January 22, 2010, by and among us and the holders of our then-outstanding preferred stock, or the Voting Agreement. Specifically, Messrs. Anderson, Fenton and Levine were designees of certain of our investors Elevation Partners, Benchmark Capital and Bessemer Venture Partners, respectively under the Voting Agreement. The Voting Agreement expired by its terms at the time of our initial public offering and is no longer in effect.

Directors are elected by a plurality of the votes of the holders of shares present in person or represented by proxy and entitled to vote on the election of directors. The three nominees receiving the highest number of affirmative votes will be elected. Shares represented by executed proxies will be voted, if authority to do so is not withheld, for the election of the three nominees named below. If any nominee becomes unavailable for election as a result of an unexpected occurrence, shares that would have been voted for that nominee will instead will be voted for the election of a substitute nominee proposed by the Nominating Committee. Each person nominated for election has agreed to serve if elected. Our management has no reason to believe that any nominee will be unable to serve.

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

NOMINEES FOR ELECTION FOR A THREE-YEAR TERM EXPIRING AT THE 2016 ANNUAL MEETING

Fred Anderson has been a Managing Director of Elevation Partners, a private equity firm focused on the media and entertainment industry, since July 2004. From March 1996 to June 2004, Mr. Anderson served as Executive Vice President and Chief Financial Officer of Apple Inc., a manufacturer of personal computers and related software. Prior to joining Apple, Mr. Anderson was Corporate Vice President and Chief Financial Officer of Automatic Data Processing, Inc., an electronic transaction processing firm, from August 1992 to March 1996. On April 24, 2007, the SEC filed a complaint against Mr. Anderson and another former officer of Apple. The complaint alleged that Mr. Anderson failed to take steps to ensure that the accounting for an option granted in 2001 to certain executives of Apple, including himself, was proper. Simultaneously with the filing of the complaint, Mr. Anderson settled with the SEC, neither admitting nor denying the allegations in the complaint. In connection with the settlement, Mr. Anderson agreed to a permanent injunction from future violations of Sections 17(a)(2) and 17(a)(3) of the Securities Act of 1933, as amended, or the Securities Act, and Section 16(a) of the Exchange Act and Rules 13b2-2 and 16a-3 thereunder, and from aiding and abetting future violations of Sections 13(a), 13(b)(2)(A), 13(b)(2)(B) and 14(a) of the Exchange Act and Rules 12b-20, 13a-1, 13a-13 and 14a-9 thereunder. He also agreed to disgorge approximately \$3.5 million in profits and interest from the option he received and to pay a civil penalty of \$150,000. Under the terms of the settlement, Mr. Anderson may continue to act as an officer or director of public companies. Mr. Anderson also served on the boards of directors of Apple from June 2004 to June 2006, E. Piphany, Inc. from May 2003 to September 2005, Palm, Inc. from October 2007 to July 2010 and Move, Inc. from November 2006 to March 2012. Mr. Anderson currently serves on the board of directors of eBay Inc., an Internet marketplace and online payments platform company. Mr. Anderson holds a B.A. from Whittier College and an M.B.A. from the University of California, Los Angeles. The Nominating Committee believes Mr. Anderson's extensive global financial management expertise as the former chief financial officer of global technology firms gives him the experience, qualifications and skills to serve as a director. In addition, his significant experience on the boards of directors of other public and private technology companies at various stages of development provides the Board with important perspectives on corporate governance matters.

Peter Fenton has been a General Partner at Benchmark Capital, a venture capital firm, where his investment interests include software, digital media and technology-enabled services, since September 2006. Prior to joining Benchmark, Mr. Fenton was a Managing Partner at Accel Partners, a venture capital firm, from October 1999 to May 2006. Prior to joining the venture capital community, he was General Manager of Video at Autonomy Virage, Inc., a multimedia information retrieval company, from April 1996 to April 1998. He holds an M.B.A. from the Stanford University Graduate School of Business and a B.A. in Philosophy from Stanford University. The Nominating Committee believes Mr. Fenton should serve on the Board due to his extensive background in and experience with the venture capital industry, providing guidance and counsel to a wide variety of Internet and technology companies and serving on the boards of directors of a range of private companies.

Jeremy Levine is a Partner at Bessemer Venture Partners, a venture capital firm, which he joined in May 2001, where his investment interests include entrepreneurial startups and high growth companies in various industries, including consumer Internet, consumer software and business software and services. Prior to joining Bessemer, Mr. Levine was Vice President of Operations at Dash.com Inc., an Internet software publisher, from June 1999 to May 2001. Prior to Dash, Mr. Levine was an Associate at AEA Investors, a management buyout firm, where he specialized in consumer products and light industrials, from July 1997 to June 1999. Previously, Mr. Levine was with McKinsey & Company as a management consultant from June 1995 to July 1997. Mr. Levine holds a B.S. in Computer Science and Economics from Duke University. The Nominating Committee believes Mr. Levine should serve on the Board due to his extensive background in and experience with the venture capital industry, providing guidance and counsel to a wide variety of Internet and technology companies and serving on the boards of directors of a range of private companies.

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

DIRECTORS CONTINUING IN OFFICE UNTIL THE 2014 ANNUAL MEETING

Diane Irvine most recently served as Chief Executive Officer of Blue Nile, Inc., an online retailer of diamonds and fine jewelry, from February 2008 to November 2011 and as President from February 2007 to November 2011. Ms. Irvine also served on the board of directors of Blue Nile from May 2001 to November 2011, and she served as Chief Financial Officer of Blue Nile from December 1999 to September 2007. From February 1994 to May 1999, Ms. Irvine served as Vice President and Chief Financial Officer of Plum Creek Timber Company, Inc., a timberland management and wood products company. From September 1981 to February 1994, Ms. Irvine served in various capacities, most recently as a partner, with Coopers and Lybrand LLP, an accounting firm. Ms. Irvine currently serves on the board of directors of CafePress Inc., an e-commerce platform, which she joined in May 2012, and formerly served on the board of directors of Ticketmaster Entertainment, Inc., a live entertainment ticketing and marketing company, from August 2008 to January 2010 and Davidson Companies, an investment banking and asset management company, from January 1998 to January 2009. Ms. Irvine holds a B.S. in Accounting from Illinois State University and an M.S. in Taxation from Golden Gate University. The Nominating Committee believes Ms. Irvine should serve on the Board due to her financial expertise and extensive experience in public company management.

Max Levchin is currently an investor in and adviser to emerging technology companies. Previously, Mr. Levchin was Vice President of Engineering at Google, Inc., an Internet search company, from August 2010 to August 2011. Prior to Google, Mr. Levchin was founder and Chief Executive Officer of Slide, Inc., a developer of social applications such as photo and video self-expression and social games, from January 2005 to August 2010, when it was acquired by Google. Prior to founding Slide, Mr. Levchin was Chief Technology Officer and a director at PayPal, Inc., an online payment company, from March 2000 to December 2002, when it was acquired by eBay. Mr. Levchin co-founded Confinity Inc., an Internet and electronics company, in December 1998, and served as the Chief Technology Officer and a director through March 2000, when Confinity merged with X.com and became PayPal. Mr. Levchin founded NetMeridian Software, a developer of early palm-top security applications, in January 1996, and served as Chief Executive Officer from January 1996 to December 1998. Mr. Levchin currently serves on the board of directors of Yahoo! Inc., which he joined in December 2012. He received a B.S. in Computer Science from the University of Illinois, Urbana-Champaign in 1997. The Nominating Committee believes Mr. Levchin should serve on the Board due to his extensive background and experience in the social media and Internet industry and as a seasoned entrepreneur.

Keith Rabois has been a Partner at Khosla Ventures, a venture capital firm, since February 2013. Mr. Rabois served as the Chief Operating Officer of Square, Inc., a service allowing anyone to accept credit cards utilizing a smartphone, from August 2010 to January 2013. Prior to Square, Mr. Rabois was the Vice President of Strategy & Business Development for Slide from May 2007 to August 2010, when it was acquired by Google. Prior to Slide, Mr. Rabois was Vice President of Business and Corporate Development at LinkedIn Corporation, a professional online network, from January 2005 to May 2007. Previously, he was Chief Operating Officer of Epoch Innovations, Inc., a research and investment information company, from December 2003 to December 2004 and was an Entrepreneur in Residence at Clarium Capital Management, an investment management company and hedge fund, from January 2003 to December 2003. Previously, Mr. Rabois held various positions at PayPal from November 2000 to November 2002, most recently Executive Vice President of Business Development, Public Affairs and Policy. He was previously Vice President of Business Development at Voter.com from February 2000 to November 2000 and Policy Director at Quayle 2000, the company running the presidential campaign for Dan Quayle, from April 1999 to October 1999. Mr. Rabois was an associate at Sullivan & Cromwell LLP, a law firm, from October 1995 to March 1999 and was a law clerk for the Honorable Edith H. Jones, United States Court of Appeals for the Fifth Circuit from August 1994 to August 1995. Mr. Rabois currently serves on the board of directors of Xoom Corporation, a global money transfer company, which he joined in June 2003. He holds a J.D. from Harvard Law School and a B.A. in Political Science from Stanford University. The Nominating Committee believes Mr. Rabois should serve on the Board due to his extensive background and experience in the social media and Internet industry and as a seasoned investor.

DIRECTORS CONTINUING IN OFFICE UNTIL THE 2015 ANNUAL MEETING

Geoff Donaker has served as our Chief Operating Officer since June 2006. Since joining us in November 2005 as the Vice President of Business Development, Mr. Donaker has helped to orchestrate our geographic expansion, build our revenue lines and hire our management team. Prior to joining us, Mr. Donaker served in several roles at eBay, including Director of International Categories and Director of Collectibles, from May 2001 to November 2005. Prior to eBay, he held various management and marketing roles at Internet companies, including Voter.com, Excite@Home, an Internet search provider, and Excite, from 1998 through 2000. Mr. Donaker began his career with Mercer Management Consulting (now Oliver Wyman) from August 1995 to January 1998. He holds a B.S. in Mechanical Engineering from Stanford University. The Nominating Committee believes Mr. Donaker should serve on the Board due to his experience in the Internet industry and the perspective gained from working with us since our early stages.

Robert Gibbs has been a contributor to cable news channel MSNBC since February 2013. Mr. Gibbs previously served as a senior campaign advisor to President Barack Obama for the 2012 presidential election from January 2012 to November 2012. From January 2009 to February 2011, he served as the 28th White House Press Secretary. Prior to January 2009, Mr. Gibbs was the communications director for then-U.S. Senator Obama and for Mr. Obama's 2008 presidential campaign. Previously, Mr. Gibbs was press secretary of John Kerry's 2004 presidential campaign and has previously specialized in Senate campaigns, having served as communications director for the Democratic Senatorial Campaign Committee and for four individual Senate campaigns, including those of Mr. Obama in 2004 and Fritz Hollings in 1998. Mr. Gibbs holds a B.A. in Political Science from North Carolina State University. The Nominating Committee believes Mr. Gibbs should serve on the Board due to his significant media, communications and public policy experience.

Jeremy Stoppelman is our co-founder and has served as our Chief Executive Officer since our inception in 2004. Prior to joining us, Mr. Stoppelman served as the Vice President of Engineering at PayPal from February 2000 to June 2003. Prior to PayPal, Mr. Stoppelman was a software engineer at Excite@Home from August 1999 to January 2000. He holds a B.S. in Computer Engineering from the University of Illinois. The Nominating Committee believes Mr. Stoppelman should serve on the Board due to the perspective gained from his experience as one of our founders and our Chief Executive Officer and his experience in the Internet industry.

INFORMATION REGARDING THE BOARD OF DIRECTORS AND CORPORATE GOVERNANCE

INDEPENDENCE OF THE BOARD

Under the NYSE listing standards, a majority of the members of a listed company's board of directors must qualify as independent, as affirmatively determined by its board of directors. The Board consults with our counsel to ensure that its determinations are consistent with relevant securities and other laws and regulations regarding the definition of independent, including those set forth in pertinent listing standards of the NYSE, as in effect from time to time.

Consistent with these considerations, after review of all relevant identified transactions or relationships between each director, or any of his or her family members, and the Company, our executive management and independent auditors, the Board has affirmatively determined that the following seven directors are independent directors within the meaning of the applicable NYSE listing standards: Ms. Irvine and Messrs. Anderson, Fenton, Gibbs, Levchin, Levine and Rabois.

In making this determination, the Board found that none of these directors or nominees for director had a material or other disqualifying relationship with the Company. It considered the current and prior relationships that each non-employee director has with our company and each other and all other facts and circumstances the Board deemed relevant in determining their independence, including the beneficial ownership of our capital stock by each non-employee director. Mr. Stoppelman, our Chief Executive Officer, and Mr. Donaker, our Chief Operating Officer, are not independent directors by virtue of their employment with the Company.

BOARD LEADERSHIP STRUCTURE

Our Board currently has both an independent Chairman and a Lead Independent Director: Messrs. Levchin and Anderson, respectively. Mr. Levchin has authority, among other things, to call and preside over Board meetings and, together with Mr. Anderson, set meeting agendas. As a result of Mr. Levchin's extensive history with and knowledge of Yelp, he is able to provide valuable insight and help ensure that the Board and management act with a common purpose. In our view, having a Chairman far removed from management has the potential to give rise to divided leadership, which could interfere with good decision making or weaken our ability to develop and implement strategy. Instead, we believe that Mr. Levchin's history with the Company makes him best positioned to act as a bridge between management and the Board, facilitating the regular flow of information and implementation of our strategic initiatives and business plans.

While the Board believes that Mr. Levchin's service as Chairman is appropriate and in the best interests of the Company and our stockholders, it determined that it would be beneficial to have a Lead Independent Director as well to reinforce the independence of the Board in its oversight of our business and affairs. In particular, the Board believes that having a Lead Independent Director to complement a Chairman with an extensive history with the Company helps foster an environment that is conducive to objective evaluation and oversight of management's performance, increasing management accountability and improving the ability of the Board to monitor whether management's actions are in the best interests of the Company and our stockholders. Accordingly, the Board appointed Mr. Anderson, an independent director with deep technology and financial experience, as Lead Independent Director in November 2011. Under our Bylaws and Corporate Governance Guidelines, the Lead Independent Director has authority, among other things, to establish meeting agendas with the Chairman, preside over and establish agendas for executive sessions of the independent directors and preside over any portions of meetings of the Board at which (i) the evaluation or compensation of the Chief Executive Officer is presented or discussed and (ii) the performance of the Board is presented or discussed.

Together, our Chairman and Lead Independent Director have substantial ability to shape the work of the Board. The Board believes that Mr. Levchin's tenure with and knowledge of Yelp, combined with Mr. Anderson's significant experience on the boards of directors of other public and private technology companies at various stages of development, enhances the effectiveness of the Board as a whole.

ROLE OF THE BOARD IN RISK OVERSIGHT

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

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

The Audit Committee of the Board, or the Audit Committee, has the responsibility to consider and discuss our major financial risk exposures and the steps our management has taken to monitor and control these exposures, including guidelines and policies to govern the process by which risk assessment and management are undertaken. Our Audit Committee also monitors compliance with legal and regulatory requirements, in addition to oversight of the performance of our internal audit function.

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

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

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

MEETINGS OF THE BOARD

The Board met four times during 2012. Each Board member attended at least 75% of the aggregate number of meetings of the Board and of the committees on which he or she served, held during the portion of the last fiscal year for which he or she was a director or committee member.

As required under applicable NYSE listing standards, in 2012, the independent directors met twice in regularly scheduled executive sessions at which only independent directors were present. The Lead Independent Director generally presides over the executive sessions.

INFORMATION REGARDING COMMITTEES OF THE BOARD

The Board has three standing committees: the Audit Committee, Compensation Committee and Nominating Committee. The following table provides membership and meeting information for the year ended December 31, 2012 for each of the Board committees:

Name	Audit	Compensation	Nominating
Max Levchin			
Fred Anderson	(1)		
Peter Fenton			
Diane Irvine			
Jeremy Levine	(2)		(3)
Keith Rabois	(2)		
Total meetings in 2012	8	5	1

Committee Chairperson

Committee Member

- (1) Mr. Anderson resigned from the Audit Committee, and the Board appointed Mr. Gibbs to the Audit Committee, effective February 28, 2013.
- (2) Mr. Levine resigned from the Audit Committee, and the Board appointed Mr. Rabois to the Audit Committee, effective April 25, 2012.
- (3) The Board appointed Mr. Levine to the Nominating Committee on April 25, 2012, upon his resignation from the Audit Committee.

Below is a description of each committee of the Board. The Board has determined that each member of each committee meets the applicable NYSE rules and regulations regarding independence and that each member is free of any relationship that would impair his or her individual exercise of independent judgment with regard to Yelp.

Audit Committee

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

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

Edgar Filing: YELP INC - Form DEF 14A

The Audit Committee is currently composed of three directors, Ms. Irvine and Messrs. Gibbs and Rabois, each of whom the Board has determined to be independent (as independence is currently defined in Sections 303A.01 and .02 of the NYSE listing standards and in Rule 10A-3(b)(1) promulgated under the Exchange Act). Mr. Levine served on the Audit Committee until April 25, 2012, when he resigned to bring the composition of our Audit Committee into compliance with independence requirements for publicly-traded companies. Mr. Anderson served on the Audit Committee until February 28, 2013, when he resigned in connection with the expiration of the Audit Committee independence phase-in period available for newly-listed companies. Messrs. Levine and Anderson do not meet the definition for independence for Audit Committee members under Rule 10A-3(b)(1) due to their beneficial ownership of a significant percentage of our capital stock. The Board appointed Mr. Rabois to replace Mr. Levine effective on April 25, 2012. The Board appointed Mr. Gibbs to replace Mr. Anderson effective on February 28, 2013.

The Board has also determined that Ms. Irvine qualifies as an audit committee financial expert, as defined in applicable SEC rules. The Board made a qualitative assessment of Ms. Irvine's level of knowledge and experience based on a number of factors, including her formal education and experience as described in her biography included in this Proxy Statement. Ms. Irvine is the Chair of the Audit Committee.

The Audit Committee has adopted a written charter that is available to stockholders on our website at <http://www.yelp-ir.com/phoenix.zhtml?c=250809&p=irol-govhighlights>.

Report of the Audit Committee of the Board of Directors⁽¹⁾

The Audit Committee has reviewed and discussed the audited financial statements for the year ended December 31, 2012 with management of the Company. The Audit Committee has discussed with the independent registered public accounting firm the matters required to be discussed by Statement on Auditing Standards No. 61, as amended (AICPA, *Professional Standards*, Vol. 1. AU section 380), as adopted by the Public Company Accounting Oversight Board (PCAOB) in Rule 3200T. The Audit Committee has also received the written disclosures and the letter from the independent registered public accounting firm required by applicable requirements of the PCAOB regarding the independent accountants' communications with the Audit Committee concerning independence, and has discussed with the independent registered public accounting firm the accounting firm's independence. Based on the foregoing, the Audit Committee has recommended to the Board that the audited financial statements be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2012.

Respectfully submitted,
The Audit Committee of the Board of Directors

Diane Irvine, Chair
Fred Anderson
Keith Rabois

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

Compensation Committee

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

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

Our Compensation Committee is currently composed of two directors, Messrs. Fenton and Anderson, each of whom the Board has determined to be independent under the NYSE listing standards, a non-employee director as defined in Rule 16b-3 promulgated under the Exchange Act and an outside director as that term is defined in Section 162(m) of the Internal Revenue Code of 1986, as amended, or the Code. Mr. Fenton is the Chair of the Compensation Committee.

The Compensation Committee has adopted a written charter that is available to stockholders on our website at <http://www.yelp-ir.com/phoenix.zhtml?c=250809&p=irol-govhighlights>. Under its charter, the Compensation Committee may form and delegate authority to subcommittees as appropriate, including, but not limited to, a subcommittee composed of one or more members of the Board to grant stock awards under our equity incentive plans.

The specific determinations of the Compensation Committee with respect to executive compensation for 2012 and the Compensation Committee Report, as well as the Compensation Committee's processes and procedures and the role of our executive officers in recommending and determining executive compensation, are described in detail in the section of this Proxy Statement entitled *Executive Compensation Compensation Discussion and Analysis*. Our compensation arrangements for our non-employee directors are described under the section of this Proxy Statement entitled *Director Compensation* below.

Compensation Committee Interlocks and Insider Participation

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

Nominating and Corporate Governance Committee

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

- reviewing periodically and evaluating director performance on our Board and its applicable committees, and recommending to the Board and management areas for improvement;
- interviewing, evaluating, nominating and recommending individuals for membership on our Board;
- reviewing and recommending to our Board any amendments to our corporate governance policies; and
- reviewing and assessing, at least annually, the performance of the Nominating Committee and the adequacy of its charter.

Edgar Filing: YELP INC - Form DEF 14A

The Nominating Committee is currently composed of three directors, Messrs. Rabois, Levchin and Levine, each of whom the Board has determined to be independent under the NYSE listing standards. Mr. Rabois is the Chair of the Nominating Committee.

The Nominating Committee has adopted a written charter that is available to stockholders on our website at <http://www.yelp-ir.com/phoenix.zhtml?c=250809&p=irol-govhighlights>.

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

In conducting this assessment, the Nominating Committee typically considers diversity, age, skills and such other factors as it deems appropriate given the current needs of the Board and the Company, to maintain a balance of knowledge, experience and capability. In the case of incumbent directors whose terms of office are set to expire, the Nominating Committee reviews such directors' overall service to the Company during their term, including the number of meetings attended, level of participation, quality of performance and any other relationships and transactions that might impair such directors' independence. In the case of new director candidates, the Nominating Committee also determines whether the nominee is independent for NYSE purposes, which determination is based upon NYSE listing standards, applicable SEC rules and regulations and the advice of counsel, if necessary. The Nominating Committee meets to discuss and consider candidates' qualifications and then selects nominee(s) for recommendation to the Board by majority vote.

To identify candidates for Board membership, the Nominating Committee uses its network of contacts to compile a list of potential candidates, but may also engage, if it deems appropriate, a professional search firm. The Nominating Committee conducts any appropriate and necessary inquiries into the backgrounds and qualifications of possible candidates after considering the function and needs of the Board.

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

STOCKHOLDER COMMUNICATIONS WITH THE BOARD

Stockholders may communicate with our Board at the following address:

The Board of Directors
c/o Corporate Secretary
Yelp Inc.
706 Mission Street
San Francisco, CA 94103

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

CODE OF ETHICS

Our Board has adopted a Code of Business Conduct and Ethics that applies to all officers, directors and employees, including those officers responsible for financial reporting. The Code of Business Conduct and Ethics is available on our website at <http://www.yelp-ir.com/phoenix.zhtml?c=250809&p=irol-govhighlights>. If we make any substantive amendments to the Code of Business Conduct and Ethics or grant any waiver from a provision of the Code to any executive officer or director, we will promptly disclose the nature of the amendment or waiver on our website.

CORPORATE GOVERNANCE GUIDELINES

In January 2012, the Board documented the governance practices followed by the Company by adopting Corporate Governance Guidelines to assure that the Board will have the necessary authority and practices in place to review and evaluate our business operations as needed and to make decisions that are independent of our management. The guidelines are also intended to align the interests of directors and management with those of our stockholders. The Corporate Governance Guidelines set forth the practices the Board intends to follow with respect to Board composition and selection, Board meetings and involvement of executive management, Chief Executive Officer performance evaluation and succession planning, and Board committees and compensation. The Corporate Governance Guidelines, as well as the charters for each committee of the Board, may be viewed at <http://www.yelp-ir.com/phoenix.zhtml?c=250809&p=irol-govhighlights>.

DIRECTOR COMPENSATION

The following table shows, for the year ended December 31, 2012, certain information with respect to the compensation of each of our non-employee directors.

Director Compensation for the Year Ended December 31, 2012

Name	Fees Earned or Paid in Cash (\$)	Option Awards (\$)(1)(2)(3)	Total (\$)
Robert Gibbs	\$ 11,667	\$ 244,265	\$ 255,932
Diane Irvine	30,000		30,000

- (1) The amount in this column represents the aggregate grant date fair value of a stock option award granted during the year ended December 31, 2012 calculated in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718, or ASC Topic 718. Assumptions used in the calculation of the grant date fair value are set forth in Note 11, *Stockholders Equity (Deficit)* in our Annual Report on Form 10-K for the year ended December 31, 2012.
- (2) Mr. Gibbs was granted an option to purchase 25,000 shares of Class A Common Stock at an exercise price of \$16.71 on May 31, 2012. Such option vests over four years, with 25% vesting on the one-year anniversary of the date of grant and the remainder vesting on a monthly basis thereafter.
- (3) The aggregate number of shares subject to outstanding stock options held by each director listed in the table above as of December 31, 2012 was as follows: 25,000 shares of Class A Common Stock for Mr. Gibbs and 25,000 shares of Class B Common Stock for Ms. Irvine.

Director Compensation Arrangements

We have a policy of reimbursing our directors for their reasonable out-of-pocket expenses incurred in attending Board and Board committee meetings. Neither of our employee directors receives additional compensation for his service on the Board. In addition, given the value of the investments made by certain of our non-employee directors or their affiliated funds, as well as the internal policies of certain of those funds, we do not currently provide non-employee directors who are affiliated with an institutional or venture investor of the Company with compensation for their service on the Board.

Non-employee directors who are not affiliated with an institutional or venture investor of the Company receive the following cash compensation for Board and Board committee services, as applicable.

- \$20,000 per year for service as a Board member;
- \$10,000 per year for service as the chair of the Audit Committee or Compensation Committee;
- \$5,000 per year for service as a member of the Audit Committee or Compensation Committee (other than as chair) or chair of any other committee; and
- \$2,500 per year for service as a member of any other committee (other than as chair).

Each non-employee director who is not affiliated with an institutional or venture investor of the Company will also be entitled to receive an option to purchase 10,000 shares of our Class A Common Stock every other year on the date of our annual meeting of stockholders, beginning with the Annual Meeting. Each such option will vest in equal monthly installments over four years following the date of grant. For the year ending December 31, 2013, Ms. Irvine and Messrs. Gibbs and Rabois will be eligible to receive such compensation. In addition, any new chair of the Audit Committee (if a new director) will also receive an option grant of 25,000 shares of Class A Common Stock. The option will vest over four years, with 25% vesting on the one-year anniversary of the date of grant and the remainder vesting on a monthly basis thereafter. We grant stock options with an exercise price not less than the fair market value of our Class A Common Stock on the date of grant. We do not have, nor do we plan to establish, any program, plan or practice to time stock option grants in coordination with releasing material non-public information.

PROPOSAL NO. 2

APPROVAL OF 2012 EQUITY INCENTIVE PLAN, AS AMENDED

On January 30, 2013, our Board and Compensation Committee approved the amendment of our 2012 Equity Incentive Plan, or 2012 Plan, subject to stockholder approval, to increase the aggregate number of shares of our Class A Common Stock that may be issued pursuant to awards under the 2012 Plan from 16,257,359 to 18,257,359. Accordingly, our Board is requesting stockholder approval of our 2012 Plan, as amended, or the Amended 2012 Plan.

Stockholder approval of the Amended 2012 Plan will also constitute approval of terms and conditions in the Amended 2012 Plan that will permit us to grant stock options and performance awards under the Amended 2012 Plan that may qualify as performance-based compensation within the meaning of Section 162(m) of the Code. Section 162(m) of the Code disallows a deduction to any publicly-held corporation and its affiliates for certain compensation paid to covered employees in a taxable year to the extent that compensation paid to a covered employee exceeds \$1,000,000. However, some kinds of compensation, including qualified performance-based compensation, are not subject to this deduction limitation. While we believe it is in the best interests of Yelp and our stockholders to preserve the ability to grant performance-based compensation under Section 162(m) of the Code, in certain circumstances, we may determine to grant compensation to covered employees that will not qualify as performance-based compensation for purposes of Section 162(m) of the Code. Moreover, even if we intend to grant compensation that qualifies as performance-based compensation, we cannot guarantee that such compensation ultimately will be deductible by us. For the grant of awards under a plan to qualify as performance-based compensation under Section 162(m) of the Code, among other things, the plan must (1) describe the employees eligible to receive such awards, (2) provide a per-person limit on the number of shares subject to stock options and performance stock awards, and the amount of cash that may be subject to performance cash awards, granted to any employee under the plan in any year and (3) include one or more pre-established business criteria upon which the performance goals for performance awards may be granted (or become vested and/or exercisable). These terms must be approved by stockholders and, accordingly, we are requesting our stockholders to approve the Amended 2012 Plan, which includes terms regarding eligibility for awards, per-person limits on awards and the business criteria for performance awards granted under the Amended 2012 Plan (as described below).

