

YELP INC  
Form DEF 14A  
April 10, 2015

**Table of Contents**

**SCHEDULE 14A INFORMATION**

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

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

Check the appropriate box:

Preliminary Proxy Statement  
Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))  
Definitive Proxy Statement  
Definitive Additional Materials  
Soliciting Material 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:
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7. Form, Schedule or Registration Statement No.:

8. Filing Party:

9. Date Filed:

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**Table of Contents**

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

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**To Be Held on May 20, 2015**

Dear Stockholder:

You are cordially invited to attend the Annual Meeting (the Annual Meeting) of Stockholders of YELP INC., a Delaware corporation (the Company). The Annual Meeting will be held on Wednesday, May 20, 2015 at 9:00 a.m. Pacific Time at The St. Regis San Francisco located at 125 3<sup>rd</sup> 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 2018 Annual Meeting of Stockholders.
2. To ratify the selection by the Audit Committee of the Board of Directors of Deloitte & Touche LLP as the independent registered public accounting firm of the Company for the year ending December 31, 2015.
3. To approve, on an advisory basis, the compensation of the Company's named executive officers, as disclosed in the Proxy Statement.
4. 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 March 23, 2015. Only stockholders of record at the close of business on that date may vote at the Annual Meeting or any adjournment thereof.

By Order of the Board of Directors  
Laurence Wilson  
Corporate Secretary

San Francisco, California  
April 10, 2015

**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 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.**

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

|   | <b>Page</b> |
|---|-------------|
| <u>QUESTIONS AND ANSWERS ABOUT THESE PROXY MATERIALS AND VOTING</u>       | <u>1</u>    |
| <u>PROPOSAL NO. 1 ELECTION OF DIRECTORS</u>                               | <u>6</u>    |
| <u>INFORMATION REGARDING THE BOARD AND CORPORATE GOVERNANCE</u>           | <u>9</u>    |
| <u>Independence of the Board</u>  | <u>9</u>    |
| <u>Board Leadership Structure</u>   | <u>9</u>    |
| <u>Meetings of the Board</u>  | <u>9</u>    |
| <u>Information Regarding Committees of the Board</u>                      | <u>10</u>   |
| <u>Role of the Board in Risk Oversight</u>                                | <u>13</u>   |
| <u>Communications with the Board</u>                                      | <u>13</u>   |
| <u>Code of Ethics</u>   | <u>14</u>   |
| <u>Corporate Governance Guidelines</u>                                    | <u>14</u>   |
| <u>Director Compensation</u>  | <u>14</u>   |
| <u>PROPOSAL NO. 2 RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED</u> |             |
| <u>PUBLIC ACCOUNTING FIRM</u>   | <u>16</u>   |
| <u>Principal Accountant Fees and Services</u>                             | <u>16</u>   |
| <u>Pre-Approval Policies and Procedures</u>                               | <u>16</u>   |
| <u>Required Vote</u>  | <u>17</u>   |
| <u>PROPOSAL NO. 3 ADVISORY VOTE ON EXECUTIVE COMPENSATION</u>             | <u>18</u>   |
| <u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT</u>     | <u>19</u>   |
| <u>SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE</u>            | <u>21</u>   |
| <u>EQUITY COMPENSATION PLAN INFORMATION</u>                               | <u>22</u>   |
| <u>EXECUTIVE OFFICERS</u>   | <u>23</u>   |
| <u>EXECUTIVE COMPENSATION</u>   | <u>23</u>   |
| <u>Compensation Discussion and Analysis</u>                               | <u>23</u>   |
| <u>Compensation Committee Report</u>                                      | <u>33</u>   |
| <u>Compensation Risk Assessment</u>                                       | <u>33</u>   |
| <u>Summary Compensation Table</u>   | <u>34</u>   |
| <u>Compensation Plans and Arrangements</u>                                | <u>35</u>   |
| <u>Grants of Plan-Based Awards</u>  | <u>39</u>   |
| <u>Outstanding Equity Awards at Fiscal Year End</u>                       | <u>39</u>   |
| <u>Option Exercises and Stock Vested</u>                                  | <u>40</u>   |
| <u>Potential Payments Upon Termination or Change in Control</u>           | <u>41</u>   |
| <u>TRANSACTIONS WITH RELATED PERSONS</u>                                  | <u>43</u>   |
| <u>Related-Person Transactions Policy and Procedures</u>                  | <u>43</u>   |
| <u>Certain Related-Person Transactions</u>                                | <u>43</u>   |
| <u>HOUSEHOLDING OF PROXY MATERIALS</u>                                    | <u>45</u>   |
| <u>OTHER MATTERS</u>  | <u>45</u>   |

**Table of Contents**

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

**PROXY STATEMENT  
FOR THE 2015 ANNUAL MEETING OF STOCKHOLDERS**

**May 20, 2015**

**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., or the Board, is soliciting your proxy to vote at Yelp's 2015 Annual Meeting of Stockholders, or the Annual Meeting, including at any adjournments or postponements thereof, to be held on Wednesday, May 20, 2015 at 9:00 a.m. Pacific Time at The St. Regis San Francisco located at 125 3<sup>rd</sup> 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 2014 Annual Report, are being distributed and made available on or about April 10, 2015. 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 have 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 10, 2015 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 20, 2015. 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 March 23, 2015 will be entitled to vote at the Annual Meeting. On this record date, there were 65,026,266 shares of Class A common stock and 9,611,108 shares of Class B common stock outstanding and entitled to vote.

*Stockholders of Record: Shares Registered in Your Name*

If on March 23, 2015 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 Owners: Shares Registered in the Name of a Broker or Bank*

If on March 23, 2015 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 a beneficial owner of shares held in street name and the Notice is being forwarded to you by that

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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.

## **Table of Contents**

### **What am I voting on?**

There are three matters scheduled for a vote:

Proposal No. 1: the election of three directors;

Proposal No. 2: the ratification of the selection by the Audit Committee of the Board of Deloitte & Touche LLP as our independent registered public accounting firm for the year ending December 31, 2015; and

Proposal No. 3: the approval, on an advisory basis, of the compensation of our named executive officers, as disclosed in this Proxy Statement in accordance with SEC rules.

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

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 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, Withhold your vote from all nominees or you may Withhold your vote for any nominee you specify. For each of the other matters to be voted on, you may vote For or Against the proposal, or abstain from voting.

The procedures for voting are as follows:

#### *Stockholders 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. Directions to the Annual Meeting may be found at <http://www.stregissanfrancisco.com/directions>.

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 May 19, 2015 to be counted.

To vote through the Internet, go to [www.proxyvote.com](http://www.proxyvote.com) to complete an electronic proxy card. You will be asked to provide the control number from your Notice. Your vote must be received by 11:59 p.m. Eastern Time on May 19, 2015 to be counted.

To vote using the printed proxy card that may be delivered to you, simply complete, sign and date the proxy card 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 instruct.

#### *Beneficial Owners: Shares Registered in the Name of a 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.





## **Table of Contents**

**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 by telephone or through the Internet, 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 on, 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 March 23, 2015. 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?**

*Stockholders 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 a proxy card that may be delivered to you or in person at the Annual Meeting, your shares will not be voted.

*Beneficial Owners: Shares Registered in the Name of a 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 No. 1 or Proposal No. 3 without your instructions, but may vote your shares on Proposal No. 2.

**What if I return my 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 ratification of the selection of Deloitte & Touche LLP as our independent registered public accounting firm for the year ending December 31, 2015; and

For the advisory approval of executive compensation.

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

**Who is paying for this proxy solicitation?**

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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.

3

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**Table of Contents**

**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?**

*Stockholders 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 grant a subsequent proxy by telephone or through the Internet.

You may submit another properly completed proxy card with a later date.

You may send a timely written notice that you are revoking your proxy to our Corporate Secretary at 140 New Montgomery Street, 9<sup>th</sup> Floor, San Francisco, California 94105.

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 Owners: Shares Registered in the Name of a 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, and, with respect to all 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.

| <b>Proposal Number</b> | <b>Proposal Description</b>   | <b>Vote Required for Approval</b>  | <b>Effect of Abstentions</b>       | <b>Effect of Broker Non-Votes</b> |
|------------------------|---|--|------------------------------------|-----------------------------------|
| 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                      | Ratification of the selection of Deloitte & Touche LLP as our independent registered public | For votes from the holders of shares representing a majority of the voting power of the shares present and | Against                            | None*                             |

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accounting firm for the year ending    entitled to vote  
December 31, 2015

|   |   |   |         |      |
|---|---|---|---------|------|
| 3 | 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 |
|---|---|---|---------|------|

\* Broker non-votes will have no effect; however, Proposal No. 2 is considered a routine matter, and therefore no broker non-votes are expected to exist in connection with Proposal No. 2.

4

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## **Table of Contents**

### **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 65,026,266 shares of Class A common stock and 9,611,108 shares of Class B common stock outstanding and entitled to vote. Thus, the holders of shares representing an aggregate of 80,568,674 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 12, 2015 to our Corporate Secretary at 140 New Montgomery Street, 9<sup>th</sup> Floor, San Francisco, California 94105, 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 2016 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 February 20, 2016 nor earlier than the close of business on January 21, 2016. However, if our 2016 Annual Meeting of Stockholders is not held between April 20, 2016 and June 19, 2016, to be timely, notice by the stockholder must be received not earlier than the close of business on the 120<sup>th</sup> day prior to the 2016 Annual Meeting of Stockholders and not later than the close of business on the later of the 90<sup>th</sup> day prior to the 2016 Annual Meeting of Stockholders or the 10<sup>th</sup> day following the day on which public announcement of the date of the 2016 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 2016 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 for the 2016 Annual Meeting of Stockholders 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 2016 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.

**Table of Contents****PROPOSAL NO. 1****ELECTION OF DIRECTORS**

Our 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 2015. If elected at the Annual Meeting, each of these nominees would serve until the 2018 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 encouraged and expected to attend the Annual Meeting. All nine directors attended the 2014 Annual Meeting of Stockholders.

The following table sets forth information with respect to our directors, including the three nominees for election at the Annual Meeting, as of March 23, 2015:

| NAME  | AGE | DIRECTOR SINCE | PRINCIPAL OCCUPATION/<br>POSITION HELD WITH THE COMPANY                       |
|---|-----|----------------|---|
| <b><i>Class III Directors Nominees for Election at the Annual Meeting</i></b>       |     |                |   |
| Geoff Donaker   | 42  | Dec. 2010      | Chief Operating Officer   |
| Robert Gibbs  | 43  | May 2012       | Partner, The Incite Agency; Contributor, MSNBC                                |
| Jeremy Stoppelman   | 37  | Sept. 2005     | Co-Founder and Chief Executive Officer  |
| <b><i>Class I Directors Continuing in Office until the 2016 Annual Meeting</i></b>  |     |                |   |
| Fred D. Anderson  | 70  | Feb. 2011      | Lead Independent Director of the Board; Managing Director, Elevation Partners |
| Peter Fenton  | 42  | Sept. 2006     | General Partner, Benchmark Capital  |
| Jeremy Levine   | 41  | Nov. 2005      | Partner, Bessemer Venture Partners  |
| <b><i>Class II Directors Continuing in Office until the 2017 Annual Meeting</i></b> |     |                |   |
| Diane M. Irvine   | 56  | Nov. 2011      | Independent Advisor   |
| Max R. Levchin  | 39  | Sept. 2004     | Chairman of the Board; Chief Executive Officer of HVF, LLC and Affirm, Inc.   |
| Mariam Naficy   | 44  | Jan. 2014      | Chief Executive Officer, Minted LLC   |

Each of the listed nominees 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. Mr. Stoppelman was elected to the Board prior to our initial public offering, or IPO, 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, Mr. Stoppelman, as Chief Executive Officer, was the designee of our then-outstanding Common Stock under the Voting Agreement. The Voting Agreement expired by its terms at the time of our IPO and is no longer in effect.

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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 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.

