

ACTIVE NETWORK INC  
Form DEF 14A  
May 23, 2013

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

Washington, D.C. 20549

**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of the**  
**Securities Exchange Act of 1934**

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
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**The Active Network, Inc.**

(Name of Registrant as Specified In Its Charter)

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

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10182 Telesis Court

San Diego, California 92121

May 23, 2013

Dear Stockholder:

You are cordially invited to participate in the 2013 Annual Meeting of Stockholders of The Active Network, Inc., which will be held on Friday, June 21, 2013, at 9:00 a.m. Pacific Time. We are once again excited to hold a completely virtual annual meeting of stockholders.

**To participate, vote, or submit questions during the annual meeting via live webcast, please visit [www.virtualshareholdermeeting.com/ACTV2013](http://www.virtualshareholdermeeting.com/ACTV2013). You will not be able to attend the annual meeting in person.**

Only stockholders of record at the close of business on May 15, 2013 are entitled to notice of, and to vote at, the annual meeting and any adjournments or postponements of the meeting. This notice and the enclosed proxy statement contain instructions on how to vote your shares and describe various matters to be acted upon during the meeting. We encourage you to read our 2012 Annual Report on Form 10-K, which includes information on our operations and technology platform and applications, as well as our audited financial statements.

At this year's annual meeting, the agenda includes the following items:

Agenda Item	Board Recommendation
Election of two director nominees	<b>FOR</b>
Ratification of Ernst & Young LLP as our independent registered public accounting firm	<b>FOR</b>
Advisory vote on executive compensation	<b>FOR</b>

Please refer to the 2013 Proxy Statement for detailed information on each of the proposals and the annual meeting. **Your vote is important, and we strongly urge you to cast your vote.** We encourage you to vote promptly, even if you plan on participating in the meeting via live webcast.

Sincerely,

JON BELMONTE

*Interim Chief Executive Officer*

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10182 Telesis Court

San Diego, California 92121

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**TIME AND DATE** 9:00 a.m. (Pacific Time) on Friday, June 21, 2013

**PLACE** **Online only at:**

[www.virtualshareholdermeeting.com/ACTV2013](http://www.virtualshareholdermeeting.com/ACTV2013)

**You will not be able to attend the annual meeting in person.**

**MEETING ADMISSION** **To participate, vote, or submit questions during the annual meeting via live webcast, please visit [www.virtualshareholdermeeting.com/ACTV2013](http://www.virtualshareholdermeeting.com/ACTV2013) and be sure to have your 12-digit control number (included in your proxy card).**

**AGENDA** (1) Elect the two director nominees named in the 2013 Proxy Statement to hold office for three years until the 2016 annual meeting of stockholders;

(2) Ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2013;

(3) Hold an advisory vote on compensation of our named executive officers; and

(4) Transact such other business as may properly come before the meeting and any adjournment or postponement thereof.

**RECORD DATE** May 15, 2013

**VOTING** Please vote as soon as possible to record your vote promptly, even if you plan to participate in the meeting via live webcast. Your broker will NOT be able to vote your shares with respect to the election of directors if you have not given your broker specific instructions to do so. We strongly encourage you to vote. You have three options for submitting your vote before the annual meeting:

Internet;

Phone; or

Mail.

**WHETHER OR NOT YOU PLAN TO PARTICIPATE IN THE MEETING VIA LIVE WEBCAST, PLEASE CAST YOUR VOTE AS PROMPTLY AS POSSIBLE. THIS WILL HELP ENSURE THE PRESENCE OF A QUORUM.**

By Order of the Board of Directors,

Kory Vossoughi

*Chief Legal Officer, General Counsel & Secretary*  
San Diego, California

May 23, 2013

IMPORTANT: Please vote telephonically or electronically for the matters before our stockholders as described in the Proxy Statement, or promptly fill in, date, sign and return the enclosed proxy card in the accompanying pre-paid envelope to ensure that your shares are represented at the meeting. You may revoke your proxy before it is voted. If you attend the meeting, you may choose to vote in person even if you have previously sent in your proxy card.

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON JUNE 21, 2013:** A complete set of proxy materials relating to our annual meeting is available on the internet. These materials may be viewed at [www.proxyvote.com](http://www.proxyvote.com).

**THE ACTIVE NETWORK, INC.**

**10182 Telesis Court**

**San Diego, California 92121**

**PROXY STATEMENT**

**FOR THE ANNUAL MEETING OF STOCKHOLDERS**

**To Be Held on June 21, 2013**

We are providing these proxy materials in connection with The Active Network, Inc.'s 2013 Annual Meeting of Stockholders. The Notice of Annual Meeting, this proxy statement, any accompanying proxy card or voting instruction card, and our 2012 Annual Report on Form 10-K are enclosed. This proxy statement contains important information for you to consider when deciding how to vote on each of the matters to be acted upon at the annual meeting. Please read it carefully.

**PARTICIPATING IN THE ANNUAL MEETING**

We will be hosting the annual meeting live via Internet webcast. You will not be able to attend the meeting in person. A summary of the information you need to attend the meeting online is provided below:

Any stockholder can listen to the meeting and participate live via webcast at [www.virtualshareholdermeeting.com/ACTV2013](http://www.virtualshareholdermeeting.com/ACTV2013)

Webcast will begin at 9:00 a.m., Pacific Time, on June 21, 2013

Stockholders may vote and submit questions during the meeting via live webcast or in advance by e-mail to [IR@activenetwork.com](mailto:IR@activenetwork.com)

Please have your 12-digit control number to enter the meeting

**If you do not have your 12-digit control number, you will be able to listen to the meeting only you will not be able to vote or submit questions during the meeting**

Instructions on how to connect and participate via the Internet, including how to demonstrate proof of stock ownership, are posted at [www.virtualshareholdermeeting.com/ACTV2013](http://www.virtualshareholdermeeting.com/ACTV2013)

Questions regarding how to connect and participate via the Internet will be answered by calling 1-855-449-0991 on the day before the meeting and the day of the meeting

Webcast replay of the meeting will be available until 11:59 p.m., Eastern Time, on June 20, 2014 at [www.virtualshareholdermeeting.com/ACTV2013](http://www.virtualshareholdermeeting.com/ACTV2013)

**ABOUT THE 2013 ANNUAL MEETING**

**Can I attend the annual meeting?**



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We will be hosting the 2013 annual meeting live via the Internet. **You will not be able to attend the meeting in person.** Any stockholder can listen to and participate in the annual meeting live via the Internet at [www.virtualshareholdermeeting.com/ACTV2013](http://www.virtualshareholdermeeting.com/ACTV2013). **The webcast will start at 9:00 a.m., Pacific Time, on June 21, 2013. Stockholders may vote and submit questions while connected to the annual meeting on the Internet. Stockholders may also submit questions in advance by e-mail to IR@activenetwork.com.**

**What do I need in order to be able to participate in the annual meeting online?**

You will need the 12-digit control number included on your proxy card in order to be able to vote your shares or submit questions during the meeting. Instructions on how to connect and participate via the Internet,

including how to demonstrate proof of stock ownership, are posted at [www.virtualshareholdermeeting.com/ACTV2013](http://www.virtualshareholdermeeting.com/ACTV2013). **If you do not have your 12-digit control number, you will be able to listen to the meeting only you will not be able to vote or submit questions during the meeting.**

**What is the purpose of the annual meeting?**

At our annual meeting, stockholders will act upon the matters described in this proxy statement. In addition, following the meeting, management will report on the performance of our company and respond to questions from stockholders.

**What am I voting on at the annual meeting?**

Stockholders will be asked to vote on three proposals. The proposals are to:

- (1) Elect the two Class II director nominees named in this proxy statement to hold office for three years until the 2016 annual meeting of stockholders;
- (2) Ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2013; and
- (3) Hold an advisory vote on compensation of our named executive officers.

**Could other matters be decided at the annual meeting?**

We are not aware, as of the date hereof, of any matters to be voted upon at the annual meeting other than those stated in this proxy statement. Our Amended and Restated Bylaws require that we receive advance notice of any proposal to be brought before the annual meeting by our stockholders, and we have not received notice of any such proposals. If any other matters are properly brought before the annual meeting, the proxy holders appointed by the Board of Directors will have the discretion to vote on those matters for you.

**What is the recommendation of the Board on each of the matters scheduled to be voted on at the annual meeting?**

The Board of Directors recommends that you vote:

**FOR** each of the nominees to the Board of Directors (Proposal 1);

**FOR** the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for the 2013 fiscal year (Proposal 2); and

**FOR** the approval, on an advisory basis, of the compensation of the named executive officers as disclosed in this proxy statement (Proposal 3).

**Who can vote?**

You can vote your shares of common stock if our records show that you owned the shares on the record date of May 15, 2013. At the close of business on the record date, there were outstanding and entitled to vote 61,682,299 shares of common stock. You get one vote for each share of common stock that you hold. Only holders of our common stock as of the record date are entitled to notice of and to vote on some or all of the matters listed in this proxy statement and the accompanying Notice of Annual Meeting of Stockholders. The stock transfer books will not be closed between the record date and the date of the meeting. A list of stockholders entitled to vote at the annual meeting will be available for examination at our principal executive offices at the address listed above for a period of 10 days prior to the annual meeting, and during the annual meeting such list will be available for examination at [www.virtualshareholdermeeting.com/ACTV2013](http://www.virtualshareholdermeeting.com/ACTV2013).



**What is the difference between holding shares as a stockholder of record and as a beneficial owner?**

*Stockholders of Record.* You are a stockholder of record if at the close of business on the record date your shares were registered directly in your name with Computershare Trust Company, N.A., our transfer agent.

*Beneficial Owner.* You are a beneficial owner if at the close of business on the record date your shares were held by a brokerage firm or other nominee and not in your name. Being a beneficial owner means that, like most of our stockholders, your shares are held in street name. As the beneficial owner, you have the right to direct your broker or nominee how to vote your shares by following the voting instructions your broker or other nominee provides. If you do not provide your broker or nominee with instructions on how to vote your shares, your broker or nominee will be able to vote your shares with respect to some of the proposals, but not all. Please see *What will happen if I do not vote my shares?* below for additional information.

**How do I vote and what are the voting deadlines?**

*Stockholders of Record.* If you are a stockholder of record, there are several ways for you to vote your shares.

**Via the Internet.** You may vote at [www.proxyvote.com](http://www.proxyvote.com), 24 hours a day, seven days a week. You will need the 12-digit control number included on your proxy card. ***Votes submitted through the Internet must be received by 11:59 p.m., Eastern Time, on June 20, 2013.***

**By Telephone.** You may vote using a touch-tone telephone by calling 1-800-690-6903, 24 hours a day, seven days a week. You will need the 12-digit control number included on your proxy card. ***Votes submitted by telephone must be received by 11:59 p.m., Eastern Time, on June 20, 2013.***

**By Mail.** You may submit your vote by completing, signing, and dating each proxy card received and returning it in the prepaid envelope. Sign your name exactly as it appears on the proxy card. ***Proxy cards submitted by mail must be received no later than June 20, 2013 to be voted at the annual meeting.***

**During the Annual Meeting.** Instructions on how to vote while participating in our annual meeting live via the Internet are posted at [www.virtualshareholdermeeting.com/ACTV2013](http://www.virtualshareholdermeeting.com/ACTV2013).

The Internet and telephone voting procedures described above, which comply with Delaware law, are designed to authenticate stockholders identities, to allow stockholders to vote their shares, and to confirm that their instructions have been properly recorded.

*Beneficial Owners.* If you are a beneficial owner of your shares, you should have received a proxy card or voting instructions from the broker or other nominee holding your shares. You should follow the instructions in the proxy card or voting instructions provided by your broker or nominee in order to instruct your broker or other nominee on how to vote your shares. The availability of telephone and Internet voting will depend on the voting process of the broker or nominee. Shares held beneficially may not be voted during our annual meeting.

**What does it mean if I receive more than one proxy card?**

If you receive more than one proxy card, your shares are registered in more than one name or are registered in different accounts. To make certain all of your shares are voted, please follow the instructions included on the proxy card and vote each proxy card by mail or over the Internet or by telephone.

**Can I revoke or change my vote after I submit my proxy?**

*Stockholders of Record.* If you are a stockholder of record, you may revoke or change your vote at any time before the final vote at the annual meeting by:

signing and returning a new proxy card with a later date;

submitting a later-dated vote by mail, telephone or via the Internet only your latest proxy received by 11:59 p.m., Eastern Time, on June 20, 2013 will be counted;

participating in the annual meeting live via the Internet and voting again; or

delivering a written revocation to our Corporate Secretary at The Active Network, Inc., 10182 Telesis Court, San Diego, California 92121, before the annual meeting.

*Beneficial Owners.* If you are a beneficial owner of your shares, you must contact the broker or other nominee holding your shares and follow their instructions for revoking or changing your vote.

**What will happen if I do not vote my shares?**

*Stockholders of Record.* If you are the stockholder of record and you do not vote by proxy card, by telephone, via the Internet before the annual meeting, or during the annual meeting via live webcast, your shares will not be voted at the annual meeting.

*Beneficial Owners.* If you are the beneficial owner of your shares, your broker or nominee may vote your shares only on those matters on which it has discretion to vote. Under the rules of the New York Stock Exchange, or NYSE, your broker or nominee does not have discretion to vote your shares on non-routine matters such as Proposals 1 and 3. However, your broker or nominee does have discretion to vote your shares on routine matters such as Proposal 2 as further detailed under "What is a broker non-vote?" below.

**What is a broker non-vote ?**

The NYSE has rules that govern brokers who have record ownership of listed company stock held in brokerage accounts for their clients who beneficially own the shares. Under these rules, brokers who do not receive voting instructions from their clients have the discretion to vote uninstructed shares on certain matters ( discretionary matters ) but do not have discretion to vote uninstructed shares as to certain other matters ( non-discretionary matters ). A broker may return a proxy card on behalf of a beneficial owner from whom the broker has not received instructions that casts a vote with regard to discretionary matters but expressly states that the broker is not voting as to non-discretionary matters. Under current NYSE interpretations, Proposals 1 and 3 are each considered a non-discretionary matter and Proposal 2 is considered a discretionary matter. The broker's inability to vote on non-discretionary matters for which the broker has not received instructions from the beneficial owner is referred to as a broker non-vote.

**What is the effect of a broker non-vote?**

Broker non-votes will be counted for purposes of calculating whether a quorum is present at the annual meeting, but will not be counted for purposes of determining the number of votes present in person or represented by proxy and entitled to vote with respect to a particular proposal. Thus, a broker non-vote will not adversely impact our ability to obtain a quorum and will not affect the outcome of the vote on a proposal that requires a plurality of votes cast (Proposal 1) or the approval of a majority of the votes present in person or represented by proxy and entitled to vote (Proposals 2 and 3).

**How is a quorum obtained, and why is a quorum required?**

We will hold the annual meeting if a quorum is present. A quorum will be present if holders of a majority of the outstanding shares of common stock entitled to vote on a matter at the annual meeting are present or represented by proxy at the meeting. As of the close of business on the record date, we had 61,682,299 shares of common stock outstanding and entitled to vote at the annual meeting, meaning that 30,841,150 shares of common stock must be represented in person or by proxy to have a quorum. If a quorum is not present at the annual meeting, the meeting may be adjourned from time to time until a quorum is obtained. If you submit a proxy, your shares will be counted to determine whether we have a quorum even if you abstain or fail to provide voting instructions on any of the proposals described in this proxy statement and listed on the proxy card. If your shares are held in the name of a nominee, and you do not tell the nominee how to vote your shares, these shares will be counted for purposes of determining the presence of a quorum for the transaction of business.