In this Proposal No. 2, we are requesting stockholder approval of the Amended 2012 Plan to:

- increase the aggregate number of shares of our Class A Common Stock reserved for issuance under the Amended 2012 Plan by 2,000,000 shares, from 16,257,359 to 18,257,359 shares; and
- approve the performance criteria upon which performance goals may be based with respect to performance awards under the Amended 2012 Plan as well as the permitted means of adjustment when calculating the attainment of performance awards granted under the Amended 2012 Plan.

The Amended 2012 Plan will become effective immediately upon stockholder approval of this Proposal No. 2 at the Annual Meeting.

BACKGROUND

In January 2012, the Board adopted, and our stockholders subsequently approved, the existing 2012 Plan. On January 25, 2012, the Board approved a one-for-four reverse split of our common stock, which became effective on February 2, 2012. For purposes of clarity, the numbers of our shares of Class A Common Stock set forth in this Proposal No. 2 are on a post-split basis. The initial maximum number of shares of our Class A Common Stock issuable pursuant to awards under the 2012 Plan at the time of our initial public offering was 13,717,149 shares, which number is the sum of (i) 3,575,500 shares, (ii) 146,739 shares, representing the number of shares reserved for issuance under our 2011 Equity Incentive Plan, or 2011 Plan, at the time our 2012 Plan became effective, and (iii) any shares subject to stock options or other stock awards granted under our 2011 Plan or our 2005 Equity Incentive Plan, or 2005 Plan, that would have otherwise returned to our 2011 Plan or our 2005 Plan, as applicable (such as upon the expiration or termination of a stock award prior to vesting), not to exceed 9,994,910 shares. On January 1, 2013, the number of shares reserved for issuance under the 2012 Plan automatically increased from 13,717,149 to 16,257,359 shares of Class A Common Stock pursuant to a ten-year evergreen provision included in the 2012 Plan, as described below.

As of December 31, 2012, options to purchase 2,330,653 shares of Class A Common Stock granted pursuant to our 2012 Plan were outstanding, 283,215 shares of Class A Common Stock were subject to issuance upon settlement of unvested restricted stock unit awards, or RSUs, issued pursuant to our 2012 Plan and 300 shares of Class A Common Stock had been issued pursuant to the exercise of options under our 2012 Plan. As of December 31, 2012, the outstanding options issued pursuant to our 2012 Plan had a weighted average exercise price of approximately \$21.97 per share.

The Compensation Committee believes that our ability to provide equity compensation has been, and will continue to be, vital to our ability to attract and retain highly qualified and skilled employees. At the time the Board approved our 2012 Plan in January 2012, it believed that the shares of our Class A Common Stock reserved for issuance under the 2012 Plan, as detailed above, plus the automatic annual increase in shares reserved pursuant to the evergreen provision, would allow us to provide adequate equity compensation to our employees based on internal forecasts, including our anticipated growth rates. However, since then we have aggressively invested in the growth of our business, including hiring additional employees, resulting in rapid growth in our headcount and operations. The number of our full-time employees has increased from 918 as of December 31, 2011 to approximately 1,400 as of the date of this Proxy Statement, representing an increase of approximately 53%. As a result of this faster than anticipated growth in headcount, the Compensation Committee determined that increasing the aggregate number of shares of our Class A Common Stock reserved for issuance under the 2012 Plan by 2,000,000 shares would be appropriate to facilitate the continued growth of our business by enabling us to continue to attract, retain and incentivize employees through the grant of equity compensation.

If this Proposal No. 2 is approved by our stockholders, the Amended 2012 Plan will become effective on the date of the Annual Meeting. In the event our stockholders do not approve this Proposal No. 2, the 2012 Plan will continue in its current form, and the aggregate maximum number of shares of our Class A Common Stock that may be issued pursuant to awards under the 2012 Plan will be 16,257,359 (and not 18,257,359 shares).

OVERHANG

The following table provides certain additional information regarding our equity incentive program.

	As of December 31, 2012
Total Shares Subject to Outstanding Stock Options ⁽¹⁾⁽²⁾	10,113,176
Total Shares Subject to Outstanding Restricted Stock Unit Awards ⁽¹⁾⁽²⁾	283,215
Total Shares Subject to Outstanding Restricted Stock Awards ⁽¹⁾⁽²⁾	115,971
Total Stock Options Exercised under 2012 Plan	300
Total Common Stock Outstanding ⁽²⁾	63,505,269
Weighted-Average Exercise Price Per Share of Outstanding Stock Options ⁽¹⁾⁽²⁾	\$ 10.00
Total Shares of Class A Common Stock Available for Future Grant under the 2012 Plan ⁽³⁾	4,260,749
Total Shares of Class A Common Stock Available for Future Grant under 2012 ESPP ⁽⁴⁾	2,320,105
Total Shares Available for Future Grant under 2011 Plan and 2005 Plan	

	As of April 8, 2013 (Record Date)
Total Common Stock Outstanding ⁽²⁾	64,309,825
Closing Price of Class A Common Stock as Reported on the NYSE	\$ 25.00

- (1) Includes all awards under our 2012 Plan, 2011 Plan and 2005 Plan. Shares subject to awards granted under our 2011 Plan and 2005 Plan that would have otherwise returned to such plans, such as upon the expiration or termination of an award prior to vesting, will become available for future grant under our 2012 Plan.
- (2) Includes both Class A Common Stock and Class B Common Stock, considered together on an as-converted basis.
- (3) Includes the effect of an automatic increase in the number of shares reserved for issuance under the 2012 Plan on January 1, 2013, pursuant to an evergreen provision, as described in this Proxy Statement.
- (4) Includes the effect of an automatic increase in the number of shares reserved for issuance under the 2012 ESPP on January 1, 2013, pursuant to an evergreen provision (as described in note (4) under the section *Securities Authorized for Issuance Under Equity Compensation Plans*).

BURN RATE

The following table provides detailed information regarding the activity related to our equity incentive plans for the year ended December 31, 2012.

	2012
Shares Subject to Stock Options Granted ⁽¹⁾⁽²⁾	3,249,855
Shares of Class A Common Stock Subject to RSUs Granted ⁽¹⁾	288,195
Shares Subject to Stock Options Cancelled ⁽¹⁾⁽²⁾	832,324
Shares of Class A Common Stock Subject to RSUs Cancelled ⁽¹⁾	4,980

(1) Includes awards under our 2012 Plan, 2011 Plan and 2005 Plan. In 2012, only stock options and RSUs were granted or cancelled.

(2) Includes both Class A Common Stock and Class B Common Stock, considered together on an as-converted basis.

DESCRIPTION OF THE AMENDED 2012 PLAN

The material features of the Amended 2012 Plan are summarized below. The following description of the Amended 2012 Plan is a summary only and is qualified in its entirety by reference to the Amended 2012 Plan itself, which is attached to this Proxy Statement as Annex A.

General

The Amended 2012 Plan provides for the grant of incentive stock options, nonstatutory stock options, stock appreciation rights, restricted stock awards, restricted stock unit awards, performance-based stock awards and other stock awards, which we refer to collectively as awards. Additionally, the Amended 2012 Plan provides for the grant of performance cash awards to our employees, directors and consultants. Incentive stock options granted under the Amended 2012 Plan are intended to qualify as incentive stock options within the meaning of Section 422 of the Code. Nonstatutory stock options granted under the Amended 2012 Plan are not intended to qualify as incentive stock options under the Code. To date, we have granted stock options and RSUs under the 2012 Plan.

Purpose

The purpose of the Amended 2012 Plan is to promote the success and enhance the value of Yelp by aligning the interests of employees, directors and consultants of Yelp and our subsidiaries to those of our stockholders and by providing such individuals with an incentive for outstanding performance to generate superior returns to our stockholders. The Amended 2012 Plan is further intended to enable us to grant incentives that will motivate, attract and retain the services of our employees, directors and consultants, and those of our subsidiaries, upon whose judgment, interest and special effort the successful conduct of our business is largely dependent.

Administration

The Board administers the Amended 2012 Plan. Subject to the terms of the Amended 2012 Plan, the Board has the power to construe and interpret the Amended 2012 Plan and to determine the terms of awards, including recipients, the exercise, purchase or strike price of awards, if any, the number of shares of Class A Common Stock subject to each award, the vesting schedule applicable to the awards, together with any vesting acceleration, and the form of consideration, if any, payable upon exercise or settlement of the award and the terms of the award agreements for use under the Amended 2012 Plan. All determinations, interpretations and constructions made by the Board in good faith will be final, binding and conclusive on all persons.

The Board has the power to delegate administration of the Amended 2012 Plan to a committee of the Board. The Board has delegated concurrent authority to administer the Amended 2012 Plan to our Compensation Committee.

We currently limit the members of our Compensation Committee to persons who qualify as outside directors within the meaning of Section 162(m) of the Code. This limitation excludes from the committee directors who are (i) current employees of the Company or an affiliate, (ii) former employees of the Company or an affiliate receiving compensation for past services (other than benefits under a tax-qualified pension plan), (iii) current and former officers of the Company or an affiliate, (iv) directors currently receiving direct or indirect remuneration from the Company or an affiliate in any capacity (other than as a director) and (v) any other person who is otherwise not considered an outside director for purposes of Section 162(m) of the Code. As used in this Proposal No. 2 with respect to the Amended 2012 Plan, the Board refers to the Compensation Committee as well as to the Board itself. The Board may also delegate to one or more of our officers the authority to designate employees (other than officers) to receive specified awards and determine the number of shares of our Class A Common Stock to be subject to such awards. The Board has delegated such authority to our Chief Executive Officer. The Chief Executive Officer may not grant an award to himself.

Stock Subject to the Amended 2012 Plan

The maximum number of shares of our Class A Common Stock currently issuable pursuant to awards under the 2012 Plan is 16,257,359 shares, which number is the sum of (i) 6,115,710 shares (representing the number of shares initially reserved for issuance under the 2012 Plan at the time of our initial public offering *plus* an additional 2,540,210 shares added to the share reserve on January 1, 2013 by operation of an evergreen provision, as described below), (ii) 146,739 shares, representing the number of shares reserved for issuance under our 2011 Plan at the time our 2012 Plan originally became effective, and (iii) any shares subject to stock options or other stock awards granted under our 2011 Plan or our 2005 Plan that would have otherwise returned to our 2011 Plan or our 2005 Plan, as applicable (such as upon the expiration or termination of a stock award prior to vesting), not to exceed 9,994,910 shares. If this Proposal No. 2 is approved by our stockholders, the maximum number of shares of our Class A Common Stock issuable pursuant to awards under the Amended 2012 Plan will be 18,257,359, which reflects an increase of 2,000,000 shares. In addition, the number of shares of our Class A Common Stock reserved for issuance under our Amended 2012 Plan will automatically increase on January 1 of each year, beginning on January 1, 2014 and continuing through and including January 1, 2022, by 4.0% of the total number of shares of our capital stock outstanding on December 31 of the preceding calendar year, or a lesser number of shares determined by the Board. Shares issuable under the Amended 2012 Plan will be shares of authorized but unissued or reacquired Class A Common Stock, including shares repurchased by us on the open market or otherwise.

Shares subject to awards granted under the Amended 2012 Plan that expire or otherwise terminate without being exercised in full, or that are paid out in cash rather than in shares, will not reduce the number of shares available for issuance under the Amended 2012 Plan. Additionally, shares issued pursuant to awards under our 2012 Plan that we repurchase or that are forfeited, as well as shares used to pay the exercise price of an award or to satisfy the tax withholding obligations related to an award, will become available for future grant under the Amended 2012 Plan.

Eligibility

All of the approximately 1,400 employees, three non-employee directors who are not affiliated with an institutional or venture investors of the Company and 11 consultants of Yelp and our subsidiaries are eligible to participate in the Amended 2012 Plan and may receive all types of awards other than incentive stock options. Incentive stock options may be granted under the Amended 2012 Plan only to employees (including officers) of Yelp and its subsidiaries.

No incentive stock option may be granted under the Amended 2012 Plan to any person who, at the time of the grant, owns (or is deemed to own) stock possessing more than 10% of the total combined voting power of the Company or any affiliate of the Company, unless the exercise price is at least 110% of the fair market value of the stock subject to the option on the date of grant and the term of the option does not exceed five years from the date of grant. In addition, the aggregate fair market value, determined at the time of grant, of the shares of Class A Common Stock with respect to which incentive stock options are exercisable for the first time by a participant during any calendar year (under the 2005 Plan and the 2011 Plan as well as the Amended 2012 Plan) may not exceed \$100,000. The maximum number of shares of our Class A Common Stock that may be issued upon the exercise of incentive stock options under our Amended 2012 Plan is 27,500,000 shares.

Section 162(m) Limits

Under the Amended 2012 Plan, subject to adjustment for any changes in our capitalization, no participant will be eligible to be granted during any single calendar year:

- awards covering more than 2,000,000 shares of our Class A Common Stock pursuant to stock options, stock appreciation rights and other awards whose value is determined by reference to an increase over an exercise price or strike price of at least 100% of the fair market value of our Class A Common Stock on the date of grant;
- performance stock awards covering in the aggregate more than 2,000,000 shares of our Class A Common Stock; or
- performance cash awards having a maximum value in excess of \$2,000,000.

The above limitations, which we refer to as the Section 162(m) Limitations, are designed to allow us to grant compensation that may qualify as performance-based compensation within the meaning of Section 162(m) of the Code.

Repricing; Cancellation and Re-Grant of Stock Awards

The Board may, with the consent of any adversely affected participant, (1) reprice any outstanding stock option, stock appreciation right or other stock award by reducing the exercise or purchase price of the stock option, stock appreciation right or other stock award, (2) cancel any outstanding stock option, stock appreciation right or other stock award in exchange for cash or other stock awards or (3) take any other action that is treated as a repricing under generally accepted accounting principles.

Option Awards

The following is a description of the permissible terms of options under the Amended 2012 Plan. The Amended 2012 Plan permits the grant of incentive stock options and nonstatutory stock options. Individual option grants may be more restrictive as to any or all of the permissible terms described below.

Exercise Price; Payment. The exercise price of options may not be less than 100% of the fair market value of the shares of our Class A Common Stock subject to the options on the date of the grant and, in some cases (see *Eligibility* above), may not be less than 110% of such fair market value. However, an option may be granted with an exercise price that is lower than 100% of the fair market value of the shares of Class A Common Stock subject to the option on the date of grant if such option is granted pursuant to an assumption or of substitution of another option pursuant to a corporate transaction (such as a merger), as defined in the Amended 2012 Plan. The exercise price of options granted under the Amended 2012 Plan must be paid either in cash or by check, bank draft or money order at the time the option is exercised or, to the extent permitted by applicable law and as determined by the Board in its sole discretion, (i) by delivery of other shares of Class A Common Stock of the Company, (ii) through a broker's same day sale arrangement, (iii) in the case of nonstatutory stock options only, pursuant to a net exercise arrangement or (iv) in any other form of legal consideration acceptable to the Board.

Vesting; Exercisability. Options granted under the Amended 2012 Plan may vest and become exercisable in cumulative increments as determined by the Board. Shares of Class A Common Stock covered by currently outstanding options under the Amended 2012 Plan typically vest with respect to (i) 25% of the total number of shares of Class A Common Stock subject to the option (rounded down to the nearest whole share) one year after the vesting commencement date, and as to 1/48th of the shares (rounded down to the nearest whole share, except for the last vesting installment) each month thereafter, in both cases subject to the participant's continued employment by, or service as a director or consultant to, us or an affiliate of ours, or continuous service, on each such vesting date. Shares of our Class A Common Stock covered by options granted in the future under the Amended 2012 Plan may be subject to different vesting terms. The Board has the authority to accelerate the time during which an option may vest or be exercised. In addition, options granted under the Amended 2012 Plan may permit exercise prior to vesting, but in such event the participant may be required to enter into an early exercise stock purchase agreement that allows the Company to repurchase unvested shares, generally at their exercise price, should the participant's service terminate before vesting.

Term; Termination of Continuous Service. The maximum term of options granted under the Amended 2012 Plan is ten years, except that in certain cases (see *Eligibility* above) the maximum term is five years. Options granted under the Amended 2012 Plan generally terminate three months after termination of the participant's service with us or our affiliates, unless (i) such termination is for cause, in which case the option will terminate immediately upon the date on which the event giving rise to the participant's termination for cause first occurred (or, if required by law, on the date of such termination for cause); (ii) such termination is due to the participant's disability, in which case the option may, but need not, provide that it may be exercised (to the extent the option was exercisable at the time of such termination of service) at any time within 12 months after such termination; (iii) the participant dies before the participant's service with us or our affiliates has terminated, or within three months after termination of such service other than for cause, in which case the option may, but need not, provide that it may be exercised (to the extent the option was exercisable at the time of the participant's death) within 18 months after the participant's death by the participant's estate or beneficiary; or (iv) the option by its terms specifically provides otherwise. Individual option grants may provide for post-termination exercisability periods that are longer or shorter than those described above. In no event may a participant (or a participant's estate or beneficiary, if applicable) exercise an option beyond the expiration of the original expiration date of the option, as set forth in the award agreement.

If the exercise of an option following a participant's termination of continuous service (other than for cause, death or disability) would be prohibited because the issuance of shares of our Class A Common Stock would violate the registration requirements under the Securities Act or would violate our insider trading policy, the post-termination exercisability periods may be extended for an additional period of time as set forth in the Amended 2012 Plan, but in no event may such extended post-termination exercisability period exceed the original expiration date of the option as set forth in the award agreement.

Other Awards

The following is a description of the permissible terms of other awards that may be made under the Amended 2012 Plan. Individual award grants may be more restrictive as to any or all of the permissible terms described below.

Stock Appreciation Rights. Stock appreciation rights, or SARs, may be granted under the Amended 2012 Plan pursuant to SAR award agreements. Each SAR is denominated in Class A Common Stock share equivalents. SARs generally are subject to the same terms and conditions as options, as described above under *Option Awards*. The strike price of each SAR will be determined by the Board but will in no event be less than 100% of the fair market value of the shares of Class A Common Stock subject to the SAR at the time of grant. The Board may also impose restrictions or conditions upon the vesting of SARs that it deems appropriate. SARs may be paid in shares of our Class A Common Stock, in cash, in a combination of cash and stock, or in any other form of legal consideration approved by our Board and set forth in the SAR agreement. SARs are subject to the same conditions upon termination of service and restrictions on transfer as options under the Amended 2012 Plan.

RSU Awards. RSUs may be granted under the Amended 2012 Plan pursuant to RSU award agreements. Payment of any purchase price may be made in any legal form acceptable to the Board. RSUs may be settled in shares of our Class A Common Stock, their cash equivalent, by a combination of cash and stock, or in any other form of legal consideration determined by our Board and set forth in the RSU award agreement. Dividend equivalents may be credited in respect of shares of our Class A Common Stock covered by an RSU award, as determined by the Board and set forth in an RSU award agreement. RSU awards may be subject to vesting in accordance with a vesting schedule to be determined by the Board. Except as otherwise provided in the applicable RSU award agreement, RSUs that have not vested will be forfeited upon the participant's termination of continuous service for any reason.

Restricted Stock Awards. Restricted stock awards may be granted under the Amended 2012 Plan pursuant to restricted stock award agreements. A restricted stock award may be awarded in consideration for cash, check, bank draft or money order payable to us, the recipient's services performed for us or an affiliate of ours, or any other form of legal consideration acceptable to the Board. Shares of our Class A Common Stock acquired under a restricted stock award may be subject to forfeiture in accordance with a vesting schedule to be determined by the Board. A restricted stock award agreement may provide that any dividends paid on restricted stock will be subject to the same vesting and forfeiture restrictions as the shares of Class A Common Stock to which such dividends relate. Rights to acquire shares of our Class A Common Stock under a restricted stock award may be transferred only upon such terms and conditions as are set forth in the restricted stock award agreement. Except as otherwise provided in the applicable restricted stock award agreement, restricted stock awards that have not vested will be forfeited upon the participant's termination of continuous service for any reason.

Performance Awards. The Amended 2012 Plan allows the Company to grant cash and stock-based performance awards. Performance awards may be granted, vest or be exercised based upon the attainment during a specified period of time, or performance period, of specified performance goals.

A performance stock award is a stock award that may be granted, may vest or may be exercised upon the achievement during a performance period of specified performance goals. The length of any performance period, the performance goals to be achieved during the performance period and the measure of whether and to what degree such performance goals have been attained will be conclusively determined by the Compensation Committee (or, if not required for compliance with Section 162(m) of the Code, the Board), in its sole discretion. In addition, to the extent permitted by applicable law and the award agreement, the Board may determine that cash may be used in payment of performance stock awards.

A performance cash award is a cash award that is payable contingent upon the achievement of specified performance goals during a performance period. A performance cash award may also require the completion of a specified period of continuous service. The length of any performance period, the performance goals to be achieved during the performance period and the measure of whether and to what degree such performance goals have been attained will be determined by the Compensation Committee (or, if not required for compliance with Section 162(m) of the Code, the Board), in its sole discretion. The Board may specify the form of payment of performance cash awards, which may be cash or other property, or may provide for a participant to elect to have his or her performance cash award, or such portion thereof as the Board may specify, to be paid in whole or in part in cash or other property.

In granting a performance award intended to qualify as performance-based compensation under Section 162(m) of the Code, the Compensation Committee will set a period of time, or a performance period, over which the attainment of one or more goals, or performance goals, will be measured. Within the time period prescribed by Section 162(m) of the Code, at a time when the achievement of the performance goals remains substantially uncertain (typically no later than the earlier of the 90th day of a performance period and the date on which 25% of the performance period has elapsed), the Compensation Committee will establish the performance goals, based upon one or more criteria, or the performance criteria, enumerated in the Amended 2012 Plan and described below. Prior to the payment of any compensation under any award intended to qualify as performance-based compensation under Section 162(m) of the Code, the Compensation Committee will certify in writing whether the performance goals have been satisfied. Notwithstanding the satisfaction of the achievement of any performance goals, the number of shares of our Class A Common Stock, options, cash or other consideration granted, issued, retainable or vested under an award on account of such satisfaction may be reduced by the Compensation Committee, as determined in its sole discretion.

Performance awards may be subject to one or more of the following performance criteria: (1) earnings (including earnings per share and net earnings); (2) earnings before interest, taxes and depreciation; (3) earnings before interest, taxes, depreciation and amortization; (4) earnings before interest, taxes, depreciation, amortization and legal settlements; (5) earnings before interest, taxes, depreciation, amortization, legal settlements and other income (expense); (6) earnings before interest, taxes, depreciation, amortization, legal settlements, other income (expense) and stock-based compensation; (7) earnings before interest, taxes, depreciation, amortization, legal settlements, other income (expense), stock-based compensation and changes in deferred revenue; (8) total stockholder return; (9) return on equity or average stockholder's equity; (10) return on assets, investment or capital employed; (11) stock price; (12) margin (including gross margin); (13) income (before or after taxes); (14) operating income; (15) operating income after taxes; (16) pre-tax profit; (17) operating cash flow; (18) sales or revenue targets; (19) increases in revenue or product revenue; (20) expenses and cost reduction goals; (21) improvement in or attainment of working capital levels; (22) economic value added (or an equivalent metric); (23) market share; (24) cash flow; (25) cash flow per share; (26) share price performance; (27) debt reduction; (28) implementation or completion of projects or processes; (29) user satisfaction; (30) stockholders' equity; (31) capital expenditures; (32) debt levels; (33) operating profit or net operating profit; (34) workforce diversity; (35) growth of net income or operating income; (36) billings; (37) bookings; (38) the number of users, including but not limited to unique users; (39) employee retention; and (40) to the extent that an award is not intended to comply with Section 162(m) of the Code, other measures of performance selected by the Board.

The Board may establish performance goals on a Company-wide basis, with respect to one or more business units, divisions, affiliates or business segments, and in either absolute terms or relative to the performance of one or more comparable companies or the performance of one or more relevant indices. Unless specified otherwise (i) in the award agreement at the time the award is granted or (ii) in such other document setting forth the performance goals at the time the goals are established, the Board will appropriately make adjustments in the method of calculating the attainment of the performance goals as follows: (1) to exclude restructuring and/or other nonrecurring charges; (2) to exclude exchange rate effects; (3) to exclude the effects of changes to generally accepted accounting principles; (4) to exclude the effects of any statutory adjustments to corporate tax rates; (5) to exclude the effects of any extraordinary items as determined under generally accepted accounting principles; (6) to exclude the dilutive effects of acquisitions or joint ventures; (7) to assume that any business divested by us achieved performance objectives at targeted levels during the balance of a performance period following such divestiture; (8) to exclude the effect of any change in the outstanding shares of our common stock by reason of any stock dividend or split, stock repurchase, reorganization, recapitalization, merger, consolidation, spin-off, combination or exchange of shares or other similar corporate change, or any distributions to common stockholders other than regular cash dividends; (9) to exclude the effects of stock based compensation and the award of bonuses under our bonus plans; (10) to exclude costs incurred in connection with potential acquisitions or divestitures that are required to be expensed under generally accepted accounting principles; (11) to exclude the goodwill and intangible asset impairment charges that are required to be recorded under generally accepted accounting principles; and (12) to exclude the effect of any other unusual, non-recurring gain or loss or other extraordinary item. In addition, our Board retains the discretion to reduce or eliminate the compensation or economic benefit due upon attainment of the goals. The performance goals may differ from participant to participant and from award to award.

Other Stock Awards. Other forms of stock awards valued in whole or in part with reference to our Class A Common Stock may be granted either alone or in addition to other stock awards under the Amended 2012 Plan. The Board will have sole and complete authority to determine the persons to whom and the time or times at which such other stock awards will be granted, the number of shares of our Class A Common Stock to be granted and all other conditions of such other stock awards. Other forms of stock awards may be subject to vesting in accordance with a vesting schedule to be determined by the Board.

Restrictions on Transfer

Generally, a participant may not transfer an award under the Amended 2012 Plan. However, options and SARs may be transferred by will or by the laws of descent and distribution, and, if approved by the Board or a duly authorized officer, options and SARs may be transferred by domestic relations order or official marital settlement agreement. In addition, with the approval of the Board or a duly authorized officer, a participant may, by delivering written notice to the Company, designate a third party who, on the death of the participant, will thereafter be entitled to exercise the participant's options and SARs.

Clawback Policy

Awards granted under the Amended 2012 Plan will be subject to recoupment in accordance with any clawback policy that we are required to adopt pursuant to the listing standards of any national securities exchange or association on which our securities are listed or as is otherwise required by the Dodd-Frank Wall Street Reform and Consumer Protection Act, or the Dodd-Frank Act, or other applicable law. In addition, the Board may impose other clawback, recovery or recoupment provisions in an award agreement as the Board determines necessary or appropriate, including a reacquisition right in respect of previously acquired shares of our common stock or other cash or property upon the occurrence of an event constituting cause.

Changes to Capital Structure

In the event of certain capitalization adjustments, the Board will appropriately adjust: (1) the class(es) and maximum number of securities subject to the Amended 2012 Plan; (2) the class(es) and maximum number of securities that may be issued pursuant to the exercise of incentive stock options; (3) the class(es) and maximum number of securities that may be awarded to any person pursuant to Section 162(m) Limitations; and (4) the class(es) and number of securities and price per share of stock subject to outstanding stock awards.

Corporate Transactions

In the event of a corporate transaction (as defined in the Amended 2012 Plan and described below), the Board will have the discretion to take one or more of the following actions with respect to outstanding stock awards (contingent upon the closing or consummation of such corporate transaction), unless otherwise provided in the stock award agreement or other written agreement with the participant or unless otherwise provided by the Board at the time of grant:

- arrange for the surviving or acquiring corporation (or its parent company) to assume or continue the award or to substitute a similar stock award for the award (including an award to acquire the same consideration paid to our stockholders pursuant to the corporate transaction);
- arrange for the assignment of any reacquisition or repurchase rights held by us with respect to the stock award to the surviving or acquiring corporation (or its parent company);
- accelerate the vesting (and, if applicable, the exercisability), in whole or in part, of the stock award to a date prior to the effective time of such corporate transaction, with such stock award terminating if not exercised (if applicable) at or prior to the effective time of the corporate transaction;
- arrange for the lapse of any reacquisition or repurchase rights held by us with respect to the stock award;
- cancel or arrange for the cancellation of the stock award, to the extent not vested or exercised prior to the effective time of the corporate transaction, in exchange for such cash consideration, if any, as the Board, in its sole discretion, may consider appropriate; and
- cancel or arrange for the cancellation of the stock award, to the extent not vested or not exercised prior to the effective time of the corporate transaction, in exchange for a payment, in such form as may be determined by the Board, equal to the excess, if any, of (i) the value of the property the participant would have received upon the exercise of the stock award immediately prior to the effective time of the corporate transaction, over (ii) any exercise price payable in connection with such exercise.