6

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## **Table of Contents**

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 2018 ANNUAL MEETING**

*Geoff Donaker* joined us in 2005 and has served as our Chief Operating Officer since June 2006. Since joining Yelp, 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 various management and business development roles at Internet companies, including eBay Inc., an Internet marketplace and online payments platform company, and Excite, an Internet search and content provider, from 1998 to 2005. Mr. Donaker began his career with Mercer Management Consulting (now Oliver Wyman). 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 Partner at The Incite Agency, a strategic communications firm, since June 2013 and a contributor to cable news channel MSNBC since February 2013. Mr. Gibbs previously served as a senior campaign advisor to President Barak Obama for the 2012 presidential election from January 2012 to November 2012. From January 2009 to February 2011, he served as the 28<sup>th</sup> White House Press Secretary. Prior to January 2009, Mr. Gibbs was the Communications Director for then-U.S. Senator Obama and for Mr. Obama's 2008 presidential campaign. Mr. Gibbs was Press Secretary for Senator John Kerry's 2004 presidential campaign and previously specialized in Senate campaigns, having served as Communications Director for the Democratic Senatorial Campaign Committee and for four individual Senate campaigns, including those of Mr. Obama in 2004 and Fritz Hollings in 1998. Mr. Gibbs holds a B.A. in Political Science from North Carolina State University. 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 founding Yelp, Mr. Stoppelman held various engineering roles at PayPal, Inc., an online payment company, from February 2000 to June 2003, most recently serving as Vice President of Engineering. Prior to PayPal, Mr. Stoppelman was a software engineer at Excite@Home, an Internet company, from August 1999 to January 2000. He holds a B.S. in Computer Science from the University of Illinois. 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, as well as his experience in the Internet industry.

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

### **DIRECTORS CONTINUING IN OFFICE UNTIL THE 2016 ANNUAL MEETING**

*Fred D. Anderson* has been a Managing Director of Elevation Partners, a private equity firm focused on the media and entertainment industries, 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 mobile communication and media devices, 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 September 2006, 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 and the board of trustees of Whittier College. 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 financial management expertise as the former Chief Financial Officer of global



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technology firms gives him the experience, qualifications and skills to serve as a director. In addition, his significant expertise 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.

## **Table of Contents**

*Peter Fenton* has been a General Partner at Benchmark, a venture capital firm, where his investment interests include software, digital media and technology-enabled devices, 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 a General Manager of Video at Autonomy Virage, Inc., a multimedia information retrieval company, from April 1996 to April 1998. Mr. Fenton also serves on the boards of directors of Twitter, Inc., Hortonworks, Inc., Zendesk, Inc. and New Relic, Inc. He holds a B.A. in Philosophy from Stanford University and an M.B.A. from the Stanford University Graduate School of Business. 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 public and 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 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.

## **DIRECTORS CONTINUING IN OFFICE UNTIL THE 2017 ANNUAL MEETING**

*Diane M. 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 as the Chief Financial Officer of Blue Nile from December 1999 to September 2007. From February 1994 to May 1999, Ms. Irvine served as Vice President and Chief Financial Officer of Plum Creek Timber Company, Inc., a timberland management and wood products company. From September 1981 to February 1994, Ms. Irvine served in various capacities, most recently as a partner, with Coopers & Lybrand LLP, an accounting firm. Ms. Irvine currently serves on the boards of directors of CafePress Inc., Rightside Group, Ltd. and XO Group Inc. She previously served on the board of directors of Ticketmaster Entertainment Inc. from August 2008 to January 2010. 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 R. Levchin* is currently an investor in and advisor to emerging technology companies. He has also served as Chief Executive Officer of Affirm, Inc., a consumer financial services company, and Chief Executive Officer of HVF, LLC, a startup innovation lab, since January 2012. 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 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. He holds a B.S. in Computer Science from the University of Illinois, Urbana-Champaign. The Nominating Committee believes Mr. Levchin should serve on the Board due to his extensive background and experience in the social media and Internet industries and as a seasoned entrepreneur.

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

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in Political Economy from Williams College and an M.B.A. from the Stanford University Graduate School of Business. The Nominating Committee believes Ms. Naficy should serve on the Board due to her expertise in operating and managing companies in the e-commerce sector.

## **Table of Contents**

### **INFORMATION REGARDING THE BOARD 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: Mses. Irvine and Naficy and Messrs. Anderson, Fenton, Gibbs, Levchin and Levine.

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

#### **BOARD LEADERSHIP STRUCTURE**

Our Board currently has both an independent Chairman and 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 would have the potential to give rise to divided leadership, which could interfere with good decision making or weaken our ability to develop and implement strategy. 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 the 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.

#### **MEETINGS OF THE BOARD**

The Board met five times during 2014. Each member of the Board attended at least 75% of the aggregate number of meetings of the Board and of the committees on which he or she served, held during the portion of 2014 for which he or she was a director or committee member.



**Table of Contents****INFORMATION REGARDING THE COMMITTEES OF THE BOARD**

The Board has three standing committees: the Audit Committee, Compensation Committee and Nominating Committee. The following table provides membership and meeting information for 2014 for each of the Board committees:

| <b>Name</b>                   | <b>Audit</b> | <b>Compensation</b> | <b>Nominating</b> |
|-------------------------------|--------------|---------------------|-------------------|
| Max Levchin                   |              |                     |                   |
| Fred Anderson                 |              |                     |                   |
| Peter Fenton                  |              |                     |                   |
| Robert Gibbs                  |              |                     |                   |
| Diane Irvine                  |              |                     |                   |
| Jeremy Levine                 |              |                     | (1)               |
| Mariam Naficy                 |              |                     | (1)               |
| Keith Rabois                  |              |                     | (1)               |
| <b>Total meetings in 2014</b> | <b>9</b>     | <b>5</b>            | <b>2</b>          |

Committee Chairperson

Committee member

- (1) Mr. Rabois resigned from the Nominating Committee in connection with his resignation from the Board on January 17, 2014. The Board subsequently designated Mr. Levine as Chair of the Nominating Committee and appointed Ms. Naficy as a member of the Nominating Committee.

Below is a description of each committee of the Board. The Board has determined that each member of each committee meets the applicable NYSE rules and regulations regarding independence and that each member is free of any relationship that would 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 Discussion and Analysis of Financial Condition and Results of Operations ;

conferring with management and our independent registered public accounting firm regarding the scope, adequacy and effectiveness of our internal control over financial reporting;

considering 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.

## **Table of Contents**

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

The Audit Committee has adopted a written charter that is available to stockholders on our website at [www.yelp-ir.com](http://www.yelp-ir.com) under the section entitled Corporate Governance.

## **Audit Committee Report<sup>(1)</sup>**

The Audit Committee has reviewed and discussed the audited financial statements for the year ended December 31, 2014 with management of the Company. The Audit Committee has discussed with the independent registered public accounting firm the matters required to be discussed by Auditing Standard No. 16, *Communications with Audit Committees*, as adopted by the Public Company Accounting Oversight Board, or PCAOB. The Audit Committee has also received the written disclosures and the letter from the independent registered public accounting firm required by applicable requirements of the PCAOB regarding the independent accountants' communications with the Audit Committee concerning independence, and has discussed with the independent registered public accounting firm the accounting firm's independence. Based on the foregoing, the Audit Committee has recommended to the Board that the audited financial statements be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2014.

Respectfully submitted,  
The Audit Committee of the Board of Directors

Diane M. Irvine, Chair  
Fred D. Anderson  
Robert Gibbs

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(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.



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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.

## **Table of Contents**

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

The specific determinations of the Compensation Committee with respect to executive compensation for 2014 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 serve, or has served during the last year, as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving as a member of our Board or Compensation Committee.

## **Nominating Committee**

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

- reviewing periodically and evaluating director performance on our Board and its applicable committees, and recommending to the Board and management areas for improvement;

- interviewing, evaluating, nominating and recommending individuals for membership on our Board;

- reviewing and recommending to our Board any amendments to our corporate governance policies; and

- reviewing and assessing, at least annually, the performance of the Nominating Committee and its charter.

The Nominating Committee is currently composed of three directors, Messrs. Levine and Levchin and Ms. Naficy, each of whom the Board has determined to be independent under the NYSE listing standards. Mr. Rabois served as the Chair of the Nominating Committee until January 17, 2014, when he resigned from the Board and the Nominating Committee. The Board subsequently appointed Mr. Levine as Chair of the Nominating Committee. The Board appointed Ms. Naficy to the Nominating Committee on March 5, 2014.

The Nominating Committee has adopted a written charter that is available to stockholders on our website at [www.yelp-ir.com](http://www.yelp-ir.com) under the section entitled Corporate Governance.

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

In conducting this assessment, the Nominating Committee typically considers diversity, age, skills and such other factors as it deems appropriate given the current needs of the Board and the Company, to maintain a balance of knowledge, experience and capability. 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.

## **Table of Contents**

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.

## **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 an independent Chairman, the Lead Independent Director, the majority-independent Board and independent Board committees provide a well-functioning and effective balance to 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 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 assesses and monitors whether any of our compensation policies and programs has the potential to encourage excessive risk taking. For additional information regarding the Compensation Committee's review of compensation-related risk, please see the section of this Proxy Statement entitled *Executive Compensation Compensation Risk Assessment*.

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

## **COMMUNICATIONS WITH THE BOARD**

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

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

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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, 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.

**Table of Contents****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 [www.yelp-ir.com](http://www.yelp-ir.com) under the section entitled Corporate Governance. If we make any substantive amendments to the Code of Business Conduct and Ethics or grant any waiver of its provisions to any executive officer or director, we will promptly disclose the nature of the amendment or waiver on our website.

**CORPORATE GOVERNANCE GUIDELINES**

In 2012, the Board documented the governance practices followed by the Company by adopting the Corporate Governance Guidelines to help ensure that the Board will have the necessary authority and practice in place to review and evaluate our business operations as needed 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 charter of each committee of the Board, may be viewed at our website at [www.yelp-ir.com](http://www.yelp-ir.com) under the section entitled Corporate Governance.

**DIRECTOR COMPENSATION**

The following table shows, for the year ended December 31, 2014, certain information with respect to the compensation of each of our non-employee directors.

**Director Compensation for the Year Ended December 31, 2014**

| Name          | Fees Earned or Paid<br>in Cash (\$) | Option<br>Awards<br>(\$)(1)(2)(3) | Total (\$) |
|---------------|-------------------------------------|-----------------------------------|------------|
| Robert Gibbs  | 25,000                              |                                   | 25,000     |
| Diane Irvine  | 30,000                              |                                   | 30,000     |
| Mariam Naficy | 20,834                              | 519,236                           | 540,070    |

- (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, 2014 calculated in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718, or ASC 718. Assumptions used in the calculation of the grant date fair value are set forth in Note 12, *Stockholders Equity (Deficit)* in our Annual Report on Form 10-K for the year ended December 31, 2014.
- (2) Upon her appointment to the Board, Ms. Naficy was granted an option to purchase 12,500 shares of Class A common stock at an exercise price of \$79.95 on January 31, 2014. 25% of the shares underlying such option vested on the anniversary of the grant date, with the remaining shares vesting in equal monthly installments over the subsequent three years.
- (3) The aggregate number of shares subject to outstanding stock options held by each director listed in the table above as of December 31, 2014 was as follows: (i) 35,000 shares of Class A common stock for Mr. Gibbs; (ii) 10,000 shares of Class A common stock and 25,000 shares of Class B common stock for Ms. Irvine; and (iii) 12,500 shares of Class A common stock for Ms. Naficy. No other non-employee director held stock options as of December 31, 2014.

**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 funds affiliated with certain of our non-employee directors, as well as the internal policies of certain of those funds, we have not historically provided non-employee directors who are affiliated with an institutional or

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venture investor of the Company with compensation for their service on the Board. However, recognizing that our venture investors have disposed of their holdings of Yelp stock, the Board may revisit this policy in the future. Under our current policy, Ms. Irvine, Ms. Naficy and Mr. Gibbs are eligible to receive compensation for their Board and Board committee services.

**Table of Contents**

*Cash Compensation.* We currently provide the following cash compensation for Board and Board committee services, as applicable, to non-employee directors who are not affiliated with an institutional or venture investor of the Company:

\$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).