**How many votes are required to approve each proposal?**

		<b>Votes that</b>	<b>Discretionary</b>
	<b>Proposal</b>	<b>Vote Required</b>	<b>May be Cast</b>
			<b>Voting Allowed?</b>
Proposal 1	Election of the two director nominees named in this proxy statement	Plurality of votes cast	FOR all nominees
		The two directors who receive the most votes will be elected	WITHHOLD as to all nominees
			FOR all nominees except those specific nominees from whom you WITHHOLD your vote
			A withhold vote will have the same effect as an abstention and will not affect the outcome of the election.
Proposal 2	Ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2013	Majority of the shares entitled to vote and present in person or represented by proxy	FOR
			AGAINST
			ABSTAIN
			If you abstain from voting on this proposal, the abstention will have the same effect as an against

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vote.

Proposal 3 Advisory vote on executive compensation

Majority of the shares entitled to vote and present in person or represented by proxy

FOR

No

AGAINST

ABSTAIN

If you abstain from voting on this proposal, the abstention will have the same effect as an against vote.

**How can I find the voting results of the annual meeting?**

Preliminary results will be announced at the annual meeting. Final results also will be published in a current report on Form 8-K to be filed with the SEC within four business days after the annual meeting. If the official results are not available at that time, we will provide preliminary voting results in the Form 8-K and will provide the final results in an amendment to the Form 8-K as soon as they become available.

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

This proxy is solicited on behalf of the Board of Directors. We will pay the cost of distributing this proxy statement and related materials. Our officers may solicit proxies by mail or telephone. Upon request, we will provide copies of these materials to banks, brokers, fiduciaries, custodians, and other nominees that hold shares on behalf of beneficial owners so that they may forward the materials to the beneficial owners. We may, if appropriate, retain an independent proxy solicitation firm to assist us in soliciting proxies. If we do retain a proxy solicitation firm, we would pay such firm's customary fees and expenses, which fees would be expected to be approximately \$10,000, plus expenses.

**Is my vote confidential?**

Proxy cards and voting tabulations that identify individual stockholders are mailed or returned directly to Broadridge Financial Solutions and handled in a manner that protects your voting privacy. Your vote will not be disclosed EXCEPT:

as needed to permit Broadridge Financial Solutions to tabulate and certify the vote;

as required by law; or

in limited circumstances such as a proxy contest in opposition to the Board of Directors.

In addition, all comments written on the proxy card or elsewhere will be forwarded to management, but your identity will be kept confidential unless you ask that your name be disclosed.

**COMPANY INFORMATION AND MAILING ADDRESS**

We were originally incorporated in California in October 1998 as Racegate.com, Inc. and became a Delaware corporation through a stock exchange agreement in July 1999. In May 2001, we changed our name to The Active Network, Inc. Our principal executive offices are located at 10182 Telesis Court, San Diego, California 92121. Our corporate website address is [www.activenetwork.com](http://www.activenetwork.com), and our primary participant website is [www.active.com](http://www.active.com). Information contained on our websites is not a part of this proxy statement and the inclusion of our website addresses in this proxy statement is an inactive textual reference only.



**PROPOSAL 1:**

**ELECTION OF DIRECTORS**

At the annual meeting, our stockholders will be asked to elect two directors nominated for election as Class II directors. Our Board of Directors currently consists of seven members and is divided into three classes. The directors in each class serve three-year terms and in each case until their respective successors are duly elected and qualified. Our Board of Directors has decided not to nominate two current Class II directors, Edward Neppel and Matthew Landa. Each of these directors will end his service as a director at the end of his current term, which is the date of the annual meeting.

The Board has decided to nominate Stephen Green, a current Class II director, and Jon Belmonte, the Interim Chief Executive Officer of the Company. As a result of the nominations, the Board will have one vacancy. The nominees have agreed to serve if elected, and management has no reason to believe that such nominees will be unable to serve. In the event any nominee is unable or declines to serve as a director at the time of the annual meeting, the proxies will be voted for any nominees who may be designated by the present Board of Directors to fill the vacancy. The persons named in the form of proxy card attached to this proxy statement intend to vote such proxy for the election of each of the nominees, unless the stockholder indicates on the proxy that the vote should be withheld from any or all of the nominees.

Each of the Company's current directors, including the nominees, are listed below together with information as of May 15, 2013 regarding each director's principal occupation, business experience and other directorships, together with the qualifications, attributes and skills that led our Board to the conclusion that each of our directors should serve as a director. See Corporate Governance Board Composition for further detail regarding our Board composition.

**Vote Required for Approval**

Directors are elected by a plurality of the votes cast at the annual meeting, which means that the two director nominees receiving the highest number of FOR votes will be elected as Class II directors. Abstentions and broker non-votes will each be counted as present for purposes of determining the presence of a quorum but will not have any effect on the outcome of the vote. All of the director nominees have indicated their willingness to serve if elected, but if any should be unable or unwilling to stand for election, the shares represented by proxies may be voted for a substitute as the Company may designate, unless a contrary instruction is indicated in the proxy.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT STOCKHOLDERS VOTE**

**FOR THE ELECTION OF JON BELMONTE AND STEPHEN L. GREEN TO THE BOARD OF DIRECTORS AS CLASS II DIRECTORS.**

**Nominees for Election as Directors and Directors Continuing in Office**

The following sets forth information, as of May 15, 2013, regarding members of our Board and our director nominees for election at the annual meeting, related to their business experience and service on other boards of directors. In addition, we discuss below the qualifications, attributes and skills that led our Board to the conclusion that each of our directors and nominees should serve as a director. As discussed below under Corporate Governance Identification and Evaluation of Director Nominees, we believe that our current Board and our director nominees include individuals with a strong background in executive leadership and management, accounting and finance, and Company and industry knowledge. In addition, each of our directors and nominees has a strong professional reputation and has shown a dedication to his profession and community. We also believe that our directors' and nominees' diversity of backgrounds and experiences, results in different perspectives, ideas, and viewpoints, which makes our Board more effective in carrying out its duties. We believe that our directors and nominees hold themselves to the highest standards of integrity and that they are committed to representing the long-term interests of our stockholders.

**Class II Director Nominee**

**Jon Belmonte** (age 45) has served as our Interim Chief Executive Officer since April 2013. Prior to that time, Mr. Belmonte was a Principal of Cedar Ridge Ventures, a private investment firm, where he served since January 2012. Mr. Belmonte previously served as the Company's Chief Media Officer from February 2011 until December 2011 and as the Company's Chief Operating Officer from April 2000 to February 2011. From April 1999 until April 2000, Mr. Belmonte was a co-founder and vice president of strategy and business development of LeagueLink, a web-based service for administering recreational sports leagues. The Company acquired LeagueLink in April 2000. Prior to joining LeagueLink, Mr. Belmonte worked as a strategy consultant for Boston Consulting Group, a global management consulting company. Mr. Belmonte serves on the board of directors of two private companies. Mr. Belmonte earned a B.S.E. from University of Pennsylvania's Wharton School of Business and an M.B.A. from Northwestern University, Kellogg School of Management. We believe Mr. Belmonte is qualified to serve on our Board of Directors based on his prior executive experience at the Company, where he led the development and growth of the Company for over ten years.

**Continuing Class II Director Nominee (term expires 2013)**

**Stephen L. Green** (age 62) has served on our Board of Directors since November 2001 and is the Chairman of our Audit Committee. From November 1991 through his retirement in December 2012, Mr. Green served as a partner with Canaan Partners, a venture capital firm, where he invested in technology companies. From October 1985 until November 1991, Mr. Green served as managing director of General Electric Capital's Corporate Finance Group. Mr. Green serves on the Board of Directors and Audit and Compensation Committees of WhiteWave Foods Company (NYSE: WWAV), a supplier of branded plant-based foods and beverages. Mr. Green also serves on the Board of Directors and Audit and Compensation Committees of Dean Foods Company, a leading food and beverage company; the Board of Directors and Audit Committee of Caris Life Sciences, a provider of diagnostic, translational development and pharmaceutical services; and the board of directors and Audit Committee of Verance Corporation, a media technology developer, all of which are privately held. Mr. Green also served as chairman of the Audit Committee at Advance PCS from 1993 to 2005. Mr. Green earned a B.A. in English from Amherst College. In addition, Mr. Green held a variety of financial roles over a 12-year period at General Electric, including a five year term as corporate auditor. We believe Mr. Green is qualified to serve on our Board of Directors due to his broad background in analyzing and financing companies involved in manufacturing, retail, radio, television, cable broadcasting and financial services during his 25-year career in private equity.

**Continuing Class III Directors (terms expire 2014)**

**David Alberga** (age 50) served as our Executive Chairman from September 2012 through April 2013, as Chairman of the Board from February 2011 through April 2013 and has served as a member of our Board of Directors since December 1999. From December 1999 to September 2012, Mr. Alberga served as our Chief Executive Officer, and from December 1999 to February 2002, Mr. Alberga also served as our President. From January 1996 to November 1999, Mr. Alberga served in various positions at TicketMaster Online-CitySearch, a portal and transaction company. Mr. Alberga initially served as general manager of established markets for CitySearch City Guides, a leading integrated local search, directory and media company, and was promoted to executive vice president and subsequently to chief operating officer of the company's City Guides business. Mr. Alberga has also held positions with Linear Technology, an analog semiconductor manufacturer, The Boston Consulting Group, a global management consulting company, and Procter & Gamble, a global consumer products company. Mr. Alberga earned a B.S. from the United States Military Academy at West Point and both an M.B.A. and an M.A. from Stanford University. We believe Mr. Alberga is qualified to serve on our Board of Directors based on his executive experience at The Active Network, where he has led the development and growth of the company for over 13 years.

**Thomas N. Clancy** (age 55) has served on our Board of Directors since November 2002. Mr. Clancy has been a managing member at TAO Venture Capital Partners, a venture capital fund focused on early stage

investments, since October 2005. From January 1998 to September 2005, Mr. Clancy served as managing director of Enterprise Partners Venture Capital, leading its Internet, consumer and software investment practices. Prior to joining Enterprise Partners Venture Capital, Mr. Clancy was a partner at TRC, Inc., a software consulting company, the chief executive officer of Expersoft, a developer of Internet Infrastructure software, and Vice President of Technology Development for Transaction Technology, Inc., a subsidiary of Citicorp. Mr. Clancy serves on the board of a number of private companies, is a board member and past president of the San Diego Venture Group and previously served as a director of Stamps.com (STMP). Mr. Clancy earned a B.S. from Rensselaer Polytechnic Institute. We believe Mr. Clancy is qualified to serve on our Board of Directors due to his more than 30 years of experience as an executive and an investor in software and services companies.

**Continuing Class I Directors (terms expire 2015)**

***Bruns H. Grayson*** (age 65) has served on our Board of Directors since May 2009. Mr. Grayson is a managing partner at ABS Ventures, a venture capital firm, where he has managed all of the firm's venture capital partnerships since 1983. Mr. Grayson began his career as a venture capitalist in 1981 at Adler & Co., a venture capital firm. Prior to that time, he was an associate at McKinsey and Co., a management consulting firm. Mr. Grayson earned a B.A. from Harvard University, an M.A. from Oxford University, and a J.D. from The University of Virginia Law School. We believe Mr. Grayson is qualified to serve on our Board of Directors due to his 30 years of experience, his many investments in early stage high technology businesses and his experience as a director in many private and public companies.

***Joseph Levin*** (age 33) has served on our Board of Directors since February 2008. Since January 2012, Mr. Levin has served as Chief Executive Officer of IAC Search, and since November 2009, Mr. Levin has served as Chief Executive Officer of Mindspark Interactive Network, both of which are wholly-owned subsidiaries of IAC, a leading internet company. Since joining IAC in 2003, Mr. Levin held a number of strategic planning and finance positions with IAC, including Senior Vice President, Mergers & Acquisitions and Finance from January 2008 to November 2009. Prior to joining IAC, Mr. Levin worked in the technology mergers & acquisitions group at Credit Suisse First Boston (now Credit Suisse), an investment banking firm. Mr. Levin is a member of the Board of Directors and Audit Committee of Tree.com, a leading online lending exchange listed on the NASDAQ stock market. Previously, Mr. Levin served on the Board of Directors of Points International Ltd., a public company that helps loyalty programs to drive greater online membership and also served on the Board of Directors of Merchant Circle, a private company which provides social networking services for local business owners, until the sale of Merchant Circle to Reply.com in 2011. Mr. Levin earned both a B.S. in economics and a B.A.S. in engineering from the University of Pennsylvania. We believe Mr. Levin is qualified to serve on our Board of Directors due to his senior executive management, strategic planning and mergers and acquisitions and finance experience.

**Non-Continuing Class II Directors (terms expire 2013)**

***Matthew Landa*** (age 48) served as our Chief Executive Officer from September 2012 through April 2013 and has served on our Board of Directors since November 2005. From February 2002 to September 2012, Mr. Landa served as our President, and from March 2000 to February 2002, Mr. Landa was our Chief Commerce Officer. From June 1999 to March 2000, Mr. Landa was president of ACT Manufacturing, a NASDAQ Stock Market listed company providing value-added electronics manufacturing services for original equipment manufacturers in the networking and telecommunications, computer, industrial and medical equipment markets. From 1995 to 1999, Mr. Landa was the president and chief executive officer of CMC Industries, a NASDAQ Stock Market listed company providing electronics manufacturing services. ACT Manufacturing acquired CMC Industries in 1999. Mr. Landa also previously worked at Monitor Company, a global strategy consulting firm. Mr. Landa earned an A.B. from Dartmouth College and an M.B.A. from Stanford University. We believe Mr. Landa is qualified to serve on our Board of Directors based on his executive experience at The Active Network where he has led the development and growth of the company for over 13 years.

***Edward Neppl*** (age 47) has served on our Board of Directors since February 2013. Mr. Neppl has been the Chief Financial Officer of the USTA since February 2012. From April 2007 to November 2011, Mr. Neppl served

as Senior Vice President and Chief Financial Officer of NBC Sports & Olympics, and from June 2006 to April 2007, Mr. Nepl served as Vice President, Financial Planning & Analysis of NBC Universal. Prior to that time, Mr. Nepl served as the Chief Financial Officer of Universal Studios Operations from May 2004 to June 2006 and as Vice President and Controller of Universal Parks and Resorts from May 2001 to May 2004. Mr. Nepl earned a B.B.A. in finance and accounting from the University of Wisconsin. We believe Mr. Nepl is qualified to serve on our Board of Directors due to his finance background and his executive experience within our industry.

**PROPOSAL 2:**

**RATIFICATION OF APPOINTMENT OF INDEPENDENT**

**REGISTERED PUBLIC ACCOUNTING FIRM**

The Audit Committee of our Board of Directors has appointed Ernst & Young LLP as our independent registered public accounting firm to audit our consolidated financial statements for the fiscal year ending December 31, 2013, and the Board of Directors has determined that it would be desirable to request that the stockholders ratify such appointment. Before selecting Ernst & Young LLP, the Audit Committee considered the firm's qualifications as independent registered public accountants and concluded that, based on Ernst & Young LLP's prior performance and its reputation for integrity and competence, it was qualified. The Audit Committee also considered whether any non-audit services performed for us by Ernst & Young LLP would impair Ernst & Young LLP's independence and concluded that they did not. Even if the selection is ratified, the Audit Committee, in its sole discretion, may change the appointment at any time during the fiscal year if it determines that such a change would be in our best interests and that of our stockholders. Ernst & Young LLP has audited our financial statements since 2007.

A representative of Ernst & Young LLP is expected to be present at the annual meeting, will have an opportunity to make a statement if he or she desires to do so, and is expected to be available to respond to appropriate questions.