The Board is not obligated to treat all stock awards or portions of stock awards in the same manner. The Board may take different actions with respect to the vested and unvested portions of a stock award.

For purposes of the Amended 2012 Plan, a corporate transaction will be deemed to occur in the event of the consummation of (i) a sale or other disposition of all or substantially all of our consolidated assets, (ii) a sale or other disposition of more than 50% of our outstanding securities, (iii) a merger, consolidation or similar transaction following which we are not the surviving corporation, or (iv) a merger, consolidation or similar transaction following which we are the surviving corporation but the shares of our common stock outstanding immediately prior to such transaction are converted or exchanged into other property by virtue of the transaction.

Changes in Control

Under the Amended 2012 Plan, a stock award may be subject to additional acceleration of vesting and exercisability upon or after a change in control (as defined in the Amended 2012 Plan) as may be provided in the stock award agreement or other written agreement with the participant, but in the absence of such provision, no such acceleration will occur.

Plan Amendments and Termination

Our Board has the authority to amend or terminate the Amended 2012 Plan at any time. However, except as otherwise provided in the Amended 2012 Plan, no amendment or termination of the Amended 2012 Plan may materially impair any rights under awards already granted to a participant unless agreed to in writing by the affected participant. We will obtain stockholder approval of any amendment to the Amended 2012 Plan as required by applicable law and listing requirements. No incentive stock options may be granted under the Amended 2012 Plan after the tenth anniversary of January 25, 2012, which was the date the 2012 Plan was initially adopted by the Board.

U.S. FEDERAL INCOME TAX CONSEQUENCES

The information set forth below is a summary of the principal U.S. federal income taxation consequences to participants and us with respect to participation in the Amended 2012 Plan. This summary is not intended to be exhaustive, and does not discuss the income tax laws of any city, state or foreign jurisdiction in which a participant may reside. The information is based upon current federal income tax rules and therefore is subject to change when those rules change. Because the tax consequences to any recipient may depend on his or her particular situation, each recipient should consult the recipient's tax adviser regarding the federal, state, local and other tax consequences of the grant or exercise of an award or the disposition of stock acquired as a result of an award. The Amended 2012 Plan is not qualified under the provisions of Section 401(a) of the Code and is not subject to any of the provisions of the Employee Retirement Income Security Act of 1974, as amended. Our ability to realize the benefit of any tax deductions described below depends on our generation of taxable income as well as the requirement of reasonableness, the provisions of Section 162(m) of the Code and the satisfaction of our tax reporting obligations.

Nonstatutory Stock Options

Generally, there is no taxation upon the grant of a nonstatutory stock option if the option is granted with an exercise price equal to the fair market value of the underlying stock on the grant date. On exercise, a participant will recognize ordinary income equal to the excess, if any, of the fair market value on the date of exercise of the stock over the exercise price. If the options were granted to an individual who was our employee or an employee of an affiliate at the time of grant, that income will be subject to withholding taxes. The participant's tax basis in those shares will be equal to their fair market value on the date of exercise of the stock option, and the optionholder's capital gain holding period for those shares will begin on that date.

Subject to the requirement of reasonableness, the provisions of Section 162(m) of the Code and the satisfaction of a tax reporting obligation, we will generally be entitled to a tax deduction equal to the taxable ordinary income realized by the participant.

Incentive Stock Options

The Amended 2012 Plan provides for the grant of stock options that qualify as incentive stock options, as defined in Section 422 of the Code. Under the Code, a participant generally is not subject to ordinary income tax upon the grant or exercise of an incentive stock option. If the participant holds a share received on exercise of an incentive stock option for more than two years from the date the incentive stock option was granted and more than one year from the date the incentive stock option was exercised, which is referred to as the required holding period, the difference, if any, between the amount realized on a sale or other taxable disposition of that share and the participant's tax basis in that share will be long-term capital gain or loss.

If, however, a participant disposes of a share acquired on exercise of an incentive stock option before the end of the required holding period, which is referred to as a disqualifying disposition, the participant generally will recognize ordinary income in the year of the disqualifying disposition equal to the excess, if any, of the fair market value of the share on the date the incentive stock option was exercised over the exercise price. However, if the sales proceeds are less than the fair market value of the share on the date of exercise of the incentive stock option, the amount of ordinary income recognized by the participant will not exceed the gain, if any, realized on the sale. If the amount realized on a disqualifying disposition exceeds the fair market value of the share on the date of exercise of the incentive stock option, that excess will be short-term or long-term capital gain, depending on whether the holding period for the share exceeds one year.

For purposes of the alternative minimum tax, the amount by which the fair market value of a share of stock acquired on exercise of an incentive stock option exceeds the exercise price of that stock option generally will be an adjustment included in the participant's alternative minimum taxable income for the year in which the incentive stock option is exercised. If, however, there is a disqualifying disposition of the share in the year in which the incentive stock option is exercised, there will be no adjustment for alternative minimum tax purposes with respect to that share. In computing alternative minimum taxable income, the tax basis of a share acquired on exercise of an incentive stock option is increased by the amount of the adjustment taken into account with respect to that share for alternative minimum tax purposes in the year the incentive stock option is exercised.

We are not allowed an income tax deduction with respect to the grant or exercise of an incentive stock option or the disposition of a share acquired on exercise of an incentive stock option after the required holding period. If there is a disqualifying disposition of a share, however, we are allowed a deduction in an amount equal to the ordinary income includible in income by the participant, subject to Section 162(m) of the Code and provided that amount constitutes an ordinary and necessary business expense for us and is reasonable in amount, and either the employee includes that amount in income or we timely satisfy our reporting requirements with respect to that amount.

RSU Awards

Generally, the recipient of an RSU structured to conform to the requirements of Section 409A of the Code or an exception to Section 409A of the Code will recognize ordinary income at the time the stock is delivered equal to the excess, if any, of the fair market value of the shares of our common stock received over any amount paid by the recipient in exchange for the shares of our common stock. If an RSU is subject to Section 409A of the Code, the shares of our common stock subject to an RSU award may generally only be delivered upon one of the following events: a fixed calendar date (or dates), separation from service, death, disability or a change in control. If delivery occurs on another date, unless the RSUs otherwise comply with or qualify for an exception to the requirements of Section 409A of the Code, in addition to the tax treatment described above, the recipient will owe an additional 20% federal tax and interest on any taxes owed.

The recipient's basis for the determination of gain or loss upon the subsequent disposition of shares acquired upon settlement of RSUs will be the amount paid for such shares plus any ordinary income recognized when the stock is delivered.

Subject to the requirement of reasonableness, the provisions of Section 162(m) of the Code and the satisfaction of a tax reporting obligation, we will generally be entitled to a tax deduction equal to the taxable ordinary income realized by the recipient of the RSU award.

Restricted Stock Awards

Generally, the recipient of a restricted stock award will recognize ordinary income at the time the stock is received equal to the excess, if any, of the fair market value of the stock received over any amount paid by the recipient in exchange for the stock. If, however, the stock is restricted and not vested when it is received (for example, if the participant is required to work for a period of time in order to have the right to sell the stock), the recipient generally will not recognize income until the stock becomes vested, at which time the recipient will recognize ordinary income equal to the excess, if any, of the fair market value of the stock on the date it becomes vested over any amount paid by the recipient in exchange for the stock. A recipient may, however, file an election with the Internal Revenue Service, within 30 days following his or her receipt of the restricted stock award, to recognize ordinary income, as of the date the recipient receives the award, equal to the excess, if any, of the fair market value of the stock on the date the award is granted over any amount paid by the recipient for the stock.

The recipient's basis for the determination of gain or loss upon the subsequent disposition of shares acquired from stock awards will be the amount paid for such shares plus any ordinary income recognized either when the stock is received or when the stock becomes vested.

Subject to the requirement of reasonableness, the provisions of Section 162(m) of the Code and the satisfaction of a tax reporting obligation, we will generally be entitled to a tax deduction equal to the taxable ordinary income realized by the recipient of the stock award.

Stock Appreciation Rights

If an SAR is granted with a strike price equal to the fair market value of the underlying stock on the grant date, the participant will recognize ordinary income equal to the fair market value of the stock or cash received upon such exercise. Subject to the requirement of reasonableness, the provisions of Section 162(m) of the Code and the satisfaction of a tax reporting obligation, we will generally be entitled to a tax deduction equal to the taxable ordinary income realized by the recipient of the SAR.

NEW PLAN BENEFITS

Awards under the Amended 2012 Plan are within the discretion of the Board and are not subject to set benefits or amounts, and we have not approved any awards that are conditioned on stockholder approval of the Amended 2012 Plan. Accordingly, we cannot currently determine the benefits or number of shares of our Class A Common Stock subject to awards that may be granted in the future to executive officers, directors or employees under the Amended 2012 Plan.

The following table sets forth, for each of the individuals and groups indicated, the number of shares of our Class A Common Stock subject to awards granted under our 2012 Plan through April 8, 2013.

Name and Position	Number of Shares Subject to Awards
Jeremy Stoppelman <i>Chief Executive Officer and Director</i>	665,000
Rob Krolik <i>Chief Financial Officer</i>	220,000
Geoff Donaker <i>Chief Operating Officer and Director</i>	515,000
Joseph Nachman <i>Senior Vice President of Revenue</i>	220,000
Laurence Wilson <i>General Counsel and Secretary</i>	220,000
All Current Executive Officers as a Group	1,840,000
All Current Non-Employee Directors as a Group	25,000
All Current Employees as a Group (including all current non-executive officers)	4,719,071

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table provides certain information with respect to all of our equity compensation plans in effect as of December 31, 2012. Information is included for our 2005 Plan, 2011 Plan, 2012 Plan and 2012 Employee Stock Purchase Plan, or 2012 ESPP, each of which was in effect as of December 31, 2012 and was adopted with the approval of our stockholders.

Equity Compensation Plan Information

Plan Category	Class of Common Stock	Shares of Common Stock to be Issued Upon Exercise of Outstanding Options and Rights (a)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (b)(1)	Shares of Common Stock Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c)
Equity compensation plans approved by stockholders	Class A	2,613,868 ⁽²⁾	\$ 21.97	2,770,539 ⁽⁴⁾
Equity compensation plans approved by stockholders	Class B	7,782,523 ⁽³⁾	6.42	
Total	Class A and Class B	10,396,391	10.00	2,770,539

- (1) The weighted average exercise price excludes restricted stock unit awards, which have no exercise price.
- (2) Consists of options to purchase a total of 2,330,653 shares of Class A Common Stock and 283,215 shares of our Class A Common Stock subject to restricted stock unit awards under our 2012 Plan.
- (3) Consists of options to purchase 1,315,544 shares of Class B Common Stock under our 2011 Plan and options to purchase 6,466,979 shares of Class B Common Stock under our 2005 Plan. Shares of Class B Common Stock are convertible at any time by the holder into shares of Class A Common Stock on a share-for-share basis.
- (4) Consists of 1,720,539 shares of Class A Common Stock reserved for issuance under the 2012 Plan and 1,050,000 shares of Class A Common Stock reserved under the 2012 ESPP. As of December 31, 2012, we had not commenced any offering under the 2012 ESPP. Pursuant to the terms of our 2012 Plan and 2012 ESPP, an additional 2,540,210 shares of Class A Common Stock and 1,270,105 shares of Class A Common Stock were added to the number of shares reserved for issuance under the 2012 Plan and 2012 ESPP, respectively, effective January 1, 2013.

As described above, the number of shares of our Class A Common Stock reserved for issuance under our 2012 Plan will automatically increase on January 1 of each year through and including January 1, 2022 by 4.0% of the total number of shares of our capital stock outstanding on December 31 of the preceding calendar year, or a lesser number of shares determined by the Board.

The number of shares of our Class A Common Stock reserved for issuance under our 2012 ESPP will increase automatically each year through and including January 1, 2022 by the least of (i) 2.0% of the total number of shares of our capital stock outstanding on December 31 of the preceding calendar year; (ii) 5,000,000 shares of Class A Common Stock; or (iii) such lesser number as determined by the Board.

REQUIRED VOTE

The affirmative vote of the holders of shares representing a majority of the voting power of the shares present in person or represented by proxy and entitled to vote at the Annual Meeting will be required to approve the Amended 2012 Plan.

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

PROPOSAL NO. 3**RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Audit Committee has selected Deloitte & Touche LLP as our independent registered public accounting firm for the year ending December 31, 2013 and has further directed that management submit the selection of independent registered public accounting firm for ratification by the stockholders at the Annual Meeting. Deloitte & Touche LLP has audited our financial statements beginning with our financial statements for the year ended December 31, 2007. Representatives of Deloitte & Touche LLP are expected to be present at the Annual Meeting. They will have an opportunity to make a statement if they so desire and will be available to respond to appropriate questions.

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

PRINCIPAL ACCOUNTANT FEES AND SERVICES

The following table represents aggregate fees billed to us for the years ended December 31, 2012 and 2011 by Deloitte & Touche LLP, our principal accountant.

	Year Ended December 31,	
	2012	2011
	(in thousands)(\$)	
Audit Fees ⁽¹⁾	\$ 1,299	\$ 570
Audit-related Fees ⁽²⁾		8
Tax Fees ⁽³⁾	56	159
All Other Fees ⁽⁴⁾		
Total Fees	\$ 1,355	\$ 737

-
- (1) *Audit Fees* are fees and expenses for the audit of our financial statements, review of interim financial statements, services in connection with our Registration Statement on Form S-1 related to our initial public offering and services in connection with the statutory and regulatory filings or engagements for those fiscal years. In addition, for the year ended December 31, 2012, audit fees included \$12,248 billed in connection with our acquisition of Qype GmbH, a Germany-based reviews website we acquired in the fourth quarter of 2012.
 - (2) *Audit-related Fees* are fees billed for assurance and related services that are reasonably related to the performance of the audit or review of our financial statements and are not reported under *Audit Fees*.
 - (3) *Tax Fees* are fees billed for tax compliance, advice and planning.
 - (4) *All Other Fees* are fees for products and services other than the services described above. No other fees were billed in 2011 or 2012. All fees described above were pre-approved by the Audit Committee.

We entered into certain engagement agreements with Deloitte & Touche LLP in connection with the audit of our 2011 and 2012 financial statements, the review of our 2011 and 2012 interim financial statements and the filing of our Registration Statement on Form S-1, which set forth the terms by which Deloitte & Touche LLP performed audit services for the Company in connection with those matters. These agreements are subject to alternative dispute resolution procedures and, in certain cases, an exclusion of punitive damages.

PRE-APPROVAL POLICIES AND PROCEDURES

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

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

REQUIRED VOTE

The affirmative vote of the holders of shares representing a majority of the voting power of the shares present in person or represented by proxy and entitled to vote at the Annual Meeting will be required to ratify the selection of Deloitte & Touche LLP.

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

PROPOSAL NO. 4

ADVISORY VOTE ON EXECUTIVE COMPENSATION

Under the Dodd-Frank Act and Section 14A of the Exchange Act, our stockholders are entitled to vote to approve, on an advisory basis, the compensation of our named executive officers as disclosed in this Proxy Statement in accordance with SEC rules. This vote is not intended to address any specific item of compensation, but rather the overall compensation of our named executive officers and the philosophy, policies and practices described in this Proxy Statement.

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

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

As described in detail under the heading *Executive Compensation Compensation Discussion and Analysis*, although we provide base salaries at levels we believe are necessary to attract and retain highly qualified executive talent, equity awards are the principal component of our executive compensation program. These equity awards directly link the most substantial component of our named executive officers compensation to the long-term success of our business and generally require continued service over a multi-year period as a condition to vesting, which creates a strong retention incentive and helps ensure the continuity of our operations. For example, our executive officers received substantial equity awards in the year ended December 31, 2011, which the Compensation Committee determined would provide sufficient compensation opportunities and motivation through 2012 in combination with the executives then-existing equity rights and opportunities, and the year ending December 31, 2013.

We believe this program is reasonable in light of the executive compensation programs of companies with whom we compete for talent and responsible in that it encourages our executive officers to work for meaningful stockholder returns without encouraging our executives to assume excessive risks. We encourage you to read the Compensation Discussion and Analysis, compensation tables and related narrative disclosure included in this Proxy Statement for additional details about our executive compensation program.

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

RESOLVED, that the compensation paid to the Company's named executive officers, as disclosed pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, compensation tables and narrative discussion, is hereby **APPROVED**.

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

Advisory approval of this Proposal No. 4 requires the vote of the holders of shares representing a majority of the voting power of the shares present in person or represented by proxy and entitled to vote at the Annual Meeting.

**THE BOARD RECOMMENDS
A VOTE IN FAVOR OF PROPOSAL NO. 4**

PROPOSAL NO. 5

**ADVISORY VOTE ON THE FREQUENCY OF SOLICITATION OF
ADVISORY STOCKHOLDER APPROVAL OF EXECUTIVE COMPENSATION**

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

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

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

Accordingly, the Board is asking stockholders to indicate their preferred voting frequency by voting for every one, two or three years or abstaining from voting on this Proposal No. 5. While the Board believes that its recommendation is appropriate at this time, the stockholders are not voting to approve or disapprove that recommendation, but are instead asked to indicate their preferences, on an advisory basis, as to whether the non-binding advisory vote on the approval of our executive officer compensation practices should be held every year, every other year or every three years. The option among those choices that receives the votes of the holders of shares representing a majority of the voting power of the shares present in person or represented by proxy and entitled to vote at the Annual Meeting will be deemed to be the frequency preferred by the stockholders.

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

**THE BOARD RECOMMENDS
A VOTE IN FAVOR OF EVERY YEAR ON PROPOSAL NO. 5**

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information regarding the ownership of our capital stock as of March 11, 2013 by:

- each director and nominee for director;
- each of the executive officers named in the Summary Compensation Table;
- all executive officers and directors of Yelp as a group; and
- all those known by us to be beneficial owners of more than five percent of our Class A Common Stock or Class B Common Stock.

Beneficial ownership is determined according to the rules of the SEC and generally means that the person has beneficial ownership if he, she or it possesses sole or shared voting power of a security, including options that are currently exercisable or exercisable within 60 days of March 11, 2013. Applicable percentages are based on 29,839,893 shares of Class A Common Stock and 33,952,572 shares of Class B Common Stock outstanding on March 11, 2013. Shares subject to options currently exercisable or exercisable within 60 days of March 11, 2013 are deemed to be outstanding for computing the percentage ownership of the person holding such options and the percentage ownership of any group of which the holder is a member, but are not deemed outstanding for computing the percentage of any other person.

Edgar Filing: YELP INC - Form DEF 14A

This table is based upon information supplied by officers, directors and principal stockholders and Schedules 13D and 13G filed with the SEC. Except as indicated by footnote, and subject to applicable community property laws, we believe that each person identified in the table possesses sole voting and investment power with respect to all capital stock shown to be held by that person. The address of each executive officer and director, unless otherwise indicated by footnote, is c/o Yelp Inc., 706 Mission Street, San Francisco, California 94103.

Beneficial Owner	Class A Common Stock		Class B Common Stock		Percent of Total Voting Power
	Number of Shares	Percent of Total	Number of Shares	Percent of Total	
Principal Stockholders					
Entities Affiliated with Elevation Partners ⁽¹⁾		%	8,625,809	25.4%	23.4%
Entities Affiliated with Bessemer Venture Partners ⁽²⁾			7,467,814	22.0	20.2
Max Levchin ⁽³⁾			6,139,912	18.1	16.6
Jeremy Stoppelman ⁽⁴⁾	25,625	*	6,254,576	17.9	16.5
Benchmark Capital Partners V, L.P. ⁽⁵⁾			4,906,084	14.5	13.3
Named Executive Officers and Directors					
Jeremy Stoppelman ⁽⁴⁾	25,625	*	6,254,576	17.9	16.5
Geoff Donaker ⁽⁶⁾	21,875	*	1,366,284	3.9	3.6
Rob Krolik ⁽⁷⁾			158,931	*	*
Joseph Nachman ⁽⁸⁾	5,500	*	323,336	*	*
Laurence Wilson ⁽⁹⁾	5,500	*	289,881	*	*
Fred Anderson ⁽¹⁾			8,625,809	25.4	23.4
Peter Fenton ⁽¹⁰⁾	129,668	*	4,906,084	14.5	13.3
Robert Gibbs					
Diane Irvine ⁽¹¹⁾	4,000	*	8,854	*	*
Max Levchin ⁽³⁾			6,139,912	18.1	16.6
Jeremy Levine ⁽¹²⁾	882,656	3.0	7,467,814	22.0	20.5
Keith Rabois			25,665	*	*
All executive officers and directors as a group (12 persons) ⁽¹³⁾	1,074,824	3.6	35,567,146	97.1	90.1

Shares of Class B Common Stock are convertible at any time by the holder into shares of Class A Common Stock on a share-for-share basis, such that each holder of shares of Class B Common Stock beneficially owns an equivalent number of shares of Class A Common Stock.

Percentage total voting power represents voting power with respect to all shares of our Class A and Class B Common Stock, voting as a single class. Each share of Class A Common Stock will be entitled to one vote per share and each share of Class B Common Stock will be entitled to ten votes per share. The Class A Common Stock and Class B Common Stock will vote together on all matters (including the election of directors) submitted to a vote of stockholders, except as may otherwise be required by law.

* Less than one percent.

- (1) Consists of (a) 8,623,254 shares of Class B Common Stock held by Elevation Partners, L.P. (Elevation Partners) and (b) 2,555 shares of Class B Common Stock held by Elevation Employee Side Fund, LLC (Side Fund). Each of Fred Anderson, Roger McNamee, Paul Hewson and Bret Pearlman (collectively, the Managers) is a manager of Elevation Associates, LLC (Elevation LLC), which is the sole general partner of Elevation Associates, L.P. (Elevation GP). Elevation GP is the sole general partner of Elevation Partners. Each of the Managers is a manager of Elevation Management, LLC (Elevation Management), which is the sole managing member of Side Fund. As managers of each of Elevation LLC and Elevation Management, the Managers may be deemed to beneficially own any shares of our capital stock deemed beneficially owned by Elevation LLC or Elevation Management. Elevation Management may be deemed to beneficially own any shares of our capital stock deemed beneficially owned by Elevation GP, which may be deemed to beneficially own any shares of our capital stock deemed to be beneficially owned by Elevation Partners. Elevation Management may be deemed to beneficially own any shares of our capital stock deemed to be beneficially owned by Side Fund. Each of the Managers share voting and dispositive power over the shares held by Elevation Partners and Side Fund. The address for Elevation Partners is 2800 Sand Hill Road, Suite 160, Menlo Park, California 94025.
- (2) Consists of (a) 5,421,713 shares of Class B Common Stock held by Bessemer Venture Partners VI L.P., (b) 1,915,463 shares of Class B Common Stock held by Bessemer Venture Partners Co-Investment L.P. and (c) 130,638 shares of Class B Common Stock held by Bessemer Venture Partners VI Institutional L.P. The General Partner of Bessemer Venture Partners VI L.P., Bessemer Venture Partners Co-Investment L.P. and Bessemer Venture Partners VI Institutional L.P. (together, the BVP Entities) is Deer VI & Co. LLC. J. Edmund Colloton, David J. Cowan, Jeremy S. Levine, Robert P. Goodman and Robert M. Stavis are the executive managers of Deer VI & Co. LLC and share voting and dispositive power over the shares of our capital stock held by the BVP Entities. The address for Bessemer Venture Partners is 1865 Palmer Avenue, Suite 104, Larchmont, New York 10538.
- (3) Consists of (a) 2,486,090 shares of Class B Common Stock held directly by Mr. Levchin and (b) 3,653,822 shares of Class B Common Stock held by PENSCO Trust Company FBO Max Levchin Roth IRA, over which Mr. Levchin retains voting and dispositive power.
- (4) Consists of (a) 5,174,510 shares of Class B Common Stock held by The Jeremy Stoppelman Revocable Trust, over which Mr. Stoppelman retains sole voting and dispositive power, (b) 25,625 shares of Class A Common Stock issuable upon exercise of options exercisable within 60 days of March 11, 2013 and (c) 1,080,066 shares of Class B Common Stock issuable upon exercise of options exercisable within 60 days of March 11, 2013.
- (5) Consists of 3,751,403 shares of Class B Common Stock held directly by Benchmark Capital Partners V, L.P. (BCP V) and 1,154,681 shares of Class B Common Stock held by BCP V as nominee as follows: (a) 459,690 shares of Class B Common Stock held as nominee for Benchmark Founders Fund V, L.P.; (b) 88,103 shares of Class B Common Stock held as nominee for Benchmark Founders Fund V-A, L.P.; (c) 69,257 shares of Class B Common Stock held as nominee for Benchmark Founders Fund V-B, L.P.; and (d) 537,721 shares of Class B Common Stock held as nominee for individuals affiliated with BCP V. Benchmark Capital Management Co. V, L.L.C. (BCMC V) is the general partner of BCP V. BCMC V s managing members are Alexandre Balkanski, Bruce W. Dunlevie, J. William Gurley, Kevin R. Harvey, Robert C. Kagle, Steven M. Spurlock, Peter H. Fenton and Mitchell H. Lasky. These individuals may be deemed to have shared voting and investment power over the shares held by BCP V. The address for Benchmark Capital is 2480 Sand Hill Road, Suite 200, Menlo Park, California 94025.

- (6) Consists of (a) 342,708 shares of Class B Common Stock, (b) 21,875 shares of Class A Common Stock issuable upon exercise of options exercisable within 60 days of March 11, 2013 and (c) 1,023,576 shares of Class B Common Stock issuable upon exercise of options exercisable within 60 days of March 11, 2013.
- (7) Consists of (a) 126,119 shares of Class B Common Stock, 91,284 of which were subject to a right of repurchase held by the Company as of the date 60 days after March 11, 2013, and (b) 32,812 shares of Class B Common Stock issuable upon exercise of options exercisable within 60 days of March 11, 2013.
- (8) Consists of (a) 65,221 shares of Class B Common Stock, (b) 5,500 shares of Class A Common Stock issuable upon exercise of options exercisable within 60 days of March 11, 2013 and (c) 258,115 shares of Class B Common Stock issuable upon exercise of options exercisable within 60 days of March 11, 2013.
- (9) Consists of (a) 26,252 shares of Class B Common Stock, (b) 5,500 shares of Class A Common Stock issuable upon exercise of options exercisable within 60 days of March 11, 2013 and (c) 263,629 shares of Class B Common Stock issuable upon exercise of options exercisable within 60 days of March 11, 2013.
- (10) Consists of (a) 129,668 shares of Class A Common Stock held by Mr. Fenton's family trust, over which Mr. Fenton exercises voting and dispositive control, and (b) the shares described in note (5) above.
- (11) Consists of (a) 4,000 shares of Class A Common Stock and (b) 8,854 shares of Class B Common Stock issuable upon exercise of options exercisable within 60 days of March 11, 2013.
- (12) Consists of (a) 882,656 shares of Class A Common Stock and (b) the shares described in note (2) above. Mr. Levine disclaims beneficial ownership of the shares described in note (2) above, except to the extent of his pecuniary interest therein.
- (13) Consists of (a) 1,016,324 shares of Class A Common Stock, (b) 32,900,094 shares of Class B Common Stock, 91,284 of which were subject to a right of repurchase held by the Company as of the date 60 days after March 11, 2013, (c) 58,500 shares of Class A Common Stock issuable upon exercise of options exercisable within 60 days of March 11, 2013 and (d) 2,667,052 shares of Class B Common Stock issuable upon exercise of options exercisable within 60 days of March 11, 2013.

SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

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

To our knowledge, based solely on a review of the copies of such reports furnished to us and written representations that no other reports were required, during the year ended December 31, 2012, all Section 16(a) filing requirements applicable to our officers, directors and greater than ten percent beneficial owners were complied with.