*Equity Compensation.* Each non-employee director who is not affiliated with an institutional or venture investor of the Company is also currently 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. Each such option will vest in equal monthly installments over four years following the date of grant. 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 of 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.



**Table of Contents****PROPOSAL NO. 2****RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Audit Committee has selected Deloitte & Touche LLP as our independent registered public accounting firm for the year ending December 31, 2015 and has further directed that management submit the selection of our independent registered public accounting firm for ratification by the stockholders at the Annual Meeting. Deloitte & Touche LLP has audited our financial statements beginning with those for the year ended December 31, 2007. Representatives of Deloitte & Touche LLP are expected to be present at the Annual Meeting. They will have an opportunity to make a statement if they so desire and will be available to respond to appropriate questions.

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

**PRINCIPAL ACCOUNTANT FEES AND SERVICES**

The following table represents aggregate fees billed to us for the years ended December 31, 2014 and 2013 by Deloitte & Touche LLP, our independent registered public accounting firm.

|                                   | <b>Year Ended December 31,</b> |                |
|-----------------------------------|--------------------------------|----------------|
|                                   | <b>2014</b>                    | <b>2013</b>    |
|                                   | <b>(in thousands)</b>          |                |
| Audit Fees <sup>(1)</sup>         | \$1,317                        | \$1,366        |
| Audit-related Fees <sup>(2)</sup> |                                | 204            |
| Tax Fees <sup>(3)</sup>           | 160                            | 85             |
| <b>Total Fees</b>                 | <b>\$1,477</b>                 | <b>\$1,655</b> |

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

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

(3) *Tax Fees* are fees billed for tax compliance, advice and planning.  
All fees described above were pre-approved by the Audit Committee.

In connection with the audit of our 2014 financial statements, we entered into certain engagement agreements with Deloitte & Touche LLP that set forth the terms by which Deloitte & Touche LLP will perform audit services for the Company. These agreements are subject to alternative dispute resolution procedures.

**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.

**Table of Contents**

**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. 2**

**Table of Contents**

**PROPOSAL NO. 3**

**ADVISORY VOTE ON EXECUTIVE COMPENSATION**

The Board has adopted a policy of soliciting a non-binding advisory vote on the compensation of our named executive officers, commonly referred to as a "say-on-pay" vote, every year in accordance with the preference previously indicated by our stockholders. Accordingly, this year we are again asking the stockholders to approve, on an advisory basis, the compensation of our named executive officers as disclosed in this Proxy Statement 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 of our business and establishing responsible pay practices that have a reasonable cost structure and do not encourage unnecessary or excessive risk taking. Consistent with this philosophy, the Compensation Committee 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 that each executive officer plays in our success.

As described in detail under the heading *Executive Compensation Compensation Discussion and Analysis*, equity compensation continued to be the principal component of our executive compensation program in 2014. Equity awards to our named executive officers directly link the most substantial component of their compensation to the long-term success of our business and generally require continued service over a multi-year period as a condition to vesting, which creates a strong retention incentive and helps ensure the continuity of our operations. Although our Compensation Committee did not grant new equity awards to our named executive officers in 2014, as a result of the equity awards granted in 2013, our named executive officers hold options covering a substantial number of unvested shares that generally will not fully vest until 2017.

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 disclosures included in this Proxy Statement for additional details about our executive compensation program.

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

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

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

Advisory approval of this Proposal No. 3 requires the vote of the holders of 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. Unless the Board decides to modify its policy regarding the frequency of soliciting advisory votes on the compensation of our named executive officers, the next scheduled advisory vote will be at the 2016 Annual Meeting of Stockholders.

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

**Table of Contents****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 1, 2015 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 1, 2015. Applicable percentages are based on 64,943,261 shares of Class A common stock and 9,643,108 shares of Class B common stock outstanding on March 1, 2015. Shares subject to options exercisable as of or within 60 days of March 1, 2015 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.

This table is based upon information supplied by our officers and directors, as well as our review of Schedule 13Gs 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., 140 New Montgomery Street, 9<sup>th</sup> Floor, San Francisco, California 94105.

| 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 |                               |
| <b>Principal Stockholders</b>  |                      |                  |                      |                  |                               |
| Jeremy Stoppelman <sup>(1)</sup>   | 295,325              | *%               | 5,606,516            | 50.5%            | 32.0%                         |
| Max Levchin <sup>(2)</sup>   |                      | *                | 4,476,794            | 46.4             | 27.7                          |
| Geoff Donaker <sup>(3)</sup>   | 242,012              | *                | 1,075,288            | 10.4             | 6.5                           |
| Wellington Management Group LLP <sup>(4)</sup>                               | 6,487,646            | 10.0             |                      | *                | 4.0                           |
| The Vanguard Group, Inc. <sup>(5)</sup>                                      | 3,605,216            | 5.6              |                      | *                | 2.2                           |
| Jackson Square Partners, LLC <sup>(6)</sup>                                  | 3,275,577            | 5.0              |                      | *                | 2.0                           |
| <b>Named Executive Officers and Directors</b>                                |                      |                  |                      |                  |                               |
| Jeremy Stoppelman <sup>(1)</sup>   | 295,325              | *                | 5,606,516            | 50.5             | 32.0                          |
| Geoff Donaker <sup>(3)</sup>   | 242,012              | *                | 1,075,288            | 10.4             | 6.5                           |
| Rob Krolik <sup>(7)</sup>  | 45,412               | *                | 47,855               | *                | *                             |
| Joseph Nachman <sup>(8)</sup>  | 109,710              | *                | 26,555               | *                | *                             |
| Laurence Wilson <sup>(9)</sup>   | 139,317              | *                | 95,883               | 1.0              | *                             |
| Fred Anderson  |                      | *                |                      | *                | *                             |
| Peter Fenton <sup>(10)</sup>   | 74,748               | *                |                      | *                | *                             |
| Robert Gibbs <sup>(11)</sup>   | 22,812               | *                |                      | *                | *                             |
| Diane Irvine <sup>(12)</sup>   | 7,083                | *                | 21,354               | *                | *                             |
| Max Levchin <sup>(2)</sup>   |                      | *                | 4,476,794            | 46.4             | 27.7                          |
| Jeremy Levine  | 98,412               | *                |                      | *                | *                             |
| Mariam Naficy <sup>(11)</sup>  | 3,906                | *                |                      | *                | *                             |
| All executive officers and directors as a group (12 persons) <sup>(13)</sup> | 14,407,176           | 21.9             | 11,350,245           | 95.2             | 69.2                          |

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.

**Table of Contents**

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. Stockholders will be entitled to one vote per share of Class A common stock and ten votes per share of Class B common stock. The Class A common stock and Class B common stock will vote together on all matters (including election of directors) submitted to a vote of stockholders, except as may otherwise be set forth in our Certificate of Incorporation or required by law.

\* Less than one percent.

- (1) Consists of (a) 4,146,310 shares of Class B common stock held by the Jeremy Stoppelman Revocable Trust, over which Mr. Stoppelman retains sole voting and dispositive power, (b) 295,325 shares of Class A common stock issuable upon exercise of options exercisable within 60 days of March 1, 2015 and (c) 1,460,206 shares of Class B common stock issuable upon exercise of options exercisable within 60 days of March 1, 2015.
- (2) Consists of (a) 1,785,037 shares of Class B common stock held directly by Mr. Levchin and (b) 2,691,757 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.
- (3) Consists of (a) 53,884 shares of Class B common stock held directly by Mr. Donaker, (b) 342,708 shares of Class B common stock held by Mr. Donaker's family trust, over which Mr. Donaker exercises voting and dispositive control, (c) 242,012 shares of Class A common stock issuable upon exercise of options exercisable within 60 days of March 1, 2015 and (d) 678,696 shares of Class B common stock issuable upon exercise of options exercisable within 60 days of March 1, 2015.
- (4) Based on information contained in a Schedule 13G filed with the SEC on February 12, 2015, Wellington Management Group LLP ( Wellington ) has shared voting power over 4,922,604 shares and shared dispositive power over 6,487,646 shares. The shares are owned of record by clients of one or more investment advisers directly or indirectly owned by Wellington. Those clients have the right to receive, or the power to direct the receipt of, dividends from, or the proceeds from the sale of, such shares. No such client is known to have such right or power with respect to more than five percent of our Class A common stock. The Schedule 13G filed by Wellington provides information only as of December 31, 2014 and, consequently, the beneficial ownership of Wellington may have changed between December 31, 2014 and March 1, 2015. The address of Wellington is c/o Wellington Management Company LLP, 280 Congress Street, Boston, Massachusetts 02210.
- (5) Based on information contained in a Schedule 13G filed with the SEC on February 10, 2015, the Vanguard Group, Inc. ( Vanguard ), an independent advisor, has sole voting power over 40,198 shares, sole dispositive power over 3,570,518 shares and shared dispositive power over 34,698 shares. Vanguard Fiduciary Trust Company, a wholly owned subsidiary of Vanguard, beneficially owns 34,698 shares as a result of its serving as investment manager of collective trust accounts. Vanguard Investments Australia, Ltd., a wholly owned subsidiary of Vanguard, beneficially owns 5,500 shares as a result of its serving as investment manager of Australian investment offerings. The Schedule 13G filed by Vanguard provides information only as of December 31, 2014 and, consequently, the beneficial ownership of Vanguard may have changed between December 31, 2014 and March 1, 2015. The address of Vanguard is 100 Vanguard Blvd., Malvern, Pennsylvania 19355.
- (6) Based on information contained in a Schedule 13G filed with the SEC on February 11, 2015, Jackson Square Partners, LLC ( Jackson Square ) has sole voting power over 2,281,109 shares, shared voting power over 994,468 shares and sole dispositive power over 3,275,577 shares. The Schedule 13G filed by Jackson Square provides information only as of December 31, 2014 and, consequently, the beneficial ownership of Jackson Square may have changed between December 31, 2014 and March 1, 2015. The address of Jackson Square is 101 California Street, Suite 3750, San Francisco, California 94111.
- (7) Consists of (a) 27,543 shares of Class B common stock, 16,284 shares of which were subject to a right of repurchase held by the Company as of the date 60 days after March 1, 2015, (b) 45,412 shares of Class A common stock issuable upon exercise of options exercisable within 60 days of March 1, 2015 and (c) 20,312 shares of Class B common stock issuable upon exercise of options exercisable within 60 days of March 1, 2015.
- (8) Consists of (a) 49,644 shares of Class A common stock, 39,304 shares of which were restricted stock units, or RSUs, subject to vesting as of the date 60 days after March 1, 2015, (b) 60,066 shares of Class A common stock issuable upon exercise of options exercisable within 60 days of March 1, 2015 and (c) 26,555 shares of Class B common stock issuable upon exercise of options exercisable within 60 days of March 1, 2015.



- (9) Consists of (a) 61,706 shares of Class A common stock, 39,304 shares of which were RSUs subject to vesting as of the date 60 days after March 1, 2015, (b) 25,233 shares of Class B common stock, (c) 77,611 shares of Class A common stock issuable upon exercise of options exercisable within 60 days of March 1, 2015 and (d) 70,650 shares of Class B common stock issuable upon exercise of options exercisable within 60 days of March 1, 2015.

**Table of Contents**

- (10) Consists of shares held by Mr. Fenton's family trust, over which Mr. Fenton exercises voting and dispositive control.
- (11) Consists of shares issuable upon exercise of options exercisable within 60 days of March 1, 2015.
- (12) Consists of (a) 2,500 shares of Class A common stock, (b) 4,583 shares of Class A common stock issuable upon exercise of options exercisable within 60 days of March 1, 2015 and (c) 21,354 shares of Class B common stock issuable upon exercise of options exercisable within 60 days of March 1, 2015.
- (13) Consists of (a) 13,655,449 shares of Class A common stock, 78,608 shares of which were RSUs subject to vesting as of the date 60 days after March 1, 2015, (b) 9,072,472 shares of Class B common stock, 16,284 shares of which were subject to a right of repurchase held by the Company as of the date 60 days after March 1, 2015, (c) 751,727 shares of Class A common stock issuable upon exercise of options exercisable within 60 days of March 1, 2015 and (d) 2,277,773 shares of Class B common stock issuable upon exercise of options exercisable within 60 days of March 1, 2015.