**Vote Required for Approval**

Ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2013 requires the affirmative **FOR** vote of a majority of the shares of common stock of the Company present in person or represented by proxy at the Annual Meeting and entitled to vote. A vote to **ABSTAIN** will have the same effect as a vote **AGAINST** the proposal.

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE**

**FOR THE RATIFICATION OF THE APPOINTMENT OF ERNST & YOUNG LLP AS OUR  
INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS**

**PROPOSAL 3:**

**ADVISORY VOTE ON EXECUTIVE COMPENSATION**

As required by Rule 14a-21(a) of the Securities Exchange Act of 1934, we are seeking an advisory vote on the compensation of the named executive officers as disclosed in the sections of this proxy statement titled "Compensation Discussion and Analysis" and "Executive Compensation." Stockholders are being asked to vote on the following advisory resolution:

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

We urge stockholders to read the "Compensation Discussion and Analysis" beginning on page 24 of this proxy statement, which describes in more detail how our executive compensation policies and procedures operate and are designed to achieve our compensation objectives, as well as the 2012 Summary Compensation Table and other related compensation tables and narrative, beginning on page 39, which provide detailed information on the compensation of our named executive officers. The Board of Directors and the Compensation Committee believe that the policies and procedures articulated in the "Compensation Discussion and Analysis" section are effective incentives which align our named executive officer's objectives with achieving our corporate goals.

**Vote Required for Approval**

The advisory resolution set forth above, commonly referred to as a "say-on-pay" resolution, is non-binding on the Board of Directors. Although non-binding, the Board of Directors and the Compensation Committee will review and consider the voting results when making future decisions regarding executive compensation. Approval of the advisory resolution set forth above requires the affirmative "FOR" vote of a majority of the shares entitled to vote and present in person or represented by proxy. Abstentions will have the same effect as voting against the resolution. Because broker non-votes are not counted as votes for or against this resolution, they will have no effect on the outcome of the vote.

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE**

**FOR THE FOREGOING RESOLUTION TO APPROVE, ON AN ADVISORY BASIS,**

**THE COMPENSATION OF ACTIVE'S NAMED EXECUTIVE OFFICERS**

## CORPORATE GOVERNANCE

### Overview

During fiscal 2012, our Board had three standing Committees, comprised of the Audit Committee, the Nominating and Corporate Governance Committee and the Compensation Committee. In addition to the three standing Committees, the Board may approve from time to time the creation of special committees to assist the Board in carrying out its duties.

We are committed to maintaining the highest standards of business conduct and corporate governance, which we believe are fundamental to the overall success of our business, serving our stockholders well and maintaining our integrity in the marketplace. Our Corporate Governance Guidelines and Code of Conduct, together with our Amended and Restated Certificate of Incorporation, Amended and Restated Bylaws and charters of our Board committees, form the basis for our corporate governance framework.

Our Corporate Governance Guidelines (which includes our categorical standards of director independence), our Code of Conduct (which includes our policies on ethics and compliance), our Board Committee charters and other corporate governance information can be found in the Investor Relations section of our website accessible at [www.activenetwork.com](http://www.activenetwork.com), by clicking the Corporate Governance link. Any stockholder also may request copies of these materials in print, without charge, by contacting our Investor Relations Department at 10182 Telesis Court, San Diego, California 92121.

### Corporate Governance Guidelines

Our Corporate Governance Guidelines are designed to ensure effective corporate governance of the Company. Our Corporate Governance Guidelines cover topics including, but not limited to, director qualification criteria, director responsibilities (including those of the Presiding Director), director compensation, director orientation and continuing education, communications from stockholders to the Board, succession planning and the annual evaluations of the Board and its committees. Our Corporate Governance Guidelines are reviewed regularly by the Nominating and Corporate Governance Committee of our Board and revised when appropriate. The full text of our Corporate Governance Guidelines can be found in the Investor Relations section of our website accessible at [www.activenetwork.com](http://www.activenetwork.com), by clicking the Corporate Governance link. A printed copy may also be obtained by any stockholder upon request by contacting our Investor Relations Department at 10182 Telesis Court, San Diego, California 92121.

### Code of Conduct

We have adopted a Code of Conduct that applies to all of our directors, officers, and employees, including our principal executive officer and principal financial officer. This Code of Conduct is reviewed on an annual basis and modified as deemed necessary. A copy of our Code of Conduct, and any amendments to this code, or any waivers of its requirements, is located on our website at [www.activenetwork.com](http://www.activenetwork.com), as permitted under SEC rules and regulations. A copy of the Code of Conduct may also be obtained free of charge, from us upon a request directed to The Active Network, Inc., 10182 Telesis Court, San Diego, California 92121, Attention: Investor Relations. We will disclose within four business days any substantive changes in or waivers of the Code of Conduct granted to our principal executive officer, principal financial officer, principal accounting officer, or controller, or persons performing similar functions, by posting such information on our website as set forth above rather than by filing a Form 8-K with the SEC.

### Attendance at Meetings

During fiscal 2012 our Board of Directors held 11 meetings, each director attended, in person or by telephone, at least 75% of the total number of meetings of both the Board of Directors and Board committees on which such director served during the period with the exception of Scott Schultz who did not attend at least 75% of the compensation committee meetings during 2012. On February 1, 2013, Scott Schultz, a representative of

the United States Tennis Association ( USTA ), resigned from the Board and the Board appointed Edward Nepl, the Chief Financial Officer of the USTA, to serve in his place. Board members are expected to attend our annual meetings of stockholders and all of our Board members attended the 2012 annual meeting of stockholders.

### **Board Composition**

Our Board of Directors currently has seven members, of which five are independent as described under [Director Independence](#) below. There are no family relationships among any of our directors and executive officers. Our Board of Directors is comprised of three classes, as follows:

Class I, whose members are Messrs. Grayson and Levin. The terms of the Class I directors expire at our 2015 annual meeting of stockholders;

Class II, whose members are Messrs. Green, Landa and Nepl. The terms of the Class II directors expire at our 2013 annual meeting of stockholders; and

Class III, whose members are Messrs. Alberga and Clancy. The terms of the Class III directors expire at our 2014 annual meeting of stockholders.

At each annual meeting of stockholders, the successors to directors whose terms then expire will serve until the third annual meeting following their election and until their successors are duly elected and qualified. The authorized number of directors may be changed only by resolution of our Board of Directors. Any additional directorships resulting from an increase in the number of directors will be distributed between the three classes so that, as nearly as possible, each class will consist of one-third of the total number of directors. Our directors will hold office until their successors have been elected and qualified or until their earlier death, resignation, disqualification or removal for cause by the affirmative vote of the holders of a majority of the outstanding stock entitled to vote on the election of directors.

### **Board of Directors Leadership Structure**

Our Amended and Restated Bylaws and Corporate Governance Guidelines provide the Board of Directors with the flexibility to combine or separate the positions of Chairman of the Board and Chief Executive Officer. On April 30, 2013, Mr. Alberga resigned as Chairman of the Board and Mr. Landa resigned as Chief Executive Officer of the Company and Jon Belmonte was appointed as Interim Chief Executive Officer. The Board has not yet appointed a new Chairman of the Board but believes that the separation of the positions of Chairman of the Board and Chief Executive Officer strengthens the independence of our Board and allows us to have a Chairman of the Board focused on the leadership of the Board while allowing our Chief Executive Officer to focus more of his time and energy on managing our operations. The Board currently believes this structure works well to meet the leadership needs of the Board and of the Company. Mr. Belmonte, our Interim Chief Executive Officer, has deep industry expertise and is able to devote substantial time to the Company's operations, and our Chairman of the Board, will be able to devote more time to long term company initiatives and strategic matters, and to provide related leadership to the Board. As a result, we do not currently intend to combine these positions; however a change in this leadership structure could be made if the Board of Directors determined it was in the best long-term interests of stockholders. For example, if the two roles were to be combined again, we believe that the independence of the majority of our directors, and the three fully independent Board committees, together with our Presiding Director, would provide effective oversight of our management and the Company.

### **Executive Sessions**

Executive sessions of independent non-employee directors are held in connection with each regularly scheduled Board meeting and at other times as necessary, and are chaired by the Presiding Director. During fiscal 2012, Stephen L. Green served as the Presiding Director of the Board and presided over the executive sessions. Bruns Grayson was appointed as the Presiding Director in February 2013. The Board's policy is to hold



executive sessions without the presence of management, including the Chief Executive Officer and other non-independent directors. The Committees of our Board also generally meet in executive session at the end of each regularly scheduled Committee meeting and at other times as necessary.

### **Effectiveness of our Board and Committees**

The Board and each of its Committees perform an annual self-assessment to evaluate their effectiveness in fulfilling their obligations. The Nominating and Corporate Governance Committee also will conduct an individual evaluation of each director, not less frequently than once every three years, the results of which will be shared with such individual director. These evaluations cover a wide range of topics, including, among others, the fulfillment of the Board and Committee responsibilities identified in the Corporate Governance Guidelines and charters for each Committee.

### **Board's Role in Risk Oversight**

#### ***Risk Oversight Generally***

The Board of Directors is responsible for overseeing our risk management. To assist its oversight function, the Board has delegated many risk oversight functions to the Audit Committee. Under its charter, the Audit Committee is responsible for providing advice to the Board with respect to our risk evaluation and mitigation processes, including, in particular, the processes utilized by management for identifying, evaluating, and mitigating strategic, financial, operational, regulatory, and external risks inherent in our business. The Audit Committee also oversees our internal audit function. In addition to the Audit Committee's work in overseeing risk management, our full board regularly engages in discussions of the most significant risks that we face and how these risks are being managed, and the Board receives reports on risk management from our senior officers and outside consultants engaged to provide an enterprise-level review of the risks facing the Company.

Our senior executives provide the Board of Directors and its committees with regular updates about our strategies and objectives and the risks inherent within them at Board and Committee meetings and in regular reports. Board and Committee meetings also provide a venue for directors to discuss issues of concern with management. The Board of Directors and Committees call special meetings when necessary to address specific issues or matters that should be addressed before the next regularly scheduled meeting. In addition, our directors have access to our management at all levels to discuss any matters of interest, including those related to risk. Those members of management most knowledgeable of the issues attend Board meetings to provide additional insight into items being discussed, including risk exposures. In addition, the Company's Chief Legal Officer and the Company's Chief Financial Officer report directly to our Chief Executive Officer, providing him with visibility to our risk profile. The Board of Directors believes that the work undertaken by the Audit Committee, together with the work of the full Board, and the Chief Executive Officer, enables the Board to effectively oversee our risk management function.

#### ***Compensation Programs***

The Compensation Committee, together with senior management, also reviews compensation programs and benefits plans affecting employees generally (in addition to those applicable to our executive officers), and we have concluded that our compensation policies and practices do not create risks that are reasonably likely to have a material adverse effect on the Company. We also believe that our incentive compensation arrangements provide incentives that do not encourage risk-taking beyond our ability to effectively identify and manage significant risks; are compatible with effective internal controls and our risk management practices; and are supported by the oversight and administration of the Compensation Committee with regard to executive compensation programs.

### **Stockholder Recommendations for Director Nominees**

In nominating candidates for election as a director, the Nominating and Corporate Governance Committee will consider a reasonable number of candidates recommended by a single stockholder who has held over 0.1% of Active common stock for over one year and who satisfies the notice, information and consent provisions set forth in our Amended and Restated Bylaws and Corporate Governance Guidelines. Stockholders who wish to recommend a candidate may do so by writing to the Nominating and Corporate Governance Committee in care of the Corporate Secretary, The Active Network, Inc., 10182 Telesis Court, San Diego, CA 92121. The Nominating and Corporate Governance Committee will use the same evaluation process for director nominees recommended by stockholders as it uses for other director nominees. A printed copy of our Amended and Restated Bylaws and Corporate Governance Guidelines may be obtained by any stockholder upon request to our Investor Relations Department.

### **Identification and Evaluation of Director Nominees**

Our Nominating and Corporate Governance Committee uses a variety of methods for identifying and evaluating director nominees. Our Nominating and Corporate Governance Committee regularly assesses the appropriate size and composition of the Board, the needs of the Board and the respective Board Committees, and the qualifications of candidates in light of these needs. Candidates may come to the attention of the Nominating and Corporate Governance Committee through stockholders, management, current members of the Board, or search firms. The evaluation of these candidates may be based solely upon information provided to the Nominating and Corporate Governance Committee or may also include discussions with persons familiar with the candidate, an interview of the candidate or other actions the Nominating and Corporate Governance Committee deems appropriate, including the use of third parties to review candidates.

While we do not have a stand-alone diversity policy, in considering whether to recommend any director nominee, including candidates recommended by stockholders, we believe that the backgrounds and qualifications of our directors, considered as a group, should provide a significant mix of experience, knowledge and abilities that will allow our Board and its Committees to fulfill their respective responsibilities. As set forth in our Corporate Governance Guidelines, these criteria generally include, among other things, an individual's business experience and skills (including skills in core areas such as operations, management, technology, accounting and finance, strategic planning and international markets), as well as independence, judgment, knowledge of our business and industry, professional reputation, leadership, integrity and ability to represent the best interests of the Company's stockholders. In addition, the Nominating and Corporate Governance Committee will also consider the ability to commit sufficient time and attention to the activities of the Board, as well as the absence of any potential conflicts with the Company's interests. The Nominating and Corporate Governance Committee does not assign specific weights to particular criteria and no particular criterion is necessarily applicable to all prospective director nominees. Our Board will be responsible for selecting candidates for election as directors based on the recommendation of the Nominating and Corporate Governance Committee.

We believe that our current Board includes individuals with a strong background in executive leadership and management, accounting and finance, and Company and industry knowledge. In addition, each of our directors has a strong professional reputation and has shown a dedication to his profession and community. We also believe that our directors' diversity of backgrounds and experiences results in different perspectives, ideas, and viewpoints, which make our Board more effective in carrying out its duties. We believe that our directors hold themselves to the highest standards of integrity and that they are committed to representing the long-term interests of our stockholders.

The Nominating and Corporate Governance Committee and the Board believe that each of the director nominees for election at the annual meeting brings a strong and unique set of qualifications, attributes and skills and provides the Board as a whole with an optimal balance of experience, leadership and competencies in areas of importance to our Company. Under Proposal 1 Election of Directors, we provide an overview of each director nominee's principal occupation, business experience and other directorships, together with other key attributes that we believe provide value to the Board, the Company and its stockholders.

## Director Independence

The Board has established categorical standards to assist it in making its determination of director independence. As embodied in our Corporate Governance Guidelines, using standards that the Board has adopted to assist it in assessing independence and in accordance with applicable SEC rules and the listing standards of the NYSE, the Board defines an independent director to be a director who:

is not and has not been during the last three years an employee of, and whose immediate family member is not and has not been during the last three years an executive officer of, the Company (provided, however, that, in accordance with NYSE listing standards, service as an interim executive officer, by itself, does not disqualify a director from being considered independent under this test following the conclusion of that service);

has not received, and whose immediate family member has not received other than for service as an employee (who is not an executive officer), more than \$120,000 in direct compensation from the Company, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service), in any 12-month period during the last three years (provided however, that, in accordance with NYSE listing standards, compensation received by a director for former service as an interim executive officer need not be considered in determining independence under this test);

(a) is not a current partner or employee of a firm that is our internal or external auditor; (b) does not have an immediate family member who is a current partner of our internal or external auditor; and (c) is not and was not during the last three years, and whose immediate family member is not and was not during the last three years, a partner or employee of our internal or external auditor who personally worked on our audit within that time;

is not and has not been during the last three years employed, and whose immediate family member is not and has not been during the last three years employed, as an executive officer of another company during a time when any of our present executive officers serve on that other company's Compensation Committee;

is not, and whose immediate family member is not, serving as a paid consultant or advisor to the Company or to any of our executive officers, or a party to a personal services contract with the Company or with any of our executive officers;

is not a current employee of, and whose immediate family member is not a current executive officer of, a company that has made payments to, or received payments from, us for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of \$1 million, or 2% of such other company's consolidated gross revenues;

is not, and whose immediate family member is not, an executive officer of a non-profit or other tax-exempt organization to which we have made contributions during the past three years that, in any single fiscal year, exceeded the greater of \$1 million or 2% of the organization's consolidated gross revenues (amounts that we contribute under matching gift programs are not included in the contributions calculated for purposes of this standard); and

has no other material relationship with us (either directly or as a partner, stockholder or officer of an organization that has a relationship with us).