EXECUTIVE OFFICERS

The names, ages and certain other information concerning our executive officers as of April 8, 2013 are set forth below.

NAME	AGE	POSITION HELD WITH THE COMPANY
Jeremy Stoppelman	35	Co-Founder and Chief Executive Officer
Rob Krolik	44	Chief Financial Officer
Geoff Donaker	40	Chief Operating Officer
Joseph (Jed) Nachman	40	Senior Vice President of Revenue
Laurence Wilson	40	General Counsel and Secretary

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

Rob Krolik has served as our Chief Financial Officer since July 2011. Prior to joining us, Mr. Krolik served as Chief Financial Officer of Move, Inc., an online real estate company, from July 2009 to August 2011. Prior to Move, Mr. Krolik served in several roles, the most recent as Vice President, Global Finance Operations at eBay from September 2005 to July 2009. Prior to eBay, Mr. Krolik served as Vice President of Finance at Shopping.com, Inc., a price comparison service company, from September 2004 to September 2005, when it was acquired by eBay. Prior to Shopping.com, Mr. Krolik held management roles at DigitalThink, Inc., an online learning company, from March 2002 to May 2004, most recently as its Chief Financial Officer. Mr. Krolik holds a B.B.A. from the University of Texas at Austin and is a certified public accountant (inactive).

Geoff Donaker. Biographical information regarding Mr. Donaker is set forth under *Proposal No. 1 Election of Directors.*

Jed Nachman has served as our Vice President of Sales since January 2007 and our Senior Vice President of Revenue since September 2011. Prior to joining us, Mr. Nachman held several senior sales roles for Yahoo! Inc., an Internet search company, from January 2002 to January 2007, most recently as Director of Corporate Sales for the Western Region for Yahoo! HotJobs, an online job search company. Prior to Yahoo!, Mr. Nachman served as sales manager at HotJobs from June 1999 to 2002, when it was acquired by Yahoo!. Prior to HotJobs, Mr. Nachman was an associate at Robertson Stephens from 1996 to 1998. Mr. Nachman holds a B.A. in Economics from the University of Colorado at Boulder.

Laurence Wilson has served as our General Counsel and Secretary since November 2007. Prior to joining us, Mr. Wilson served as Vice President of Legal and Business Development for Xoom Corporation from January 2004 to October 2007. Previously, Mr. Wilson began his legal career with Claremont Partners, Inc., a health care solutions company, from March 2002 to January 2004. He received his J.D. from Stanford Law School and a B.A. in History from the University of California, San Diego.

EXECUTIVE COMPENSATION

COMPENSATION DISCUSSION AND ANALYSIS

Our compensation discussion and analysis discusses the total compensation for:

- Jeremy Stoppelman, our Chief Executive Officer;
- Rob Krolik, our Chief Financial Officer;
- Geoff Donaker, our Chief Operating Officer;
- Jed Nachman, our Senior Vice President of Revenue; and
- Laurence Wilson, our General Counsel and Secretary.

We refer to these executive officers collectively as our named executive officers. Our compensation discussion and analysis provides an overview of the philosophy, objectives and design of our executive compensation program. In addition, we explain the Compensation Committee's compensation-setting process and decisions regarding compensation for each of our named executive officers in 2012. The compensation provided to our named executive officers for 2012 is set forth in detail in the Summary Compensation Table and other tables under *Executive Compensation*, as well as the accompanying footnotes and narratives relating to those tables.

Executive Summary

During 2012, we completed a successful initial public offering of shares of our Class A Common Stock, or the IPO. In the months leading up to the IPO, our executive team undertook significant efforts to manage our business during a period of remarkable growth in a dynamic economic climate while, at the same time, preparing the Company and our employees for the IPO. Highlights of our corporate performance in 2012 include:

- we generated net revenue of \$137.6 million, representing 65% growth over 2011;
- cumulative reviews grew 45% year over year to approximately 36 million at the end of 2012;
- we expanded into 26 new markets globally, accelerated our presence in Europe with the acquisition of Qype GmbH, a Germany-based reviews website, and opened our first international sales office in London;
- we continued to focus on enhancing the mobile experience, including the launch of local ads on mobile apps and mobile features such as check-in comments and likes;
- we introduced new features and enhancements, including dashboard metrics for business owners and a redesigned homepage that places greater emphasis on mobile activity and the user's social graph;
- Yelp-branded content was integrated into the new Apple Maps application on iOS 6, Bing's new local business pages and Mercedes and Lexus in-vehicle infotainment systems; and
- we introduced new products, such as Gift Certificates and Yelp Menus.

Our Compensation Committee believes that our executive compensation program is appropriately designed to achieve its objectives, reasonable in light of the executive compensation programs of companies with whom we compete for talent and responsible in that it encourages our executive officers to work for meaningful stockholder returns without encouraging our executives to assume excessive risks. Highlights of our executive compensation program for 2012 include:

- For 2012, each of our named executive officers received the same base salary (on an as-converted to U.S. dollars basis with respect to Mr. Nachman), which reflects our internal pay equity and provides an important benchmark to avoid excessive compensation of our Chief Executive Officer.
- After reviewing each executive officer's existing equity opportunities, including the unvested portion of outstanding awards, our Compensation Committee determined that each of our executive officers held substantial equity opportunities and therefore did not make additional equity grants as part of our executive officers' 2012 compensation.
- We do not maintain employment agreements with our executive officers that contain multi-year guarantees for salary increases, guaranteed bonuses or guaranteed equity compensation. Our executive officers are employed at-will and are expected to demonstrate high-quality performance in order to continue serving as members of our executive team.
- Our Compensation Committee utilizes an independent compensation consultant to provide market data and engage in ongoing review of our executive compensation programs. These inputs and data serve as guidelines to our Compensation Committee in determining the components of our executive compensation program and the amount of each component awarded to our executive officers.
- We offer reasonable and customary change in control and severance benefits to our executive officers, with cash severance payments under these agreements not exceeding the executive's annual cash compensation (i.e. base salary + cash bonus amount, if any) at the time of termination. We do not provide excise tax reimbursements or gross-ups to our executives with respect to benefits received in connection with a change in control or termination event.
- We provide very few fringe benefits to our executive officers. We generally do not offer access to car allowances, financial planning advice or club memberships, and perquisites and benefits offered to our executive officers do not generally differ from those that are provided on a broad basis to our employees. However, our Compensation Committee approved a cost of living adjustment and certain other additional benefits for Mr. Nachman in connection with his relocation to the United Kingdom, as described below.

Executive Compensation Philosophy, Objectives and Design

Philosophy. We operate in a new and rapidly evolving market. To succeed in this environment, we must continually refine our business model, increase our traffic and revenue, manage the effectiveness of our advertising solutions and attract new advertising clients, develop and update our technology infrastructure and deploy new functions and products, expand our business in new and existing markets, both domestic and international, and partner with other companies.

To achieve these business objectives, we need to attract and retain a highly-talented team of executives. We also expect our team to possess and demonstrate strong leadership and management capabilities, as well as foster our company culture, which is at the foundation of our success and remains a pivotal part of our everyday operations. We believe the best way to accomplish this through our compensation program is to emphasize teamwork and long-term value creation through a philosophy of:

- maintaining internal pay equity that is, that the compensation paid to each executive should reflect the importance of his role to the Company as compared to the roles of the other executive officers, while at the same time providing a certain amount of parity to promote teamwork;
- tying a meaningful portion of compensation directly to the long-term value and growth of our business and total stockholder return; and
- establishing responsible pay practices that have a reasonable cost structure and do not encourage unnecessary and excessive risk taking.

Objectives. Our executive compensation programs are designed to achieve the following objectives:

- attract and retain talented and experienced executive officers, whose knowledge, skills and performance are critical to our success;
- motivate these executive officers to achieve our business objectives;
- align the interests of our executive officers with those of our stockholders; and
- promote teamwork while also recognizing the role each executive plays in our success.

Design. As a privately-held company prior to our IPO, our total compensation package for our executive team consisted of a combination of base salary, grants under our long-term equity incentive compensation plans and limited severance and change in control benefits. Compensation was heavily weighted towards equity, including stock options, with limited cash compensation.

As a publicly-traded company, our Compensation Committee continues to believe that making equity awards a key component of executive compensation focuses our executive team on the achievement of our strategic and financial goals, thereby aligning their interests with those of our stockholders. We provide a base salary to compensate employees for their day-to-day responsibilities, at levels that we feel are necessary to attract and retain executive talent. We do not generally offer cash bonus opportunities to our executive officers, as we believe that relying primarily on equity compensation focuses our executive officers on driving long-term value creation while conserving cash. We believe that ensuring our executive officers have meaningful equity opportunities helps motivate them to achieve our business objectives and align the interests of our executive officers with those of our stockholders. We have also provided limited severance and change in control benefits to allow our executive officers to focus on pursuing business strategies that, while in best interest of our stockholders, may result in a disruption in their employment.

We do not affirmatively set out in any given year, or with respect to any given new hire package, to apportion compensation in any specific ratio between cash and equity, or between long-term and short-term compensation. Rather, total compensation may skew more heavily toward either cash or equity, or short-term or long-term compensation, as a result of the factors described in the prior paragraph and in greater detail below. The Compensation Committee continues to evaluate our philosophy, objectives and design as circumstances require. The Compensation Committee generally reviews compensation on an annual basis.

Compensation Setting Process

Role of the Board and Compensation Committee. Historically, the Board was responsible for overseeing our executive compensation program, including determining and approving the compensation arrangements for our executive officers. In March 2011, the Board created our Compensation Committee and, in November 2011, approved its charter. Since November 2011, our Compensation Committee has been primarily responsible for executive compensation decisions, including establishing our executive compensation philosophy and programs and determining specific executive compensation.

In November 2011 and January 2012, our Compensation Committee conducted a review of our executive compensation program and related policies and practices in anticipation of our becoming a publicly-traded company. As part of this review, and in making individual compensation decisions for 2012 and 2013, our Compensation Committee considered the philosophy and objectives outlined above together with one or more of the following factors, as discussed in greater detail below:

- the experiences and individual knowledge of the members of the Compensation Committee regarding executive compensation, as we believe this approach helps us compete in hiring and retaining the best possible talent while at the same time maintaining a reasonable and responsible cost structure;
- the recommendations of our executive management;
- corporate and individual performance, as we believe this encourages our executive officers to focus on achieving our business objectives;
- solely as a guide and not a determinative factor, various market data presented by Compensia to ensure that the compensation of our executives remains competitive and that we are meeting our retention objectives;
- each executive's existing equity awards and stock holdings; and
- the potential dilutive effect of equity awards on our stockholders.

The Compensation Committee expects to evaluate our executive compensation programs annually going forward. In addition, the Compensation Committee's charter, which outlines the specific authority and responsibilities of the Compensation Committee, is periodically reviewed and revised by the Board and Compensation Committee.

Role of Management. Historically, our Chief Executive Officer and Chief Operating Officer worked closely with members of our Board in managing our executive compensation program, including reviewing existing compensation for adjustment (as needed) and establishing new hire packages. Since November 2011, the Compensation Committee has worked with members of our executive management, and our Chief Financial Officer in particular, to carry out these responsibilities. Our finance department works with our Chief Financial Officer to gather financial and operational data which may include information related to each executive's job duties, company-wide pay levels and benefits, current cash constraints, each executive's current equity award holdings, shares available for grant under our equity plans and Company and individual accomplishments, as appropriate that management reviews in making its recommendations. From time to time, our Chief Financial Officer and other members of our executive management attend meetings (or portions of meetings) of the Compensation Committee to present information and answer questions. Our Compensation Committee meets in executive session when appropriate to discuss and determine the compensation for each executive officer. Neither Mr. Stoppelman nor any other member of management participates in any deliberations of our Compensation Committee regarding executive compensation and no executive officer voted in or was present during the final determinations regarding the amount of any component of his own compensation package or of any other executive officer's compensation package.

Role of Compensation Consultant and Use of Market Data. The Compensation Committee has the authority under its charter to engage the services of a compensation consultant to assist it in carrying out its responsibilities. In September 2011, in preparation for its evaluation of our pay practices, the Compensation Committee retained Compensia to provide executive compensation advisory services. Specifically, the Compensation Committee engaged Compensia to:

- recommend a peer company group composed of public companies with revenues and employee populations comparable to us;
- conduct an executive compensation assessment analyzing the current cash and equity compensation of our executive management team against compensation for similarly situated executives at our peer group companies;
- review market practices with respect to executive severance and change in control arrangements;
- assist with a review of our equity compensation strategy, including the development of award guidelines and an aggregate spending budget;
- review our compensation policies and practices, including our long-term compensation program design;
- review our Board compensation arrangements; and
- assist management in preparing a compensation risk assessment of our broad-based employee compensation practices.

Based on Compensia's guidance and taking into account our market capitalization, employee population, revenues, historical rapid growth rate and projected future growth rates, our Compensation Committee approved a peer company group consisting of the publicly-traded companies set forth below. These companies are generally in the internet software and services or application and systems software industries with annual revenues of approximately \$45 million to \$375 million, employee populations of approximately 250 to 1,800 and market capitalizations of approximately \$500 million to \$3.1 billion as of October 26, 2011 (other than LinkedIn, whose market capitalization was approximately \$8.1 billion). The Compensation Committee included LinkedIn due to its other similarities to Yelp, including a recently completed initial public offering, comparable business model and high growth rate. At the time the Compensation Committee approved the peer group companies in November 2011, Yelp was a private company with approximately 940 employees and revenue of \$58.4 million for the nine months ended September 30, 2011.

Ancestry.com Inc.
CommVault Systems, Inc.
Concur Technologies, Inc.
Demand Media, Inc.
Financial Engines, Inc.
Fortinet, Inc.
HomeAway, Inc.

j2 Global, Inc.
LinkedIn Corporation
LogMeIn, Inc.
NetSuite Inc.
OpenTable, Inc.
Pandora Media, Inc.
Qlik Technologies Inc.

RealPage, Inc.
Shutterfly, Inc.
SolarWinds, Inc.
Success Factors, Inc.
Taleo Corporation
TiVo Inc.
Zillow, Inc.

Compensia provided a compensation analysis to the Compensation Committee consisting of data from these peer group companies' most recent publicly-available compensation disclosures as of October 2011. The cash compensation data included in the analysis reflected a 3% upward adjustment from the compensation levels disclosed by the peer group companies, which Compensia applied to update the 2011 data for 2012. Compensia based this adjustment factor on published trends and its experience in analyzing compensation trends. In determining cash compensation levels for 2012, our Compensation Committee reviewed Compensia's compensation analysis to obtain a general understanding of the current compensation packages offered by the companies with whom we compete for talent, rather than to benchmark to particular levels.

Our Compensation Committee expects to review and update the peer company group periodically to ensure that it continues to reflect appropriately the market in which we compete for talented executives. In this regard, our Compensation Committee engaged Compensia again in January 2013 to recommend updates to our peer company group and conduct a new assessment comparing the compensation of our executive management team to compensation for similarly situated executives at the revised peer group companies. In developing the revised peer company group, Compensia selected companies generally in the internet software and services or application and systems software industries with annual revenues of approximately \$100 million to \$380 million and market capitalizations of approximately \$600 million to \$4.8 billion as of January 16, 2013. Based on these parameters, Compensia recommended, and our Compensation Committee approved, the following revised peer company group:

Angie's List, Inc.	Jive Software, Inc.	Qlik Technologies Inc.
Cornerstone OnDemand, Inc.	LivePerson, Inc.	RealPage, Inc.
Demand Media, Inc.	LogMeIn, Inc.	SolarWinds, Inc.
Financial Engines, Inc.	NetSuite Inc.	TiVo Inc.
HomeAway, Inc.	OpenTable, Inc.	Zillow, Inc.
j2 Global, Inc.	Pandora Media, Inc.	

The Compensation Committee reviewed the market data compiled by Compensia for the revised peer company group in determining equity award levels for 2013, but did not benchmark to a particular level.

From time to time, Compensia representatives attend meetings (or portions of meetings) of the Compensation Committee to present information and answer questions. In the future, we expect that our Compensation Committee will continue to seek the advice of independent executive compensation consultants to ensure the alignment of our program with our strategy and competitive market practice. Our Compensation Committee may also consult publicly-available survey data from time to time. For example, in 2012, our Compensation Committee referenced the September 2011 Cost of Living Report published by Mercer LLC, a consulting firm, or the Mercer Report, in determining Mr. Nachman's cost of living adjustment during his secondment to the United Kingdom, as further described under *Executive Compensation Program Components - Base Salary* below.

In January 2013, the Compensation Committee analyzed whether the work of Compensia as a compensation consultant has raised any conflict of interest, taking into consideration the following factors: (i) Compensia does not provide any other services to Yelp; (ii) the fees paid by us to Compensia represent less than one percent of its total revenue; (iii) Compensia's policies and procedures that are designed to prevent conflicts of interest; (iv) the absence of any material business or personal relationship of Compensia or the individual compensation advisors employed by the firm with any executive officer of our company; (v) the absence of any material business or personal relationship of the individual compensation advisors with any member of the Compensation Committee; and (vi) none of the individual compensation advisors employed by Compensia own stock in Yelp. The Compensation Committee determined, based on its analysis of the above factors, that the work of Compensia and the individual compensation advisors employed by Compensia as compensation consultants to the Compensation Committee has not created any conflict of interest and the Compensation Committee is satisfied with the independence of Compensia. Going forward, the Compensation Committee intends to assess the independence of any of our compensation advisers by reference to the foregoing factors, consistent with applicable NYSE listing standards.

Executive Compensation Program Components

Base Salary. We provide base salary as a fixed source of compensation for our executive officers, allowing them a degree of certainty in the face of having a meaningful portion of their compensation at risk in the form of equity awards with value generally contingent on stock price appreciation. Our Compensation Committee recognizes the importance of base salaries as an element of compensation that helps to attract and retain highly qualified executive talent, particularly in the absence of a cash bonus opportunity.

In setting initial salary levels and determining adjustments from year to year, our Compensation Committee may consider the executive's anticipated responsibilities and individual experience, our Compensation Committee members' experiences and knowledge in compensating similarly situated individuals at other companies, base salaries for similarly situated executives at our peer group companies, our then-current cash constraints, a general sense of internal pay equity among our executive officers and negotiations with the executive. Our Compensation Committee may also consider the impact of the value of the executive's equity awards when setting or adjusting base salaries. Our Compensation Committee does not apply specific formulas in determining base salary increases.

Our Compensation Committee generally reviews, and adjusts as necessary, base salaries for each of our executive officers annually. In November 2011, our Compensation Committee reviewed base salaries as part of its comprehensive review of our executive compensation program. Although our Compensation Committee did not benchmark salaries to specific market levels, it did consider as part of its review the target total cash compensation (i.e. base salary plus target annual incentive or bonus cash compensation) data from Compensia's analysis of our peer group companies in October 2011, as described above. Our Compensation Committee determined target total cash compensation data to be a more relevant measure of the market competitiveness of the cash compensation paid to our executive officers than base salary data because we do not offer cash incentive or bonus opportunities. Based on its review, our Compensation Committee found that 2011 base salaries for each of our executive officers fell below the 25th percentile of target total cash compensation at our peer group companies.

Using the peer company group data solely as a touchstone and not as a determinative factor, and taking into account that these officers' responsibilities would increase significantly in connection with becoming a publicly-traded company at a time when the business was experiencing rapid growth, our Compensation Committee decided to increase base salaries for Messrs. Stoppelman, Donaker and Wilson for 2012. Specifically, the Compensation Committee approved base salary increases to \$300,000 for each of these officers, effective as of January 1, 2012, reflecting its desire for internal pay equity among our named executive officers. Although cash compensation for Messrs. Stoppelman, Donaker and Wilson remained below the 25th percentile for target total cash compensation at our peer group companies following these increases, our Compensation Committee viewed the increases as the first step in a multi-year process of moving the cash compensation of our executive officers to more market-competitive levels while maintaining our focus on equity compensation and a reasonable cost structure.

Edgar Filing: YELP INC - Form DEF 14A

Our Compensation Committee decided not to increase Mr. Krolik's or Mr. Nachman's salary for 2012 based on its determination that these officers' existing base salaries, taken together with other elements of compensation, provided sufficient fixed compensation for retention purposes and its desire for internal pay equity among our named executive officers. In making this determination, our Compensation Committee used the target total cash compensation data noted above as a reference point, but also relied on the experience of its members in compensating executives at similarly situated companies.

Name	2011 Base Salary	2012 Base Salary	Percentage Increase
Jeremy Stoppelman	\$220,000	\$300,000	36.4%
Rob Krolik	\$300,000	\$300,000	0.0%
Geoff Donaker	\$235,000	\$300,000	27.7%
Jed Nachman	\$300,000	\$300,000*	0.0%
Laurence Wilson	\$225,000	\$300,000	33.3%

* As converted to U.S. dollars. See discussion below.

In April 2012, Mr. Nachman relocated his permanent residence from the San Francisco Bay Area to London, England to oversee the establishment of our first international sales office. In connection with his relocation, we seconded Mr. Nachman to our indirect wholly-owned subsidiary Yelp UK Ltd. pursuant to a Secondment Agreement, dated as of April 25, 2012, by and between us the Mr. Nachman, or the Secondment Agreement. Mr. Nachman will continue to serve as our Senior Vice President of Revenue for the duration of the secondment, which is expected to last until May 2014.

Under the Secondment Agreement, Mr. Nachman's annual base salary was set at £187,126, which represents \$300,000 converted at the 2011 mean exchange rate of \$0.623753 to £1.00. Mr. Nachman is also entitled to an annual cost of living adjustment of £78,593, bringing his annual fixed compensation to £265,719. Our Compensation Committee determined Mr. Nachman's cost of living adjustment based on the data reflected in the Mercer Report comparing the cost of housing, children's education, travel expenses, groceries and other goods and services in San Francisco and London, which showed that a cost of living adjustment of approximately 50% would cover the cost of living and housing differences between San Francisco and London for Mr. Nachman. Our Compensation Committee then adjusted this percentage downward to 42% to maintain consistency with cost of living adjustments we provided to other recent non-executive transfers to the United Kingdom. Mr. Nachman is also entitled to certain other benefits under the Secondment Agreement, as described in *Employee Benefits* below, and the actual amounts Mr. Nachman received during 2012 are set forth in the Summary Compensation Table.

In the first quarter of 2013, the Compensation Committee reviewed our executive officers' base salaries as part of its annual review of our executive compensation program. In connection with its review, our Compensation Committee discussed and approved a request by Messrs. Stoppelman and Donaker to reduce their respective base salaries to \$1.00 per year, effective as of February 15, 2013. Our Compensation Committee also approved base salary increases, effective as of February 15, 2013, to \$325,000 for each of Messrs. Krolik and Wilson to continue the process of moving their cash compensation to more market-competitive levels. Our Compensation Committee decided not to increase Mr. Nachman's base salary for 2013 based on its determination that the cash compensation arrangements provided under the Secondment Agreement appropriately met our motivation and retention goals.

Name	2012 Base Salary	2013 Base Salary	Percentage Increase
Jeremy Stoppelman	\$300,000	\$ 1	NA
Rob Krolik	\$300,000	\$ 325,000	8.33%
Geoff Donaker	\$300,000	\$ 1	NA
Jed Nachman	£187,126	£ 187,126	0.0%
Laurence Wilson	\$300,000	\$ 325,000	8.33%

Incentive Cash Compensation. Historically, we have not offered incentive cash compensation opportunities to our executive officers. Our Compensation Committee revisited this practice in setting 2012 and 2013 compensation, but decided not to offer incentive cash compensation opportunities to any executive officer. Our Compensation Committee also elected not to pay bonus compensation for 2012. Although our Compensation Committee recognized that incentive and bonus cash compensation is a common compensation element at many companies, including companies with whom we compete for talent, it continues to believe that the equity compensation opportunities held by our executives provide sufficient motivation and retention incentives. Our Compensation Committee also feels it is appropriate, given the broader economic environment, to conserve our cash resources and rely on base salary and equity compensation rather than incentive or bonus cash compensation.

Equity Compensation. We have historically used options as the principal component of our executive compensation program. Consistent with our compensation objectives, we believe this approach has allowed us to attract and retain key talent in our industry and aligned our executive team's focus and contributions with the long-term interests of the Company and our stockholders. We grant stock options with an exercise price not less than the fair market value of our Class A Common Stock on the date of grant, so these options will have value to our executive officers only if the fair market value of our common stock increases after the date of grant. Typically, stock options granted to our executive officers vest over four years, allowing them to serve as an effective retention tool. We have also used, on a limited basis, restricted stock awards in order to attract key talent. These restricted stock awards have a multi-year (generally over four years) time-based vesting condition, allowing them to serve as an effective retention tool.

In determining the form, size and material terms of executive equity awards, our Compensation Committee may consider, among other things, the executive officer's total compensation opportunity, the need to create a meaningful opportunity for reward predicated on the creation of long-term stockholder value, the need to attract and retain employees in the absence of a cash bonus program, recommendations of our executive management, equity awards to similarly situated executives at our peer group companies, individual accomplishments, any recent changes to the executive's job duties, the executive officer's existing equity award holdings (including the unvested portion of such awards), the retention implications of existing grants and our incentive goals, internal pay equity as among our executive officers and market conditions.

In November 2011, our Compensation Committee considered the then-current equity compensation opportunities and holdings of each of our executive officers, as well as the increases in base salary for Messrs. Stoppelman, Donaker and Wilson, and decided, based on its discretionary judgment regarding appropriate compensation levels, that each executive's existing rights and opportunities would provide sufficient compensation opportunities and motivation through 2012. In particular, our Compensation Committee noted that, even taking into account the expected vesting acceleration that would occur upon our anticipated IPO pursuant to the terms of certain of Mr. Stoppelman's and Mr. Donaker's equity awards (as discussed in greater detail under *Compensation Plans and Arrangements - Equity Awards*), each executive officer held options covering substantial numbers of unvested shares that generally would not fully vest for another three to four years. Accordingly, our Compensation Committee did not make any equity awards to our executive officers at that time.

In connection with its annual review of our executive compensation program in the first quarter of 2013, our Compensation Committee granted each of our executive officers a new stock option award covering the number of shares of Class A Common Stock set forth in the table below. The size and terms of these stock options reflect our Compensation Committee's determination of the need to incentivize long-term retention and recognize the increasing responsibilities of our Chief Executive Officer and Chief Operating Officer during a period of anticipated high growth and rapid organizational expansion.

Our Compensation Committee also awarded each of Messrs. Stoppelman and Donaker a second, smaller stock option, each of which vests monthly over the two years following the grant date. Using equity compensation market data compiled by Compensia for similarly situated officers at our revised peer company group as a general guideline, our Compensation Committee determined that an additional equity grant with a shorter vesting period would be appropriate in the absence of meaningful cash compensation.

Name	Shares Issuable upon Exercise of 2013 Option Grants
Jeremy Stoppelman	575,000
	90,000
Rob Krolik	220,000
Geoff Donaker	425,000
	90,000
Jed Nachman	220,000
Laurence Wilson	220,000

Post-Employment Compensation. Prior to 2012, we generally did not enter into agreements providing for post-employment compensation in the form of cash severance or continued employee benefits to our executive officers. Instead, we offered our senior executive officers change in control and severance protections in the form of limited rights to acceleration of vesting on a change in control and upon involuntary terminations of employment following a change in control. However, in 2011, to induce Mr. Krolik to forego other opportunities and leave his then-current employment for the uncertainty of a demanding position in a new and unfamiliar organization, our Board approved certain cash and equity acceleration protections in the event of his involuntary termination of employment following a change in control.

In connection with the preparations for our IPO, our Compensation Committee approved our Executive Severance Benefit Plan, or Severance Plan, in January 2012. Under the Severance Plan, our named executive officers are eligible to receive severance upon an involuntary termination without cause (including a constructive termination), subject to signing a release of claims and compliance with continuing obligations of confidentiality. The benefits provided under the Severance Plan replaced the cash severance protections included in Mr. Krolik's offer letter. For a summary of the material terms and conditions of the Severance Plan, see *Compensation Plans and Arrangements Severance Arrangements* below. Our Compensation Committee used the terms of Mr. Krolik's severance package as a starting point in designing the Severance Plan in an effort to provide consistent severance benefits for each of our named executive officers. Our Compensation Committee then determined that the addition of limited benefits upon an involuntary termination not in connection with a change in control would be appropriate to encourage our executives to remain with Yelp as a publicly-traded company, particularly one with a dual-class capital structure, for which a change in control transaction is less likely. Our Compensation Committee members believe, based on their experiences, the benefits provided under the Severance Plan are reasonable severance provisions and encourage our executives to work to maximize stockholder value. The adoption of the Severance Plan did not have any effect on pre-existing equity acceleration provisions. For a summary of these acceleration provisions, see *Compensation Plans and Arrangements Severance Arrangements* below.