**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, 2014, all Section 16(a) filing requirements applicable to our officers, directors and greater than ten percent stockholders were complied with, except that one report was filed late by each of Messrs. Stoppelman, Donaker and Wilson due to an administrative error.

**Table of Contents****EQUITY COMPENSATION PLAN INFORMATION**

The following table provides certain information with respect to our current and former equity compensation plans under which awards remained outstanding or available for future grant as of December 31, 2014. Information is included for the Yelp Inc. Amended and Restated 2005 Equity Incentive Plan, or the 2005 Plan, Yelp Inc. 2011 Equity Incentive Plan, or the 2011 Plan, Yelp Inc. 2012 Equity Incentive Plan, as amended, or the 2012 Plan, and Yelp Inc. 2012 Employee Stock Purchase Plan, or 2012 ESPP, each of which was adopted with the approval of our stockholders.

| Plan Category                                      | Class of Common Stock      | Shares of Common Stock to be Issued Upon Exercise of | Weighted-Average Exercise Price of    | Shares of Common Stock Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) |
|--|----------------------------|--|---------------------------------------|---|
|  |                            | Outstanding Options and Rights (a)                   | Outstanding Options and Rights (b)(1) | (c)   |
| Equity compensation plans approved by stockholders | Class A                    | 6,948,619 <sup>(2)</sup>                             | \$ 29.68                              | 7,353,497 <sup>(4)</sup>  |
| Equity compensation plans approved by stockholders | Class B                    | 3,652,877 <sup>(3)</sup>                             | \$ 7.62                               |   |
| <b>Total</b>                                       | <b>Class A and Class B</b> | <b>10,601,496</b>                                    | <b>\$ 20.67</b>                       | <b>7,353,497</b>  |

- (1) The weighted average exercise price excludes RSU awards, which have no exercise price.
- (2) Consists of options to purchase a total of 5,294,794 shares of Class A common stock and 1,653,825 shares of Class A common stock subject to restricted stock unit awards under our 2012 Plan. Excludes purchase rights currently accruing under our 2012 ESPP. For offerings under the 2012 ESPP that began prior to December 1, 2014, offering periods were 24-month periods comprised of four six-month purchase periods and eligible employees could purchase shares of our Class A common stock at a price equal to 85% of the lower of the fair market value of our Class A common stock at the beginning of each offering period or the end of each semi-annual purchase period. Beginning with the offering commencing on December 1, 2014, an offering period consists of one six-month purchase period and eligible employees may purchase shares of our Class A common stock at a price equal to 85% of the fair market value of our Class A common stock at the beginning of each offering period.
- (3) Consists of options to purchase 578,708 shares of Class B common stock under our 2011 Plan and options to purchase 3,074,169 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 5,394,830 shares of Class A common stock reserved for issuance under the 2012 Plan and 1,958,667 shares of Class A common stock reserved for issuance under the 2012 ESPP.

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. Pursuant to this provision, the Board determined to increase the number of shares reserved for issuance under the 2012 Plan by 1,458,411 shares of Class A common stock, representing approximately 2.0% of the total number of shares of our capital stock outstanding on December 31, 2014, effective January 1, 2015.

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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 (a) 2.0% of the total number of shares of our capital stock outstanding on December 31 of the preceding calendar year; (b) 5,000,000 shares of Class A common stock; or (c) such lesser number as determined by the Board. The Board determined not to increase the number of shares reserved for issuance under the 2012 ESPP on January 1, 2015.

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

The names, ages and certain other information concerning our executive officers as of March 23, 2015 are set forth below.

| <b>Name</b>               | <b>Age</b> | <b>Position Held With the Company</b>   |
|---------------------------|------------|---|
| Jeremy Stoppelman         | 37         | Co-Founder and Chief Executive Officer  |
| Rob Krolik                | 46         | Chief Financial Officer   |
| Geoff Donaker             | 42         | Chief Operating Officer   |
| Joseph R. ( Jed ) Nachman | 42         | Senior Vice President of Revenue  |
| Laurence Wilson           | 42         | Senior Vice President, Legal and User Operations, 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, most recently 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 Senior Vice President of Revenue since September 2011 and served as our Vice President of Sales from January 2007 to 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. Prior to Yahoo!, Mr. Nachman served as sales manager at HotJobs, an online job search company, from June 1999 to 2002, when it was acquired by Yahoo!. Prior to HotJobs, Mr. Nachman was an associate at Robertson Stephens, an investment bank, 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 since November 2007 and as our Senior Vice President, Legal and User Operations since September 2013. Prior to joining us, Mr. Wilson served as Vice President of Legal and Business Development for Xoom Corporation from January 2004 to October 2007. Mr. Wilson began his legal career with Claremont Partners, Inc., a health care solutions company, from March 2002 to January 2004. He holds a B.A. in History from the University of California, San Diego and a J.D. from Stanford Law School.

**EXECUTIVE COMPENSATION****COMPENSATION DISCUSSION AND ANALYSIS**

Our compensation discussion and analysis describes our executive compensation program and the decisions in 2014 regarding compensation for our named executive officers:

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 Senior Vice President, Legal and User Operations, General Counsel and Secretary.

## **Table of Contents**

### **Executive Summary**

During 2014, we continued to transform the way people discover, engage and transact with great local businesses. Highlights of our company performance in 2014 include:

we generated net revenue of \$377.5 million, representing 62% growth over 2013, and achieved full-year profitability for the first time;

cumulative reviews grew 35% year-over-year to approximately 71 million at the end of 2014;

we continued to develop a feature-rich experience by adding mobile review translations, our Message the Business feature, which allows consumers to contact local businesses directly, and the ability for consumers to upload short videos;

we launched the Yelp for Business Owners app, a product designed to make it easier for business owners to engage with customers, and Yelp Reservations, a free tool that allows businesses in the restaurant and nightlife categories to start taking online reservations;

we expanded the Yelp Platform, adding the ability for consumers to book spa and salon appointments, make hotel bookings, make winery reservations and complete other transactions without leaving Yelp;

we entered into strategic partnerships with Yahoo!, to use Yelp content to power Yahoo Search in the United States, and YP (formerly Yellow Pages), pursuant to which YP business owner profile data will appear on our platform; and

we increased the depth and breadth of our European content through our acquisitions of Restaurant Kritik, a German review website, and Cityvox SAS, a French review website.

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 them to assume excessive risks. Highlights of our executive compensation program for 2014 include:

Messrs. Stoppelman and Donaker each continued to receive a nominal base salary of \$1.00 per year.

Our Compensation Committee increased Mr. Nachman's base salary following the completion of his secondment in the United Kingdom to bring it to a more market-competitive level and to be in line with Messrs. Krolik's and Wilson's base salaries, reflecting our internal pay equity.

Equity compensation remained the principal component of our executive compensation program. After reviewing their 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' 2014 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 executives are employed at-will and are expected to demonstrate high-quality performance in order to continue serving as members of our executive team.

We offer reasonable change in control and severance benefits to our executive officers, as customary in our industry, with cash severance payments under these agreements not exceeding the executive's annual cash compensation (i.e. base salary plus cash bonus amount, if any) at the time of termination. We do not provide excise tax reimbursements or gross ups to our executive officers with respect to benefits received in connection with a change in control or termination event.

We provide few fringe benefits to our executive officers and generally do not offer access to car allowances, financial planning advice or club memberships. The 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, in certain circumstances as our Compensation Committee determines reasonable and necessary, our Compensation Committee has in the past, and may in the future, approve special benefits to our executive officers, such as the payment of parking fees and health insurance premiums for Messrs. Stoppelman and Donaker in connection with the reduction of their salaries to a nominal amount, as well as certain relocation benefits provided to Mr. Nachman in connection with the completion of his secondment. Our Board and Compensation Committee have also implemented a number of other corporate governance policies and practices that were determined to be in the best interest of our stockholders:

In accordance with the preference of our stockholders expressed in 2013, we conduct an annual advisory vote on executive compensation, commonly referred to as a say-on-pay vote. In our 2014 say-on-pay vote, our executive compensation was approved by over 99% of the votes affirmatively cast on the proposal. Based on this overwhelming support, our Compensation Committee decided to maintain our current approach to executive compensation for our named executive officers;

Our Compensation Committee is composed solely of independent directors;



## **Table of Contents**

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 solely 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;

Our trading window policy prohibits short sales, hedging transactions and other inherently speculative transactions in our equity securities by our executive officers;

Our Compensation Committee generally reviews our executive compensation program on an annual basis to ensure that we provide competitive compensation packages to attract, retain and incentivize our executive management team to achieve success for our business and our stockholders; and

Our Compensation Committee regularly reviews our executive compensation program to ensure that it strikes the appropriate balance of risk and reward in relation to our overall business strategy and does not encourage excess or unnecessary risk-taking behavior.

## **Executive Compensation Philosophy, Objectives and Design**

*Philosophy.* We operate in a 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, deploy new functions and products, expand our business in new and existing markets, and partner with other companies.

To achieve these business objectives, we need to attract and retain a highly talented team of executives. We expect our team to possess and demonstrate strong leadership and management capabilities, as well as foster our company culture, which is 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 the compensation paid to each executive should reflect the importance of his role 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 or excessive risk taking.

*Objectives.* Our executive compensation program is 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 the 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.* The total compensation package for our executive team generally consists of:

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;

grants under our equity incentive compensation plans, including stock options and restricted stock units;  
and

limited severance and change in control benefits to encourage our executives to work to maximize stockholder value.

Compensation is typically weighted towards equity, with limited cash compensation. Our Compensation Committee believes that making equity awards a key component of executive compensation focuses the executive team on the achievement of our long-term strategic and financial goals, thereby aligning their interests with those of our stockholders. We generally do not offer cash bonus opportunities to our executive officers, as we believe that providing meaningful equity opportunities motivates our executive officers to drive long-term value creation while conserving cash.

## **Table of Contents**

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 paragraphs above and in greater detail below. Our Compensation Committee continues to evaluate our executive compensation philosophy, objectives and design, generally on an annual basis or more frequently as circumstances require.

### **Compensation Setting Process**

#### ***Role of Our Compensation Committee***

Our Compensation Committee is primarily responsible for executive compensation decisions, including establishing our executive compensation philosophy and programs, as well as determining specific compensation arrangements for each executive. Our Compensation Committee generally reviews our compensation programs and individual executive compensation arrangements on an annual basis. In the fourth quarter of 2013, in anticipation of making executive compensation decisions for 2014, our Compensation Committee conducted a review of our executive compensation program and related policies. As part of this review, and in making individual compensation decisions for 2014, 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 our Compensation Committee regarding executive compensation, as we believe this approach helps us compete in hiring and retaining the best possible talent while 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 as a determinative factor, various market data presented by Compensia, our Compensation Committee's independent compensation consultant, to ensure that the compensation of our executive officers remains competitive and that we are meeting our retention objectives;

each executive officer's existing equity awards and stock holdings (including the unvested portions); and

the potential dilutive effect of equity awards on our stockholders.

#### ***Role of Management***

Our Compensation Committee works closely with members of our executive management, and our Chief Financial Officer in particular, to manage and develop our executive compensation program, including reviewing existing compensation for adjustment (as needed) and establishing new hire packages. Our finance and human resources departments work 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 officer'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. Members of our human resources and legal departments also attend Compensation Committee meetings. Our Compensation Committee meets in executive session when appropriate to discuss and determine the compensation for each executive officer. Neither our Chief Executive Officer, Chief Financial Officer 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.