The Board assesses on a regular basis, and at least annually, the independence of our directors and, based on the recommendation of the Nominating and Corporate Governance Committee, makes a determination as to which directors are independent. References to us, we or the Company above would include any subsidiary in a consolidated group with The Active Network, Inc. The terms immediate family member and executive officer above are expected to have the same meaning specified for such terms in the NYSE listing standards.



The Board has determined that the following directors, comprising all of our non-employee directors, are independent under the listing standards of the NYSE and our Corporate Governance Guidelines: Messrs. Clancy, Grayson, Green, Levin and Nepl, representing five of our seven directors. In making this determination, our Board of Directors considered the current and prior relationships that each non-employee director has with our company and all other facts and circumstances our Board of Directors deemed relevant in determining their independence, including the beneficial ownership of our capital stock by each non-employee director.

### Board Committees

Our Board of Directors has established the following committees: an Audit Committee, a Compensation Committee and a Nominating and Corporate Governance Committee. The composition and responsibilities of each committee are described below. Directors serve on these committees until their resignation or until otherwise determined by our Board of Directors.

#### *Membership of the Committees of the Board*

	<b>Audit</b>	<b>Compensation</b>	<b>Nominating and Corporate Governance</b>
David Alberga			
Thomas N. Clancy	X	Chair	X
Bruns H. Grayson (1)	X		Chair
Stephen L. Green	Chair	X	X
Matthew Landa			
Joseph Levin (2)		X	
Edward Nepl (3)			

(1) Mr. Grayson was appointed Chairman of the Nominating and Corporate Governance Committee in February 2013.

(2) Mr. Levin was appointed to the Compensation Committee in February 2013.

(3) Mr. Nepl was appointed to the Board in February 2013 following the resignation of Scott Schultz from the Board.

*Audit Committee.* Our Audit Committee oversees our corporate accounting and financial reporting process. The responsibilities of this committee include, among other things:

appointing our independent registered public accounting firm and determining the funding for audit and review by them of our consolidated financial statements and any permissible non-audit services;

evaluating and overseeing our independent registered public accounting firm's independence and performance;

determining in advance whether to engage our independent registered public accounting firm and their activities with respect to our financial reporting and compliance with our disclosure policies;

reviewing our annual and quarterly consolidated financial statements and reporting and discussing the financial statements and reports with our independent auditors and management;

approving the disclosures in and filing of our periodic reports on Form 10-K and Form 10-Q to be filed with the SEC;

reviewing with our independent auditors and management any significant issues that arise regarding accounting principles and financial statement presentation, and matters concerning the scope, adequacy and effectiveness of our internal controls and disclosure

controls and procedures;

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

establishing procedures for the confidential, anonymous submissions by employees regarding accounting, internal controls or accounting matters;

reviewing and, if appropriate, approving proposed related party transactions; and

developing, reviewing and amending our code of conduct.

Both our independent auditors and management periodically meet separately with our Audit Committee. A copy of our Audit Committee charter is available on our website [www.activenetwork.com](http://www.activenetwork.com).

The current members of our Audit Committee are Messrs. Clancy, Grayson and Green. Mr. Green serves as chairman of the Audit Committee. Our Board of Directors has determined that all of the members of our Audit Committee meet the requirements for financial literacy under the applicable rules and regulations of the SEC and the NYSE. Our Board of Directors has determined that each member of Audit Committee is an Audit Committee financial expert as defined under the applicable rules of the SEC and has the requisite financial sophistication as defined under the applicable rules and regulations of the NYSE. Our Board of Directors has determined that all of the members of our Audit Committee are independent directors as defined under the applicable rules and regulations of the SEC and the NYSE. Our Audit Committee met nine times during 2012.

*Compensation Committee.* Our Compensation Committee adopts and administers the compensation policies, plans and benefit programs for our executive officers and all other members of our executive team. The responsibilities of this committee include, among other things:

determining the compensation and other terms of employment of our executive officers and senior management, and reviewing and approving corporate performance goals and objectives relevant to such compensation;

recommending to our Board of Directors the type and amount of compensation to be paid or awarded to members of our Board of Directors;

evaluating and recommending to our Board of Directors the equity incentive plans, compensation plans and similar programs advisable for us, as well as modification or termination of existing plans and programs;

administering the issuance of stock options and other equity incentive arrangements under our equity incentive plans;

establishing policies with respect to equity compensation arrangements; and

reviewing and approving the terms of employment agreements, severance arrangements, change-in-control protections and any other compensatory arrangements for our executive officers and senior management.

Our Compensation Committee with the input of senior management evaluates potential risks related to our compensation policies and practices for employees and has determined that we have no compensation risks that are reasonably likely to have a material adverse effect on our company. We structure our compensation to address company-wide risk. This is accomplished in part by tying compensation to corporate goals and individual performance goals. These goals can be adjusted annually to address risks identified in the annual risk assessment. We also use a mix of different compensation elements to balance short-term awards versus long-term awards to align compensation with our business strategy and stockholders' interests. We believe the combination of base salary, performance-based cash awards and stock-based incentive awards with multi-year vesting periods is balanced and serves to motivate our employees to accomplish our business plan without creating risks that are reasonably likely to have a material adverse effect on our company. We have adopted a Compensation Committee charter, a copy of which is

available on our website at [www.activenetwork.com](http://www.activenetwork.com).



The current members of our Compensation Committee are Messrs. Clancy, Green and Levin. Mr. Clancy serves as the chairman of the Compensation Committee. Our Board of Directors has determined that all of the members of our Compensation Committee are independent directors under the applicable rules and regulations of the SEC and NYSE. Our Compensation Committee met 13 times during 2012.

*Nominating and Corporate Governance Committee.* Our Nominating and Corporate Governance Committee is responsible for, among other things, making recommendations regarding corporate governance, the composition of our Board of Directors, identification, evaluation and nomination of director candidates and the structure and composition of committees of our Board of Directors.

The responsibilities of this committee include, among other things:

developing and maintaining a current list of the functional needs and qualifications of members of our Board of Directors;

evaluating director performance on the Board of Directors and applicable committees of the Board of Directors and determining whether continued service on our Board of Directors is appropriate;

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

evaluating stockholder nominations of candidates for election to our Board of Directors;

developing, reviewing and amending a set of corporate governance policies and principles;

considering questions of possible conflicts of interest of directors as such questions arise; and

recommending to our Board of Directors the establishment of such special committees as may be desirable or necessary from time to time in order to address ethical, legal, business or other matters that may arise.

A copy of our Nominating and Corporate Governance Committee charter is available on our website [www.activenetwork.com](http://www.activenetwork.com).

The current members of our Nominating and Corporate Governance Committee are Messrs. Clancy, Grayson and Green. Mr. Grayson serves as the chairman of the Nominating and Corporate Governance Committee. Our Board of Directors has determined that all of the members of our Nominating and Corporate Governance Committee are independent directors under the applicable rules and regulations of the NYSE. Our Nominating and Corporate Governance Committee met five times during 2012.

#### **Compensation Committee Interlocks and Insider Participation**

No member of our Compensation Committee is or has at any time during the past year been one of our officers or employees. None of our executive officers currently serves or in the past year has served as a member of the Board of Directors or Compensation Committee of any entity that has one or more executive officers serving on our Board of Directors or Compensation Committee.

#### **Communicating with the Board**

Our Corporate Governance Guidelines establish procedures by which stockholders and other interested parties may communicate with the Board, any Committee of the Board, any individual director (including the Presiding Director) or the independent non-employee directors as a group. Such parties can send communications by mail to the Board in care of the Corporate Secretary, The Active Network, Inc., 10182 Telesis Court, San Diego, California 92121. The name or title of any specific recipient or group should be noted in the communication. Communications from stockholders are distributed by the Corporate Secretary to the Board or to the Committee or director(s) to whom the communication is addressed, however the Corporate Secretary will not



distribute items that are unrelated to the duties and responsibilities of the Board, such as spam, junk mail and mass mailings, business solicitations and advertisements, and communications that advocate the Company's engaging in illegal activities or that, under community standards, contain offensive, scurrilous or abusive content.

**Compensation Consultant**

During the last fiscal year, the Compensation Committee selected and retained Compensia as independent executive compensation consultants. Compensia provides compensation consulting services to the Compensation Committee, reports directly to the Compensation Committee, only provides services that are requested by the Compensation Committee and works with the Company's management only on matters for which the Compensation Committee is responsible.

**Policy on Stock Hedging**

All directors and executive officers are prohibited from engaging in short-term or speculative transactions involving our securities, such as publicly traded options, short sales, puts and calls, and hedging transactions.

## DIRECTOR COMPENSATION

Our directors play a critical role in guiding our strategic direction and overseeing the management of the Company. Ongoing developments in corporate governance and financial reporting have resulted in an increased demand for such highly qualified and productive public company directors. The many responsibilities and risks and the substantial time commitment of being a director of a public company require that we provide adequate incentives for our directors' continued performance by paying compensation commensurate with our directors' workload. Our non-employee directors are compensated based upon their respective levels of board participation and responsibilities, including service on Board committees. Mr. Alberga and Mr. Landa received no separate compensation for their services as directors during 2012.

Our director compensation is overseen by the Compensation Committee, which makes recommendations to the Board of Directors on the appropriate amount and structure of our programs in light of then-current competitive practice. The Compensation Committee receives advice and recommendations from Compensia, an independent compensation consultant retained by the Compensation Committee, with respect to its determination on director compensation matters.

Pursuant to our 2012 Non-Employee Director Compensation Policy, our independent directors are compensated for their services on our Board of Directors. Pursuant to the policy:

each independent director received an annual fee of \$32,500 payable for the director's service during the year and 16,911 options to purchase shares of common stock;

the Chairman of the Audit Committee received an additional annual fee of \$20,000 for the Chairman's service during the year and each other Audit Committee member received an additional annual fee of \$5,500;

the Chairman of the Compensation Committee received an additional annual fee of \$10,000 for the Chairman's service during the year and each other Compensation Committee member received an additional annual fee of \$4,000; and

the Chairman of the Nominating and Corporate Governance Committee received an additional annual fee of \$8,750 for the Chairman's service during the year and each other Nominating and Corporate Governance Committee member received an additional annual fee of \$2,750.

Annual option grants were granted on the date of the Company's 2012 annual meeting of stockholders and vest in equal monthly installments over the 12-month period following the date of grant. The cash portion of the non-employee director compensation is payable in equal quarterly installments over the 12-month period following the Company's 2012 annual meeting of stockholders. Each director is also entitled to be reimbursed for reasonable travel and other expenses incurred in connection with attending meetings of the Board of Directors and any Committee on which he serves.

All of our directors are eligible to participate in our 2011 Equity Incentive Plan, and our employee directors are eligible to participate in our 2011 Employee Stock Purchase Plan. For a more detailed description of these plans, see Compensation Discussion and Analysis Components of Executive Compensation Stock-Based Incentive Awards and Compensation Discussion and Analysis Components of Executive Compensation Other Benefits.

**Non-Employee Director Compensation Table**

The following table sets forth information regarding compensation earned by our non-employee-directors during the fiscal year ended December 31, 2012:

Name	Fees		Other\$(2)	Total (\$)
	Earned in Cash (\$)	Option Awards \$(1)		
Thomas Clancy (3)(4)	50,750	100,539	5,978	157,267
Stephen Green (3)	65,250	100,539		165,789
Bruns Grayson (3)	40,750	100,539		141,289
Joseph Levin (3)	32,500	100,539		133,039
Scott Schultz (3)(5)	36,500	100,539		137,039

- (1) Reflects the grant date fair value of 16,911 option awards made to each independent director during the year calculated using the assumptions described in Note 16 to our audited financial statements included in our 2012 Annual Report on Form 10-K.
- (2) Represents Company's payments for Mr. Clancy's medical insurance premiums.
- (3) As of December 31, 2012, Messrs. Clancy, Green, Grayson and Levin each had 62,911 outstanding options and Mr. Schultz had 42,466 outstanding options.
- (4) As of December 31, 2012, Mr. Clancy held 10,313 shares of common stock which were acquired upon exercise of unvested options. 2,500 of Mr. Clancy's unvested shares remain subject to a right of repurchase by us, which lapses over the remaining four month vesting schedule. 7,813 of Mr. Clancy's unvested shares remain subject to a right of repurchase by us, which lapses over the remaining 15-month vesting schedule.
- (5) Mr. Schultz resigned from the Board of Directors on February 1, 2013. Mr. Schultz had entered into an agreement with the United States Tennis Association pursuant to which the United States Tennis Association received the cash portion of the director compensation and the pecuniary benefit upon exercise of the options held by Mr. Schultz. Mr. Schultz disclaims beneficial ownership except to the extent of his pecuniary interest therein.

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## COMPENSATION DISCUSSION AND ANALYSIS

### Executive Summary

We are committed to building long-term stockholder value. Our executive compensation program is designed to deliver on this commitment by using a balanced performance measurement framework that is aligned with the key drivers of performance and stockholder value creation. This executive summary provides an overview of our program, including our fiscal 2012 company performance and its alignment with the compensation paid to our executives.

We believe that the pay-for-performance philosophy of our executive compensation program helped drive improvement of our financial and operational performance in fiscal 2012, despite the challenges of the continued uncertainty of the economic environment. Highlights of our 2012 performance include (all comparisons are made to fiscal year 2011):

Total net revenue up 24% to \$418.9 million.

Technology revenue increased 28% and constituted 88%, or \$370.5 million, of total net revenue.

Net registration revenue increased 21% to \$275.8 million with the number of registrations up 12% and the revenue per registration up 8%.

Approximately 55,000 organizations utilized the Company's technology solutions, up 7%.

Marketing services revenue constituted 12%, or \$48.4 million, of total net revenue.

Adjusted EBITDA, a non-GAAP financial measure, was \$38.4 million. Excluding the impact of business combination accounting rules related to deferred revenue, Adjusted EBITDA was \$50.8 million. A reconciliation of Adjusted EBITDA is set forth on Annex A to this proxy statement.

We have designed our compensation and benefits programs and philosophy to attract, retain, motivate and engage talented, qualified and committed executive officers who share our commitment to our customers and participant communities and desire to work toward our corporate objectives and annual and long-term goals. We believe compensation incentives for our executive officers should promote the success of our company and motivate them to pursue corporate objectives, and above all should be structured so as to reward clear and easily measurable performance goals that closely align the executive officers' incentives with the long-term interests of our stockholders. Our executive compensation programs combine short- and long-term components, cash and equity and fixed and performance based measures in the amounts and proportions that we believe are most appropriate to create incentives and reward our executive officers for achieving our objectives. Our executive compensation program also is intended to make us competitive in our industry, where there is considerable competition for talented executives.