Employee Benefits. We provide standard health, dental, vision, life and disability insurance benefits to our executive officers on the same terms and conditions as provided to all other eligible employees. Our executive officers may also participate in our broad-based 401(k) plan, which currently does not include a company match or discretionary contribution. We believe these benefits are consistent with the broad-based employee benefits provided at the companies with whom we compete for talent and therefore are important to attracting and retaining qualified employees. In addition, in the second half of 2012, The Yelp Foundation, a non-profit organization established by our Board in November 2011, offered to match donations to charitable organizations made by our regular full-time employees of up to \$1,000 per employee contribution. Certain of our executive officers participated in this matching program as detailed in the notes to the Summary Compensation Table below.

We generally do not offer executive perquisites. However, from time to time, we may consider providing limited perquisites to the extent our Compensation Committee believes that these limited perquisites are important for attracting and retaining key talent. For example, under the Secondment Agreement, Mr. Nachman is entitled to: (i) four roundtrip plane tickets every 12 months during his secondment to any location of his choosing for his personal use, up to a maximum of \$1,500 per ticket; (ii) moving cost reimbursements up to \$35,000; (iii) moving cost reimbursements up to \$9,000 in 2014 if and when he returns to the Bay Area upon completion of the secondment and provided he remains employed by us; (iv) a monthly stipend of £100 per month to cover gym and transit costs; and (v) use of our Federal Express and UPS accounts to ship small personal items to the United Kingdom in connection with his relocation. In addition, we will provide Mr. Nachman with tax equalization tax reimbursements or amounts paid to cover additional taxes incurred by Mr. Nachman by reason of his secondment to ensure his tax burden during his secondment is approximately the same as it would have been had he remained in the United States and pay for the preparation of required tax returns and tax equalization settlement calculations during his secondment. Although the final terms of Mr. Nachman's compensation during his secondment were the result of individual negotiations with him, they generally reflect benefits we typically provide to employees we request to relocate abroad. The actual amounts Mr. Nachman received during 2012 are set forth in the Summary Compensation Table below.

Other Compensation Policies

Stock Ownership Guidelines. We have not set specific equity ownership guidelines. However, we encourage our executive officers to hold a significant equity interest in our Company, and, as detailed in *Security Ownership of Certain Beneficial Owners and Management*, our executive officers collectively beneficially own approximately 13% of our stock.

Equity Grant Policy. We do not have, nor do we plan to establish, any program, plan or practice to time stock option grants in coordination with releasing material non-public information. We have adopted a policy regarding the timing of the grant of equity awards that provides, among other things, that the grant date for equity awards approved by written consent will generally be the last business day of the month in which the consent is effective.

Short Sale and Hedging Policy. Our trading window policy prohibits short sales, hedging transactions and other inherently speculative transactions in our equity securities by our executive officers and members of the Board, among others.

Compensation Recovery Policies. To date, we have not offered cash incentive or bonus opportunities to our executive officers. Accordingly, our Board and Compensation Committee have not determined whether they would attempt to recover bonuses from our executive officers if the performance objectives that led to the bonus determination were to be restated, or found not to have been met to the extent originally believed by our Compensation Committee. However, as a public company subject to the provisions of Section 304 of the Sarbanes-Oxley Act of 2002, if we are required as a result of misconduct to restate our financial results due to our material noncompliance with any financial reporting requirements under the federal securities laws, our Chief Executive Officer and Chief Financial Officer may be legally required to reimburse us for any bonus or other incentive-based or equity-based compensation they receive. In addition, we will comply with the requirements of the Dodd-Frank Act and will adopt a compensation recovery policy once final regulations on the subject have been adopted.

Tax and Accounting Considerations

Deductibility of Executive Compensation. Section 162(m) of the Code limits the amount that a public company may deduct from federal income taxes for remuneration paid to named executive officers (other than the chief financial officer) to \$1,000,000 per executive officer per year, unless certain requirements are met. Section 162(m) provides an exception from this deduction limitation for certain forms of performance-based compensation, including the gain recognized by executive officers upon the exercise of qualifying compensatory stock options. While our Compensation Committee is mindful of the benefit to us of the full deductibility of compensation, our Compensation Committee believes that it should not be constrained by the requirements of Section 162(m) where those requirements would impair flexibility in compensating our executive officers in a manner that can best promote our corporate objectives. The Compensation Committee has not yet established a policy for determining which forms of incentive compensation awarded to executive officers shall be designed to qualify as performance-based compensation. To maintain flexibility in compensating our executive officers in a manner designed to promote our objectives, we have not adopted a policy that requires that all compensation be deductible. We intend to continue to compensate our executive officers in a manner consistent with the best interests of the Company and our stockholders.

Taxation of Parachute Payments and Deferred Compensation. Sections 280G and 4999 of the Code provide that 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 in control that exceeds certain prescribed limits, and that the company, or a successor, may forfeit a deduction on the amounts subject to this additional tax. Section 409A of the Code also imposes additional significant taxes on the individual in the event that an executive officer, director or other service provider receives deferred compensation that does not meet the requirements of Section 409A of the Code. We did not provide any executive officer, including any named executive officer, with a gross-up or other reimbursement payment for any tax liability that he might owe as a result of the application of Sections 280G, 4999 or 409A of the Code during 2012 and we have not agreed and are not otherwise contractually obligated to provide any named executive officers with such a gross-up or other reimbursement.

Accounting Treatment. The accounting impact of our compensation programs is a factor that the Compensation Committee considers in determining the size and structure of our programs to ensure that our compensation programs are reasonable and in the best interests of our stockholders.

COMPENSATION COMMITTEE REPORT⁽¹⁾

The Compensation Committee has reviewed and discussed with management the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K and contained in this Proxy Statement. Based on such review and discussion, the Compensation Committee has recommended to the Board that the Compensation Discussion and Analysis be included in this Proxy Statement and the Company's Annual Report on Form 10-K for the year ended December 31, 2012.

Respectfully submitted,
The Compensation Committee of the Board of Directors

Peter Fenton, Chair
Fred Anderson

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

COMPENSATION RISK ASSESSMENT

In the first quarter of 2013, in connection with its annual review of our compensation programs, the Compensation Committee, assisted by our management, conducted a risk assessment review of our compensation policies and practices. Based on its review, the Compensation Committee concluded that our compensation programs are designed with an appropriate balance of risk and reward in relation to our overall business strategy and do not create risk that is reasonably likely to have a material adverse effect on the Company. In making this determination, the Compensation Committee considered our pay mix, base salaries, the attributes of our variable compensation programs, including our equity program, and our sales compensation plan and our alignment with market pay levels and compensation program designs.

In particular, the Compensation Committee believes the structure of our compensation program for executive officers does not encourage excessive or unnecessary risk-taking behavior. The base salary component does not encourage risk-taking because it is a fixed amount, and we do not offer incentive cash compensation opportunities. The principal component of our executive compensation program has been long-term equity awards that help further align executives' interests with those of our stockholders. The Compensation Committee believes that these awards do not encourage unnecessary or excessive risk-taking because the ultimate value of the awards is tied to our stock price and because awards are staggered and subject to long-term vesting schedules to help ensure that executives have significant value tied to long-term stock price performance.

SUMMARY COMPENSATION TABLE

The following table shows for the years ended December 31, 2012, 2011 and 2010, compensation awarded to, paid to or earned by, our named executive officers.

2012 Summary Compensation Table

Name	Year	Stock		Option		All Other Compensation	
		Salary (\$)	Awards \$(1)	Awards \$(1)	\$(2)	Total (\$)	
Jeremy Stoppelman <i>Chief Executive Officer</i>	2012	\$ 300,000	\$	\$	\$ 40,657	\$ 340,657	
	2011	220,000		6,624,459	6,741	6,851,200	
	2010	220,000			5,933	225,933	
Rob Krolik ⁽³⁾ <i>Chief Financial Officer</i>	2012	300,000			11,409	311,409	
	2011	128,461	1,362,000	391,530	5,341	1,887,332	
	2010						
Geoff Donaker <i>Chief Operating Officer</i>	2012	300,000			11,371	311,371	
	2011	235,000		5,420,012	12,805	5,667,817	
	2010	235,000			11,493	246,493	
Jed Nachman ⁽⁴⁾ <i>Senior Vice President of Revenue</i>	2012	298,250			186,569	484,820	
	2011	300,000		775,800	12,844	1,088,644	
	2010	220,000			11,460	231,460	
Laurence Wilson <i>General Counsel and Secretary</i>	2012	300,000			5,983	305,983	
	2011	212,500		775,800	6,426	994,726	
	2010	185,000			5,738	190,738	

- (1) The amounts reported here do not reflect the actual economic value realized by the named executive officers. In accordance with SEC rules, these columns represent the grant date fair value of shares underlying stock awards and stock options, calculated in accordance with ASC Topic 718. Assumptions used in the calculation of the grant date fair value are set forth in Note 11, *Stockholders' Equity (Deficit)* in our Annual Report on Form 10-K for the year ended December 31, 2012.

- (2) The amounts reported here include life, health, vision and dental insurance premiums paid by the Company and reimbursement for health club memberships. All of these benefits are provided to the named executive officers on the same terms as provided to all of our regular full-time employees. The amounts for 2012 also include matching charitable donations made by The Yelp Foundation on behalf of Messrs. Stoppelman, Krolik, Donaker and Wilson for \$1,000, \$1,000, \$1,000 and \$500, respectively.

With respect to Mr. Stoppelman, the amount indicated for 2012 also includes \$34,602 for personal administrative services performed by his executive assistant. Because Mr. Stoppelman's assistant is employed and paid by the Company to perform these services as well as her services to the Company, the dollar amount of this benefit represents an estimate of the aggregate incremental cost to the Company of these services, based on the approximate amount of the executive assistant's regular time spent on Mr. Stoppelman's personal matters during 2012 as the percentage of her total time spent working for the Company during 2012, and multiplied by her base salary paid by the Company during 2012.

With respect to Mr. Nachman, the amount indicated for 2012 also includes amounts paid pursuant to his Secondment Agreement, as follows: (a) a cost of living adjustment of \$80,357; (b) moving expenses of \$23,976; (c) tax equalization payments of \$60,460; (d) tax preparation payments of \$10,170; and (e) a stipend of \$1,227 to cover transportation costs. Under the Secondment Agreement, we will pay the difference between the taxes owed by Mr. Nachman for 2012 and the taxes Mr. Nachman would have owed for 2012 had he remained in the United States. The tax equalization payment reported above represents (x) \$111,322 in modified U.K. payroll taxes paid by Yelp on Mr. Nachman's behalf, plus (y) \$1,638 in additional Medicare taxes on the income imputed to Mr. Nachman as a result of our payment of such U.K. payroll taxes, paid by Yelp on his behalf, minus (z) \$52,500 withheld from his salary during 2012 as an estimate of the taxes he would have owed for 2012 had he remained in the United States. However, we will not be able to make a final determination with respect to Mr. Nachman's tax equalization for 2012 until both his U.S. and U.K. tax returns for 2012 are finalized and, as a result, we may make additional tax equalization and tax preparation payments at a later date. We expect Mr. Nachman's U.S. tax return to be finalized by October 15, 2013, which is the extended deadline to file 2012 tax returns, and his U.K. tax return to be finalized by January 31, 2014, which is the deadline to file tax returns for the taxable year running from April 6, 2012 to April 5, 2013.

- (3) Mr. Krolik joined Yelp in July 2011. He did not receive any compensation from us for service in any capacity during 2010.
- (4) Mr. Nachman's base salary was paid in British pounds sterling beginning May 9, 2012. The cost of living adjustment and stipend, as described in note (2) above, were also paid in British pounds sterling. All such amounts were converted using the interbank exchange rate in effect on the date of payment.

COMPENSATION PLANS AND ARRANGEMENTS

Employment Agreements

We entered into amended and restated employment letter agreements with each of our executive officers on February 3, 2012. The agreements do not provide for a specific employment term and our executive officers are employed on an at-will basis. The amended and restated employment letter agreements provide that our executive officers are eligible to participate in our incentive compensation programs, insurance programs and other employee benefit plans established by us, including our Severance Plan.

The executive officers' original offer letters provided for initial base salary, eligibility to participate in our standard benefit plans and in certain cases, initial stock option grants, but did not provide for severance, other than for Mr. Krolik, who was entitled to certain cash payments and equity acceleration in the event of his involuntary termination of employment following a change in control. Under the amended and restated agreements, however, our executive officers are eligible to participate in our Severance Plan. With respect to Mr. Krolik, the benefits available under the Severance Plan replaced the cash severance protections included in his original offer letter. The amended and restated agreements did not, however, modify the vesting or other terms of the executive officers' existing equity award agreements.

Severance Arrangements

Severance Plan. Each of our executives at the level of vice president or above, including our named executive officers, who is deemed to be an officer under Section 16 of the Exchange Act and selected by the Board is eligible to participate in the Severance Plan.

Each eligible participant who suffers an involuntary termination without cause or a constructive termination will be eligible to receive, provided that he signs a release of claims and complies with continuing obligations of confidentiality, (i) a lump sum cash payment equal to one year of his then-current base salary, (ii) a lump sum bonus payment equal to the actual cash bonus amount the participant would have earned for the year in which the termination occurred, if any, based on our actual performance, prorated for the period of active service and (iii) six months of company-paid health insurance coverage. In the event a participant suffers an involuntary termination without cause or a constructive termination in the same year as a change in control (as defined in our Severance Plan), the lump sum bonus payment will be equal to the actual cash bonus amount as if we achieved all of the goals under the bonus plan in the year in which the termination occurred and will not be pro-rated. Additionally, each participant who experiences an involuntary termination without cause or a constructive termination on or within 12 months following a change in control will receive accelerated vesting of 50% of the number of their unvested shares subject to each equity award held by such participant that was awarded after the adoption of the Severance Plan.

These benefits are subject to a best after-tax provision in the case the benefits would trigger excise tax penalties and loss of deductibility under Sections 280G and 4999 of the Code. This means that the executive officer will receive whichever of the following two alternative forms of payment would result in executive officer's receipt, on an after-tax basis, of the greater amount of the benefits notwithstanding that all or some portion of the benefit may be subject to the excise tax: (i) payment in full of the entire amount of the benefits, or (ii) payment of only a part of the benefit so that the executive officer receives the largest benefit possible without the imposition of the excise tax. If a participant has other severance benefits in another agreement with us, he or she will not receive double benefits.

Equity Awards. As noted in the Compensation Discussion and Analysis, prior to adopting our Severance Plan, we generally did not enter into employment agreements providing for post-employment compensation in the form of cash severance or continued employee benefits to our executive officers. Instead, we offered our executive officers change in control and severance protections in the form of limited rights to acceleration of vesting on a change in control and upon involuntary terminations of employment following a change in control. Most of the awards with vesting acceleration benefits vested in full prior to the time of our IPO (or upon the IPO as noted below). With regard to the awards with remaining acceleration benefits, in the event there is a change in control:

- 25% of the then-unvested shares subject to the stock options granted to Messrs. Stoppelman and Donaker for 1,601,039 shares of Class B Common Stock and 1,309,941 shares of Class B Common Stock, respectively, in January 2011 would vest upon the completion of such change in control. In addition, 50% of the then-unvested shares subject to these stock option awards vested upon our IPO in accordance with the applicable equity agreements.
- 50% of the total number of shares subject to the stock options granted to each of Messrs. Nachman and Wilson for 187,499 shares of Class B Common Stock and 187,500 shares of Class B Common Stock, respectively, in January 2011 would vest upon the elimination of the optionee's position, or a material reduction in his responsibilities as compared to his responsibilities prior to such change in control, within one year after the change in control.
- 50% of the then-unvested shares subject to the stock option for 32,812 shares of Class B Common Stock and the restricted stock award of 150,000 shares of Class B Common Stock granted to Mr. Krolik in July 2011 would vest upon his termination without cause, or a material reduction in his responsibilities as compared to his responsibilities prior to such change in control, within one year after the change in control, subject to Mr. Krolik delivering to the Company and not revoking a release of claims.

Equity awards are also subject to potential vesting acceleration under the terms of our equity plans. For a summary of these terms, see *Equity Incentive Plans* below.

Equity Incentive Plans

2012 Equity Incentive Plan

The terms of our 2012 Plan are as described in Proposal No. 2, provided that only 16,257,359 shares of Class A Common Stock are currently reserved for issuance under our 2012 Plan.

2011 Equity Incentive Plan

Our Board adopted, and our stockholders approved, our 2011 Plan in July 2011, as a successor to and continuation of our 2005 Plan discussed below. Effective as of July 2011, our Board terminated our 2005 Plan and provided that no further stock awards were to be granted under our 2005 Plan.

As of April 8, 2013, options to purchase 1,224,814 shares of our Class B Common Stock at a weighted-average exercise price per share of \$8.39 remained outstanding under our 2011 Plan. No grants have been made under our 2011 Plan since the date of our initial public offering and no further awards will be granted under our 2011 Plan. All outstanding awards continue to be governed by their existing terms.

Our Board has delegated concurrent authority to administer our 2011 Plan to our Compensation Committee under the terms of the Compensation Committee's charter.

Our 2011 Plan provides that in the event of a specified corporate transaction, as defined under our 2011 Plan, the administrator will determine how to treat each outstanding stock award. The administrator may (i) arrange for the assumption, continuation or substitution of a stock award by a successor corporation; (ii) arrange for the assignment of any reacquisition or repurchase rights held by us to a successor corporation; (iii) accelerate the vesting of the stock award and provide for its termination prior to the transaction and arrange for the lapse of any reacquisition or repurchase rights held by us; or (iv) cancel the stock award prior to the transaction in exchange for a cash payment, which may be reduced by the exercise price payable in connection with the stock award. The administrator is not obligated to treat all stock awards or portions of stock awards, even those that are of the same type, in the same manner.

The administrator may provide, in an individual award agreement or in any other written agreement between a participant and us, that the stock award will be subject to additional acceleration of vesting and exercisability in the event of a change in control. In the absence of such a provision, no acceleration of the stock award will occur.

Amended and Restated 2005 Equity Incentive Plan

Our Board adopted, and our stockholders approved, our 2005 Plan in September 2005. Effective as of July 2011, our Board terminated our 2005 Plan and provided that no further stock awards were to be granted under our 2005 Plan. All outstanding stock awards under our 2005 Plan will continue to be governed by their existing terms.

Our Board has delegated concurrent authority to administer our 2005 Plan to our Compensation Committee under the terms of the Compensation Committee's charter.

In the event of a corporate transaction, including a reorganization, merger, consolidation, split-up, spin-off or combination, or a disposition of our securities, the administrator will determine how to treat each outstanding stock award. The administrator may (i) provide for the purchase of the stock award for cash had the stock award been exercisable, payable or fully vested, or provide for the replacement of the stock award with other rights or property determined by the administrator; (ii) provide that the stock award will be exercisable in full; (iii) provide for the assumption or substitution of the stock award by a successor corporation; (iv) adjust the number and type of securities or property subject to the stock award and/or the terms and conditions (including the grant or exercise price) of the stock award or stock awards that may be granted in the future; or (v) provide that the stock award will not be exercisable and will terminate immediately upon the consummation of the transaction, provided that for a specified period of time prior to the transaction, the stock award will be exercisable in full, the restrictions imposed on the shares subject to the stock award may be terminated and any repurchase price held by us will no longer be in effect.

2012 Employee Stock Purchase Plan

Our Board has adopted, and our stockholders have approved, our 2012 ESPP. As of April 8, 2013, the maximum aggregate number of shares of our Class A Common Stock that may be issued under our 2012 ESPP is 2,320,105 shares. Additionally, the number of shares of our Class A Common Stock reserved for issuance under our 2012 ESPP will increase automatically each year through and including January 1, 2022, by the least of (i) 2% of the total number of shares of our capital stock outstanding on December 31 of the preceding calendar year; (ii) 5,000,000 shares of Class A Common Stock; or (iii) such lesser number as determined by our Board. Shares subject to purchase rights granted under our 2012 ESPP that terminate without having been exercised in full will not reduce the number of shares available for issuance under our 2012 ESPP.

Our Board, or a duly authorized committee thereof, will administer our 2012 ESPP. Our Board has delegated concurrent authority to administer our 2012 ESPP to our Compensation Committee under the terms of the Compensation Committee's charter.

Our employees, including executive officers, or any employees of our designated affiliates may have to satisfy one or more of the following service requirements before participating in our 2012 ESPP, as determined by the administrator: (i) customary employment with us or one of our affiliates for more than 20 hours per week and more than five months per calendar year, or (ii) continuous employment with us or one of our affiliates for a minimum period of time, not to exceed two years, prior to the first date of an offering. An employee may not be granted rights to purchase stock under our 2012 ESPP if such employee (i) immediately after the grant would own stock possessing 5% or more of the total combined voting power or value of our common stock, or (ii) holds rights to purchase stock under our 2012 ESPP that would accrue at a rate that exceeds \$25,000 worth of our stock for each calendar year that the rights remain outstanding.

The administrator may approve offerings with a duration of not more than 27 months, and may specify one or more shorter purchase periods within each offering. Each offering will have one or more purchase dates on which shares of our Class A Common Stock will be purchased for the employees who are participating in the offering. The administrator, in its discretion, will determine the terms of offerings under our 2012 ESPP. No offerings have been approved at this time.

Our 2012 ESPP permits participants to purchase shares of our Class A Common Stock through payroll deductions or other methods, if required by law, with up to 15% of their earnings. The purchase price of the shares will be not less than 85% of the lower of the fair market value of our Class A Common Stock on the first day of an offering or on the date of purchase.

A participant may not transfer purchase rights under our 2012 ESPP other than by will, the laws of descent and distribution or as otherwise provided under our 2012 ESPP.

In the event of a specified corporate transaction, such as our merger or change in control, a successor corporation may assume, continue or substitute each outstanding purchase right. If the successor corporation does not assume, continue or substitute for the outstanding purchase rights, the offering in progress will be shortened and a new exercise date will be set. The participants' purchase rights will be exercised on the new exercised date and such purchase rights will terminate immediately thereafter.

Our 2012 ESPP will remain in effect until terminated by the administrator in accordance with the terms of the 2012 ESPP. Our Board has the authority to amend, suspend or terminate or 2012 ESPP, at any time and for any reason.

Additional Benefits

We maintain a tax-qualified 401(k) retirement plan for all employees who satisfy certain eligibility requirements, including requirements relating to age and length of service. Under our 401(k) plan, employees may elect to defer a portion of their eligible compensation subject to applicable annual limits under the Code. We intend for the 401(k) plan to qualify under Section 401(a) and 501(a) of the Code so that contributions by employees to the 401(k) plan, and income earned on those contributions, are not taxable to employees until withdrawn from the 401(k) plan.

For a description of additional benefits we offer to our executive officers, including health and welfare benefits and the additional benefits provided to Mr. Nachman in connection with his secondment to Yelp UK Ltd., please see *Compensation Discussion and Analysis Executive Compensation Components Employee Benefits*.

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR END

The following table shows certain information regarding outstanding equity awards at December 31, 2012 for the named executive officers. Each of the equity awards set forth below covers shares of our Class B Common Stock.

Outstanding Equity Awards At December 31, 2012

Name	Option Awards				Stock Awards	
	Number of	Number of			Number	Market
	Securities	Securities			of	Value
	Underlying	Underlying			Shares or	of Shares or
	Unexercised	Unexercised	Option	Option	Units of	Units of
	Options (#)	Options (#)	Exercise	Expiration	Stock	Stock
	Exercisable	Unexercisable	Price (\$)	Date	that Have	that Have
					Not	Not
					Vested (#)	Vested (\$)
Jeremy Stoppelman	1,012,827	588,212 ⁽¹⁾	\$ 7.16	01/05/2021		
Rob Krolik	26,562	48,438 ⁽²⁾	\$ 9.08	07/26/2021		
					100,659 ⁽³⁾	\$ 1,897,422 ⁽⁴⁾
Geoff Donaker	183,268		\$ 0.064	06/20/2016		
	404,440		\$ 0.32	12/10/2017		
	828,466	481,475 ⁽⁵⁾	\$ 7.16	01/05/2021		
Jed Nachman	96,875		\$0.1962	07/30/2017		
	77,500		\$ 1.08	04/22/2018		
	77,501	109,998 ⁽⁶⁾	\$ 7.16	01/05/2021		
Laurence Wilson	186,129		\$ 0.32	11/04/2017		
	67,706	119,794 ⁽⁷⁾	\$ 7.16	01/25/2021		

(1) For the first 12 months following the vesting commencement date of November 10, 2010, 13,342 shares vested monthly; for the second 12 months, 20,013 shares vested monthly; for the third 12 months, 26,684 shares vest monthly; for the fourth 12 months, 33,355 shares vest monthly; and for the fifth 12 months, the remainder of shares outstanding vest ratably.

(2) 25% of the shares underlying this option vested on July 27, 2012. Thereafter, the remaining shares vest in a series of 36 equal monthly installments.

(3) 25% of the shares underlying this award vested on July 27, 2012 and 2,466 shares vested on August 2012. Thereafter, 1/16 of the shares subject to the award (or remaining portion thereof, if smaller) vest on the twentieth day of each November, February, May and August thereafter until all shares are vested.

- (4) Represents the market value of the unvested shares subject to the indicated restricted stock award based on the closing price of our Class A Common Stock on December 31, 2012, which was \$18.85 per share. The value assumes that the fair market value of the shares of our Class B Common Stock, which is not listed or approved for trading on or with any securities exchange or association, is equal to the fair market value of shares of our Class A Common Stock.
- (5) For the first 12 months following the vesting commencement date of November 10, 2010, 10,916 shares underlying the option vested monthly; for the second 12 months, 16,374 shares vested monthly; for the third 12 months, 21,833 shares vest monthly; for the fourth 12 months, 27,291 shares vest monthly; and for the fifth 12 months, the remainder of shares outstanding vest ratably.
- (6) For the first 10 months following the vesting commencement date of August 10, 2011, 4,250 shares vested monthly; thereafter, 5,000 shares shall vest on a monthly basis for 29 months.
- (7) The shares underlying the option vest ratably each month following the vesting commencement date of November 1, 2011 for a total of 36 months.

OPTION EXERCISES AND STOCK VESTED

The following table shows certain information regarding option exercises and stock vested during the year ended December 31, 2012 with respect to the named executive officers.

Option Exercises and Stock Vested in the Year Ended December 31, 2012

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)(1)	Value Realized on Exercise (\$)(2)	Number of Shares Acquired on Vesting (#)(1)	Value Realized on Vesting (\$)(3)
Jeremy Stoppelman	621,885	\$ 15,249,548		
Rob Krolik			49,341	\$ 957,831
Geoff Donaker	140,000	3,020,990		

- (1) In each case, the shares exercised or vested were shares of our Class B Common Stock. However, upon each exercise Messrs. Stoppelman and Donaker sold such shares of Class B Common Stock, resulting in their automatic conversion into shares of Class A Common Stock on a share-for-share basis.
- (2) The value realized is calculated as the difference between the closing price of our Class A Common Stock on the date of exercise and the applicable exercise price of such options, multiplied by the number of shares underlying the options that were exercised. The value assumes that the fair market value of the shares of our Class B Common Stock is equal to the fair market value of shares of our Class A Common Stock. However, as noted above, upon each exercise Messrs. Stoppelman and Donaker sold the exercised shares. The aggregate value realized upon such sales, calculated as the difference between the actual sales price of the shares underlying the options exercised and the applicable aggregate exercise price of such options, was \$15,604,222 for Mr. Stoppelman and \$3,034,857 for Mr. Donaker.
- (3) The value realized equals the closing price of our Class A Common Stock on each vesting date or, if the vesting date fell on a non-trading day, the closing price on the trading day preceding the vesting date, multiplied by the number of shares vested on that date. The value assumes that the fair market value of the shares of our Class B Common Stock is equal to the fair market value of shares of our Class A Common Stock.

POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL

The following table sets forth quantitative estimates of the benefits that each of our named executive officers would be entitled to in connection with certain termination and change in control events pursuant to the Severance Plan and pursuant to the terms of their equity awards. The table assumes that the qualifying termination or change in control event, as applicable, occurred on December 31, 2012.

Name	Lump Sum Cash Severance Payment \$(1)	Continuation of Benefits \$(2)	Value of Equity Acceleration (\$)	Total (\$)
Jeremy Stoppelman				
<i>Qualifying Termination⁽³⁾</i>	\$ 300,000	\$ 2,510		\$ 302,510
<i>Change in Control⁽⁴⁾</i>			\$ 1,719,050 ⁽⁵⁾	1,719,050
<i>Qualifying Termination Upon Change in Control⁽⁶⁾</i>	300,000	2,510	1,719,050 ⁽⁴⁾⁽⁵⁾	2,021,560
Rob Krolik				
<i>Qualifying Termination⁽³⁾</i>	300,000	4,850		304,850
<i>Change in Control</i>				
<i>Qualifying Termination Upon Change in Control⁽⁶⁾</i>	300,000	4,850	1,185,331 ⁽⁷⁾	1,490,181
Geoff Donaker				
<i>Qualifying Termination⁽³⁾</i>	300,000	4,850		304,850
<i>Change in Control⁽⁴⁾</i>			1,407,102 ⁽⁵⁾	1,407,102
<i>Qualifying Termination Upon Change in Control⁽⁶⁾</i>	300,000	4,850	1,407,102 ⁽⁴⁾⁽⁵⁾	1,711,952
Jed Nachman				
<i>Qualifying Termination⁽³⁾</i>	302,414	4,850		307,264
<i>Change in Control</i>				
<i>Qualifying Termination Upon Change in Control⁽⁶⁾</i>	302,414	4,850	1,095,926 ⁽⁵⁾⁽⁸⁾	1,403,190
Laurence Wilson				
<i>Qualifying Termination⁽³⁾</i>	300,000	2,360		302,360
<i>Change in Control</i>				
<i>Qualifying Termination Upon Change in Control⁽⁶⁾</i>	300,000	2,360	1,095,938 ⁽⁵⁾⁽⁸⁾	1,398,298

-
- (1) Represents one year of the executive officer's base salary in effect as of December 31, 2012. The amount indicated does not include the payment of any accrued salary or vacation that may be due upon termination of employment. Mr. Nachman's base salary of £187,126 is converted using the interbank exchange rate in effect on December 31, 2012 of \$1.6161 to £1.00.
 - (2) Represents six months of payments of premiums for continued health insurance coverage under COBRA, assuming in each case that the executive officer timely elects to receive the benefits. Under the Severance Plan, we would continue to pay such premiums for six months unless the executive officer earlier (i) becomes eligible for substantially equivalent health insurance coverage in connection with new employment or self-employment or (ii) loses eligibility for continuation coverage under COBRA.
 - (3) Represents benefits payable under the Severance Plan upon an involuntary termination without cause or a constructive termination (as such terms are defined in the Severance Plan).
 - (4) Represents vesting acceleration upon a change in control under the terms of an equity award held by such executive officer.
 - (5) The value is calculated as (a) the difference between \$18.85, the closing price of our Class A Common Stock on December 31, 2012, and the exercise price of the applicable option, multiplied by (b) the number of unvested options subject to accelerated vesting held by the applicable named executive officer. Assumes that the fair market value of the shares of our Class B Common is equal to the fair market value of shares of our Class A Common Stock.
 - (6) Represents (i) benefits payable under the Severance Plan upon an involuntary termination without cause or a constructive termination that occurs on or within the 12 months following a change in control (as such terms are defined in the Severance Plan) and (ii) vesting acceleration under the terms of equity awards held by such executive officer. As of December 31, 2012, the executive officers did not hold any equity awards that were granted after the adoption of the Severance Plan. As a result, none of the executive officers are entitled to vesting acceleration under the Severance Plan. However, each of the executive officers is entitled to certain vesting acceleration under outstanding equity award agreements, as indicated.
 - (7) Under his equity award agreements, Mr. Krolik is entitled to certain vesting acceleration if, within one year following a change in control, he is terminated without cause or there is a material reduction in his responsibilities. The value of the vesting acceleration is calculated as the sum of (a) the number of unvested shares underlying Mr. Krolik's restricted stock award subject to accelerated vesting multiplied by \$18.85, the closing price of our Class A Common Stock on December 31, 2012, and (b) the amount described in note (5) above. Assumes that the fair market value of the shares of our Class B Common is equal to the fair market value of shares of our Class A Common Stock.
 - (8) Under their equity award agreements, each of Messrs. Nachman and Wilson is entitled to certain vesting acceleration if, within one year following a change in control, there is an elimination of his position or there is a material reduction in his responsibilities.

TRANSACTIONS WITH RELATED PERSONS

RELATED-PERSON TRANSACTIONS POLICY AND PROCEDURES

We have adopted a written Related-Person Transactions Policy that sets forth our policies and procedures regarding the identification, review, consideration and approval or ratification of related-person transactions. For purposes of our policy only, a related-person transaction is a transaction, arrangement or relationship (or any series of similar transactions, arrangements or relationships) in which the Company and any related person are participants involving an amount that exceeds \$100,000. Transactions involving compensation for services provided to the Company as an employee, director or consultant are not covered by this policy. A related person is any executive officer, director or more than five percent stockholder of the Company, including any of their immediate family members, and any entity owned or controlled by such persons.

Under the policy, where a transaction has been identified as a related-person transaction, management must present information regarding the proposed related-person transaction to the Audit Committee (or, where Audit Committee approval would be inappropriate, to another independent committee of the Board) for consideration and approval or ratification. The presentation must include a description of, among other things, the material facts, the interests, direct and indirect, of the related persons, the benefits to the Company of the transaction and whether any alternative transactions were available. To identify related-person transactions in advance, we rely on information supplied by our executive officers, directors and certain significant stockholders.

In considering related-person transactions, the Audit Committee takes into account the relevant available facts and circumstances including, but not limited to (a) the risks, costs and benefits to the Company, (b) the impact on a director's independence in the event the related person is a director, immediate family member of a director or an entity with which a director is affiliated, (c) the terms of the transaction, (d) the availability of other sources for comparable services or products and (e) the terms available to or from, as the case may be, unrelated third parties or to or from employees generally. The policy requires that, in determining whether to approve, ratify or reject a related-person transaction, the Audit Committee consider, in light of known circumstances, whether the transaction is in, or is not inconsistent with, the best interests of the Company and our stockholders, as the Audit Committee determines in the good faith exercise of its discretion.

CERTAIN RELATED-PERSON TRANSACTIONS

Other than compensation arrangements, we describe below transactions and series of similar transactions, during the year ended December 31, 2012, to which we were or will be a party, in which:

- the amounts involved exceeded or will exceed \$120,000; and
- any of our directors, executive officers or holders of more than five percent of any class of our common stock, or any immediate family member of the foregoing persons, had or will have a direct or indirect material interest.

For complete descriptions of compensation arrangements for our directors and named executive officers, see *Information Regarding the Board of Directors and Corporate Governance Director Compensation* and *Executive Compensation*, respectively.

Investor Rights Agreement

On January 22, 2010, we entered into a Fourth Amended and Restated Investor Rights Agreement with holders of our then-outstanding preferred stock, including entities with which certain of our directors are affiliated. As of December 31, 2012, the holders of up to 35,816,772 shares of our Class B Common Stock are entitled to certain rights with respect to the registration of their shares.

The Yelp Foundation

In November 2011, our Board approved the establishment of The Yelp Foundation, a non-profit organization designed to support consumers and businesses in the communities in which we operate. Messrs. Stoppelman, Donaker, Krolik and Wilson are officers and directors of The Yelp Foundation. In the quarter ended December 31, 2011, our Board approved the contribution and issuance to The Yelp Foundation of 520,000 shares of our common stock. The Yelp Foundation sold 50,000 of these shares in our initial public offering in March 2012 for net proceeds of \$697,500 before expenses. The Yelp Foundation currently holds 470,000 shares of Class B Common Stock, representing less than 1% of our outstanding capital stock. As described in the *Executive Compensation* section, The Yelp Foundation also made matching charitable donations on behalf of Messrs. Stoppelman, Krolik, Donaker and Wilson in 2012, as reflected in the Summary Compensation Table.

Indemnification

Our Amended and Restated Certificate of Incorporation and Bylaws provide that we will indemnify our directors and officers, and may indemnify our employees and other agents, to the fullest extent permitted by the Delaware General Corporation Law. In addition to the indemnification required in our Amended and Restated Certificate of Incorporation and Bylaws, we have entered into indemnification agreements with each of our current directors, officers and certain employees. These agreements provide for the indemnification of such persons 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 serving in such capacity. We have obtained director and officer liability insurance to cover liabilities our directors and officers may incur in connection with their services to us.

HOUSEHOLDING OF PROXY MATERIALS

The SEC has adopted rules that permit companies and intermediaries (e.g., brokers) to satisfy the delivery requirements for Notices of Internet Availability of Proxy Materials or other Annual Meeting materials with respect to two or more stockholders sharing the same address by delivering a single Notice of Internet Availability of Proxy Materials or other Annual Meeting materials addressed to those stockholders. This process, which is commonly referred to as householding, potentially means extra convenience for stockholders and cost savings for companies.

This year, we and a number of brokers with account holders who are Yelp stockholders will be householding our proxy materials. A single Notice of Internet Availability of Proxy Materials will be delivered to multiple stockholders sharing an address unless contrary instructions have been received from the affected stockholders. Once you have received notice from us (if you are a stockholder of record) or your broker (if you are a beneficial owner) that we or they, as applicable, will be householding communications to your address, householding will continue until you are notified otherwise or until you revoke your consent. If, at any time, you no longer wish to participate in householding and would prefer to receive a separate Notice of Internet Availability of Proxy Materials, or if you currently receive multiple copies and would like to request householding of your communications, please notify the Company or your broker. Direct your written request to the Company to Corporate Secretary, Yelp Inc., 706 Mission Street, San Francisco, California 94103 or contact our Corporate Secretary at (415) 908-3801.

OTHER MATTERS

The Board knows of no other matters that will be presented for consideration at the Annual Meeting. If any other matters are properly brought before the meeting, it is the intention of the persons named in the accompanying proxy to vote on such matters in accordance with their best judgment.

By Order of the Board of Directors
Laurence Wilson
Secretary

April 23, 2013

A copy of the Company's Annual Report to the Securities and Exchange Commission on Form 10-K for the fiscal year ended December 31, 2012 is available without charge upon written request to: Corporate Secretary, Yelp Inc., 706 Mission Street, San Francisco, California 94103.

YELP INC.

2012 EQUITY INCENTIVE PLAN

ADOPTED BY THE BOARD OF DIRECTORS: JANUARY 25, 2012

APPROVED BY THE STOCKHOLDERS: FEBRUARY 24, 2012

IPO DATE/EFFECTIVE DATE: MARCH 1, 2012

AMENDED BY THE BOARD OF DIRECTORS: JANUARY 30, 2013

APPROVED BY THE STOCKHOLDERS: JUNE 5, 2013

1. GENERAL.

(a) Successor to and Continuation of Prior Plan. The Plan is intended as the successor to and continuation of the Yelp! 2011 Equity Incentive Plan, as amended (the *Prior Plan*). From and after 12:01 a.m. Pacific time on the Effective Date, no additional stock awards will be granted under the Prior Plan. All Awards granted on or after 12:01 a.m. Pacific Time on the Effective Date will be granted under this Plan. All stock awards granted under the Prior Plan will remain subject to the terms of the Prior Plan.

(i) Any shares that would otherwise remain available for future grants under the Prior Plan as of 12:01 a.m. Pacific Time on the Effective Date (the *Prior Plan's Available Reserve*) will cease to be available under the Prior Plan at such time. Instead, that number of shares of Common Stock equal to the Prior Plan's Available Reserve will be added to the Share Reserve (as further described in Section 3(a) below) and be then immediately available for grants and issuance pursuant to Stock Awards hereunder, up to the maximum number set forth in Section 3(a) below.

(ii) In addition, from and after 12:01 a.m. Pacific time on the Effective Date, with respect to the aggregate number of shares subject, at such time, to outstanding stock awards granted under either the Prior Plan or the Yelp! Inc. Amended and Restated 2005 Equity Incentive Plan that would, but for the operation of this sentence, subsequently return to the share reserve of the Prior Plan by operation of Sections 1(a) and 3(a) of the Prior Plan (such shares the *Returning Shares*), such shares will not return to the reserve of the Prior Plan, and instead that number of shares of Common Stock equal to the Returning Shares will immediately be added to the Share Reserve (as further described in Section 3(a) below) as and when the such a share becomes a Returning Share, up to the maximum number set forth in Section 3(a) below.

(b) Eligible Award Recipients. Employees, Directors and Consultants are eligible to receive awards.

(c) Available Awards. The Plan provides for the grant of the following Awards: (i) Incentive Stock Options, (ii) Nonstatutory Stock Options, (iii) Stock Appreciation Rights (iv) Restricted Stock Awards, (v) Restricted Stock Unit Awards, (vi) Performance Stock Awards, (vii) Performance Cash Awards, and (viii) Other Stock Awards.

(d) Purpose. This Plan, through the granting of Awards, is intended to help the Company secure and retain the services of eligible award recipients, provide incentives for such persons to exert maximum efforts for the success of the Company and any Affiliate, and provide a means by which the eligible recipients may benefit from increases in value of the Common Stock.

2. ADMINISTRATION.

(a) Administration by Board. The Board will administer the Plan. The Board may delegate administration of the Plan to a Committee or Committees, as provided in Section 2(c).

(b) Powers of Board. The Board will have the power, subject to, and within the limitations of, the express provisions of the Plan:

(i) To determine: (A) who will be granted Awards; (B) when and how each Award will be granted; (C) what type of Award will be granted; (D) the provisions of each Award (which need not be identical), including when a person will be permitted to exercise or otherwise receive cash or Common Stock under the Award; (E) the number of shares of Common Stock subject to, or the cash value of, an Award; and (F) the Fair Market Value applicable to a Stock Award.

(ii) To construe and interpret the Plan and Awards granted under it, and to establish, amend and revoke rules and regulations for administration of the Plan and Awards. The Board, in the exercise of these powers, may correct any defect, omission or inconsistency in the Plan or in any Award Agreement or in the written terms of a Performance Cash Award, in a manner and to the extent it will deem necessary or expedient to make the Plan or Award fully effective.

(iii) To settle all controversies regarding the Plan and Awards granted under it.

(iv) To accelerate, in whole or in part, the time at which an Award may be exercised or vest (or at which cash or shares of Common Stock may be issued).

(v) To suspend or terminate the Plan at any time. Except as otherwise provided in the Plan or an Award Agreement, suspension or termination of the Plan will not materially impair a Participant's rights under his or her then-outstanding Award without his or her written consent.

(vi) To amend the Plan in any respect the Board deems necessary or advisable, including, without limitation, by adopting amendments relating to Incentive Stock Options and certain nonqualified deferred compensation under Section 409A of the Code and/or to bring the Plan or Awards granted under the Plan into compliance therewith, subject to the limitations, if any, of applicable law. If required by applicable law or listing requirements, and except as provided in Section 9(a) relating to Capitalization Adjustments, the Company will seek stockholder approval of any amendment of the Plan that (A) materially increases the number of shares of Common Stock available for issuance under the Plan, (B) materially expands the class of individuals eligible to receive Awards under the Plan, (C) materially increases the benefits accruing to Participants under the Plan, (D) materially reduces the price at which shares of Common Stock may be issued or purchased under the Plan, (E) materially extends the term of the Plan, or (F) materially expands the types of Awards available for issuance under the Plan. Except as otherwise provided in the Plan or an Award Agreement, no amendment of the Plan will materially impair that Participant's rights under an outstanding Award without his or her written consent.

(vii) To submit any amendment to the Plan for stockholder approval, including, but not limited to, amendments to the Plan intended to satisfy the requirements of (A) Section 162(m) of the Code regarding the exclusion of performance-based compensation from the limit on corporate deductibility of compensation paid to Covered Employees, (B) Section 422 of the Code regarding incentive stock options or (C) Rule 16b-3.

(viii) To approve forms of Award Agreements for use under the Plan and to amend the terms of any one or more outstanding Awards. Except with respect to amendments that disqualify or impair the status of an Incentive Stock Option or as otherwise provided in the Plan or an Award Agreement, no amendment of an outstanding Award will materially impair that Participant's rights under his or her outstanding Award without his or her written consent. To be clear, unless prohibited by applicable law, the Board may amend the terms of an Award without the affected Participant's consent if necessary (A) to maintain the qualified status of the Award as an Incentive Stock Option, (B) to clarify the manner of exemption from, or to bring the Award into compliance with, Section 409A of the Code, or (C) to comply with other applicable laws.

(ix) Generally, to exercise such powers and to perform such acts as the Board deems necessary or expedient to promote the best interests of the Company and that are not in conflict with the provisions of the Plan or Awards.

(x) To adopt such procedures and sub-plans as are necessary or appropriate to permit participation in the Plan by Employees, Directors or Consultants who are foreign nationals or employed outside the United States.

(xi) To effect, with the consent of any adversely affected Participant, (A) the reduction of the exercise, purchase or strike price of any outstanding Stock Award; (B) the cancellation of any outstanding Stock Award and the grant in substitution thereof of a new (1) Option or SAR, (2) Restricted Stock Award, (3) Restricted Stock Unit Award, (4) Other Stock Award, (5) cash award and/or (6) award of other valuable consideration determined by the Board, in its sole discretion, with any such substituted award (x) covering the same or a different number of shares of Common Stock as the cancelled Stock Award and (y) granted under the Plan or another equity or compensatory plan of the Company; or (C) any other action that is treated as a repricing under generally accepted accounting principles.

(c) Delegation to Committee.

(i) General. The Board may delegate some or all of the administration of the Plan to a Committee or Committees. If administration of the Plan is delegated to a Committee, the Committee will have, in connection with the administration of the Plan, the powers theretofore possessed by the Board that have been delegated to the Committee, including the power to delegate to a subcommittee of the Committee any of the administrative powers the Committee is authorized to exercise (and references in this Plan to the Board will thereafter be to the Committee or subcommittee). Any delegation of administrative powers will be reflected in resolutions, not inconsistent with the provisions of the Plan, adopted from time to time by the Board or Committee (as applicable). The Board may retain the authority to concurrently administer the Plan with the Committee and may, at any time, revert in the Board some or all of the powers previously delegated.

(ii) Section 162(m) and Rule 16b-3 Compliance. The Committee may consist solely of two or more Outside Directors, in accordance with Section 162(m) of the Code, or solely of two or more Non-Employee Directors, in accordance with Rule 16b-3.

(d) Delegation to an Officer. The Board may delegate to one (1) or more Officers the authority to do one or both of the following (i) designate Employees who are not Officers to be recipients of Options and SARs (and, to the extent permitted by applicable law, other Stock Awards) and, to the extent permitted by applicable law, the terms of such rights and options, and (ii) determine the number of shares of Common Stock to be subject to such Stock Awards granted to such Employees; *provided, however*, that the Board resolutions regarding such delegation will specify the total number of shares of Common Stock that may be subject to the Stock Awards granted by such Officer and that such Officer may not grant a Stock Award to himself or herself. Any such Stock Awards will be granted on the form of Stock Award Agreement most recently approved for use by the Committee or the Board, unless otherwise provided in the resolutions approving the delegation authority. The Board may not delegate authority to an Officer who is acting solely in the capacity of an Officer (and not also as a Director) to determine the Fair Market Value pursuant to Section 13(x)(iii) below.

(e) Effect of Board's Decision. All determinations, interpretations and constructions made by the Board in good faith will not be subject to review by any person and will be final, binding and conclusive on all persons.

3. SHARES SUBJECT TO THE PLAN.

(a) Share Reserve. Subject to Section 9(a) relating to Capitalization Adjustments, and the following sentence regarding the annual increase, the aggregate number of shares of Common Stock that may be issued pursuant to Stock Awards will not exceed 18,257,359 shares (the *Share Reserve*), which number is the sum of (i) the 3,575,500 shares that were initially reserved for issuance and approved by stockholders on February 24, 2012; (ii) the 2,000,000 shares that were approved by stockholders on June 5, 2013, the date of the Company's 2013 Annual Meeting of Stockholders; (iii) the 2,540,210 shares subject to the January 1, 2013 annual increase; (iv) the 146,739 shares subject to the Prior Plan's Available Reserve; and (v) the number of shares that are Returning Shares, as such shares become available from time to time, in an amount not to exceed 9,994,910² shares. In addition, the Share Reserve will automatically increase on January 1st of each year, for a period of not more than ten years, commencing on January 1, 2013 and ending on (and including) January 1, 2022, in an amount equal to 4.0% of the total number of shares of Capital Stock outstanding on December 31st of the preceding calendar year. Notwithstanding the foregoing, the Board may act prior to January 1st of a given year to provide that there will be no January 1st increase in the Share Reserve for such year or that the increase in the Share Reserve for such year will be a lesser number of shares of Common Stock than would otherwise occur pursuant to the preceding sentence. For clarity, the Share Reserve in this Section 3(a) is a limitation on the number of shares of Common Stock that may be issued pursuant to the Plan. Accordingly, this Section 3(a) does not limit the granting of Stock Awards except as provided in Section 7(a). Shares may be issued in connection with a merger or acquisition as permitted by NASDAQ Listing Rule 5635(c) or, if applicable, NYSE Listed Company Manual Section 303A.08, AMEX Company Guide Section 711 or other applicable rule, and such issuance will not reduce the number of shares available for issuance under the Plan.

(b) Reversion of Shares to the Share Reserve. If a Stock Award or any portion thereof (i) expires or otherwise terminates without all of the shares covered by such Stock Award having been issued or (ii) is settled in cash (*i.e.*, the Participant receives cash rather than stock), such expiration, termination or settlement will not reduce (or otherwise offset) the number of shares of Common Stock that may be available for issuance under the Plan. If any shares of Common Stock issued pursuant to a Stock Award are forfeited back to or repurchased by the Company because of the failure to meet a contingency or condition required to vest such shares in the Participant, then the shares that are forfeited or repurchased will revert to and again become available for issuance under the Plan. Any shares reacquired by the Company in satisfaction of tax withholding obligations on a Stock Award or as consideration for the exercise or purchase price of a Stock Award will again become available for issuance under the Plan.

(c) Incentive Stock Option Limit. Subject to the provisions of Section 9(a) relating to Capitalization Adjustments, the aggregate maximum number of shares of Common Stock that may be issued pursuant to the exercise of Incentive Stock Options will be 27,500,000³ shares of Common Stock.

(d) Section 162(m) Limitations. Subject to the provisions of Section 9(a) relating to Capitalization Adjustments, at such time as the Company may be subject to the applicable provisions of Section 162(m) of the Code: (i) a maximum of 2,000,000⁴ shares of Common Stock subject to Options, SARs and Other Stock Awards whose value is determined by reference to an increase over an exercise or strike price of at least 100% of the Fair Market Value on the date the Stock Award is granted may be granted to any one Participant during any one calendar year, (ii) a maximum of 2,000,000⁵ shares of Common Stock subject to Performance Stock Awards may be granted to any one Participant during any one calendar year (whether the grant, vesting or exercise is contingent upon the attainment during the Performance Period of the Performance Goals) and (iii) a maximum of \$2,000,000 may be granted as a Performance Cash Award to any one Participant during any one calendar year.

(e) Source of Shares. The stock issuable under the Plan will be shares of authorized but unissued or reacquired Common Stock, including shares repurchased by the Company on the open market or otherwise.

¹ The initial 14,302,000 shares reserved for issuance were adjusted to 3,575,500 pursuant to the one-for-four reverse stock split effective February 2, 2012.

² The maximum number of Returning Shares was adjusted from 39,979,643 to 9,994,910 pursuant to the one-for-four reverse stock split effective February 2, 2012.

³ This share limit was adjusted from 110,000,000 to 27,500,000 pursuant to the one-for-four reverse stock split effective February 2, 2012.

⁴ This share limit was adjusted from 8,000,000 to 2,000,000 pursuant to the one-for-four reverse stock split effective February 2, 2012.

⁵ This share limit was adjusted from 8,000,000 to 2,000,000 pursuant to the one-for-four reverse stock split effective February 2, 2012.

4. ELIGIBILITY.

(a) Eligibility for Specific Stock Awards. Incentive Stock Options may be granted only to employees of the Company or a parent corporation or subsidiary corporation thereof (as such terms are defined in Sections 424(e) and 424(f) of the Code). Stock Awards other than Incentive Stock Options may be granted to Employees, Directors and Consultants; *provided, however*, that Stock Awards may not be granted to Employees, Directors and Consultants who are providing Continuous Service only to any parent of the Company, as such term is defined in Rule 405 of the Securities Act, unless (i) the stock underlying such Stock Awards is treated as service recipient stock under Section 409A of the Code (for example, because the Stock Awards are granted pursuant to a corporate transaction such as a spin off transaction), (ii) the Company, in connection with its legal counsel, has determined that such Stock Awards are otherwise exempt from Section 409A of the Code, or (iii) the Company, in connection with its legal counsel, has determined that such Stock Awards comply with the distribution requirements of Section 409A of the Code.

(b) Ten Percent Stockholders. A Ten Percent Stockholder will not be granted an Incentive Stock Option unless the exercise price of such Option is at least 110% of the Fair Market Value on the date of grant and the Option is not exercisable after the expiration of five years from the date of grant.

5. PROVISIONS RELATING TO OPTIONS AND STOCK APPRECIATION RIGHTS.

Each Option or SAR will be in such form and will contain such terms and conditions as the Board deems appropriate. All Options will be separately designated Incentive Stock Options or Nonstatutory Stock Options at the time of grant, and, if certificates are issued, a separate certificate or certificates will be issued for shares of Common Stock purchased on exercise of each type of Option. If an Option is not specifically designated as an Incentive Stock Option, or if an Option is designated as an Incentive Stock Option but some portion or all of the Option fails to qualify as an Incentive Stock Option under the applicable rules, then the Option (or portion thereof) will be a Nonstatutory Stock Option. The provisions of separate Options or SARs need not be identical; *provided, however*, that each Award Agreement will conform to (through incorporation of provisions hereof by reference in the applicable Award Agreement or otherwise) the substance of each of the following provisions:

(a) Term. Subject to the provisions of Section 4(b) regarding Ten Percent Stockholders, no Option or SAR will be exercisable after the expiration of ten years from the date of its grant or such shorter period specified in the Award Agreement.

(b) Exercise Price. Subject to the provisions of Section 4(b) regarding Ten Percent Stockholders, the exercise or strike price of each Option or SAR will be not less than 100% of the Fair Market Value of the Common Stock subject to the Option or SAR on the date the Award is granted. Notwithstanding the foregoing, an Option or SAR may be granted with an exercise or strike price lower than 100% of the Fair Market Value of the Common Stock subject to the Award if such Award is granted pursuant to an assumption of or substitution for another option or stock appreciation right pursuant to a Corporate Transaction and in a manner consistent with the provisions of Section 409A and, if applicable, Section 424(a) of the Code. Each SAR will be denominated in shares of Common Stock equivalents.

(c) Purchase Price for Options. The purchase price of Common Stock acquired pursuant to the exercise of an Option may be paid, to the extent permitted by applicable law and as determined by the Board in its sole discretion, by any combination of the methods of payment set forth below. The Board will have the authority to grant Options that do not permit all of the following methods of payment (or otherwise restrict the ability to use certain methods) and to grant Options that require the consent of the Company to use a particular method of payment. The permitted methods of payment are as follows:

(i) by cash, check, bank draft or money order payable to the Company;

(ii) pursuant to a program developed under Regulation T as promulgated by the Federal Reserve Board that, prior to the issuance of the stock subject to the Option, results in either the receipt of cash (or check) by the Company or the receipt of irrevocable instructions to pay the aggregate exercise price to the Company from the sales proceeds;

(iii) by delivery to the Company (either by actual delivery or attestation) of shares of Common Stock;

(iv) if an option is a Nonstatutory Stock Option, by a net exercise arrangement pursuant to which the Company will reduce the number of shares of Common Stock issuable upon exercise by the largest whole number of shares with a Fair Market Value that does not exceed the aggregate exercise price; *provided, however*, that the Company will accept a cash or other payment from the Participant to the extent of any remaining balance of the aggregate exercise price not satisfied by such reduction in the number of whole shares to be issued. Shares of Common Stock will no longer be subject to an Option and will not be exercisable thereafter to the extent that (A) shares issuable upon exercise are reduced to pay the exercise price pursuant to the net exercise, (B) shares are delivered to the Participant as a result of such exercise, and (C) shares are withheld to satisfy tax withholding obligations; or

(v) in any other form of legal consideration that may be acceptable to the Board and specified in the applicable Award Agreement.