***Say-on-Pay Vote in 2014***

In accordance with the preference indicated by our stockholders in 2013, we held an advisory vote on the compensation of our named executive officers in 2014. Our Compensation Committee considers the views of our stockholders as expressed in the outcome of each such advisory vote in determining executive compensation levels. At our 2014 Annual Meeting of Stockholders, over 99% of the votes affirmatively cast were voted in favor of the say-on-pay proposal approving the compensation of our named executive officers. Our Compensation Committee viewed the results of this vote as broad general stockholder support for our executive compensation program. Based on this result and its ongoing review of our compensation practices, our Compensation Committee believes that our executive compensation program has been effective in implementing our compensation philosophy and objectives. Accordingly, our Compensation Committee determined not to make any significant changes to our executive compensation program in 2014 following the vote, or for 2015. Nevertheless, our Compensation Committee recognizes that pay practices continue to evolve, and so will continue to refine our executive compensation program in its ongoing effort to ensure that our executive compensation reflects our compensation philosophy and objectives, as well as supports long-term value creation and our company culture.

**Table of Contents****Role of Compensation Consultant and Use of Market Data**

Our executive compensation program is designed to attract and retain talented and experienced executive officers in an extremely competitive market. As a result, our Compensation Committee believes that it is important to be informed as to the current practices of comparable public companies with which we compete for top talent. To that end, our Compensation Committee typically reviews the executive compensation practices of a public company peer group as a comparative framework for our executive compensation program. In some instances, it may supplement publicly available data from the peer company group with relevant published survey sources.

Our Compensation Committee has the authority under its charter to engage its own advisors to assist in carrying out its responsibilities. Our Compensation Committee typically engages an independent executive compensation consultant to advise it on current market practices, and we expect that it will continue to do so in the future to ensure that our executive compensation program is competitive and aligned with our strategy. From time to time, representatives of such consultants may attend meetings (or portions of meetings) of our Compensation Committee to present information and answer questions.

**2014 Compensation Analysis.** In September 2013, our Compensation Committee engaged Compensia to provide executive compensation advisory services in preparation for its annual evaluation of our pay practices. These services included recommending a peer company group and providing a compensation analysis consisting of executive compensation data from these companies' most recent publicly available compensation disclosures. Compensia recommended, and our Compensation Committee approved, the following peer company group:

|                            |                         |                  |                    |                                   |
|----------------------------|-------------------------|------------------|--------------------|-----------------------------------|
| Angie's List, Inc.         | Financial Engines, Inc. | Proofpoint, Inc. | ServiceNow, Inc.   | SPS Commerce, Inc.                |
| Cornerstone OnDemand, Inc. | HomeAway, Inc.          | RealPage, Inc.   | Shutterstock, Inc. | The Ultimate Software Group, Inc. |
| CoStar Group, Inc.         | Imperva, Inc.           | Netsuite Inc.    | SolarWinds, Inc.   | Trulia, Inc.                      |
| Demandware, Inc.           | Infoblox Inc.           | OpenTable, Inc.  | Splunk Inc.        | Zillow, Inc.                      |

In December 2013, Compensia provided a compensation analysis to our Compensation Committee consisting of a detailed market assessment and retention analysis for each of our named executive officers, as well as an overview of market trends. Compensia based its analysis on market data for the peer group companies listed above, supplemented by market data published in the Radford Technology Survey for certain public and private companies with similar financial and industry profiles to us and, as an additional reference point, certain companies that were too large to be included as peer group companies, but that are considered key talent competitors. Because market data for directly comparable positions to each of our named executive officers is not available for each of our peer group companies, our Compensation Committee determined that this supplementary market data would enhance the relevance of Compensia's analyses. The peer group companies and supplemental companies generally met the following criteria:

| Group                  | Industries                       | Revenue Over |               | Market         |                       | Other Criteria                |
|------------------------|----------------------------------|--------------|---------------|----------------|-----------------------|-------------------------------|
|                        |                                  | Previous     | Four Quarters | Capitalization |                       |                               |
| 2014 Peer Companies    | Internet Software and Services   | \$90M        | \$410M        | \$1B           | \$6.7B <sup>(1)</sup> | Annual revenue growth >10%    |
|                        | Application and Systems Software |              |               |                |                       | Market cap ≥5x annual revenue |
| Supplemental Companies | Internet Software                | \$115M       | \$800M        | \$1B           | \$13B <sup>(2)</sup>  | N/A                           |

(1) As of October 1, 2013

(2) As of November 1, 2013



**Table of Contents**

By comparison, at the time of the Compensation Committee's review, our net revenue over the previous four quarters was approximately \$203.5 million (representing approximately 68% year-over-year growth) and our market capitalization was approximately \$4.5 billion (representing approximately 22x our net revenue).

All cash compensation data used in the analysis reflected a three percent upward adjustment from the compensation levels disclosed by such companies, which Compensia applied to update the data for 2014. Compensia based this adjustment factor on published trends and its experience in analyzing compensation trends. Our Compensation Committee reviewed Compensia's analysis and market data in its evaluation of our executive compensation program for 2014, but did not benchmark to any particular level.

*2015 Compensation Analysis.* Our Compensation Committee reviews and updates our peer company group periodically to ensure that it continues to reflect appropriately the market in which we compete for talented executives. In this regard, in anticipation of making executive compensation decisions for 2015, our Compensation Committee engaged Compensia again in September 2014 to recommend updates to the peer company group and to conduct a new assessment comparing the compensation of our executive management team to compensation for similarly situated executives at such peer companies. Based on Compensia's recommendations, our Compensation Committee approved a peer company group for 2015 reflecting our increased annual net revenue and market capitalization. The updated peer company group consists of the following publicly traded companies:

|                            |                         |                     |                        |                                   |
|----------------------------|-------------------------|---------------------|------------------------|-----------------------------------|
| Concur Technologies, Inc.  | Financial Engines, Inc. | Pandora Media, Inc. | SolarWinds, Inc.       | The Ultimate Software Group, Inc. |
| Cornerstone OnDemand, Inc. | GrubHub Inc.            | Proofpoint, Inc.    | Splunk Inc.            | Zillow, Inc.                      |
| CoStar Group, Inc.         | HomeAway, Inc.          | ServiceNow, Inc.    | Tableau Software, Inc. |                                   |
| Demandware, Inc.           | NetSuite Inc.           | Shutterstock, Inc.  | Trulia, Inc.           |                                   |

*Independence Assessment.* In March 2014 and again in March 2015, our Compensation Committee analyzed whether the work of Compensia as a compensation consultant raised any conflict of interest, taking into consideration the following factors: (i) that Compensia does not provide any other services to us; (ii) the fees paid by us to Compensia represent less than one percent of Compensia's 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 of our executive officers; (v) the absence of any material business or personal relationship of the individual compensation advisors with any member of our Compensation Committee; and (vi) none of the individual compensation advisors employed by Compensia own any shares of our stock. Our Compensation Committee has 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 our Compensation Committee has not created any conflict of interest and our Compensation Committee is satisfied with the independence of Compensia. Our Compensation Committee intends to continue to assess the independence of any of our compensation advisors by reference to the foregoing factors, consistent with applicable NYSE listing standards.

**Executive Compensation Program Components*****Base Salary***

We provide a 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 light of the absence of a cash bonus opportunity for our executive officers.

Our Compensation Committee does not apply specific formulas in setting initial salary levels or determining adjustments from year to year. Rather, our Compensation Committee may consider a range of factors, including the executive's anticipated responsibilities and individual experience, our Compensation Committee members' experience and knowledge in compensating similarly situated individuals at other companies, the value of the executive officer's existing equity awards, our then-current cash constraints, a general sense of internal pay equity among our officers and negotiations with the executive. Our Compensation Committee may also consider target total cash compensation (i.e. base salary plus target annual incentive or bonus cash compensation) for similarly situated executives at our peer group companies. Our Compensation Committee generally believes 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.



**Table of Contents**

Our Compensation Committee generally reviews, and adjusts as necessary, base salaries for each of our executive officers annually. In the fourth quarter of 2013, our Compensation Committee reviewed our executive officers' base salaries as part of its annual review of our executive compensation program.

*Jeremy Stoppelman and Geoff Donaker.* Following their request in 2013, our Compensation Committee approved a nominal base salary of \$1.00 per year for each of Messrs. Stoppelman and Donaker. As part of its annual review of executive compensation, the Compensation Committee revisited whether the lack of meaningful cash compensation for these executive officers was appropriate and whether it would encourage excessive or unnecessary risk-taking behavior. As was the case in 2013, a large portion of Messrs. Stoppelman's and Donaker's personal wealth continued to be tied directly to our stock price performance, potentially encouraging them to emphasize short-term performance at the expense of long-term value creation.

Our Compensation Committee determined, however, that this potential risk continued to be effectively addressed by the equity compensation awarded to Messrs. Stoppelman and Donaker. Their equity awards consist of stock options subject to staggered, long-term vesting schedules; accordingly, they realize value from their awards only through the long-term appreciation of our stock price, thereby mitigating the incentive for short-term risk taking in addition to serving as an effective retention tool. The Compensation committee further noted that a majority of the 90,000 shares of our Class A common stock covered by the supplemental stock option granted to each of Messrs. Stoppelman and Donaker in 2013 remained unvested, and so continued to provide a medium-term incentive to balance the lack of meaningful cash compensation.

*Rob Krolik and Laurence Wilson.* Our Compensation Committee decided not to increase Mr. Krolik's or Mr. Wilson's base salary for 2014 based on its determination that these officers' existing base salaries, taken together with the other elements of their compensation, provided sufficient fixed compensation for retention purposes. In making this determination, our Compensation Committee did not benchmark their salaries to specific market levels, but did note that Messrs. Krolik's and Wilson's base salaries each fell below the 25<sup>th</sup> percentile of target total cash compensation levels reported in Compensia's analysis for 2014. Although their cash compensation remained comparatively low, our Compensation Committee concluded that, in light of the substantial equity awards made in 2013, Messrs. Krolik's and Wilson's total compensation was adequate.

*Jed Nachman.* 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 wholly owned subsidiary Yelp UK Ltd. pursuant to a Secondment Agreement, dated as of April 25, 2012, by and between us and Mr. Nachman, or the Secondment Agreement. Mr. Nachman continued to serve as our Senior Vice President of Revenue for the duration of his secondment.

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 also received an annual cost of living adjustment of £78,593 under the Secondment Agreement, bringing his annual fixed compensation to £265,719. In addition, Mr. Nachman was entitled to certain other benefits under the Secondment Agreement, as described in *Employee Benefits* below. The terms of Mr. Nachman's compensation during his secondment, including the cost of living adjustment, were the result of individual negotiations with him, but generally reflected the benefits we typically provided to employees at that time when we requested that they relocate abroad.

In May 2014, the Compensation Committee approved, and we entered into, a letter agreement with Mr. Nachman regarding the conclusion of his secondment, his return to the United States and his continued employment with us upon his return, or the Repatriation Agreement. Pursuant to the Repatriation Agreement, Mr. Nachman's secondment terminated, and he resumed working directly for us in the United States, effective June 16, 2014. As of that date, the terms of his employment reverted to those set forth in his amended and restated offer letter, dated February 3, 2012, and he was no longer entitled to the benefits provided under the Secondment Agreement. Instead, Mr. Nachman is entitled to receive an annual base salary of \$325,000 and our standard U.S. benefits package, as described in *Employee Benefits* below. With Mr. Nachman's \$300,000-equivalent salary falling below the 25<sup>th</sup> percentile of target total cash compensation levels reported in Compensia's analysis for 2014, our Compensation Committee approved this increase to bring Mr. Nachman's salary to a more market-competitive level. Although Mr. Nachman's cash compensation remained below the 25<sup>th</sup> percentile with the increase, our Compensation Committee determined \$325,000 to be adequate in light of the substantial equity award Mr. Nachman received in 2013 and reflective of our philosophy of internal pay equity.

**Table of Contents**

The following table shows each named executive officer's 2014 base salary compared to his 2013 base salary:

| <b>Name</b>       | <b>2013 Base Salary</b> | <b>2014 Base Salary</b> | <b>Percentage Increase</b> |
|-------------------|-------------------------|-------------------------|----------------------------|
| Jeremy Stoppelman | \$ 1                    | \$ 1                    | 0.00%                      |
| Rob Krolik        | \$325,000               | \$325,000               | 0.00%                      |
| Geoff Donaker     | \$ 1                    | \$ 1                    | 0.00%                      |
| Jed Nachman*      | \$300,000               | \$325,000               | 8.33%                      |
| Laurence Wilson   | \$325,000               | \$325,000               | 0.00%                      |

\* Mr. Nachman also received a cost of living adjustment equal to approximately \$122,926 in 2013 and approximately \$60,062 in 2014, each as converted to U.S. dollars. See the Summary Compensation Table below.