The Compensation Committee of our Board of Directors oversees our executive compensation program. In this role, the Compensation Committee reviews on an annual basis and approves compensation decisions relating to our executives, including our named executive officers. Prior to becoming a public company in 2011, our compensation programs reflected our status as a start-up company, and our principal objective had been to preserve cash resources while attracting and retaining executive talent, largely through the grant of equity incentives consisting of stock options that vest over time. Following our initial public offering, we began to shift the orientation of our program from a heavy reliance on equity compensation as a recruitment and motivation tool to a more balanced mix of cash and equity compensation opportunities, as well as a more balanced approach to short term and long term incentives. In fiscal year 2012, we continued to favor long term incentives and specifically began utilizing time-based restricted stock units and performance based equity awards for all of our named executive officers as a means to directly align executive compensation with company performance.

Our Compensation Committee re-engaged Compensia, an independent executive compensation consulting firm, to evaluate our executive compensation programs for fiscal year 2012 relative to those of a public company peer group and to make recommendations with respect to appropriate levels and forms of compensation for named executive officers. The objective of this evaluation and the resulting compensation adjustments was to ensure that we remain competitive as a public company and that our named executive officers have meaningful incentives to remain employed with us and are aligned towards the achievement of our corporate goals. Based on these recommendations, our Compensation Committee adjusted our compensation programs in 2012, as described below.

Our Compensation Committee determines allocations of compensation between cash and equity compensation or among different forms of non-cash compensation based on its review of typical allocations within our compensation peer group. The Compensation Committee has not adopted, however, and has no current plans to adopt, any policy requiring a specific allocation between cash and equity compensation or between short-term and long-term compensation. In the course of its deliberations, the Compensation Committee reviews each component of compensation, how they relate to each other and, in particular, how they relate to and affect total compensation. The Compensation Committee's philosophy is that a substantial portion of an executive officer's compensation should be performance-based, whether in the form of equity or cash compensation. In that regard, during fiscal year 2012, we began granting performance based restricted stock units and performance based options to our named executive officers as a significant component of compensation because we believe that they best align individual compensation with the creation of stockholder value. We also established the 2012 Bonus Plan, pursuant to which named executive officers are eligible to receive performance-based cash bonus awards tied to our annual corporate goals. Since we did not meet the financial targets established under the 2012 Bonus Plan, we did not pay annual cash incentive awards to our named executive officers for 2012.

Our named executive officers for fiscal year 2012 were Matthew Landa, our former Chief Executive Officer; Darko Dejanovic, President; David Alberga, our former Executive Chairman; Scott Mendel, Chief Financial Officer; Kory Vossoughi, Chief Legal Officer; and Sheryl Roland, our former Executive Vice President, Human Resources. In April 2013, Messrs. Alberga and Landa resigned from the Company. In November 2012, Ms. Roland resigned from the company.

#### **Consideration of Say-on-Pay Vote Results**

The non-binding advisory proposal regarding compensation of the named executive officers submitted to stockholders at our 2012 annual meeting of stockholders was approved by over 99% of the votes cast. The Compensation Committee considered this favorable stockholder vote as a strong endorsement of our executive compensation program. The Compensation Committee will continue to consider the outcome of the Company's say-on-pay votes when conducting its regular practice of evaluating the program and making future compensation decisions for the named executive officers.

#### **Overview of Compensation Program**

The elements of our compensation program are directed toward providing our executives with both annual and long-term performance incentives, with the overall objective to motivate our executives to help us achieve our corporate goals and build value for our stockholders. The elements of our compensation program primarily include:

base salary;

performance-based cash bonus awards;

stock-based incentive awards, including performance-based awards; and

retention and change of control agreements.

We also provide our executives with long-term disability insurance, eligibility to participate in our deferred compensation plan and 401(k) plan with matching contributions, and a limited number of additional benefits that are provided to all of our employees. Each of these compensation elements is described in more detail below.

In determining the relevant amounts for each of these compensation elements to be awarded to our named executive officers, our Compensation Committee considers the following objectives:

*A Substantial Portion of Executive Compensation Should Be Performance-Based.* We believe that a substantial portion of the compensation received by each of our executives should be directly tied to, and contingent upon, the performance of our company as a whole and the executive's individual contribution and performance. To support this objective, we established the Bonus Plan. The Bonus Plan is designed to align each named executive officer's efforts with our key corporate goals by providing an opportunity for the executive to earn an annual cash bonus with amounts determined by considering our success in achieving our key corporate goals, which are Adjusted EBITDA and revenue targets. In 2012, we also began utilizing performance-based equity awards to directly align our Company's stock performance and achievement of Adjusted EBITDA and revenue targets with long-term incentive compensation.

*Stock-Based Incentive Awards Should Comprise a Substantial Portion of Executive Compensation.* We believe that a substantial portion of executive compensation should be delivered in the form of stock-based incentive awards, where realizable value is tied directly to the market price of the Company's common stock, in order to align the long-term interests of our executives with those of our stockholders and to provide a retention incentive for our executives.

*Our Executive Compensation Should Be Competitive and Fair.* In order to help us attract and retain talented executives, we believe that our compensation programs should be competitive when compared to our peers as well as perceived as fair, when considered both externally as well as internally.

#### **Compensation Process**

Our Compensation Committee is responsible for establishing our compensation philosophy and setting the compensation levels for our executives, including base salaries, target-based cash bonus awards and stock-based incentive awards. The Compensation Committee is responsible for approving the corporate goals for purposes of determining annual cash bonus awards. To assist the Compensation Committee, our Chief Executive Officer prepares a report during the first quarter of each fiscal year recommending base salaries, target annual bonus awards, stock-based incentive awards, corporate goals for the fiscal year and individual performance goals for each named executive officer. The Compensation Committee in its sole discretion may accept or adjust the compensation recommendations it is provided and reviews the recommendations in conjunction with market compensation data as described below. No executive officer is present at the time his or her compensation is being discussed or determined by the Compensation Committee.

The Compensation Committee utilizes an empirically-based approach that involves formal benchmarking as well as best practices with respect to compensation and benefits. As we continue to gain experience as a public company, we expect that the specific direction, emphasis and components of our executive compensation program will continue to evolve.

In January 2012, the Compensation Committee reengaged Compensia, an independent compensation consulting firm, to provide executive compensation advisory services for 2012. Compensia performed the following services during 2012:

performed analysis with respect to the Company's 2012 peer group;

advised the Compensation Committee on current compensation market trends;

assessed our executives' base salaries, cash bonuses and equity compensation levels and plan structures against our peer group companies;





reviewed market and best practices with respect to executive severance/change-of-control arrangements;

reviewed considerations and market practices related to short-term cash incentive plans; and

reviewed board of director compensation market practices among public high-technology companies.

In addition, the Company has engaged Towers Watson to provide various human resources consulting services, including advice on compensation for our employees.

#### ***Determination of Executive Compensation***

In setting the compensation for our named executive officers, our Compensation Committee places significant emphasis on the recommendation of our Chief Executive Officer (other than with respect to determining his own compensation), considers our overall performance during the prior fiscal year and the executive's individual contributions during the prior fiscal year, as well as relevant market data.

#### ***Components of Executive Compensation***

As indicated above, we compensate our executives through a combination of annual and long-term incentives that are designed to motivate our executives to help us achieve our key corporate goals and build value for our stockholders. During 2012, our executive compensation program consisted of the following elements:

**Base Salary.** Our Compensation Committee is responsible for setting our named executive's base salaries. One of the primary objectives of our compensation program is to provide our named executives with base salaries that are competitively reasonable and appropriate in the talent market for our business needs and circumstances. The Compensation Committee evaluates and sets the base salaries for our executives on an annual basis following performance reviews, as well as upon a promotion or other changes in responsibilities.

In setting 2012 base salaries for our named executive officers, our Compensation Committee considered the executive's position, our success in achieving our prior year corporate goals, the individual's contribution and performance during the prior fiscal year and formal benchmarking based on an executive compensation peer group. The Compensation Committee also considered many other factors in the process of determining base salary levels for each named executive officer, including:

our belief that our compensation amounts should be internally fair and equitable relative to roles, responsibilities and relationships among our named executive officers;

prior compensation or amounts realized or realizable from equity compensation by named executive officers;

the evaluations and recommendations proposed by our Chief Executive Officer (other than with respect to his own compensation); and

criticality of each named executive officer's skills and experience to the overall business.

Our Compensation Committee does not have a predefined framework that determines which factors may be more or less important, and the emphasis placed on specific factors may vary among the named executive officers. Ultimately, it is our Compensation Committee's judgment of these factors, along with competitive market data, that form the basis for determining named executives' base salaries. With the assistance of Compensia, in February 2012, our Compensation Committee conducted an analysis of base salaries using compensation data disclosed in public filings to establish reference points that we used to compare our named executive officers' 2011 base salaries to those base salaries offered by similar peer group companies.

Our Compensation Committee selected our peer group for fiscal year 2012, taking into account Compensation Committee's recommendations, based on the following characteristics:

principal business in a related industry segment compared to our company (i.e. software as a service - SaaS);

broadly similar in revenue and market capitalization compared to our company and consistent with Institutional Shareholder Services (ISS) guidelines; and

companies that we compete directly with for key executive talent.

As a result of the peer group criteria, our Compensation Committee approved the following peer group companies for fiscal 2012:

*Peer Group Companies for Base Salary in Fiscal Year 2012*

Ariba, Inc.\*

Concur Technologies

Constant Contact

Digital River\*

Kenexa Corp.\*

Medidata Solutions, Inc.\*

Monster\*

NetSuite

Realpage

Shutterfly

Synchronoss Technologies

Taleo

TIBCO\*

Ultimate Software Group, Inc.

Vistaprint\*

WebMD Health

\* New for Fiscal Year 2012

We removed several companies from our peer group, including Ancestry.com, Blue Nile, comScore, Demand Media, and Quinstreet given their primary business model was focused on an internet and not a Software as a Service (SaaS)-based model.

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As a result of analyzing compensation data from our 2012 peer group, our Compensation Committee determined that 2011 base salaries for named executive officers were well below that of our peer group companies. Based upon our Compensation Committee's analysis of this market data and the other factors enumerated above, our Compensation Committee set base salaries at approximately the 50<sup>th</sup> percentile as compared to our peer group companies. In addition, in connection with the promotions of Mr. Landa to Chief Executive Officer and Mr. Dejanovic to President in September 2012, our Compensation Committee increased the base salaries of these named executive officers in October 2012. As a result, the annualized base salaries of our named executive officers were set at the following levels as of December 31, 2012:

<b>Name and Title (1)</b>	<b>Base Salary (\$)</b>
Matthew Landa, <i>Former Chief Executive Officer</i> (2)	\$ 525,000
Darko Dejanovic, <i>President</i> (2)	\$ 500,000
David Alberga, <i>Former Executive Chairman</i> (2)	\$ 450,000
Scott Mendel, <i>Chief Financial Officer</i>	\$ 350,000
Kory Vossoughi, <i>Chief Legal Officer</i>	\$ 240,000
Sheryl Roland, <i>Former EVP, Human Resources</i> (3)	\$ 236,000

- (1) On April 30, 2013, Jon Belmonte was appointed Interim Chief Executive Officer. Mr. Belmonte receives a monthly salary of \$30,000 during his initial eight month term.
- (2) On September 28, 2012, Mr. Alberga transitioned from his position as Chief Executive Officer to Executive Chairman of the Company. In connection with the transition, Mr. Landa was promoted to Chief Executive Officer and Mr. Dejanovic was promoted to President. Messrs. Alberga and Landa resigned from the Company on April 30, 2013.
- (3) Ms. Roland resigned as EVP, Human Resources on November 30, 2012. Ms. Roland's base salary noted above reflects her annualized salary in effect as of November 30, 2012.

***Performance-Based Cash Bonus Awards.***

*2012 Bonus Plan.* Our Compensation Committee is responsible for administering our Bonus Plan. All named executive officers are eligible to participate in the Bonus Plan. The Bonus Plan is designed to align each executive's efforts with our corporate goals. For fiscal year 2012, our corporate goals were based on two equally weighted goals: Adjusted EBITDA (as further detailed in our Annual Report on Form 10-K and Annex A to this proxy statement) and revenue.

The Bonus Plan has three thresholds of achievement for the Company's corporate goals: base plan (27% of target), target plan (100% of target) and maximum plan (130% of target). The base plan represents the minimum threshold below which no bonuses are payable. Each threshold requires the Company to achieve both Adjusted EBITDA and revenue targets for the applicable threshold bonus to be paid for 2012. Following achievement of a threshold, bonuses are assessed independently on a linear basis and the degree to which the Company performs against these goals determines the amounts payable under the Bonus Plan. The resulting calculation of the Adjusted EBITDA component (50%) and revenue component (50%) is summed to arrive at a total target bonus amount for each named executive officer. The Committee then applies a modifier based upon individual performance as determined by the Compensation Committee.

At the time the corporate goals were set, our Compensation Committee believed that the corporate goals were challenging and aggressive. For example, at each of the thresholds, we would have had to achieve a significant year-over-year increase in our Adjusted EBITDA and revenue. Our Compensation Committee believed that the achievement of the Adjusted EBITDA and revenue goals at each of the threshold levels would require substantial efforts, excellent leadership, effective leveraging of our competencies and a clear focus on driving results throughout the year.

Our Compensation Committee is responsible for setting the actual bonus amounts to be awarded. To assist our Compensation Committee, our Chief Executive Officer provides the Compensation Committee with documentation regarding full or partial achievement of our corporate goals. For fiscal 2012, the minimum threshold under the base plan for revenue was set at \$435 million and the minimum threshold for Adjusted EBITDA was set at \$50 million. We failed to meet these objectives, and as a result, we did not pay out any bonuses to our named executive officers under the Bonus Plan.

We may terminate the Bonus Plan at any time, and may alter the terms and conditions under which the bonus awards are set, calculated or paid. For fiscal year 2012, our Compensation Committee set the potential amounts payable at each of the thresholds under the 2012 Bonus Plan based on each named executive officer's role and responsibilities and their respective base salaries in effect as of May 2012. The potential amounts payable at each of the three thresholds is set forth below:

Name and Title(1)	Base Plan (\$)	Target	Maximum
	(27%) Target(2)	Plan (\$) (100%) Target	Plan (\$) (130%) Target
Matthew Landa, <i>Former Chief Executive Officer</i> (3)	133,650	495,000	643,500
Darko Dejanovic, <i>President</i> (3)	97,200	360,000	468,000
David Alberga, <i>Former Executive Chairman</i> (3)	148,500	550,000	715,000
Scott Mendel, <i>Chief Financial Officer</i>	94,500	280,000	364,000
Kory Vossoughi, <i>Chief Legal Officer</i>	35,640	132,000	171,600
Sheryl Roland, <i>Former EVP, Human Resources</i> (4)	35,046	129,800	168,740

- (1) On April 30, 2013, Jon Belmonte was appointed Interim Chief Executive Officer for an initial eight month term. Mr. Belmonte is entitled to a discretionary bonus to be determined by the Board at its sole discretion.
- (2) For fiscal year 2012, we failed to achieve our minimum Adjusted EBITDA and revenue targets under the base plan and no bonuses were awarded to the named executive officers.
- (3) On September 28, 2012, Mr. Alberga transitioned from his position as Chief Executive Officer to Executive Chairman of the Company. In connection with the transition, Mr. Landa was promoted to Chief Executive Officer and Mr. Dejanovic was promoted to President. Messrs. Alberga and Landa resigned from the Company on April 30, 2013.
- (4) Ms. Roland resigned as EVP, Human Resources on November 30, 2012.