(d) Exercise and Payment of a SAR. To exercise any outstanding SAR, the Participant must provide written notice of exercise to the Company in compliance with the provisions of the Stock Appreciation Right Agreement evidencing such SAR. The appreciation distribution payable on the exercise of a SAR will be not greater than an amount equal to the excess of (A) the aggregate Fair Market Value (on the date of the exercise of the SAR) of a number of shares of Common Stock equal to the number of Common Stock equivalents in which the Participant is vested under such SAR, and with respect to which the Participant is exercising the SAR on such date, over (B) the strike price. The appreciation distribution may be paid in Common Stock, in cash, in any combination of the two or in any other form of consideration, as determined by the Board and contained in the Award Agreement evidencing such SAR.

(e) Transferability of Options and SARs. The Board may, in its sole discretion, impose such limitations on the transferability of Options and SARs as the Board will determine. In the absence of such a determination by the Board to the contrary, the following restrictions on the transferability of Options and SARs will apply:

(i) Restrictions on Transfer. An Option or SAR will not be transferable except by will or by the laws of descent and distribution (or pursuant to subsections (ii) and (iii) below), and will be exercisable during the lifetime of the Participant only by the Participant. The Board may permit transfer of the Option or SAR in a manner that is not prohibited by applicable tax and securities laws. Except as explicitly provided herein, neither an Option nor a SAR may be transferred for consideration.

(ii) Domestic Relations Orders. Subject to the approval of the Board or a duly authorized Officer, an Option or SAR may be transferred pursuant to the terms of a domestic relations order or official marital settlement agreement. If an Option is an Incentive Stock Option, such Option may be deemed to be a Nonstatutory Stock Option as a result of such transfer.

(iii) Beneficiary Designation. Subject to the approval of the Board or a duly authorized Officer, a Participant may, by delivering written notice to the Company, in a form approved by the Company (or the designated broker), designate a third party who, on the death of the Participant, will thereafter be entitled to exercise the Option or SAR and receive the Common Stock or other consideration resulting from such exercise. In the absence of such a designation, the executor or administrator of the Participant's estate will be entitled to exercise the Option or SAR and receive the Common Stock or other consideration resulting from such exercise. However, the Company may prohibit designation of a beneficiary at any time, including due to any conclusion by the Company that such designation would be inconsistent with the provisions of applicable laws.

(f) Vesting Generally. The total number of shares of Common Stock subject to an Option or SAR may vest and therefore become exercisable in periodic installments that may or may not be equal. The Option or SAR may be subject to such other terms and conditions on the time or times when it may or may not be exercised (which may be based on the satisfaction of Performance Goals or other criteria) as the Board may deem appropriate. The vesting provisions of individual Options or SARs may vary. The provisions of this Section 5(f) are subject to any Option or SAR provisions governing the minimum number of shares of Common Stock as to which an Option or SAR may be exercised.

(g) Termination of Continuous Service. Except as otherwise provided in the applicable Award Agreement or other agreement between the Participant and the Company, if a Participant's Continuous Service terminates (other than for Cause and other than upon the Participant's death or Disability), the Participant may exercise his or her Option or SAR (to the extent that the Participant was entitled to exercise such Award as of the date of termination of Continuous Service) within the period of time ending on the earlier of (i) the date three months following the termination of the Participant's Continuous Service and (ii) the expiration of the term of the Option or SAR as set forth in the Award Agreement. If, after termination of Continuous Service, the Participant does not exercise his or her Option or SAR within the applicable time frame, the Option or SAR will terminate.

(h) Extension of Termination Date. If the exercise of an Option or SAR following the termination of the Participant's Continuous Service (other than for Cause and other than upon the Participant's death or Disability) would be prohibited at any time solely because the issuance of shares of Common Stock would violate the registration requirements under the Securities Act, then the Option or SAR will terminate on the earlier of (i) the expiration of a total period of three months (that need not be consecutive) after the termination of the Participant's Continuous Service during which the exercise of the Option or SAR would not be in violation of such registration requirements, and (ii) the expiration of the term of the Option or SAR as set forth in the applicable Award Agreement. In addition, unless otherwise provided in a Participant's Award Agreement, if the sale of any Common Stock received on exercise of an Option or SAR following the termination of the Participant's Continuous Service (other than for Cause) would violate the Company's insider trading policy, then the Option or SAR will terminate on the earlier of (i) the expiration of a period of months (that need not be consecutive) equal to the applicable post-termination exercise period after the termination of the Participant's Continuous Service during which the sale of the Common Stock received upon exercise of the Option or SAR would not be in violation of the Company's insider trading policy, or (ii) the expiration of the term of the Option or SAR as set forth in the applicable Award Agreement.

(i) Disability of Participant. Except as otherwise provided in the applicable Award Agreement or other agreement between the Participant and the Company, if a Participant's Continuous Service terminates as a result of the Participant's Disability, the Participant may exercise his or her Option or SAR (to the extent that the Participant was entitled to exercise such Option or SAR as of the date of termination of Continuous Service), but only within such period of time ending on the earlier of (i) the date 12 months following such termination of Continuous Service and (ii) the expiration of the term of the Option or SAR as set forth in the Award Agreement. If, after termination of Continuous Service, the Participant does not exercise his or her Option or SAR within the applicable time frame, the Option or SAR (as applicable) will terminate.

(j) Death of Participant. Except as otherwise provided in the applicable Award Agreement or other agreement between the Participant and the Company, if (i) a Participant's Continuous Service terminates as a result of the Participant's death, or (ii) the Participant dies within the period (if any) specified in the Award Agreement for exercisability after the termination of the Participant's Continuous Service for a reason other than death, then the Option or SAR may be exercised (to the extent the Participant was entitled to exercise such Option or SAR as of the date of death) by the Participant's estate, by a person who acquired the right to exercise the Option or SAR by bequest or inheritance or by a person designated to exercise the Option or SAR upon the Participant's death, but only within the period ending on the earlier of (i) the date 18 months following the date of death and (ii) the expiration of the term of such Option or SAR as set forth in the Award Agreement. If, after the Participant's death, the Option or SAR is not exercised within the applicable time frame, the Option or SAR will terminate.

(k) Termination for Cause. Except as explicitly provided otherwise in a Participant's Award Agreement, if a Participant's Continuous Service is terminated for Cause, the Option or SAR will terminate upon the date on which the event giving rise to the termination for Cause first occurred, and the Participant will be prohibited from exercising his or her Option or SAR from and after the date on which the event giving rise to the termination for Cause first occurred (or, if required by law, the date of termination of Continuous Service).

(l) Non-Exempt Employees. If an Option or SAR is granted to an Employee who is a non-exempt employee for purposes of the Fair Labor Standards Act of 1938, as amended, the Option or SAR will not be first exercisable for any shares of Common Stock until at least six (6) months following the date of grant of the Option or SAR (although the Award may vest prior to such date). Consistent with the provisions of the Worker Economic Opportunity Act, (i) if such non-exempt Employee dies or suffers a Disability, (ii) upon a Corporate Transaction in which such Option or SAR is not assumed, continued, or substituted, (iii) upon a Change in Control, or (iv) upon the Participant's retirement (as such term may be defined in the Participant's Award Agreement in another agreement between the Participant and the Company, or, if no such definition, in accordance with the Company's then current employment policies and guidelines), the vested portion of any Options and SARs may be exercised earlier than six months following the date of grant. The foregoing provision is intended to operate so that any income derived by a non-exempt employee in connection with the exercise or vesting of an Option or SAR will be exempt from his or her regular rate of pay. To the extent permitted and/or required for compliance with the Worker Economic Opportunity Act to ensure that any income derived by a non-exempt employee in connection with the exercise, vesting or issuance of any shares under any other Stock Award will be exempt from the employee's regular rate of pay, the provisions of this Section 5(l) will apply to all Stock Awards and are hereby incorporated by reference into such Stock Award Agreements.

6. PROVISIONS OF STOCK AWARDS OTHER THAN OPTIONS AND SARs.

(a) Restricted Stock Awards. Each Restricted Stock Award Agreement will be in such form and will contain such terms and conditions as the Board will deem appropriate. To the extent consistent with the Company's bylaws, at the Board's election, shares of Common Stock may be (x) held in book entry form subject to the Company's instructions until any restrictions relating to the Restricted Stock Award lapse; or (y) evidenced by a certificate, which certificate will be held in such form and manner as determined by the Board. The terms and conditions of Restricted Stock Award Agreements may change from time to time, and the terms and conditions of separate Restricted Stock Award Agreements need not be identical. Each Restricted Stock Award Agreement will conform to (through incorporation of the provisions hereof by reference in the agreement or otherwise) the substance of each of the following provisions:

(i) Consideration. A Restricted Stock Award may be awarded in consideration for (A) cash, check, bank draft or money order payable to the Company, (B) past services to the Company or an Affiliate, or (C) any other form of legal consideration (including future services) that may be acceptable to the Board, in its sole discretion, and permissible under applicable law.

(ii) Vesting. Shares of Common Stock awarded under the Restricted Stock Award Agreement may be subject to forfeiture to the Company in accordance with a vesting schedule to be determined by the Board.

(iii) Termination of Participant's Continuous Service. If a Participant's Continuous Service terminates, the Company may receive through a forfeiture condition or a repurchase right any or all of the shares of Common Stock held by the Participant that have not vested as of the date of termination of Continuous Service under the terms of the Restricted Stock Award Agreement.

(iv) Transferability. Rights to acquire shares of Common Stock under the Restricted Stock Award Agreement will be transferable by the Participant only upon such terms and conditions as are set forth in the Restricted Stock Award Agreement, as the Board will determine in its sole discretion, so long as Common Stock awarded under the Restricted Stock Award Agreement remains subject to the terms of the Restricted Stock Award Agreement.

(v) Dividends. A Restricted Stock Award Agreement may provide that any dividends paid on Restricted Stock will be subject to the same vesting and forfeiture restrictions as apply to the shares subject to the Restricted Stock Award to which they relate.

(b) Restricted Stock Unit Awards. Each Restricted Stock Unit Award Agreement will be in such form and will contain such terms and conditions as the Board will deem appropriate. The terms and conditions of Restricted Stock Unit Award Agreements may change from time to time, and the terms and conditions of separate Restricted Stock Unit Award Agreements need not be identical. Each Restricted Stock Unit Award Agreement will conform to (through incorporation of the provisions hereof by reference in the Agreement or otherwise) the substance of each of the following provisions:

(i) Consideration. At the time of grant of a Restricted Stock Unit Award, the Board will determine the consideration, if any, to be paid by the Participant upon delivery of each share of Common Stock subject to the Restricted Stock Unit Award. The consideration to be paid (if any) by the Participant for each share of Common Stock subject to a Restricted Stock Unit Award may be paid in any form of legal consideration that may be acceptable to the Board, in its sole discretion, and permissible under applicable law.

(ii) Vesting. At the time of the grant of a Restricted Stock Unit Award, the Board may impose such restrictions on or conditions to the vesting of the Restricted Stock Unit Award as it, in its sole discretion, deems appropriate.

(iii) Payment. A Restricted Stock Unit Award may be settled by the delivery of shares of Common Stock, their cash equivalent, any combination thereof or in any other form of consideration, as determined by the Board and contained in the Restricted Stock Unit Award Agreement.

(iv) Additional Restrictions. At the time of the grant of a Restricted Stock Unit Award, the Board, as it deems appropriate, may impose such restrictions or conditions that delay the delivery of the shares of Common Stock (or their cash equivalent) subject to a Restricted Stock Unit Award to a time after the vesting of such Restricted Stock Unit Award.

(v) Dividend Equivalents. Dividend equivalents may be credited in respect of shares of Common Stock covered by a Restricted Stock Unit Award, as determined by the Board and contained in the Restricted Stock Unit Award Agreement. At the sole discretion of the Board, such dividend equivalents may be converted into additional shares of Common Stock covered by the Restricted Stock Unit Award in such manner as determined by the Board. Any additional shares covered by the Restricted Stock Unit Award credited by reason of such dividend equivalents will be subject to all of the same terms and conditions of the underlying Restricted Stock Unit Award Agreement to which they relate.

(vi) Termination of Participant's Continuous Service Except as otherwise provided in the applicable Restricted Stock Unit Award Agreement, such portion of the Restricted Stock Unit Award that has not vested will be forfeited upon the Participant's termination of Continuous Service.

(c) Performance Awards.

(i) Performance Stock Awards. A Performance Stock Award is a Stock Award (covering a number of shares not in excess of that set forth in Section 3(d) above) that is payable (including that may be granted, vest or exercised) contingent upon the attainment during a Performance Period of certain Performance Goals. A Performance Stock Award may, but need not, require the completion of a specified period of Continuous Service. The length of any Performance Period, the Performance Goals to be achieved during the Performance Period, and the measure of whether and to what degree such Performance Goals have been attained will be conclusively determined by the Committee (or, if not required for compliance with Section 162(m) of the Code, the Board), in its sole discretion. In addition, to the extent permitted by applicable law and the applicable Award Agreement, the Board may determine that cash may be used in payment of Performance Stock Awards.

(ii) Performance Cash Awards. A Performance Cash Award is a cash award (for a dollar value not in excess of that set forth in Section 3(d) above) that is payable contingent upon the attainment during a Performance Period of certain Performance Goals. A Performance Cash Award may also require the completion of a specified period of Continuous Service. At the time of grant of a Performance Cash Award, the length of any Performance Period, the Performance Goals to be achieved during the Performance Period, and the measure of whether and to what degree such Performance Goals have been attained will be conclusively determined by the Committee (or, if not required for compliance with Section 162(m) of the Code, the Board), in its sole discretion. The Board may specify the form of payment of Performance Cash Awards, which may be cash or other property, or may provide for a Participant to have the option for his or her Performance Cash Award, or such portion thereof as the Board may specify, to be paid in whole or in part in cash or other property.

(iii) Section 162(m) Compliance. Unless otherwise permitted in compliance with the requirements of Section 162(m) of the Code with respect to an Award intended to qualify as performance-based compensation thereunder, the Committee will establish the Performance Goals applicable to, and the formula for calculating the amount payable under, the Award no later than the earlier of (a) the date 90 days after the commencement of the applicable Performance Period, and (b) the date on which 25% of the Performance Period has elapsed, and in any event at a time when the achievement of the applicable Performance Goals remains substantially uncertain. Prior to the payment of any compensation under an Award intended to qualify as performance-based compensation under Section 162(m) of the Code, the Committee will certify the extent to which any Performance Goals and any other material terms under such Award have been satisfied (other than in cases where such relate solely to the increase in the value of the Common Stock). Notwithstanding satisfaction of any completion of any Performance Goals, the number of shares of Common Stock, Options, cash or other benefits granted, issued, retainable and/or vested under an Award on account of satisfaction of such Performance Goals may be reduced by the Committee on the basis of such further considerations as the Committee, in its sole discretion, will determine.

(d) Other Stock Awards. Other forms of Stock Awards valued in whole or in part by reference to, or otherwise based on, Common Stock, including the appreciation in value thereof (e.g., options or stock rights with an exercise price or strike price less than 100% of the Fair Market Value of the Common Stock at the time of grant) may be granted either alone or in addition to Stock Awards provided for under Section 5 and the preceding provisions of this Section 6. Subject to the provisions of the Plan, the Board will have sole and complete authority to determine the persons to whom and the time or times at which such Other Stock Awards will be granted, the number of shares of Common Stock (or the cash equivalent thereof) to be granted pursuant to such Other Stock Awards and all other terms and conditions of such Other Stock Awards.

7. COVENANTS OF THE COMPANY.

(a) Availability of Shares. The Company will keep available at all times the number of shares of Common Stock reasonably required to satisfy then-outstanding Awards.

(b) Securities Law Compliance. The Company will seek to obtain from each regulatory commission or agency having jurisdiction over the Plan such authority as may be required to grant Stock Awards and to issue and sell shares of Common Stock upon exercise of the Stock Awards; *provided, however,* that this undertaking will not require the Company to register under the Securities Act the Plan, any Stock Award or any Common Stock issued or issuable pursuant to any such Stock Award. If, after reasonable efforts and at a reasonable cost, the Company is unable to obtain from any such regulatory commission or agency the authority that counsel for the Company deems necessary for the lawful issuance and sale of Common Stock under the Plan, the Company will be relieved from any liability for failure to issue and sell Common Stock upon exercise of such Stock Awards unless and until such authority is obtained. A Participant will not be eligible for the grant of an Award or the subsequent issuance of cash or Common Stock pursuant to the Award if such grant or issuance would be in violation of any applicable securities law.

(c) No Obligation to Notify or Minimize Taxes. The Company will have no duty or obligation to any Participant to advise such holder as to the time or manner of exercising such Stock Award. Furthermore, the Company will have no duty or obligation to warn or otherwise advise such holder of a pending termination or expiration of an Award or a possible period in which the Award may not be exercised. The Company has no duty or obligation to minimize the tax consequences of an Award to the holder of such Award.

8. MISCELLANEOUS.

(a) Use of Proceeds from Sales of Common Stock. Proceeds from the sale of shares of Common Stock pursuant to Awards will constitute general funds of the Company.

(b) Corporate Action Constituting Grant of Stock Awards. Corporate action constituting a grant by the Company of an Award to any Participant will be deemed completed as of the date of such corporate action, unless otherwise determined by the Board, regardless of when the instrument, certificate, or letter evidencing the Award is communicated to, or actually received or accepted by, the Participant. In the event that the corporate records (e.g., Board consents, resolutions or minutes) documenting the corporate action constituting the grant contain terms (e.g., exercise price, vesting schedule or number of shares) that are inconsistent with those in the Award Agreement as a result of a clerical error in the papering of the Award Agreement, the corporate records will control and the Participant will have no legally binding right to the incorrect term in the Award Agreement.

(c) Stockholder Rights. No Participant will be deemed to be the holder of, or to have any of the rights of a holder with respect to, any shares of Common Stock subject to an Award unless and until (i) such Participant has satisfied all requirements for exercise of, or the issuance of shares under, the Award pursuant to its terms, and (ii) the issuance of the Common Stock subject to such Award has been entered into the books and records of the Company.

(d) No Employment or Other Service Rights. Nothing in the Plan, any Award Agreement or any other instrument executed thereunder or in connection with any Award granted pursuant thereto will confer upon any Participant any right to continue to serve the Company or an Affiliate in the capacity in effect at the time the Award was granted or will affect the right of the Company or an Affiliate to terminate (i) the employment of an Employee with or without notice and with or without cause, (ii) the service of a Consultant pursuant to the terms of such Consultant's agreement with the Company or an Affiliate, or (iii) the service of a Director pursuant to the bylaws of the Company or an Affiliate, and any applicable provisions of the corporate law of the state in which the Company or the Affiliate is incorporated, as the case may be.

(e) Change in Time Commitment. In the event a Participant's regular level of time commitment in the performance of his or her services for the Company and any Affiliates is reduced (for example, and without limitation, if the Participant is an Employee of the Company and the Employee has a change in status from a full-time Employee to a part-time Employee or takes an extended leave of absence) after the date of grant of any Award to the Participant, the Board has the right in its sole discretion to (x) make a corresponding reduction in the number of shares or cash amount subject to any portion of such Award that is scheduled to vest or become payable after the date of such change in time commitment, and (y) in lieu of or in combination with such a reduction, extend the vesting or payment schedule applicable to such Award. In the event of any such reduction, the Participant will have no right with respect to any portion of the Award that is so reduced.

(f) Incentive Stock Option Limitations. To the extent that the aggregate Fair Market Value (determined at the time of grant) of Common Stock with respect to which Incentive Stock Options are exercisable for the first time by any Optionholder during any calendar year (under all plans of the Company and any Affiliates) exceeds \$100,000 (or such other limit established in the Code) or otherwise does not comply with the rules governing Incentive Stock Options, the Options or portions thereof that exceed such limit (according to the order in which they were granted) or otherwise do not comply with the rules will be treated as Nonstatutory Stock Options, notwithstanding any contrary provision of the applicable Option Agreement(s).

(g) Investment Assurances. The Company may require a Participant, as a condition of exercising or acquiring Common Stock under any Award, (i) to give written assurances satisfactory to the Company as to the Participant's knowledge and experience in financial and business matters and/or to employ a purchaser representative reasonably satisfactory to the Company who is knowledgeable and experienced in financial and business matters and that he or she is capable of evaluating, alone or together with the purchaser representative, the merits and risks of exercising the Award; and (ii) to give written assurances satisfactory to the Company stating that the Participant is acquiring Common Stock subject to the Award for the Participant's own account and not with any present intention of selling or otherwise distributing the Common Stock. The foregoing requirements, and any assurances given pursuant to such requirements, will be inoperative if (A) the issuance of the shares upon the exercise or acquisition of Common Stock under the Award has been registered under a then currently effective registration statement under the Securities Act, or (B) as to any particular requirement, a determination is made by counsel for the Company that such requirement need not be met in the circumstances under the then applicable securities laws. The Company may, upon advice of counsel to the Company, place legends on stock certificates issued under the Plan as such counsel deems necessary or appropriate in order to comply with applicable securities laws, including, but not limited to, legends restricting the transfer of the Common Stock.

(h) Withholding Obligations. Unless prohibited by the terms of an Award Agreement, the Company may, in its sole discretion, satisfy any federal, state or local tax withholding obligation relating to an Award by any of the following means or by a combination of such means: (i) causing the Participant to tender a cash payment; (ii) withholding shares of Common Stock from the shares of Common Stock issued or otherwise issuable to the Participant in connection with the Award; *provided, however*, that no shares of Common Stock are withheld with a value exceeding the minimum amount of tax required to be withheld by law (or such lesser amount as may be necessary to avoid classification of the Stock Award as a liability for financial accounting purposes); (iii) withholding cash from an Award settled in cash; (iv) withholding payment from any amounts otherwise payable to the Participant; or (v) by such other method as may be set forth in the Award Agreement.

(i) Electronic Delivery. Any reference herein to a written agreement or document will include any agreement or document delivered electronically, filed publicly at www.sec.gov (or any successor website thereto) or posted on the Company's intranet.

(j) Deferrals. To the extent permitted by applicable law, the Board, in its sole discretion, may determine that the delivery of Common Stock or the payment of cash, upon the exercise, vesting or settlement of all or a portion of any Award may be deferred and may establish programs and procedures for deferral elections to be made by Participants. Deferrals by Participants will be made in accordance with Section 409A of the Code. Consistent with Section 409A of the Code, the Board may provide for distributions while a Participant is still an employee or otherwise providing services to the Company. The Board is authorized to make deferrals of Awards and determine when, and in what annual percentages, Participants may receive payments, including lump sum payments, following the Participant's termination of Continuous Service, and implement such other terms and conditions consistent with the provisions of the Plan and in accordance with applicable law.

(k) Compliance with Section 409A. Unless otherwise expressly provided for in an Award Agreement, the Plan and Award Agreements will be interpreted to the greatest extent possible in a manner that makes the Plan and the Awards granted hereunder exempt from Section 409A of the Code, and, to the extent not so exempt, in compliance with Section 409A of the Code. If the Board determines that any Award granted hereunder is not exempt from and is therefore subject to Section 409A of the Code, the Award Agreement evidencing such Award will incorporate the terms and conditions necessary to avoid the consequences specified in Section 409A(a)(1) of the Code, and to the extent an Award Agreement is silent on terms necessary for compliance, such terms are hereby incorporated by reference into the Award Agreement. Notwithstanding anything to the contrary in this Plan (and unless the Award Agreement specifically provides otherwise), if the shares of Common Stock are publicly traded, and if a Participant holding an Award that constitutes deferred compensation under Section 409A of the Code is a specified employee for purposes of Section 409A of the Code, no distribution or payment of any amount that is due because of a separation from service (as defined in Section 409A of the Code without regard to alternative definitions thereunder) will be issued or paid before the date that is six (6) months following the date of such Participant's separation from service or, if earlier, the date of the Participant's death, unless such distribution or payment can be made in a manner that complies with Section 409A of the Code, and any amounts so deferred will be paid in a lump sum on the day after such six (6) month period elapses, with the balance paid thereafter on the original schedule.

(l) Clawback/Recovery. All Awards granted under the Plan will be subject to recoupment in accordance with any clawback policy that the Company is required to adopt pursuant to the listing standards of any national securities exchange or association on which the Company's securities are listed or as is otherwise required by the Dodd-Frank Wall Street Reform and Consumer Protection Act or other applicable law. In addition, the Board may impose such other clawback, recovery or recoupment provisions in an Award Agreement as the Board determines necessary or appropriate, including but not limited to a reacquisition right in respect of previously acquired shares of Common Stock or other cash or property upon the occurrence of Cause. No recovery of compensation under such a clawback policy will be an event giving rise to a right to resign for good reason or constructive termination (or similar term) under any agreement with the Company.

9. ADJUSTMENTS UPON CHANGES IN COMMON STOCK; OTHER CORPORATE EVENTS.

(a) Capitalization Adjustments. In the event of a Capitalization Adjustment, the Board will appropriately and proportionately adjust: (i) the class(es) and maximum number of securities subject to the Plan pursuant to Section 3(a), (ii) the class(es) and maximum number of securities that may be issued pursuant to the exercise of Incentive Stock Options pursuant to Section 3(c), (iii) the class(es) and maximum number of securities that may be awarded to any person pursuant to Sections 3(d), and (iv) the class(es) and number of securities and price per share of stock subject to outstanding Stock Awards. The Board will make such adjustments, and its determination will be final, binding and conclusive.

(b) Dissolution or Liquidation. Except as otherwise provided in the Stock Award Agreement, in the event of a dissolution or liquidation of the Company, all outstanding Stock Awards (other than Stock Awards consisting of vested and outstanding shares of Common Stock not subject to a forfeiture condition or the Company's right of repurchase) will terminate immediately prior to the completion of such dissolution or liquidation, and the shares of Common Stock subject to the Company's repurchase rights or subject to a forfeiture condition may be repurchased or reacquired by the Company notwithstanding the fact that the holder of such Stock Award is providing Continuous Service; *provided, however*, that the Board may, in its sole discretion, cause some or all Stock Awards to become fully vested, exercisable and/or no longer subject to repurchase or forfeiture (to the extent such Stock Awards have not previously expired or terminated) before the dissolution or liquidation is completed but contingent on its completion.

(c) Corporate Transaction. The following provisions will apply to Stock Awards in the event of a Corporate Transaction unless otherwise provided in the instrument evidencing the Stock Award or any other written agreement between the Company or any Affiliate and the Participant or unless otherwise expressly provided by the Board at the time of grant of a Stock Award. In the event of a Corporate Transaction, then, notwithstanding any other provision of the Plan, the Board will take one or more of the following actions with respect to Stock Awards, contingent upon the closing or completion of the Corporate Transaction:

(i) arrange for the surviving corporation or acquiring corporation (or the surviving or acquiring corporation's parent company) to assume or continue the Stock Award or to substitute a similar stock award for the Stock Award (including, but not limited to, an award to acquire the same consideration paid to the stockholders of the Company pursuant to the Corporate Transaction);

(ii) arrange for the assignment of any reacquisition or repurchase rights held by the Company in respect of Common Stock issued pursuant to the Stock Award to the surviving corporation or acquiring corporation (or the surviving or acquiring corporation's parent company);

(iii) accelerate the vesting, in whole or in part, of the Stock Award (and, if applicable, the time at which the Stock Award may be exercised) to a date prior to the effective time of such Corporate Transaction as the Board will determine (or, if the Board will not determine such a date, to the date that is five days prior to the effective date of the Corporate Transaction), with such Stock Award terminating if not exercised (if applicable) at or prior to the effective time of the Corporate Transaction;

(iv) arrange for the lapse, in whole or in part, of any reacquisition or repurchase rights held by the Company with respect to the Stock Award;

(v) cancel or arrange for the cancellation of the Stock Award, to the extent not vested or not exercised prior to the effective time of the Corporate Transaction, in exchange for such cash consideration, if any, as the Board, in its sole discretion, may consider appropriate; and

(vi) cancel or arrange for the cancellation of the Stock Award, to the extent not vested or not exercised prior to the effective time of the Corporate Transaction, in exchange for a payment, in such form as may be determined by the Board equal to the excess, if any, of (A) the value of the property the Participant would have received upon the exercise of the Stock Award immediately prior to the effective time of the Corporate Transaction, over (B) any exercise price payable by such holder in connection with such exercise.