As converted to U.S. dollars. See above discussion and Summary Compensation Table below.

Effective from June 16, 2014.

**2015 Base Salaries.** In the first quarter of 2015, our Compensation Committee reviewed our executive officers' base salaries as part of its annual review of our executive compensation program and decided not to make any changes for 2015. In particular, the Compensation Committee determined that it was appropriate to continue to honor Messrs. Stoppelman's and Donaker's requests for nominal base salaries. Using Compensation's 2015 compensation analysis as a reference point, the Compensation Committee also determined that Messrs. Nachman's and Wilson's cash compensation is adequate at present. The Compensation Committee also noted that Mr. Krolik's base salary was at a less competitive level than either of Messrs. Nachman's or Wilson's compared to similarly situated executives at our peer group companies. It determined, however, to supplement his cash compensation with an equity award similar to those supplementing Messrs. Stoppelman's and Donaker's nominal base salaries, as discussed under *Equity Compensation* below, to maintain our focus on equity compensation and internal pay equity.

**Incentive Cash Compensation**

Historically, we have not offered incentive cash compensation opportunities to our executive officers. Our Compensation Committee revisited this practice in setting 2014 and 2015 compensation, but decided not to offer incentive cash compensation opportunities to any executive officer at such times. Our Compensation Committee also elected not to pay any bonus compensation for 2014. 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 at this time. 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**

Historically, we have primarily used stock 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 our long-term interests and those of 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 stock options will have value to our executive officers only if the fair market value of our common stock increases after the date of grant and our executive officers continue in service through the applicable vesting terms. Typically, stock options granted to our executive officers vest over four years, allowing them to serve as an effective retention tool. As discussed below, the Compensation Committee began granting restricted stock units to executive officers in 2015, which also vest over four years.

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 among our executive officers and market conditions.

*2014.* In the fourth quarter of 2013, our Compensation Committee decided that each executive officer's existing rights and opportunities would provide sufficient compensation opportunities and motivation through 2014. In making this determination, our Compensation Committee used the market data included in the 2014 Compensation analysis as a general guideline, but principally relied on the experience of its members in compensating executives at similarly situated companies. Our Compensation Committee noted that, as a result of the stock option grants made in 2013, each executive officer held options covering a substantial number of unvested shares that generally would not fully vest for another three years. Accordingly, our Compensation Committee did not make any equity awards to our executive officers at that time.

**Table of Contents**

2015. In the first quarter of 2015, our Compensation Committee reviewed the then-current equity compensation opportunities and holdings of each of our executive officers. Based on this review, our Compensation Committee determined that new equity awards would be appropriate to adequately meet our long-term retention goals and provide sufficient incentive opportunities. However, in light of the large stock-based compensation expense associated with certain equity awards, our Compensation Committee determined it would be advisable to grant awards to Messrs. Nachman and Wilson in 2015 and revisit Messrs. Stoppelman, Krolik and Donaker in subsequent years.

Using the 2015 compensation analysis from Compensia as a general guideline, our Compensation Committee granted Messrs. Nachman and Wilson each a new stock option award and restricted stock unit award, in the amounts set forth in the table below. The size of these awards reflects our Compensation Committee's determination of the need to provide substantial equity opportunities to motivate our executive officers to achieve our business objectives in the absence of cash incentive opportunities. The Compensation Committee elected to split the awards between stock options and restricted stock units to reflect our general practice with respect to refresh grants for employees at the director level and above, which it adopted in 2014 and is intended to mitigate the effects of the extreme volatility in our stock price. Each of these awards to Messrs. Nachman and Wilson vests over four years, with 10% vesting over the first year following the grant date, 20% vesting over the second year, 30% vesting over the third year and 40% vesting over the fourth year. Our Compensation Committee determined that this vesting schedule, which is generally applicable to non-executive employee refresh equity awards as well, would appropriately address our long-term retention goals for Messrs. Nachman and Wilson.

Using the 2015 peer group market data solely as a reference, our Compensation Committee also granted in the first quarter of 2015 stock option awards covering the number of shares of Class A common stock set forth in the table below to Messrs. Stoppelman, Krolik and Donaker, which vest monthly over the two years following the grant date. Our Compensation Committee determined that these awards would be appropriate to balance the lack of meaningful cash compensation for Messrs. Stoppelman and Donaker, given that the similar grants made to them in 2013 were now fully vested. Similarly, the Compensation Committee granted a stock option award to Mr. Krolik in lieu of an increase in base salary as noted above. With their shorter vesting period and equal monthly vesting installments, our Compensation Committee designed these awards to provide a medium-term incentive linked to our stock performance.

| Name              | Shares Issuable<br>upon Exercise<br>of | Shares Subject to                    |
|-------------------|--|--------------------------------------|
|                   | 2015 Option<br>Grants                  | 2015 Restricted<br>Stock Unit Awards |
| Jeremy Stoppelman | 32,600                                 |                                      |
| Rob Krolik        | 3,300                                  |                                      |
| Geoff Donaker     | 26,100                                 |                                      |
| Jed Nachman       | 24,450                                 | 40,311                               |
| Laurence Wilson   | 24,450                                 | 40,311                               |

**Post-Employment and Change in Control Compensation**

In January 2012, our Compensation Committee approved our Executive Severance Benefit Plan, or the Severance Plan, which provides that our named executive officers are eligible to receive certain cash 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. If such involuntary termination occurs on or within 12 months following a change in control (as defined in the Severance Plan), the Severance Plan also provides for limited accelerated vesting of certain equity awards. The Severance Plan did not have any effect on pre-existing equity acceleration provisions. For a summary of the equity acceleration provisions and the material terms and conditions of the Severance Plan, see *Compensation Plans and Arrangements Severance Arrangements* below.

Our Compensation Committee believes, based on the experience of its members, that such severance benefits are reasonable and allow our executive officers to focus on pursuing business strategies that, while in the best interests of our stockholders, may result in a disruption of their employment. Our Compensation Committee has also determined that the limited benefits upon an involuntary termination not in connection with a change in control provided for in the Severance Plan are appropriate to encourage our executives to remain with us, particularly in light of our dual-class capital structure, which makes a change in control transaction less likely.

The terms of certain stock option awards granted to Messrs. Stoppelman, Krolik and Donaker prior to our initial public offering also provide for vesting acceleration in connection with a change in control. See *Compensation Plans and Arrangements Severance Arrangements Equity Awards* below.

## **Table of Contents**

### ***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, and in 2014 we began offering a company match of up to \$1,000 per year per employee, including executive officers. Messrs. Krolik, Nachman and Wilson each received the full 401(k) company match in 2014. 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 2014, The Yelp Foundation, a non-profit organization established by the 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. Each 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 many 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, beginning in 2013 with the reduction of Messrs. Stoppelman's and Donaker's base salaries to a nominal amount, our Compensation Committee approved payment of their monthly parking fees. Our Compensation Committee also approved payment of the portion of Mr. Donaker's health insurance premium that ordinarily would have been deducted from his paycheck (we already covered Mr. Stoppelman's entire premium under our standard practices). The actual amounts received by Messrs. Stoppelman and Donaker in 2014 are set forth in the Summary Compensation Table below.

Similarly, during the term of his secondment, Mr. Nachman's Secondment Agreement entitled him to (i) four roundtrip plane tickets every 12 months to any location of his choosing for his personal use, up to a maximum of \$1,500 per ticket and (ii) a stipend of £100 per month to cover gym and transit costs. We also 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.

The Secondment Agreement also provided that Mr. Nachman would receive moving cost reimbursements up to \$9,000 in 2014 if and when he returned to the San Francisco Bay Area upon completion of his secondment (provided he remained employed by us). However, the Repatriation Agreement provided for relocation benefits in lieu of those provided in the Secondment Agreement, as follows: (i) one paid consultation with a tax preparer prior to his return; (ii) certain moving expenses; (iii) \$2,000 for miscellaneous moving expenses; (iv) travel expenses for him and his family from London to the United States; and (v) 30 days of corporate housing upon his return. In addition, we will continue to pay for the preparation of Mr. Nachman's tax returns and tax equalization settlement calculations for tax years affected by his secondment in accordance with our tax equalization policy. The actual amounts received by Mr. Nachman in 2013 and 2014 are set forth in the Summary Compensation Table below. Although the final terms of Mr. Nachman's compensation during his secondment and in connection with his return were the result of individual negotiations with him, they generally reflect benefits we typically provide to employees we request to relocate abroad.

### **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 stock and, as detailed in *Security Ownership of Certain Beneficial Owners and Management*, our executive officers collectively owned approximately 6.3% of our stock as of March 23, 2015.

*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 date for equity awards approved by written consent will generally be the first business day of the month following 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 Board members, 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 non-compliance 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.

## **Table of Contents**

### **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 the manner designed to 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 will be designated to qualify as performance-based compensation. To maintain flexibility in compensating our executive officers in a manner designed to best promote our objectives, we have not adopted a policy that requires all compensation to be deductible. We intend 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 have not historically, and did not in 2014, 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, 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 in connection with such taxes.

*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 the stockholders.

### **COMPENSATION COMMITTEE REPORT<sup>(1)</sup>**

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, our Compensation Committee has recommended to the Board that the Compensation Discussion and Analysis be included in this Proxy Statement and incorporated into our Annual Report on Form 10-K for the year ended December 31, 2014.

Respectfully submitted,  
The Compensation Committee of the Board of Directors

Peter Fenton, Chair  
Fred Anderson

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(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, other than our Annual Report on Form 10-K, where it shall be deemed furnished, whether made before or after the date hereof and irrespective of any general incorporation language in any such filing.

### **COMPENSATION RISK ASSESSMENT**

Over the course of the fourth quarter of 2014 and first quarter of 2015, 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 plans, as well as our alignment with market pay levels and compensation program designs.

**Table of Contents**

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. In addition, as discussed in greater detail above, the potential for Messrs. Stoppelman's and Donaker's nominal base salaries to encourage unnecessary risk taking is effectively mitigated by their equity compensation opportunities. The principal component of our executive compensation program has been long-term equity awards that help further align our executive officers' 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 compensation awarded to, paid to or earned by our named executive officers for the years ended December 31, 2014, 2013 and 2012.