**Spot Bonuses.** From time to time, our Compensation Committee may grant spot bonuses to named executive officers for strong performance. In May 2012, our Compensation Committee granted cash spot bonuses to Mr. Dejanovic in the amount of \$64,963 and to Mr. Mendel in the amount of \$30,000 for their strong performance during the first quarter of 2012. The bonuses were also granted in part to increase their total compensation which was well below market as compared to similar executives at the Company's peer group companies.

**Stock-Based Incentive Awards.** We also provide long-term stock-based incentive awards to our executive officers. During 2012, we implemented a new long-term incentive compensation program for named executive officers consisting of time-based restricted stock units, performance-based restricted stock units and performance-based option awards. We believe that a mix of time-based and performance-based awards help further our compensation objectives by encouraging retention of our executives and by providing our executives with incentives to continue to focus on our financial performance and increasing stockholder value. We expect to implement a long-term incentive compensation program with a mix of both time-based and performance-based equity incentive awards on an annual basis. This supports our succession plans by helping ensure retention of key leaders critical to growing the business and also aligns with our practice prior to fiscal 2012 of granting stock options annually to the named executive officers to provide a greater alignment between their compensation and stockholder returns. During 2012, as part of our long-term incentive compensation program, we awarded the below stock-based incentive awards to our named executive officers excluding one-time grants for retention or promotional purposes.

Name (1)	Title	Performance		Performance RSU		
		RSU Grant	Option Grant	Threshold	Target	Maximum
		(Total # of Shares)	(Total # of Shares)	# of Shares	# of Shares	# of Shares (2)
Matthew Landa (3)	Former Chief Executive Officer	49,961	165,265	37,471	49,961	149,883
Darko Dejanovic (3)	President	45,419	150,240	34,064	45,419	136,257
David Alberga (3)	Former Executive Chairman	59,045	195,313	44,284	59,045	177,135
Scott Mendel	Chief Financial Officer	36,336	120,192	27,252	36,336	109,008
Kory Vossoughi	Chief Legal Officer	17,500	40,000	13,125	17,500	52,500
Sheryl Roland (4)	Former EVP, HR	16,250	48,829	12,188	16,250	48,750

- (1) On April 30, 2013, Jon Belmonte was appointed Interim Chief Executive Officer and was awarded 100,000 stock options and 134,000 restricted stock units in connection with his appointment.
- (2) Represents the maximum number of restricted stock units that may vest on the third year anniversary of the grant date contingent upon the Company's achievement of corporate objectives for the three year performance period ended December 31, 2014. Any restricted stock units vesting above the target number of shares may be settled in shares of the Company's common stock or cash at the election of the Compensation Committee based on the Company's closing stock price on the date of vesting. Achievement of the Company's objectives relating to revenue and Adjusted EBITDA, a non-GAAP financial measure described in the Company's Annual Report on Form 10-K and Annex A to this proxy statement, will determine the actual number of restricted stock units to vest on such date.
- (3) On September 28, 2012, Mr. Alberga transitioned from his position as Chief Executive Officer to Executive Chairman of the Company. In connection with the transition, Mr. Landa was promoted to Chief Executive Officer and Mr. Dejanovic was promoted to President. Messrs. Alberga and Landa resigned from the Company on April 30, 2013.
- (4) Mr. Roland resigned as EVP, Human Resources on November 30, 2012.

*Time-Based Restricted Stock Units.* The first component in our long-term portfolio mix is time-based restricted stock units. Stock ownership and stock-based incentive awards align the interests of our named executive officers with the interests of our stockholders, as the value of this incentive rises and falls with the stock price, consistent with stockholder returns. The time-based restricted stock units vest twenty-five percent (25%) on the first year anniversary of the grant date and in equal installments on each of the three anniversaries thereafter, subject to the named executive officer's continuous employment through each of the vesting dates. The restricted stock units promote executive retention, as unvested shares held at the time an executive's employment is terminated are forfeited. Our Chief Executive Officer, together with our human resources staff, periodically reviews the value and frequency of grants against competitive market data as described above and may recommend changes to the Compensation Committee. Our Compensation Committee, in its judgment, sets award levels based on several factors, including what it believes to be a desirable mix of long-term compensation, its determination of an appropriate weighting of potential future contributions to the Company, retention incentives, and competitive grants based on market data of the Company's peer companies.

*Performance-Based Restricted Stock Units.* The second component in our long-term portfolio mix is performance-based restricted stock units. The performance-based restricted stock units vest upon achievement of the Company's critical financial goals as determined by the Compensation Committee. The performance-based stock restricted stock units are designed to align the interests of the Company's executives with those of stockholders by encouraging executives to enhance the value of the Company through achievement of these goals. This is true pay for performance: executives are rewarded only if we achieve these goals, and they get nothing if we fail to achieve these goals. When determining the grants, the Compensation Committee considers a number of factors including the individual's performance, management succession, competitive market data as described above, internal pay equity for comparable positions, and a desirable mix of long-term incentives. Our

Chief Executive Officer, together with our human resources department, periodically tests the reasonableness of our restricted stock units grants against competitive market data and may make recommendations to the Compensation Committee. Performance-based restricted stock units for fiscal year 2012 were granted by the Compensation Committee on May 23, 2012 with a supplemental award granted on August 28, 2012. The supplemental awards were granted to reward achievement of corporate goals above and beyond target objectives and these awards only vest to the extent the Company achieves these goals.

The performance-based restricted stock units vest on May 23, 2015 contingent upon the Company's achievement of revenue and Adjusted EBITDA performance objectives for the three year performance period ended December 31, 2014. The actual number of performance-based restricted stock units which vests will be determined based upon the extent to which the Company achieves the performance objectives beyond certain base level objectives. A portion of the performance-based restricted stock units may be settled in shares of the Company's common stock or cash at the Compensation Committee's election based on the Company's closing stock price on the date of vesting.

*Performance-Based Stock Options.* The third component in our long-term portfolio mix is performance-based stock options. The performance-based options vest over four years in equal monthly installments, subject to the named executive officer's continuous employment through each of the vesting dates; provided however, the options do not become exercisable until the Company's 15-day moving average stock price meets or exceeds (a) \$20.00 within two years from the grant date, (b) \$22.50 within three years from the grant date, or (c) \$25.00 within four years from the grant date. In addition, each named executive officer's vested options become immediately exercisable following a change in control of the Company.

The performance-based stock options are designed to align the interests of the Company's executives with those of stockholders by encouraging executives to enhance the value of the Company. This is true "pay for performance" as executives are rewarded only if the market price of our stock rises to the levels noted above, and the performance-based options do not become exercisable if the Company's stock price does not rise to these levels. When determining the grants, the Compensation Committee considers a number of factors including the individual's performance, management succession, competitive market data as described above, internal pay equity for comparable positions, and a desirable mix of long-term incentives. Our Chief Executive Officer, together with our human resources department, periodically tests the reasonableness of our stock option grants against competitive market data and may make recommendations to the Compensation Committee. Stock options for fiscal 2012 were granted by the Compensation Committee on May 23, 2012 with an exercise price equal to the closing market price of our stock on that date. Options we grant generally vest over a four year period in equal monthly installments, and are forfeited if the employee leaves before vesting occurs, to promote executive retention.

*Retention Plan.* From time to time, the Compensation Committee may also grant restricted stock units that vest based on continued service through a future service date with the Company specifically to further promote retention of key employees. The awards have no value to the executive unless the executive remains employed with the Company for the full vesting period, and will be canceled if the executive terminates or retires within the vesting period. During 2012, we awarded restricted stock units for retention purposes to the named executive officers as follows:

<b>Name</b>	<b>RSU Awards</b>
Matthew Landa	16,013
Darko Dejanovic	13,964
David Alberga	17,843
Scott Mendel	12,959
Kory Vossoughi	5,080
Sheryl Roland	5,080



The Compensation Committee determined that the grants were necessary as a retention mechanism given the Company's base salaries were well below market as compared to its peer group in 2012. The restricted stock units granted for retention purposes vested in full on March 28, 2013.

*Equity Grant Practices.* Our named executive officers generally receive equity awards in connection with their initial hire, following promotions and on an annual basis. Our Chief Executive Officer, together with our human resources department, recommends to our Compensation Committee the specific number of shares to be subject to each equity award granted to a named executive officer; provided however, the Chief Executive Officer does not make any recommendations with respect to his own grant awards. The recommendation is based on the assessment of company performance and the named executive officer's performance during the prior fiscal year, the other components of the named executive officer's compensation, the dilutive effects of equity grants, and competitive market data. With respect to individual performance of the named executive officers, our Compensation Committee gives significant deference to the recommendations of our Chief Executive Officer, as he is most familiar with the other named executive officers' performance. Our Compensation Committee does not utilize any predefined criteria that determines which factors may be more or less important, and the emphasis placed on specific factors varies among the named executive officers. Ultimately, it is our Compensation Committee's judgment of these factors, along with the analysis of market data, that forms the basis for determining the equity awards granted to our named executive officers. The same process is used to determine the specific number of shares to be subject to each equity award granted to our Chief Executive Officer, with the exception that the Chief Executive Officer's performance is assessed by the Compensation Committee with input from the other independent members of our Board of Directors.

In accordance with these practices, the Compensation Committee granted 100,000 restricted stock units to Mr. Dejanovic in October 2012 in connection with his promotion to President and his corresponding increased level of responsibilities. The restricted stock units vest over four years.

Stock and option awards granted to new and current employees, including our named executive officers, are generally granted at pre-determined meeting dates of the Compensation Committee. Our Compensation Committee grants the equity awards in accordance with the dates fixed by this policy whether or not we are aware of any material non-public information (whether positive or negative) at the time of grant. The amount of realizable value related to such awards is determined by our stock price on the date the awards vest, and therefore is determined by our financial performance during the period prior to vesting. Whether our stock price moves up or down shortly after the grant date is largely irrelevant for purposes of the equity awards.

The exercise price of any option grant is determined by reference to the fair market value of such shares, which the 2011 Equity Incentive Award Plan, or 2011 Plan, defines as the closing price of our common stock on the New York Stock Exchange on the date of grant.

*2011 Equity Incentive Plan.* In April 2011, our stockholders adopted and approved our 2011 Equity Incentive Plan, or 2011 Plan, which became effective upon our initial public offering. Awards may be granted under our 2011 Plan to employees, including officers, directors, or consultants, of the company and our present or future affiliated entities. The 2011 Plan is administered by our Compensation Committee. Subject to the provisions of our 2011 Plan, the Compensation Committee determines, in its discretion, the persons to whom, and the times at which, awards are granted, as well as the size, terms and conditions of each award. All awards are evidenced by a written agreement between us and the holder of the award. The Compensation Committee has the authority to construe and interpret the terms of our 2011 Plan and awards granted under our 2011 Plan.

**Other Benefits**

In order to attract, retain and pay market levels of compensation, our executives are also eligible for the following benefits:

*Health Insurance.* We provide each of our executives and their spouses and children the same health, dental and vision insurance coverage we make available to our other eligible employees.

*Disability Insurance.* We provide each of our executives with disability insurance.

*Retirement Benefits.* We do not provide pension arrangements or post-retirement health coverage for our executives or employees. Our executives and other eligible employees are eligible to participate in our 401(k) defined contribution plan. Pursuant to our 401(k) plan, we made matching contributions for each of our participating named executive officers in an amount equal to \$0.25 for every \$1.00 contributed up to maximum of 1% of earnings.

*Nonqualified Deferred Compensation.* On July 30, 2012, the Compensation Committee authorized the Company to adopt the Executive Nonqualified Excess Plan (the Deferred Compensation Plan). The Deferred Compensation Plan is a nonqualified deferred compensation plan, pursuant to which certain highly compensated employees, including the Company's named executive officers (Participants), may elect to make deferrals of compensation that are not subject to the various limits imposed by the Internal Revenue Code on qualified retirement plans. Pursuant to the Deferred Compensation Plan, Participants may elect to defer up to 80% of base salary and up to 100% of performance-based compensation. The Company may also make discretionary contributions to a Participant's deferred compensation account, which vest in increments based on the Participant's number of years of service and become fully vested upon the Participant's completion of four years of service (or, if earlier, upon the Participant's death or disability or upon a change in control event as defined in the Deferred Compensation Plan). A Participant's deferrals and any discretionary employer contributions are credited to a deferred compensation account pending the occurrence of an applicable Qualifying Distribution Event. Qualifying Distribution Events may include (i) separation from service with the Company, (ii) disability, (iii) death, (iv) specified in-service dates designated by the Participant in his or her participation agreement, and (v) unforeseeable emergencies. The Deferred Compensation Plan is administered by the management of the Company. The Deferred Compensation Plan is an unfunded, nonqualified deferred compensation plan that is intended to comply with the requirements of Section 409A of the Internal Revenue Code of 1986, as amended. We maintain this plan for purposes of providing a competitive benefit by providing our executive officers an opportunity to defer income tax payments on their cash compensation. As of December 31, 2012, none of our named executive officers have elected to participate in this plan.

*Perquisites.* We have historically limited the perquisites made available to our executive officers. This policy could change if we find it important to provide perquisites to increase our ability to attract and retain key employees. Our named executives are entitled to relocation expenses following their initial hire and other benefits that are not otherwise available to all of our employees. Mr. Dejanovic is also entitled to receive a monthly car allowance and reimbursement for travel and relocation expenses.

*2011 Employee Stock Purchase Plan.* In April 2011, our stockholders adopted and approved our 2011 Employee Stock Purchase Plan, or our 2011 ESPP, in which most employees, including named executive officers, may choose to participate. Participants may purchase up to \$25,000 in our stock per calendar year at a price equal to 85% of the fair market value of the stock at either the beginning or end of each six-month purchase period, whichever is lower. The Compensation Committee believes that the 2011 ESPP provides another effective vehicle for enabling our executives and employees to increase their ownership position in the Company, thereby promoting an ownership mentality and a tighter link between the interests of employees and stockholders.

### ***Post-Employment Compensation***

Certain terms and conditions of employment for each of our named executive officers are set forth in retention or change of control agreements. We recognized that it would be necessary to develop competitive compensation packages designed to attract and retain qualified candidates at our most critical positions. At the same time, we were sensitive to the need to integrate new executive officers into our existing executive compensation structure, balancing both competitive and internal equity considerations.

The retention agreements and change of control agreements that we extended to our named executive officers provide for certain protections in the event of their termination of employment under specified circumstances, or following a change in control. We believe that these protections were necessary to induce these individuals to forego other opportunities or leave their current employment for a position in a new organization. We also believe that entering into these arrangements will help our executives maintain continued focus and dedication to their responsibilities to help maximize stockholder value should certain strategic opportunities arise.

For a summary of the material terms and conditions of these severance and change in control arrangements, see Employment Arrangements below.

### **Employment Arrangements**

#### ***Employment Agreement with Jon Belmonte***

On April 30, 2013, the Company entered into an employment agreement with Jon Belmonte, the Company's Interim Chief Executive Officer, pursuant to which he receives a monthly salary of \$30,000. Under the initial eight month term of the employment agreement, in the event Mr. Belmonte's employment is terminated without cause (as defined in the employment agreement), Mr. Belmonte shall be entitled to receive the following: (a) a severance payment equivalent to the greater of (i) one month of base salary, or (ii) base salary through the remainder of the term of the agreement, payable in a lump sum 60 days following the termination date; (b) acceleration of his unvested options and restricted stock units issued in connection with the employment agreement, and (c) payment by Company of the premiums required to continue his group health care coverage for a period that is the greater of (i) one month, or (ii) the period through the end of the term of the agreement, provided among other things Mr. Belmonte does not become eligible for health coverage through another employer during this period. In connection with his employment agreement, the Board granted Mr. Belmonte options to purchase 100,000 shares of the Company's common stock and issued him 134,000 restricted stock units. The options vest in full on the eight-month anniversary of the grant date and the restricted stock units vest in equal monthly installments over the eight month term beginning on the one month anniversary of the grant date. The options and restricted stock units may be accelerated upon a termination without cause as specified above. The options have an exercise price equal to the closing market price of the Company's common stock on April 30, 2013.