The Board need not take the same action or actions with respect to all Stock Awards or portions thereof or with respect to all Participants.

(d) **Change in Control.** A Stock Award may be subject to additional acceleration of vesting and exercisability upon or after a Change in Control as may be provided in the Stock Award Agreement for such Stock Award or as may be provided in any other written agreement between the Company or any Affiliate and the Participant, but in the absence of such provision, no such acceleration will occur.

10. PLAN TERM; EARLIER TERMINATION OR SUSPENSION OF THE PLAN.

The Board may suspend or terminate the Plan at any time. No Incentive Stock Options may be granted after the tenth anniversary of the earlier of (i) the date the Plan is adopted by the Board (the *Adoption Date*), or (ii) the date the Plan is approved by the stockholders of the Company. No Awards may be granted under the Plan while the Plan is suspended or after it is terminated.

11. EXISTENCE OF THE PLAN; TIMING OF FIRST GRANT OR EXERCISE.

The Plan will come into existence on the Adoption Date; *provided, however*, no Award may be granted prior to the IPO Date (that is, the Effective Date). In addition, no Stock Award will be exercised (or, in the case of a Restricted Stock Award, Restricted Stock Unit Award, Performance Stock Award, or Other Stock Award, will be granted) and no Performance Cash Award will be settled unless and until the Plan has been approved by the stockholders of the Company, which approval will be within 12 months after the date the Plan is adopted by the Board.

12. CHOICE OF LAW.

The law of the State of California will govern all questions concerning the construction, validity and interpretation of this Plan, without regard to that state's conflict of laws rules.

13. DEFINITIONS. As used in the Plan, the following definitions will apply to the capitalized terms indicated below:

(a) *Affiliate* means, at the time of determination, any parent or subsidiary of the Company as such terms are defined in Rule 405 of the Securities Act. The Board will have the authority to determine the time or times at which parent or subsidiary status is determined within the foregoing definition.

(b) *Award* means a Stock Award or a Performance Cash Award.

(c) **Award Agreement** means a written agreement between the Company and a Participant evidencing the terms and conditions of an Award.

(d) **Board** means the Board of Directors of the Company.

(e) **Capital Stock** means each and every class of common stock of the Company, regardless of the number of votes per share.

(f) **Capitalization Adjustment** means any change that is made in, or other events that occur with respect to, the Common Stock subject to the Plan or subject to any Stock Award after the Adoption Date without the receipt of consideration by the Company through merger, consolidation, reorganization, recapitalization, reincorporation, stock dividend, dividend in property other than cash, stock split, liquidating dividend, combination of shares, exchange of shares, change in corporate structure or any similar equity restructuring transaction, as that term is used in Financial Accounting Standards Board Accounting Standards Codification Topic 718 (or any successor thereto). Notwithstanding the foregoing, the conversion of any convertible securities of the Company will not be treated as a Capitalization Adjustment.

(g) **Cause** means the Participant's termination because of: (A) the Participant's engaging in any act of dishonesty or misrepresentation or willful commission of fraud; (B) the Participant's violation of any federal, state or foreign law or regulation applicable to the Company's business; (C) the Participant's violation of the Company's Code of Conduct, confidential information and/or inventions assignment agreement, or any similar obligations under contract or applicable law; (D) the Participant's conviction of, or entering a plea of *nolo contendere* to, any felony; or (E) any other misconduct that is materially injurious to the financial condition or business reputation of, or is otherwise materially injurious to, the Company, which conduct, if capable of cure or remedy, is not cured or remedied within two weeks after written notice from the Company describing such conduct.

(h) **Change in Control** means the occurrence, in a single transaction or in a series of related transactions, of any one or more of the following events:

(i) any Exchange Act Person becomes the Owner, directly or indirectly, of securities of the Company representing more than 50% of the combined voting power of the Company's then outstanding securities other than by virtue of a merger, consolidation or similar transaction. Notwithstanding the foregoing, a Change in Control will not be deemed to occur (A) on account of the acquisition of securities of the Company directly from the Company, (B) on account of the acquisition of securities of the Company by an investor, any affiliate thereof or any other Exchange Act Person that acquires the Company's securities in a transaction or series of related transactions the primary purpose of which is to obtain financing for the Company through the issuance of equity securities, (C) on account of the acquisition of securities of the Company by any individual who is, on the IPO Date, either an executive officer or a Director (either, an **IPO Investor**) and/or any entity in which an IPO Investor has a direct or indirect interest (whether in the form of voting rights or participation in profits or capital contributions) of more than 50% (collectively, the **IPO Entities**) or on account of the IPO Entities continuing to hold shares that come to represent more than 50% of the combined voting power of the Company's then outstanding securities as a result of the conversion of any class of the Company's securities into another class of the Company's securities having a different number of votes per share pursuant to the conversion provisions set forth in the Company's Amended and Restated Certificate of Incorporation; or (D) solely because the level of Ownership held by any Exchange Act Person (the **Subject Person**) exceeds the designated percentage threshold of the outstanding voting securities as a result of a repurchase or other acquisition of voting securities by the Company reducing the number of shares outstanding, provided that if a Change in Control would occur (but for the operation of this sentence) as a result of the acquisition of voting securities by the Company, and after such share acquisition, the Subject Person becomes the Owner of any additional voting securities that, assuming the repurchase or other acquisition had not occurred, increases the percentage of the then outstanding voting securities Owned by the Subject Person over the designated percentage threshold, then a Change in Control will be deemed to occur;

(ii) there is consummated a merger, consolidation or similar transaction involving (directly or indirectly) the Company and, immediately after the consummation of such merger, consolidation or similar transaction, the stockholders of the Company immediately prior thereto do not Own, directly or indirectly, either (A) outstanding voting securities representing more than 50% of the combined outstanding voting power of the surviving Entity in such merger, consolidation or similar transaction or (B) more than 50% of the combined outstanding voting power of the parent of the surviving Entity in such merger, consolidation or similar transaction, in each case in substantially the same proportions as their Ownership of the outstanding voting securities of the Company immediately prior to such transaction; *provided, however*, that a merger, consolidation or similar transaction will not constitute a Change in Control under this prong of the definition if the outstanding voting securities representing more than 50% of the combined voting power of the surviving Entity or its parent are owned by the IPO Entities;

(iii) there is consummated a sale, lease, exclusive license or other disposition of all or substantially all of the consolidated assets of the Company and its Subsidiaries, other than a sale, lease, license or other disposition of all or substantially all of the consolidated assets of the Company and its Subsidiaries to an Entity, more than fifty percent (50%) of the combined voting power of the voting securities of which are Owned by stockholders of the Company in substantially the same proportions as their Ownership of the outstanding voting securities of the Company immediately prior to such sale, lease, license or other disposition; *provided, however*, that a sale, lease, exclusive license or other disposition of all or substantially all of the consolidated assets of the Company and its Subsidiaries will not constitute a Change in Control under this prong of the definition if the outstanding voting securities representing more than 50% of the combined voting power of the acquiring Entity or its parent are owned by the IPO Entities; or

(iv) individuals who, on the date the Plan is adopted by the Board, are members of the Board (the **Incumbent Board**) cease for any reason to constitute at least a majority of the members of the Board; *provided, however*, that if the appointment or election (or nomination for election) of any new Board member was approved or recommended by a majority vote of the members of the Incumbent Board then still in office, such new member will, for purposes of this Plan, be considered as a member of the Incumbent Board.

For purposes of determining voting power under the term Change in Control, voting power shall be calculated by assuming the conversion of all equity securities convertible (immediately or at some future time) into shares entitled to vote, but not assuming the exercise of any warrant or right to subscribe to or purchase those shares. In addition, (A) the term Change in Control will not include a sale of assets, merger or other transaction effected exclusively for the purpose of changing the domicile of the Company, (B) the term Change in Control will not include a change in the voting power of any one or more stockholders as a result of the conversion of any class of the Company's securities into another class of the Company's securities having a different number of votes per share pursuant to the conversion provisions set forth in the Company's Amended and Restated Certificate of Incorporation, and (C) the definition of Change in Control (or any analogous term) in an individual written agreement between the Company or any Affiliate and the Participant will supersede the foregoing definition with respect to Awards subject to such agreement; *provided, however*, that if no definition of Change in Control or any analogous term is set forth in such an individual written agreement, the foregoing definition will apply. If required for compliance with Section 409A of the Code, in no event will a Change in Control be deemed to have occurred if such transaction is not also a change in the ownership or effective control of the Company or a change in the ownership of a substantial portion of the assets of the Company as determined under Treasury Regulation Section 1.409A-3(i)(5) (without regard to any alternative definition thereunder). The Board may, in its sole discretion and without a Participant's consent, amend the definition of Change in Control to conform to the definition of Change in Control under Section 409A of the Code, and the regulations thereunder.

(i) **Code** means the Internal Revenue Code of 1986, as amended, including any applicable regulations and guidance thereunder.

(j) **Committee** means a committee of one or more Directors to whom authority has been delegated by the Board in accordance with Section 2(c).

(k) **Common Stock** means, as of the IPO Date, the Class A common stock of the Company, having 1 vote per share.

(l) **Company** means Yelp Inc., a Delaware corporation.

(m) **Consultant** means any person, including an advisor, who is (i) engaged by the Company or an Affiliate to render consulting or advisory services and is compensated for such services, or (ii) serving as a member of the board of directors of an Affiliate and is compensated for such services. However, service solely as a Director, or payment of a fee for such service, will not cause a Director to be considered a

Consultant for purposes of the Plan. Notwithstanding the foregoing, a person is treated as a Consultant under this Plan only if a Form S-8 Registration Statement under the Securities Act is available to register either the offer or the sale of the Company's securities to such person.

(n) **Continuous Service** means that the Participant's service with the Company or an Affiliate, whether as an Employee, Director or Consultant, is not interrupted or terminated. A change in the capacity in which the Participant renders service to the Company or an Affiliate as an Employee, Consultant or Director or a change in the entity for which the Participant renders such service, provided that there is no interruption or termination of the Participant's service with the Company or an Affiliate, will not terminate a Participant's Continuous Service; provided, however, that if the Entity for which a Participant is rendering services ceases to qualify as an Affiliate, as determined by the Board, in its sole discretion, such Participant's Continuous Service will be considered to have terminated on the date such Entity ceases to qualify as an Affiliate. To the extent permitted by law, the Board or the chief executive officer of the Company, in that party's sole discretion, may determine whether Continuous Service will be considered interrupted in the case of (i) any leave of absence approved by the Board or chief executive officer, including sick leave, military leave or any other personal leave, or (ii) transfers between the Company, an Affiliate, or their successors. Notwithstanding the foregoing, a leave of absence will be treated as Continuous Service for purposes of vesting in an Award only to such extent as may be provided in the Company's leave of absence policy, in the written terms of any leave of absence agreement or policy applicable to the Participant, or as otherwise required by law. In addition, to the extent required for exemption from or compliance with Section 409A of the Code, the determination of whether there has been a termination of Continuous Service will be made, and such term will be construed, in a manner that is consistent with the definition of "separation from service" as defined under Treasury Regulation Section 1.409A-1(h) (without regard to any alternative definition thereunder).

(o) **Corporate Transaction** means the occurrence, in a single transaction or in a series of related transactions, of any one or more of the following events:

(i) the consummation of a sale or other disposition of all or substantially all, as determined by the Board, in its sole discretion, of the consolidated assets of the Company and its Subsidiaries;

(ii) the consummation of a sale or other disposition of at least 50% of the outstanding securities of the Company;

(iii) the consummation of a merger, consolidation or similar transaction following which the Company is not the surviving corporation; or

(iv) the consummation of a merger, consolidation or similar transaction following which the Company is the surviving corporation but the shares of Common Stock outstanding immediately preceding the merger, consolidation or similar transaction are converted or exchanged by virtue of the merger, consolidation or similar transaction into other property, whether in the form of securities, cash or otherwise.

To the extent required for compliance with Section 409A of the Code, in no event will an event be deemed a Corporate Transaction if such transaction is not also a change in the ownership or effective control of the Company or a change in the ownership of a substantial portion of the assets of the Company as determined under Treasury Regulation Section 1.409A-3(i)(5) (without regard to any alternative definition thereunder).

(p) **Covered Employee** will have the meaning provided in Section 162(m)(3) of the Code.

(q) **Director** means a member of the Board.

(r) **Disability** means, with respect to a Participant, the inability of such Participant to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or that has lasted or can be expected to last for a continuous period of not less than 12 months, as provided in Sections 22(e)(3) and 409A(a)(2)(c)(i) of the Code, and will be determined by the Board on the basis of such medical evidence as the Board deems warranted under the circumstances.

(s) **Effective Date** means the IPO Date.

(t) **Employee** means any person employed by the Company or an Affiliate. However, service solely as a Director, or payment of a fee for such services, will not cause a Director to be considered an Employee for purposes of the Plan.

(u) **Entity** means a corporation, partnership, limited liability company or other entity.

(v) **Exchange Act** means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

(w) **Exchange Act Person** means any natural person, Entity or group (within the meaning of Section 13(d) or 14(d) of the Exchange Act), except that Exchange Act Person will not include (i) the Company or any Subsidiary of the Company, (ii) any employee benefit plan of the Company or any Subsidiary of the Company or any trustee or other fiduciary holding securities under an employee benefit plan of the Company or any Subsidiary of the Company, (iii) an underwriter temporarily holding securities pursuant to a registered public offering of such securities, (iv) an Entity Owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their Ownership of stock of the Company; or (v) any natural person, Entity or group (within the meaning of Section 13(d) or 14(d) of the Exchange Act) that, as of the Effective Date, is the Owner, directly or indirectly, of securities of the Company representing more than 50% of the combined voting power of the Company's then outstanding securities.

(x) **Fair Market Value** means, as of any date, the value of the Common Stock determined as follows:

(i) If the Common Stock is listed on any established stock exchange or traded on any established market, the Fair Market Value of a share of Common Stock will be, unless otherwise determined by the Board, the closing sales price for such stock as quoted on such exchange or market (or the exchange or market with the greatest volume of trading in the Common Stock) on the date of determination, as reported in a source the Board deems reliable.

(ii) Unless otherwise provided by the Board, if there is no closing sales price for the Common Stock on the date of determination, then the Fair Market Value will be the closing selling price on the last preceding date for which such quotation exists.

(iii) In the absence of such markets for the Common Stock, the Fair Market Value will be determined by the Board in good faith and in a manner that complies with Sections 409A and 422 of the Code.

(y) **Incentive Stock Option** means an option granted pursuant to Section 5 of the Plan that is intended to be, and qualifies as, an incentive stock option within the meaning of Section 422 of the Code.

(z) **IPO Date** means the date of the underwriting agreement between the Company and the underwriter(s) managing the initial public offering of the Common Stock, pursuant to which the Common Stock is priced for the initial public offering.

(aa) Non-Employee Director means a Director who either (i) is not a current employee or officer of the Company or an Affiliate, does not receive compensation, either directly or indirectly, from the Company or an Affiliate for services rendered as a consultant or in any capacity other than as a Director (except for an amount as to which disclosure would not be required under Item 404(a) of Regulation S-K promulgated pursuant to the Securities Act (**Regulation S-K**)), does not possess an interest in any other transaction for which disclosure would be required under Item 404(a) of Regulation S-K, and is not engaged in a business relationship for which disclosure would be required pursuant to Item 404(b) of Regulation S-K; or (ii) is otherwise considered a non-employee director for purposes of Rule 16b-3.

(bb) Nonstatutory Stock Option means any option granted pursuant to Section 5 of the Plan that does not qualify as an Incentive Stock Option.

(cc) Officer means a person who is an officer of the Company within the meaning of Section 16 of the Exchange Act.

(dd) Option means an Incentive Stock Option or a Nonstatutory Stock Option to purchase shares of Common Stock granted pursuant to the Plan.

(ee) Option Agreement means a written agreement between the Company and an Optionholder evidencing the terms and conditions of an Option grant. Each Option Agreement will be subject to the terms and conditions of the Plan.

(ff) Optionholder means a person to whom an Option is granted pursuant to the Plan or, if applicable, such other person who holds an outstanding Option.

(gg) Other Stock Award means an award based in whole or in part by reference to the Common Stock which is granted pursuant to the terms and conditions of Section 6(d).

(hh) Other Stock Award Agreement means a written agreement between the Company and a holder of an Other Stock Award evidencing the terms and conditions of an Other Stock Award grant. Each Other Stock Award Agreement will be subject to the terms and conditions of the Plan.

(ii) Outside Director means a Director who either (i) is not a current employee of the Company or an affiliated corporation (within the meaning of Treasury Regulations promulgated under Section 162(m) of the Code), is not a former employee of the Company or an affiliated corporation who receives compensation for prior services (other than benefits under a tax-qualified retirement plan) during the taxable year, has not been an officer of the Company or an affiliated corporation, and does not receive remuneration from the Company or an affiliated corporation, either directly or indirectly, in any capacity other than as a Director, or (ii) is otherwise considered an outside director for purposes of Section 162(m) of the Code.

(jj) *Own, Owned, Owner, Ownership* means a person or Entity will be deemed to Own, to have Owned, to be the Owner of, or to have acquired Ownership of securities if such person or Entity, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has or shares voting power, which includes the power to vote or to direct the voting, with respect to such securities.

(kk) *Participant* means a person to whom an Award is granted pursuant to the Plan or, if applicable, such other person who holds an outstanding Stock Award.

(ll) *Performance Cash Award* means an award of cash granted pursuant to the terms and conditions of Section 6(c)(ii).

(mm) *Performance Criteria* means the one or more criteria that the Board will select for purposes of establishing the Performance Goals for a Performance Period. The Performance Criteria that will be used to establish such Performance Goals may be based on any one of, or combination of, the following as determined by the Board: (i) earnings (including earnings per share and net earnings); (ii) earnings before interest, taxes and depreciation; (iii) earnings before interest, taxes, depreciation and amortization; (iv) earnings before interest, taxes, depreciation, amortization and legal settlements; (v) earnings before interest, taxes, depreciation, amortization, legal settlements and other income (expense); (vi) earnings before interest, taxes, depreciation, amortization, legal settlements, other income (expense) and stock-based compensation; (vii) earnings before interest, taxes, depreciation, amortization, legal settlements, other income (expense), stock-based compensation and changes in deferred revenue; (viii) total stockholder return; (ix) return on equity or average stockholder's equity; (x) return on assets, investment, or capital employed; (xi) stock price; (xii) margin (including gross margin); (xiii) income (before or after taxes); (xiv) operating income; (xv) operating income after taxes; (xvi) pre-tax profit; (xvii) operating cash flow; (xviii) sales or revenue targets; (xix) increases in revenue or product revenue; (xx) expenses and cost reduction goals; (xxi) improvement in or attainment of working capital levels; (xxii) economic value added (or an equivalent metric); (xxiii) market share; (xxiv) cash flow; (xxv) cash flow per share; (xxvi) share price performance; (xxvii) debt reduction; (xxviii) implementation or completion of projects or processes; (xxix) user satisfaction; (xxx) stockholders equity; (xxxi) capital expenditures; (xxxii) debt levels; (xxxiii) operating profit or net operating profit; (xxxiv) workforce diversity; (xxxv) growth of net income or operating income; (xxxvi) billings; (xxxvii) bookings; (xxxviii) the number of users, including but not limited to unique users; (xxxix) employee retention; (xxxx) and to the extent that an Award is not intended to comply with Section 162(m) of the Code, other measures of performance selected by the Board.

(nn) *Performance Goals* means, for a Performance Period, the one or more goals established by the Board for the Performance Period based upon the Performance Criteria. Performance Goals may be based on a Company-wide basis, with respect to one or more business units, divisions, Affiliates, or business segments, and in either absolute terms or relative to the performance of one or more comparable companies or the performance of one or more relevant indices. Unless specified otherwise by the Board (i) in the Award Agreement at the time the Award is granted or (ii) in such other document setting forth the Performance Goals at the time the Performance Goals are established, the Board will appropriately make adjustments in the method of calculating the attainment of Performance Goals for a Performance Period as follows: (1) to exclude restructuring and/or other nonrecurring charges; (2) to exclude exchange rate effects; (3) to exclude the effects of changes to generally accepted accounting principles; (4) to exclude the effects of any statutory adjustments to corporate tax rates; (5) to exclude the effects of any extraordinary items as determined under generally accepted accounting principles; (6) to exclude the dilutive effects of acquisitions or joint ventures; (7) to assume that any business divested by the Company achieved performance objectives at targeted levels during the balance of a Performance Period following such divestiture; (8) to exclude the effect of any change in the outstanding shares of common stock of the Company by reason of any stock dividend or split, stock repurchase, reorganization, recapitalization, merger, consolidation, spin-off, combination or exchange of shares or other similar corporate change, or any distributions to common stockholders other than regular cash dividends; (9) to exclude the effects of stock based compensation and the award of bonuses under the Company's bonus plans; (10) to exclude costs incurred in connection with potential acquisitions or divestitures that are required to be expensed under generally accepted accounting principles; (11) to exclude the goodwill and intangible asset impairment charges that are required to be recorded under generally accepted accounting principles and (12) to exclude the effect of any other unusual, non-recurring gain or loss or other extraordinary item. In addition, the Board retains the discretion to reduce or eliminate the compensation or economic benefit due upon attainment of Performance Goals and to define the manner of calculating the Performance Criteria it selects to use for such Performance Period. Partial achievement of the specified criteria may result in the payment or vesting corresponding to the degree of achievement as specified in the Stock Award Agreement or the written terms of a Performance Cash Award.

(oo) Performance Period means the period of time selected by the Board over which the attainment of one or more Performance Goals will be measured for the purpose of determining a Participant's right to and the payment of a Stock Award or a Performance Cash Award. Performance Periods may be of varying and overlapping duration, at the sole discretion of the Board.

(pp) Performance Stock Award means a Stock Award granted under the terms and conditions of Section 6(c)(i).

(qq) Plan means this Yelp Inc. 2012 Equity Incentive Plan.

(rr) Restricted Stock Award means an award of shares of Common Stock which is granted pursuant to the terms and conditions of Section 6(a).

(ss) Restricted Stock Award Agreement means a written agreement between the Company and a holder of a Restricted Stock Award evidencing the terms and conditions of a Restricted Stock Award grant. Each Restricted Stock Award Agreement will be subject to the terms and conditions of the Plan.

(tt) Restricted Stock Unit Award means a right to receive shares of Common Stock which is granted pursuant to the terms and conditions of Section 6(b).

(uu) Restricted Stock Unit Award Agreement means a written agreement between the Company and a holder of a Restricted Stock Unit Award evidencing the terms and conditions of a Restricted Stock Unit Award grant. Each Restricted Stock Unit Award Agreement will be subject to the terms and conditions of the Plan.

(vv) Rule 16b-3 means Rule 16b-3 promulgated under the Exchange Act or any successor to Rule 16b-3, as in effect from time to time.

(ww) Securities Act means the Securities Act of 1933, as amended.

(xx) Stock Appreciation Right or **SAR** means a right to receive the appreciation on Common Stock that is granted pursuant to the terms and conditions of Section 5.

(yy) Stock Appreciation Right Agreement means a written agreement between the Company and a holder of a Stock Appreciation Right evidencing the terms and conditions of a Stock Appreciation Right grant. Each Stock Appreciation Right Agreement will be subject to the terms and conditions of the Plan.

(zz) Stock Award means any right to receive Common Stock granted under the Plan, including an Incentive Stock Option, a Nonstatutory Stock Option, a Restricted Stock Award, a Restricted Stock Unit Award, a Stock Appreciation Right, a Performance Stock Award or any Other Stock Award.

(aaa) Stock Award Agreement means a written agreement between the Company and a Participant evidencing the terms and conditions of a Stock Award grant. Each Stock Award Agreement will be subject to the terms and conditions of the Plan.

(bbb) Subsidiary means, with respect to the Company, (i) any corporation of which more than 50% of the outstanding capital stock having ordinary voting power to elect a majority of the board of directors of such corporation (irrespective of whether, at the time, stock of any other class or classes of such corporation will have or might have voting power by reason of the happening of any contingency) is at the time, directly or indirectly, Owned by the Company, and (ii) any partnership, limited liability company or other entity in which the Company has a direct or indirect interest (whether in the form of voting or participation in profits or capital contribution) of more than 50%.

(ccc) Ten Percent Stockholder means a person who Owns (or is deemed to Own pursuant to Section 424(d) of the Code) stock possessing more than ten percent of the total combined voting power of all classes of stock of the Company or any Affiliate.

YELP INC.
 706 MISSION STREET
 SAN FRANCISCO, CA 94103

VOTE BY INTERNET - www.proxyvote.com

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M. Eastern Daylight Time on June 4, 2013. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

ELECTRONIC DELIVERY OF FUTURE PROXY MATERIALS

If you would like to reduce the costs incurred by our company in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access proxy materials electronically in future years.

VOTE BY PHONE - 1-800-690-6903

Use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. Eastern Daylight Time on June 4, 2013. Have your proxy card in hand when you call and then follow the instructions. There is no charge for this call.

VOTE BY MAIL

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:
 M59458-P35610-Z60502
 THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.

KEEP THIS PORTION FOR YOUR RECORDS
 DETACH AND RETURN THIS PORTION ONLY

YELP INC. **For Withhold For All**
The Board of Directors recommends you All All Except
vote
FOR all of the following nominees:

1. Election of Directors

Nominees:

- 01) Fred Anderson
- 02) Peter Fenton
- 03) Jeremy Levine

The Board of Directors recommends you For Against Abstain
vote FOR the following proposals:

2. To approve the Yelp Inc. 2012 Equity Incentive Plan, as amended.

3. To ratify the selection of Deloitte & Touche LLP as Yelp's independent

Edgar Filing: YELP INC - Form DEF 14A

registered public
accounting firm for the
year ending December 31,
2013.

4. To approve, on an advisory basis, the compensation of Yelp's named executive officers, as disclosed in the accompanying proxy statement.

Please sign exactly as your name(s) appear(s) hereon. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. All holders must sign. If a corporation or partnership, please sign in full corporate or partnership name by authorized officer.

To withhold authority to vote for any individual nominee(s), mark For All Except and write the number(s) of the nominee(s) on the line below.

The Board of Directors recommends you vote every "1 YEAR" on the following proposal:

1 Year 2 Years 3 Years Abstain

5. To indicate, on an advisory basis, the preferred frequency of stockholder advisory votes on the compensation of Yelp's named executive officers.

NOTE: In their discretion, the proxyholders are authorized to vote upon such other business as may properly come before the meeting and any adjournment or postponement thereof.

Signature
[PLEASE
SIGN
WITHIN
BOX]
Date

Signature
(Joint
Owners)
Date

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting:

The Notice, Proxy Statement and Annual Report are available at www.proxyvote.com.

M59459-P35610-Z60502

YELP INC.
Annual Meeting of Stockholders
June 5, 2013 9:00 AM PDT
This proxy is solicited by the Board of Directors

The undersigned stockholder(s) hereby revoke(s) all previous proxies, acknowledge(s) receipt of the notice of the 2013 Annual Meeting of Stockholders of YELP INC. and the accompanying proxy statement, and hereby appoint(s) Laurence Wilson and Rob Krolik, or either of them, as proxies of the undersigned, each with the power to appoint his substitute, and hereby authorizes them, or either of them, to represent and to vote, as designated on the reverse side of this ballot, all of the shares of Class A Common Stock and Class B Common Stock of YELP INC. that the undersigned stockholder(s) is/are entitled to vote at the 2013 Annual Meeting of Stockholders of YELP INC. to be held at 9:00 AM PDT on June 5, 2013 at The St. Regis San Francisco, 125 3rd Street, San Francisco, California 94103, and any adjournment or postponement thereof.

The shares represented by this proxy, when properly executed, will be voted in the manner directed by the stockholder, with discretionary authority as to any and all other matters that may properly come before the meeting. If no such direction is made, the proxyholders will have the authority to vote FOR each of the nominees listed in Proposal No. 1, FOR Proposal Nos. 2, 3 and 4, and for every 1 YEAR for Proposal No. 5.

Continued and to be signed on reverse side