**2014 Summary Compensation Table**

| Name   | Year | Salary (\$)            | Option Awards \$(2) | All Other Compensation \$(3) | Total (\$)                  |
|--|------|------------------------|---------------------|------------------------------|-----------------------------|
| Jeremy Stoppelman<br><i>Chief Executive Officer</i>                            | 2014 | 1                      |                     | 66,912 <sup>(4)</sup>        | 66,913                      |
|  | 2013 | 37,501                 | 8,010,363           | 50,100                       | 8,097,964                   |
|  | 2012 | 300,000                |                     | 40,657                       | 340,657                     |
| Rob Krolik<br><i>Chief Financial Officer</i>                                   | 2014 | 325,000                |                     | 13,533 <sup>(5)</sup>        | 338,533                     |
|  | 2013 | 321,875                | 2,674,826           | 10,847                       | 3,007,548                   |
|  | 2012 | 300,000                |                     | 11,409                       | 311,409                     |
| Geoff Donaker<br><i>Chief Operating Officer</i>                                | 2014 | 1                      |                     | 23,231 <sup>(6)</sup>        | 23,232                      |
|  | 2013 | 37,501                 | 6,186,618           | 19,608                       | 6,243,727                   |
|  | 2012 | 300,000                |                     | 11,371                       | 311,371                     |
| Jed Nachman<br><i>Senior Vice President of Revenue</i>                         | 2014 | 319,046 <sup>(1)</sup> |                     | 300,435 <sup>(7)</sup>       | 619,480 <sup>(8)</sup>      |
|  | 2013 | 292,681                | 2,674,826           | 194,698 <sup>(9)</sup>       | 3,162,205 <sup>(8)(9)</sup> |
|  | 2012 | 298,250                |                     | 189,669                      | 487,920 <sup>(8)</sup>      |
| Laurence Wilson<br><i>Senior Vice President, General Counsel and Secretary</i> | 2014 | 325,000                |                     | 8,233 <sup>(5)</sup>         | 333,233                     |
|  | 2013 | 321,875                | 2,674,826           | 6,544                        | 3,003,245                   |
|  | 2012 | 300,000                |                     | 5,983                        | 305,983                     |

- (1) The amount represents base salary earned in 2014, which consists of Mr. Nachman's base salary under the Secondment Agreement for January 1 through June 15, 2014 and his base salary under the Repatriation Agreement for the remainder of the year. See *Compensation Discussion and Analysis Executive Compensation Program Components Base Salary* above.
- (2) The amounts reported here do not reflect the actual economic value realized by our named executive officers. In accordance with SEC rules, this column represents the grant date fair value of shares underlying 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 12, *Stockholders Equity (Deficit)* in our Annual Report on Form 10-K for the year ended December 31, 2014.
- (3) The amount reported includes the following health, dental, vision, life and disability insurance premiums paid by the Company on behalf of the named executive officers in 2014: \$5,512 for Mr. Stoppelman; \$10,813 for Mr. Krolik; \$10,711 for Mr. Donaker; \$16,421 for Mr. Nachman; and \$5,513 for Mr. Wilson. The amount also includes a matching charitable donation of \$1,000 made by The Yelp Foundation on behalf of each named executive officer in 2014. These benefits are provided to the named executive officers on the same terms as provided to all of our regular full-time employees.

## **Table of Contents**

- (4) The amount reported also includes (a) \$5,400 in monthly parking fees paid by the Company and (b) \$55,000 for personal administrative services performed by Mr. Stoppelman's executive assistant. Because Mr. Stoppelman's executive 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 the 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 2014 as a percentage of her total time spent working for the Company during 2014, multiplied by her base salary paid by the Company during 2014.
- (5) The amount reported also includes (a) \$720 in reimbursements for health club membership and (b) \$1,000 in Company-paid 401(k) plan matching contributions, each of which was provided to the named executive officer on the same terms as provided to all of our regular full-time employees.
- (6) The amount reported also includes (a) \$5,400 in monthly parking fees paid by the Company, (b) \$720 in reimbursements for a health club membership, which was provided to Mr. Donaker on the same terms as provided to all of our regular full-time employees, and (c) \$5,400 in health, dental, vision, life and disability insurance premiums paid by the Company in addition to the premiums covered under our standard practices applicable to all of our regular full-time employees.
- (7) The amount reported also includes \$420 in reimbursements for a health club membership and \$1,000 in Company-paid 401(k) plan matching contributions, which were provided to Mr. Nachman on the same terms as provided to all of our regular full-time employees.

The amount reported also includes amounts paid pursuant to Mr. Nachman's Secondment Agreement, as follows: (a) cost of living adjustment of \$60,062; (b) tax equalization payments of \$168,969; (c) tax preparation payments of \$15,240; and (d) a stipend of \$917 to cover transportation costs. Under the Secondment Agreement, we will pay the difference between the taxes owed by Mr. Nachman for 2014 and the taxes Mr. Nachman would have owed for 2014 had he remained in the United States. The tax equalization payment reported above represents (x) \$183,176 in modified U.K. payroll taxes, paid by Yelp on Mr. Nachman's behalf, plus (y) \$27,043 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) \$41,250 withheld from his salary during 2014 as an estimate of the taxes he would have owed for 2014 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 2014 until both his U.S. and U.K. tax returns for 2014 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, 2015, which is the extended deadline to file 2014 tax returns, and his U.K. tax return to be finalized by January 31, 2016, which is the deadline to file tax returns for the taxable year running from April 6, 2014 to April 5, 2015.

In addition, the amount reported includes amounts paid pursuant to Mr. Nachman's Repatriation Agreement, as follows: (A) \$700 in payment for a one-time consultation with a tax preparer, paid on his behalf; (B) \$25,785 in moving expenses paid on his behalf; (C) \$2,000 for miscellaneous moving expenses; (D) \$3,921 in return travel expenses for Mr. Nachman and his family from London to the United States; and (E) \$4,000 for 30 days of paid corporate housing upon his return to the United States.

- (8) Mr. Nachman's base salary was paid in British pounds sterling from May 9, 2012 through June 15, 2014. His cost of living adjustment and stipend for that period were also paid in British pounds sterling. All such amounts were converted using the interbank exchange rate in effect on the date of payment.
- (9) Includes an additional \$6,980 of payments related to the preparation of Mr. Nachman's 2013 taxes for costs incurred after April 11, 2014, the date of our Definitive Proxy Statement on Schedule 14A for our 2014 Annual Meeting of Stockholders was filed with the SEC.

## **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.

## **Table of Contents**

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 the Severance Plan), the lump sum bonus payment will be equal to the actual cash bonus amount as if we had 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 where 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 the 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: (a) 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.* 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 upon 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 then-unvested shares subject to the stock option for 75,000 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.

## **Table of Contents**

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, as amended*

In January 2012, our Board adopted, and our stockholders subsequently approved, our 2012 Plan as a successor to and continuation of our 2011 Plan. In 2013, our Board and stockholders approved an amendment to the 2012 Plan to increase the aggregate number of shares of our Class A common stock that may be issued pursuant to awards under the 2012 Plan by 2,000,000 shares. In addition, the number of shares of our Class A common stock reserved for issuance under our 2012 Plan automatically increased on January 1, 2013, 2014 and 2015 by 2,540,210, 2,834,979 and 1,458,411 shares, respectively, and will continue to increase automatically 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 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. Additionally, the 2012 Plan provides for the grant of performance cash awards to our employees, directors and consultants. Incentive stock options granted under the 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 2012 Plan are not intended to qualify as incentive stock options under the Code. To date, we have granted stock options and restricted stock units under the 2012 Plan.

As of March 23, 2015, options to purchase 5,294,794 shares of Class A common stock granted pursuant to the 2012 Plan were outstanding and 1,653,825 shares of Class A common stock were subject to issuance upon settlement of unvested restricted stock unit awards issued pursuant to the 2012 Plan. Such outstanding options had a weighted-average exercise price of approximately \$29.68 per share as of that date.

Our Board has delegated concurrent authority to administer the 2012 Plan to our Compensation Committee.

Our 2012 Plan provides that in the event of a specified corporate transaction, as defined in the 2012 Plan, the administrator will determine how to treat each outstanding stock award. The administrator may: (1) arrange for the assumption, continuation or substitution of a stock award by a successor corporation; (2) arrange for the assignment of any reacquisition or repurchase rights held by us to a successor corporation; (3) accelerate the vesting of a stock award and provide for its termination prior to the transaction; (4) arrange for the lapse of any reacquisition or repurchase rights held by us; or (5) 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 (as defined in the 2012 Plan). In the absence of such a provision, no such acceleration of the stock award will occur.

#### *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. As of March 23, 2015, options to purchase 578,708 shares of Class B common stock at a weighted-average exercise price per share of \$10.77 remained outstanding under our 2011 Plan. No grants have been made under our 2011 Plan since the date of our IPO 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.

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Our 2011 Plan provides that in the event of a specified corporate transaction, as defined under the 2011 Plan, the administrator will determine how to treat each outstanding stock award. The administrator may (1) arrange for the assumption, continuation or substitution of a stock award by a successor corporation; (2) arrange for the assignment of any reacquisition or repurchase rights held by us to a successor corporation; (3) 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 (4) 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.

## **Table of Contents**

### *Amended and Restated 2005 Equity Incentive Plan*

Our Board adopted, and our stockholders approved, our 2005 Plan in September 2005. As of March 23, 2015, options to purchase 3,074,169 shares of Class B common stock at a weighted-average exercise price per share of \$7.02 remained outstanding under the 2005 Plan. Effective as of July 2011, our Board terminated the 2005 Plan and provided that no further stock awards were to be granted under our 2005 Plan. All outstanding stock awards under the 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 (1) 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; (2) provide that the stock award will be exercisable in full; (3) provide for the assumption and substitution of the stock award by a successor corporation; (4) 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 (5) 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*

In January 2012, our Board adopted, and our stockholders subsequently approved, our 2012 ESPP. As of March 23, 2015, the maximum aggregate number of shares of our Class A common stock that may be issued under our 2012 ESPP is 1,958,667 shares. The number of shares of our Class A common stock reserved for issuance under the 2012 ESPP automatically increased on January 1, 2013 by 1,270,105 shares, and will continue to 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 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: (a) 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 (b) 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 (x) immediately after the grant would own stock possessing five percent or more of the total combined voting power or value of our common stock, or (y) 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.

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 not be 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.



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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.

38

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**Table of Contents**

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 our 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 Messrs. Stoppelman and Donaker in connection with the reduction of their salaries to a nominal amount, as well as to Mr. Nachman in connection with his secondment to Yelp UK Ltd. and its conclusion, please see *Compensation Discussion and Analysis Executive Compensation Program Components Employee Benefits*.

**GRANTS OF PLAN-BASED AWARDS**

No grants of plan-based awards were made to the named executive officers during the year ended December 31, 2014.

**OUTSTANDING EQUITY AWARDS AT FISCAL YEAR END**

The following table shows certain information regarding outstanding equity awards at December 31, 2014 for the named executive officers.

**Outstanding Equity Awards at December 31, 2014**

| Name              | Class of Common Stock | Option Awards   |   |                            |                        | Stock Awards  |  |
|-------------------|-----------------------|---|---|----------------------------|------------------------|---|--|
|                   |                       | Number of Securities Underlying Unexercised Options (#) Exercisable | Number of Securities Underlying Unexercised Options (#) Unexercisable | Option Exercise Price (\$) | Option Expiration Date | Number of Shares or Units of Stock that Have Not Vested (#) | Market Value of Shares or Units of Stock that Have Not Vested (\$) |
| Jeremy Stoppelman | Class B               | 1,379,732   | 221,307 <sup>(1)</sup>  | 7.16                       | 01/05/2021             |   |  |
|                   | Class A               | 153,333   | 421,667 <sup>(2)</sup>  | 21.18                      | 02/05/2023             |   |  |
|                   | Class A               | 82,500  | 7,500 <sup>(3)</sup>  | 21.18                      | 02/05/2023             |   |  |
| Rob Krolik        | Class B               | 19,062  | 10,938 <sup>(4)</sup>   | 9.08                       | 07/26/2021             |   |  |
|                   | Class B               |   |   |                            |                        | 25,659 <sup>(5)</sup>                                       | 1,404,317 <sup>(6)</sup>   |
|                   | Class A               | 35,333  | 179,667 <sup>(7)</sup>  | 21.18                      | 02/05/2023             |   |  |
| Geoff Donaker     | Class B               | 696,660   | 181,281 <sup>(8)</sup>  | 7.16                       | 01/05/2021             |   |  |
|                   | Class A               | 113,333   | 311,667 <sup>(2)</sup>  | 21.18                      | 02/05/2023             |   |  |
|                   | Class A               | 82,500  | 7,500 <sup>(3)</sup>  | 21.18                      | 02/05/2023             |   |  |
| Jed Nachman       | Class B               | 26,555  |   | 7.16                       | 01/05/2021             |   |  |
|                   | Class A               | 41,121  | 161,334 <sup>(2)</sup>  | 21.18                      | 02/05/2023             |   |  |
| Laurence Wilson   | Class B               | 74,400  |   | 7.16                       | 01/25/2021             |   |  |
|                   | Class A               | 58,666  | 161,334 <sup>(2)</sup>  | 21.18                      | 02/05/2023             |   |  |

(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 vested monthly; for the fourth 12 months, 33,355 shares vest monthly; and for the fifth 12 months, the remaining shares vest ratably.