#### ***Letter Agreement with Sheryl Roland***

On November 30, 2012, Sheryl Roland, our Executive Vice President, Human Resources resigned from the Company. In connection with her departure from the Company, Ms. Roland entered into a letter agreement with the Company pursuant to which the Company agreed to (i) accelerate the vesting of 16,148 of Ms. Roland's unvested shares of the Company's common stock which were previously acquired by Ms. Roland upon the early exercise of options granted under the Company's 2002 Stock Option/Stock Issuance Plan, and (ii) accelerate the vesting of 5,080 of Ms. Roland's unvested restricted stock units. In consideration for entering into the letter agreement, Ms. Roland agreed to certain non-solicitation and non-disparagement provisions and a waiver and general release.

### ***Retention Agreements***

We have entered into executive retention agreements with each of Messrs. Landa, Dejanovic, Alberga, Mendel and Vossoughi. Each of these agreements provides that if we terminate the executive's employment

without cause (as defined in each of the respective retention agreements), if the executive terminates his employment for good reason (as defined in each of the respective retention agreements) or if the executive's employment is terminated due to death or complete disability (as defined in each of the respective retention agreements), the executive would be entitled to receive the following:

base salary and accrued and unused vacation benefits earned through the date of termination, less standard tax withholding;

subject to certain exceptions, one year of severance from the date of termination at the executive's then base salary payable within ten days following termination of employment, plus (i) reimbursement of premiums for continued health care coverage for a one year period and (ii) an amount equal to the executive's target annual bonus for the fiscal year assuming all performance objectives have been met and prorated based on the number of days the executive was employed with us prior to termination, payable within ten (10) days following termination of employment; and

except with respect to performance-based restricted stock units granted to named executive officers in 2012 (the 2012 Performance RSUs), vesting of stock options and restricted stock units on the date of termination with respect to the number of options and restricted stock awards that would have vested over the 12-month period following the date of termination. In addition, all stock options would remain exercisable for a period of one year following termination of employment.

In addition to the foregoing, in the event of a change in control (as defined in each of the respective retention agreements), regardless of termination, all of the named executive officer's stock options and restricted stock units (except with respect to the 2012 Performance RSUs) would become fully vested upon a change in control of the Company and all stock options would remain exercisable for a period of two years following the date of any termination of employment in connection with a change in control of the Company.

With respect to the 2012 Performance RSUs, if a named executive officer's employment with the Company is terminated by the Company without cause, or if the named executive officer terminates employment with the Company for good reason within twelve (12) months following a change in control of the Company, such number of 2012 Performance RSUs will become fully vested upon the named executive officer's termination of employment in accordance with the following formula:

Target amount of 2012 Performance RSUs, multiplied by the quotient of (A) Number of full months elapsed from May 23, 2012 to the date that is one year following the date of such named executive officer's termination of employment, divided by (B) 36.

#### *Change of Control Agreement*

We also entered into a change in control agreement with Sheryl Roland. The agreement provided that if Ms. Roland's employment was terminated within the twelve (12) month period immediately following the date of a change in control (as defined in the change in control agreement) by us without cause (as defined in the change in control agreement) or by Ms. Roland for good reason (as defined in the change in control agreement), Ms. Roland would have been entitled to receive the following:

base salary earned through the date of termination, less standard tax withholding plus all other amounts to which Ms. Roland would have been entitled under any of our compensation plans or practices at the time such payments were due; provided, however, that any accrued but unpaid bonus would only have been paid to Ms. Roland if she was employed on the date such bonus would otherwise be paid in accordance with our standard practices;

subject to certain exceptions, nine months of (i) severance from the date of termination at the executive's then base salary payable within fifteen days following termination of employment and (ii) reimbursement of premiums for continued health care coverage, unless Ms. Roland had become eligible for coverage by a health insurance plan of a subsequent employer prior to that time; and

except with respect to the 2012 Performance RSU s, vesting of one hundred percent (100%) of Ms. Roland s unvested equity awards on the date of termination. Any 2012 Performance RSU s granted to Ms. Roland would have been treated in the same manner as the other named executive officers upon a change in control as described under Employment Arrangements Retention Agreements above.

On November 30, 2012, Ms. Roland resigned from the Company, and as a result, is no longer eligible to receive the change of control benefits described above.

#### **Accounting and Tax Considerations**

Internal Revenue Code (the Code ) Section 162(m) limits the amount that we may deduct for compensation paid to our Chief Executive Officer and to each of our four most highly compensated officers to \$1,000,000 per person, unless certain exemption requirements are met. Exemptions to this deductibility limit may be made for various forms of performance-based compensation. In addition to salary and bonus compensation, upon the exercise of stock options that are not treated as incentive stock options, the excess of the current market price over the option price, or option spread, is treated as compensation and accordingly, in any year, such exercise may cause an officer s total compensation to exceed \$1,000,000. Under certain regulations, option spread compensation from options that meet certain requirements will not be subject to the \$1,000,000 cap on deductibility, and in the past, we have granted options that we believe met those requirements. While the Compensation Committee cannot predict how the deductibility limit may impact our compensation program in future years, the Compensation Committee intends to maintain an approach to executive compensation that strongly links pay to performance. While the Compensation Committee has not adopted a formal policy regarding tax deductibility of compensation paid to our named executive officers, the Compensation Committee intends to consider tax deductibility under Section 162(m) as a factor in compensation decisions.

Section 409A of the Code imposes additional significant taxes in the event that an executive officer, director, or other service provider receives deferred compensation that does not satisfy the requirements of Section 409A. Although we do not maintain traditional nonqualified deferred compensation plans, Section 409A does apply to certain change of control severance arrangements. Consequently, to assist in avoiding additional tax under Section 409A, we have designed the change of control severance arrangements described above in a manner to avoid the application of Section 409A.

**COMPENSATION COMMITTEE REPORT**

The Compensation Committee has reviewed and discussed with management the Compensation Discussion and Analysis set forth above and, based on such review and discussions, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this proxy statement.

RESPECTFULLY SUBMITTED BY THE COMPENSATION COMMITTEE.

Thomas N. Clancy (Chairperson)

Stephen Green

Joseph Levin

*The preceding Compensation Committee Report shall not be deemed to be soliciting material or filed with the Securities and Exchange Commission, nor shall any information in this report be incorporated by reference into any past or future filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent the Company specifically incorporates it by reference into such filing.*

## EXECUTIVE COMPENSATION

## 2012 Summary Compensation Table

The following table summarizes information concerning the compensation awarded to, earned by, or paid for services rendered in all capacities by our named executive officers during the year ended December 31, 2012. The compensation described in this table does not include medical, group life insurance or other benefits which are available generally to all of our salaried employees.

Name and Principal Position	Fiscal Year Ended December 31,	Salary (\$ (1))	Stock Awards (\$ (2))	Option Awards (\$ (3))	Non-Equity Incentive Plan Compensation (\$ (4))	All Other Compensation (\$ (5)(6))	Total (\$)
Matthew Landa (7)	2012	434,615	2,677,984	861,031		15,000	3,988,630
<i>Former Chief Executive Officer</i>	2011	289,567		2,318,428	105,000	242,106	2,955,101
	2010	246,582		71,136	85,000	291	403,009
Darko Dejanovic (7)(8)	2012	444,231	3,281,542	782,750		175,302	4,683,825
<i>President</i>	2011	130,769	7,812,613		25,580	35,595	8,003,977
	2010						
David Alberga (7)	2012	462,692	3,146,471	1,017,581		17,500	4,644,244
<i>Former Executive Chairman</i>	2011	326,717		2,566,831	117,000	247,073	3,257,621
	2010	281,218		88,920	85,000	2,187	457,325
Scott Mendel	2012	333,846	1,951,462	626,200		47,000	2,958,508
<i>Chief Financial Officer</i>	2011	259,231		828,010	54,375	15,442	1,157,058
	2010	193,846		483,163	85,000	57,734	819,743
Kory Vossoughi	2012	230,577	929,013	208,400		14,306	1,382,296
<i>Chief Legal Officer</i>	2011	190,667		621,468	33,313	155,643	1,001,090
	2010	177,946		68,600	50,000	10,865	307,411
Sheryl Roland (9)	2012	214,038	868,838	254,399		87,540	1,424,815
<i>Former EVP, HR</i>	2011	196,544		828,010	33,313	10,167	1,068,034
	2010	170,089		22,230	40,000	9,283	241,602

- (1) The amounts reported in the Salary column reflect amounts paid to each applicable named executive officer during the year ended December 31, 2012. See the table under Compensation Process Components of Executive Compensation Base Salary for each named executive officer's current base salary.
- (2) The amounts reflect the aggregate grant date fair value of the restricted stock awards granted during 2012. Restricted stock units and performance-based restricted stock units are valued on the date of grant at the closing stock price of our common stock. The amounts reflect the grant date fair value of the performance-based restricted stock units assuming the maximum performance goals are met. Please see the Grants of Plan-Based Awards Table for more information regarding the stock awards we granted in 2012.
- (3) The amounts reflect the grant date fair value of the options granted to the named executive officers in the year reflected, determined using the Black-Scholes option model and the Lattice option model for performance options. For information relating to the assumptions made by us in valuing the option awards made to our named executive officers in fiscal years 2011 and 2012, refer to Note 16 of our financial statements included in our 2012 Annual Report on Form 10-K. For Ms. Roland, the Compensation

Committee accelerated the vesting of (i) 16,148 of Ms. Roland's unvested shares of the Company's common stock which were previously acquired by Ms. Roland upon the early exercise of options and (ii) 5,080 of Ms. Roland's unvested restricted stock units, and the amount also reflects the incremental fair value of such modified option awards, computed as of the modification date in accordance with FASB ASC Topic 718, in the amount of \$75,134. The fair value of such modified option awards has been included in the "All Other Compensation" column. See footnote 5.

- (4) The amounts included in the Non-Equity Incentive Plan Compensation column for 2011 represent amounts earned and payable under the Bonus Plan, which were paid in April 2012. Mr. Dejanovic's bonus amount for 2011 was pro-rated for his four months of service with the Company during fiscal year 2011.
- (5) For the fiscal year ended December 31, 2012, all other compensation includes (i) spot bonus awards, (ii) matching contributions to our 401(k) plan, (iii) payments by us for long-term disability, (iv) the value of perquisites, consisting of the provision of an automobile allowance (\$24,996) and reimbursement for travel (\$57,789) and relocation expenses (\$12,419) for Mr. Dejanovic, and (v) acceleration of option awards for Ms. Roland (\$75,134) pursuant to her letter agreement as described above:

Name	Spot Bonus Awards (\$)	401(K) Matching Contributions (\$)	Long-term Disability (\$)	Others (\$)
Matthew Landa			15,000	
Darko Dejanovic	64,963		15,000	95,339
David Alberga		2,500	15,000	
Scott Mendel	30,000	2,500	14,500	
Kory Vossoughi		1,927	12,000	
Sheryl Roland		2,156	10,250	75,134

- (6) For the fiscal year ended December 31, 2011, "All Other Compensation" includes special deferred incentive awards made to Messrs. Landa, Alberga and Vossoughi following our initial public offering in May 2011.
- (7) On September 28, 2012, Mr. Alberga transitioned from his position as Chief Executive Officer to Executive Chairman of the Company. In connection with the transition, Mr. Landa was promoted to Chief Executive Officer and Mr. Dejanovic was promoted to President. On April 30, 2013, Messrs. Alberga and Landa resigned from the Company and Jon Belmonte was appointed Interim Chief Executive Officer.
- (8) Mr. Dejanovic commenced employment with us effective August 2011. The amount reported in the "Salary" column for Mr. Dejanovic reflects his prorated salary earned for 2011.
- (9) Ms. Roland resigned as EVP, Human Resources in November 2012. The amount reported in the "Salary" column for Ms. Roland reflects her prorated salary earned for 2012.



## 2012 Grants of Plan Based Awards

The following table sets forth information regarding grants of plan based awards to each of the named executive officers during the fiscal year ended December 31, 2012.

Name	Grant Date	Estimated Future Payouts under Non-Equity Incentive Plan Awards (\$) (1)			Estimated Future Payouts under Equity Incentive Plan Awards	All Other Stock Awards: Number of Shares of Stocks or Units	All Other Option Awards; Number of Securities Underlying Options	Exercise Price of Option Awards (\$)	Grant Date Fair Value of Awards (\$) (2)
		Base	Target	Maximum					
Matthew Landa (9)		133,650	495,000	643,500					
	3/28/2012					16,013(3)		272,862	
	5/23/2012					49,961(4)		652,491	
	5/23/2012				49,961(5)			652,491	
	5/23/2012						165,265(6)	\$ 13.06	861,031
	8/28/2012				99,922(7)			1,100,141	
Darko Dejanovic		97,200	360,000	468,000					
	3/28/2012					3,945(3)		67,223	
	5/23/2012					45,419(4)		593,172	
	5/23/2012				45,419(5)			593,172	
	5/23/2012						150,240(6)	\$ 13.06	782,750
	5/23/2012					10,019(3)			130,848
	8/28/2012				90,838(7)				1,000,126
	10/29/2012				100,000(8)			897,000	
David Alberga (9)		148,500	550,000	715,000					
	3/28/2012					17,843(3)		304,045	
	5/23/2012					59,045(4)		771,128	
	5/23/2012				59,045(5)			771,128	
	5/23/2012						195,313(6)	\$ 13.06	1,017,581
	8/28/2012				118,090(7)			1,300,171	
Scott Mendel		94,500	280,000	364,000					
	3/28/2012					8,292(3)		141,296	
	5/23/2012					36,336(4)		474,548	
	5/23/2012				36,336(5)			474,548	
	5/23/2012						120,192(6)	\$ 13.06	626,200
	8/28/2012				72,672(7)	4,667(3)			60,951
								800,119	
Kory Vossoughi		35,640	132,000	171,600					
	3/28/2012					5,080(3)		86,563	
	5/23/2012					17,500(4)		228,550	
	5/23/2012				17,500(5)			228,550	
	5/23/2012						40,000(6)	13.06	208,400
	8/28/2012				35,000(7)			385,350	
Sheryl Roland (9)		35,046	129,800	168,740					
	3/28/2012					5,080(3)		86,563	
	5/23/2012					16,250(4)		212,225	
	5/23/2012				16,250(5)			212,225	
	5/23/2012						48,829(6)	\$ 13.06	254,399
	8/28/2012				32,500(7)				357,825

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- (1) Amounts in the Estimated Future Payouts Under Non-Equity Incentive Plan Awards column relate to amounts that could be earned under our 2012 Bonus Plan at the time the grants of awards were made. Each column assumes the achievement of our corporate goals at the applicable threshold level. No amounts were paid to our named executive officers under our Non-Equity Incentive Plan for 2012 as the base targets were not met.