(2)

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10% of the shares underlying this option vested in equal monthly installments over the first 12 months following the vesting commencement date of February 5, 2013; 20% of the shares underlying the option vested in equal monthly installments over the second 12 months; 30% of the shares underlying the option vest in equal monthly installments over the third 12 months; and 40% of the shares underlying the option vest in equal monthly installments over the fourth 12 months.

(3) 1/24<sup>th</sup> of the shares underlying this option vest each month for two years following the grant date of February 5, 2013.

---

39

**Table of Contents**

- (4) 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.
- (5) 25% of the shares underlying this award vested on July 27, 2012 and 2,466 shares vested on August 20, 2012. Thereafter, 1/16 of the shares subject to this award (or remaining portion thereof, if smaller) vest on the 20<sup>th</sup> day of each November, February, May and August thereafter until all shares are vested.
- (6) 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, 2014, which was \$54.73 per share. The value assumes that the fair market value of a share 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 a share of our Class A common stock.
- (7) 10% of the shares underlying this option vested in equal monthly installments over the first 12 months following the vesting commencement date of July 27, 2013; 20% of the shares underlying this option vest in equal monthly installments over the second 12 months; 30% of the shares underlying the option vest in equal monthly installments over the third 12 months; and 40% of the shares underlying the option vest in equal monthly installments over the fourth 12 months.
- (8) 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 vested monthly; for the fourth 12 months, 27,291 shares vest monthly; and for the fifth 12 months, the remaining unvested shares vest ratably.

**OPTION EXERCISES AND STOCK VESTED**

The following table shows certain information regarding option exercises and stock vested during the year ended December 31, 2014 with respect to the named executive officers.

**Option Exercises and Stock Vested in the Year Ended December 31, 2014**

| Name            | Option Awards                         |                | Stock Awards                         |                |
|-----------------|---------------------------------------|----------------|--------------------------------------|----------------|
|                 | Number of Shares Acquired on Exercise | Value Realized | Number of Shares Acquired on Vesting | Value Realized |
|                 | Exercise (#)(1)                       | (\$)(2)        | (#)(3)                               | (\$)(4)        |
| Rob Krolik      | 25,000                                | 1,413,600      | 37,500                               | 2,689,969      |
| Geoff Donaker   | 307,000                               | 19,553,460     |                                      |                |
| Jed Nachman     | 153,444                               | 11,368,598     |                                      |                |
| Laurence Wilson | 108,850                               | 7,091,382      |                                      |                |

- (1) With the exception of an exercise for 5,000 shares of Class A common stock by Mr. Krolik and an exercise for 17,545 shares of Class A common stock by Mr. Nachman, the shares exercised were shares of our Class B common stock.
- (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 a share of our Class B common stock is equal to the fair market value of a share of our Class A common stock.
- (3) In each case, the shares vested were shares of our Class B common stock.
- (4) 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 a share of our Class B common stock is equal to the fair market

value of a share of our Class A common stock.

**Table of Contents****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, 2014.

| Name   | Lump Sum Cash<br>Severance Payment<br>(\$)(1) | Continuation<br>of Benefits<br>(\$)(2) | Value of Equity<br>Acceleration (\$) | Total (\$) |
|--|---|--|--------------------------------------|------------|
| <b>Jeremy Stoppelman</b>   |   |  |                                      |            |
| Qualifying Termination<br>Severance Plan <sup>(3)</sup>                        | 1   | 2,657                                  |                                      | 2,658      |
| Equity Awards  |   |  |                                      |            |
| Change in Control<br>Severance Plan  |   |  |                                      |            |
| Equity Awards <sup>(4)</sup>   |   |  | 2,631,858 <sup>(5)</sup>             | 2,631,858  |
| Qualifying Termination Upon Change in Control<br>Severance Plan <sup>(6)</sup> | 1   | 2,657                                  | 7,199,260 <sup>(5)</sup>             | 7,201,917  |
| Equity Awards <sup>(4)</sup>   |   |  | 2,631,858 <sup>(5)</sup>             | 2,631,858  |
| <b>Rob Krolik</b>  |   |  |                                      |            |
| Qualifying Termination<br>Severance Plan <sup>(3)</sup>                        | 325,000                                       | 8,058                                  |                                      | 333,058    |
| Equity Awards  |   |  |                                      |            |
| Change in Control<br>Severance Plan  |   |  |                                      |            |
| Equity Awards  |   |  |                                      |            |
| Qualifying Termination Upon Change in Control<br>Severance Plan <sup>(6)</sup> | 325,000                                       | 8,058                                  | 3,013,897 <sup>(5)</sup>             | 3,346,956  |
| Equity Awards <sup>(7)</sup>   |   |  | 951,791                              | 951,791    |
| <b>Geoff Donaker</b>   |   |  |                                      |            |
| Qualifying Termination<br>Severance Plan <sup>(3)</sup>                        | 1   | 8,058                                  |                                      | 8,059      |
| Equity Awards  |   |  |                                      |            |
| Change in Control<br>Severance Plan  |   |  |                                      |            |
| Equity Awards <sup>(4)</sup>   |   |  | 2,155,825 <sup>(5)</sup>             | 2,155,825  |
| Qualifying Termination Upon Change in Control<br>Severance Plan <sup>(6)</sup> | 1   | 8,058                                  | 5,354,010 <sup>(5)</sup>             | 5,362,069  |
| Equity Awards <sup>(4)</sup>   |   |  | 2,155,825 <sup>(5)</sup>             | 2,155,825  |
| <b>Jed Nachman</b>   |   |  |                                      |            |
| Qualifying Termination<br>Severance Plan <sup>(3)</sup>                        | 325,000                                       | 8,058                                  |                                      | 333,058    |
| Equity Awards  |   |  |                                      |            |
| Change in Control<br>Severance Plan  |   |  |                                      |            |
| Equity Awards  |   |  |                                      |            |
| Qualifying Termination Upon Change in Control<br>Severance Plan <sup>(6)</sup> | 325,000                                       | 8,058                                  | 2,706,378 <sup>(5)</sup>             | 3,039,436  |
| Equity Awards  |   |  |                                      |            |
| <b>Laurence Wilson</b>   |   |  |                                      |            |
| Qualifying Termination<br>Severance Plan <sup>(3)</sup>                        | 325,000                                       | 2,620                                  |                                      | 327,620    |
| Equity Awards  |   |  |                                      |            |
| Change in Control<br>Severance Plan  |   |  |                                      |            |

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|  |         |       |                          |           |
|--|---------|-------|--------------------------|-----------|
| <i>Equity Awards</i>                                 |         |       |                          |           |
| <i>Qualifying Termination Upon Change in Control</i> |         |       |                          |           |
| <i>Severance Plan<sup>(6)</sup></i>                  | 325,000 | 2,620 | 2,706,378 <sup>(5)</sup> | 3,033,998 |
| <i>Equity Awards</i>                                 |         |       |                          |           |

**Table of Contents**

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- (1) Represents one year of the executive officer's base salary in effect as of December 31, 2014. The amount indicated does not include the payment of any accrued salary or vacation that may be due upon termination of employment.
- (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 (a) becomes eligible for substantially equivalent health insurance coverage in connection with new employment or self-employment, or (b) 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 \$54.73, the closing price of our Class A common stock on December 31, 2014, 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. With respect to the acceleration of options covering shares of our Class B common stock, assumes that the fair market value of a share of our Class B common stock is equal to the fair market value of a share of our Class A common stock.
- (6) Represents benefits payable under the Severance Plan upon an involuntary termination without cause or a constructive termination that occurs on or within 12 months following a change in control (as such terms are defined in the Severance Plan).
- (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 \$54.73, the closing price of our Class A common stock on December 31, 2014, and (b) the amount described in note (5) above. Assumes that the fair market value of a share of our Class B common stock is equal to the fair market value of a share of our Class A common stock.



## **Table of Contents**

### **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 the Audit Committee 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 of 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, 2014, 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 and Corporate Governance Director Compensation* and *Executive Compensation*, respectively.

#### **Related-Person Compensation**

Michael Stoppelman, our Vice President, Engineering and brother of our Chief Executive Officer, Jeremy Stoppelman, received an annualized base salary of \$300,000 from January 1 through March 31, 2014. Mr. Stoppelman's base salary was increased to \$325,000 effective as of April 1, 2014. He also received \$720 in reimbursements for health club membership, our standard U.S. benefits package and The Yelp Foundation made a matching charitable donation of \$1,000 on his behalf during 2014. Each of these benefits was provided on the same terms as provided to all of our regular full-time employees. In 2015, the Compensation Committee granted Mr. Stoppelman the following equity awards:

an option to purchase up to 26,700 shares of our Class A common stock, with an exercise price of \$47.49 per share;

an option to purchase up to 13,350 shares of our Class A common stock, with an exercise price of \$45.50 per share; and

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a restricted stock unit award covering 66,060 shares of Class A common stock.

Each of these awards vests over four years from the date of grant, with 10% of the shares subject to the award vesting over the first year, 20% vesting over the second year, 30% vesting over the third year and 40% vesting over the fourth year. Compensation for Mr. Stoppelman's service as an employee is not considered a related-person transaction covered by our Related-Person Transaction Policy.

43

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## **Table of Contents**

### **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. As described in the *Executive Compensation* section, The Yelp Foundation made matching charitable donations on behalf of each of our named executive officers in 2014, as reflected in the Summary Compensation Table.

### **Yelp Inc. Political Action Committee**

In the fourth quarter of 2013, our Board approved the establishment of the Yelp Inc. Political Action Committee, or Yelp PAC, a non-profit political association, to, among other things, support the election of candidates to public office that support the principles of the Company, including free speech and an open internet. Each of Ms. Irvine and Messrs. Levchin, Donaker, Anderson, Fenton, Levine, Gibbs, Krolik and Wilson contributed \$5,000 to the Yelp PAC during 2014.

### **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.

**Table of Contents**

**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 set of 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 the attention of our Corporate Secretary, Yelp Inc., 140 New Montgomery Street, 9th Floor, San Francisco, California 94105, 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 Annual 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  
Corporate Secretary

April 10, 2015

**A copy of the Company's Annual Report to the U.S. Securities and Exchange Commission on Form 10-K for the year ended December 31, 2014 is available without charge upon written request to: Corporate Secretary, Yelp Inc., 140 New Montgomery Street, 9<sup>th</sup> Floor, San Francisco, California 94105.**

**Table of Contents**

**YELP INC.  
140 NEW MONTGOMERY ST., 9TH FLOOR  
SAN FRANCISCO, CA 94105**

**VOTE BY INTERNET - [www.proxyvote.com](http://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 May 19, 2015. 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 May 19, 2015. 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:

M89008-P60132      KEEP THIS PORTION FOR YOUR RECORDS  
DETACH AND RETURN THIS PORTION ONLY

**THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.**

**YELP INC.**

The Board of Directors recommends you vote  
FOR all of the following nominees:

1. Election of Directors

**Nominees:**

- 01) Geoff Donaker
- 02) Robert Gibbs
- 03) Jeremy Stoppelman

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

The Board of Directors recommends you vote **FOR** proposals 2 and

- |    |   | For | Against | Abstain |
|----|---|-----|---------|---------|
| 3. |   |     |         |         |
| 2. | To ratify the selection of Deloitte & Touche LLP as Yelp's independent registered public accounting firm for the year ending December 31, 2015. |     |         |         |
| 3. | To approve, on an advisory basis, the compensation of Yelp's named executive officers, as disclosed in the accompanying proxy statement.        |     |         |         |

**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.

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.

Signature  
[PLEASE SIGN    Date  
WITHIN BOX]

Signature (Joint    Date  
Owners)

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**Table of Contents**

**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](http://www.proxyvote.com).

M89009-P60132

**YELP INC.**

**Annual Meeting of Stockholders**

**May 20, 2015, 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 2015 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 2015 Annual Meeting of Stockholders of YELP INC. to be held at 9:00 AM, PDT, on May 20, 2015 at The St. Regis San Francisco, 125 3<sup>rd</sup> 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 and FOR Proposal Nos. 2 and 3.**

**Continued and to be signed on reverse side**

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