- (2) Figures reflected are based on the grant date fair value of all awards made during the year calculated using the assumptions described in Note 16 to our audited financial statements included in our 2012 Annual Report on Form 10-K.
- (3) The restricted stock units vest in full on March 28, 2013, subject to acceleration as described under Potential Payments upon Termination or Change of Control .
- (4) The restricted stock units vest twenty-five percent (25%) on the first year anniversary of the grant date and in equal installments on each of the three anniversaries thereafter, subject to acceleration as described under Potential Payments upon Termination or Change of Control .
- (5) Represents the target number of performance-based restricted stock units that may vest on the third year anniversary of the grant date contingent upon the Company's achievement of corporate objectives for the three year performance period ended December 31, 2014, subject to acceleration as described under Potential Payments upon Termination or Change of Control . Achievement of the Company's objectives relating to revenue and Adjusted EBITDA, a non-GAAP financial measure, will determine the actual number of restricted stock units to vest on such date. A reconciliation of Adjusted EBITDA is set forth on Annex A to this proxy statement.
- (6) The options vest over four years in equal monthly installments; provided however, the options do not become exercisable until the Company's 15-day moving average stock price meets or exceeds (a) \$20.00 within two years from the grant date, (b) \$22.50 within three years from the grant date, or (c) \$25.00 within four years from the grant date. Exercisability and vesting of the options is subject to acceleration as described under Potential Payments upon Termination or Change of Control .
- (7) Represents the number of performance-based restricted stock units that may vest above the target number on May 23, 2015 contingent upon the Company's achievement of corporate objectives for the three year performance period ended December 31, 2014, subject to acceleration as described under Potential Payments upon Termination or Change of Control . Achievement of the Company's objectives relating to revenue and Adjusted EBITDA, a non-GAAP financial measure described in the Company's Annual Report on Form 10-K, will determine the actual number of restricted stock units to vest on such date. A reconciliation of Adjusted EBITDA is set forth on Annex A to this proxy statement. Performance-based restricted stock units may be settled in shares of the Company's common stock or cash at the election of the Compensation Committee based on the Company's closing stock price on the date of vesting.
- (8) The restricted stock units vest twenty-five (25%) on September 24, 2013 and in equal annual installments on each of the three anniversaries thereafter, subject to acceleration as described under Potential Payments upon Termination or Change of Control .
- (9) Messrs. Landa and Alberga resigned from the Company on April 30, 2013. Ms. Roland resigned from the Company on November 30, 2012.

## 2012 Outstanding Option Awards at Year End

The following table sets forth information regarding outstanding equity awards held by our named executive officers at December 31, 2012.

Name	Option Awards				Number of shares or units of Stock that have not Vested (#)	Stock Awards		Equity Incentive Plan Awards: Number of unearned shares, Units or Rights that have not Vested (#)	Equity Incentive Plan Market or Payout Value of Unearned Shares, Units or Other Rights that have not Vested (\$)(20)
	Number of Securities Underlying Unexercised Options Exercisable	Number of Securities Underlying Unexercised Options	Option Exercise Price (\$/share)	Option Expiration Date		Market Value of Shares of Units Of Stock that have not Vested (\$)(20)	Equity Incentive Plan Awards: Number of unearned shares, Units or Rights that have not Vested (#)		
Matthew Landa (21)	30,676(1)(2)		1.96	11/9/2016	16,013(8)	78,624	49,961(10)	245,309	
	63,819(1)(2)		1.96	2/27/2017	49,961(9)	245,309	99,922(10)(11)	490,617	
	408,005(1)(2)		1.96	9/6/2017					
	65,342(1)(2)		1.96	2/21/2018					
	148,022(1)(2)		1.96	8/22/2018					
	143,392(1)(2)		1.96	11/20/2018					
	14,475(1)(2)		1.96	1/20/2019					
	23,334(2)(3)		1.96	4/1/2019					
	55,335(4)(5)		1.96	3/5/2020					
280,000(6)		7.88	3/15/2021						
		165,265(7)	13.06	5/23/2022					
Darko Dejanovic		150,240(7)	13.06	5/23/2022	301,595(12)	1,480,831	67,099(13)	329,456	
					3,945(8)	19,370	45,419(10)	223,007	
					10,019(8)	49,193	90,838(10)(11)	446,015	
					45,419(9)	223,007			
					100,000(14)	491,000			
David Alberga (21)	289,829(1)(15)		1.96	11/9/2016	17,843(8)	87,609	59,045(10)	289,911	
	355,650(1)		1.96	9/6/2017	59,045(9)	289,911	118,090(10)(11)	579,822	
	100,000(1)		1.96	2/21/2018					
	158,966(1)		1.96	8/22/2018					
	101,026(1)		1.96	11/20/2018					
	20,920(1)		1.96	1/20/2019					
	100,000(3)		1.96	4/1/2019					
	48,980(4)		1.96	3/5/2020					
	310,000(6)(16)		7.88	3/15/2021					
		195,313(7)	13.06	5/23/2022					
Scott Mendel	148,278(17)		1.96	3/8/2020	8,292(8)	40,714	36,336(10)	178,410	
	113,464(18)		4.87	11/18/2020	4,667(8)	22,915	72,672(10)(11)	356,820	
	100,000(6)		7.88	3/15/2021	36,336(9)	178,410			
			120,192(7)	13.06	5/23/2022				
Kory Vossoughi	78,825(1)		1.96	11/9/2016	5,080(8)	24,943	17,500(10)	85,925	
	18,819(1)		1.96	2/27/2017	17,500(9)	85,925	35,000(10)(11)	171,850	
	69,201(1)		1.96	9/6/2017					
	20,030(1)		1.96	2/21/2008					
	28,712(1)		1.96	8/22/2008					
	85,201(1)		1.96	11/20/2018					
	21,982(1)		1.96	1/20/2019					
	27,709(3)		1.96	4/1/2019					
	50,000(6)		7.88	3/15/2021					
	25,000(19)		7.88	4/14/2021					
			40,000(7)	13.06	5/23/2022				
Sheryl Roland(21)	41,666(6)		7.88	2/28/2013					
		6,103(7)	13.06	2/28/2013					



- (1) Each option is fully vested as of December 31, 2012.
- (2) Options transferred to The Landa Family Trust dated May 18, 2007.
- (3) Each option grant vests in 48 equal monthly installments beginning on April 1, 2009, subject to acceleration as described under Potential Payments upon Termination or Change of Control .
- (4) Each option grant vests in 48 equal monthly installments beginning on March 5, 2010, subject to acceleration as described under Potential Payments upon Termination or Change of Control .
- (5) 28,980 options were transferred to The Landa Family Trust dated May 18, 2007.
- (6) On March 15, 2011, the Compensation Committee approved grant of stock options subject to the approval of stockholders amending the 2002 Plan by increasing the authorized number of shares of common stock available for issuance by 1,100,000 shares of common stock. Stockholder approval to increase the authorized number of shares was received on April 13, 2011. The awards were considered granted from an accounting perspective in April 2011. Each option grant vests in 48 equal monthly installments beginning on March 15, 2011, subject to acceleration as described under Potential Payments upon Termination or Change of Control .
- (7) The options vest over four years in equal monthly installments; provided however, the options do not become exercisable until the Company's 15-day moving average stock price meets or exceeds (a) \$20.00 within two years from the grant date, (b) \$22.50 within three years from the grant date, or (c) \$25.00 within four years from the grant date. Exercisability and vesting of the options is subject to acceleration as described under Potential Payments upon Termination or Change of Control .
- (8) The restricted stock units vested in full on March 28, 2013.
- (9) The restricted stock units vest twenty-five percent (25%) on May 23, 2013, and in equal installments on each of the three anniversaries thereafter, subject to acceleration as described under Potential Payments upon Termination or Change of Control below.
- (10) The performance-based restricted stock units vest on May 23, 2015 contingent upon the Company's achievement of corporate objectives for the three year performance period ended December 31, 2014, subject to acceleration as described under Potential Payments upon Termination or Change of Control . Achievement of the Company's objectives relating to revenue and Adjusted EBITDA, a non-GAAP financial measure described in the Company's Annual Report on Form 10-K, will determine the actual number of restricted stock units to vest on such date. A reconciliation of Adjusted EBITDA is set forth on Annex A to this proxy statement.
- (11) The performance-based restricted stock units may be settled in shares of the Company's common stock or cash at the election of the Compensation Committee based on the Company's closing stock price on the date of vesting.
- (12) The restricted stock units vested twenty-five percent (25%) on August 29, 2012, and vest in equal installments on each of the three anniversaries thereafter, subject to acceleration as described under Potential Payments upon Termination or Change of Control below.
- (13) The performance-based restricted stock units are contingent upon achievement of company and individual performance goals, subject to acceleration as described under Potential Payments upon Termination or Change of Control . 50% of these performance-based restricted stock units vest on August 29, 2013 and the remaining restricted stock units vest on August 29, 2015 (four years after date of grant) with vesting based 50% on our achievement of annual revenue goals for the prior fiscal year and 50% based on our achievement of the following technology deliverables: datacenter reductions, technology integration and product launches. If a performance milestone is not achieved, the restricted stock units associated with that milestone are forfeited.
- (14) The restricted stock units vest twenty-five percent (25%) on September 24, 2013 and in equal installments on each of the three anniversaries thereafter, subject to acceleration as described under Potential Payments upon Termination or Change of Control below.
- (15) Options transferred to the Alberga/Cernosia Revocable Declaration of Trust dated October 26th, 2004.
- (16) 297,310 options were transferred to the Alberga/Cernosia Revocable Declaration of Trust dated October 26th, 2004.
- (17) Each option grant vests as to 25% of the shares subject to the option on March 8, 2011 and 1/48th of the shares subject to the option on each monthly anniversary thereafter, subject to acceleration as described under Potential Payments upon Termination or Change of Control below.
- (18) The option vests over four years, with 10,000 options vested on March 8, 2011 and the remaining vesting monthly thereafter, subject to acceleration as described under Potential Payments upon Termination or Change of Control below.
- (19) Each option grant vests in 48 equal monthly installments beginning on April 14, 2011, subject to acceleration as described under Potential Payments upon Termination or Change of Control below.
- (20) The market value amount is calculated based on the closing price of our common stock of \$4.91 per share on December 31, 2012.
- (21) Messrs. Landa and Alberga resigned from the Company on April 30, 2013. Ms. Roland resigned as EVP, Human Resources on November 30, 2012.

**Options Exercised and Stock Vested**

The following table sets forth certain information regarding exercised stock options during the year ended December 31, 2012 for each of the named executive officers.

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)(1)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting(\$)(2)
Matthew Landa	270,000	3,697,327		
Darko Dejanovic			100,532	1,112,889
David Alberga	579,132(3)	7,746,634		
Scott Mendel	52,905	750,066		
Kory Vossoughi	36,000	511,710		
Sheryl Roland			5,080	27,229

- (1) The aggregate dollar amount realized upon the exercise of the options represents the amount by which the aggregate market price of the shares of our common stock on the date of exercise exceeds the aggregate exercise price of the option.
- (2) The aggregate dollar amount realized upon the vesting of the stock awards represents the fair market value of the shares on the date of vesting.
- (3) Includes an early exercise of unvested stock options, of which 15,944 shares are subject to repurchase by the Company as of December 31, 2012.

**Potential Payments upon Termination or Change of Control**

*Potential Payments Upon Termination Without Cause*

The table below describes the potential payments or benefits to our named executive officers upon termination of employment by us without cause, as if each executive's employment terminated as of December 31, 2012; provided the actual payments and benefits received by Ms. Roland upon her termination of employment with the Company during 2012 are included below. See Compensation Discussion & Analysis Employment Arrangements Retention Agreements for additional information.

Name	Lump Sum Severance Payment (\$)(1)	Health Benefits (\$)	Options (Unvested and Accelerated) Vesting (\$)(2)	Stock Awards (Unvested and Accelerated) Vesting (\$)(2)	Accrued Paid Time Off (\$)	Total (\$)
Matthew Landa	1,020,000	18,541	78,668	269,423		1,386,632
Darko Dejanovic	860,000	13,115		940,741(3)		1,813,856(3)
David Alberga	1,000,000	18,541	98,335	313,099		1,429,975
Scott Mendel	630,000	13,664	185,602	202,392		1,031,658
Kory Vossoughi	372,000	6,025	34,418	91,773	28,695	532,911
Sheryl Roland (4)			49,582	25,332		75,134

- (1) The amounts reported include base salary for 12 months based on the annualized salary at December 31, 2012 and an amount equal to the executive's target annual bonus for the year ended December 31, 2012.
- (2) If a named executive officer is terminated by us without cause, the named executive officer's options and restricted stock units which would have vested within 12 months following such termination vest in full on the date of termination, except with respect to (i) the 2012 Performance RSU's granted to the named executive officer which vest as described under Employment Arrangements Retention Agreements, and (ii) Ms. Roland's equity awards which were accelerated in connection with her resignation from the Company as

described in footnote 4 below. The amounts reported related to the accelerated options are



calculated using the in-the money (intrinsic) value of options that would become exercisable on December 31, 2012 based on the fair market value of our common stock on that date by multiplying (i) the difference between \$4.91, the closing price of our common stock on December 31, 2012 and the applicable exercise price of each option, by (ii) the number of unvested and accelerated options. The amounts reported related to the accelerated restricted stock units and performance-based restricted stock units are calculated based on \$4.91, the closing price of our common stock on December 31, 2012. The stock-based compensation expense recorded for financial statement reporting purposes may differ from the amount reported in this column.

- (3) Assumes achievement of individual performance goals and not the achievement of the Company's 2012 performance targets for the performance-based restricted stock units granted to Mr. Dejanovic in 2011.
- (4) On November 30, 2012, Ms. Roland resigned from the Company. In connection with her departure from the Company, Ms. Roland entered into a letter agreement with the Company pursuant to which we agreed to (i) accelerate the vesting of 16,148 of Ms. Roland's unvested shares of the Company's common stock which were previously acquired by Ms. Roland upon the early exercise of options, and (ii) accelerate the vesting of 5,080 of Ms. Roland's unvested restricted stock units. The value of these equity award modifications is reflected above.

*Potential Payments Upon Other Terminations*

The table below describes the potential payments or benefits to our named executive officers upon termination of employment, by the named executive officer for good reason or for death or complete disability, as if each executive's employment terminated as of December 31, 2012; provided the actual payments and benefits received by Ms. Roland upon her termination of employment with the Company during 2012 are included below. See Compensation Discussion & Analysis Employment Arrangements Retention Agreements for additional information.

Name	Lump Sum Severance Payment \$(1)	Health Benefits (\$)	Options	Stock	Accrued Paid Time Off (\$)	Total (\$)
			(Unvested and Accelerated) Vesting \$(2)	Awards (Unvested and Accelerated) Vesting \$(2)		
Matthew Landa	1,020,000	18,541	78,668	139,955		1,257,164
Darko Dejanovic	860,000	13,115		823,042(3)		1,696,157(3)
David Alberga	1,000,000	18,541	98,335	160,091		1,276,967
Scott Mendel	630,000	13,664	185,602	108,231		937,497
Kory Vossoughi	372,000	6,025	34,418	46,424	28,695	487,562
Sheryl Roland (4)			49,582	25,552		75,134

- (1) The amounts reported include base salary for 12 months based on the annualized salary at December 31, 2012 and an amount equal to the executive's target annual bonus for the year ended December 31, 2012.
- (2) If a named executive officer is terminated by the executive for good reason or for death or complete disability, the named executive officer's options and restricted stock units which would have vested within 12 months following such termination vest in full on the date of termination, except with respect to (i) the 2012 Performance RSU's granted to the named executive officer which vest as described under Employment Arrangements Retention Agreements, and (ii) Ms. Roland's equity awards which were accelerated in connection with her resignation from the Company as described in footnote 4 below. The amounts reported related to the accelerated options are calculated using the in-the money (intrinsic) value of options that would become exercisable on December 31, 2012 based on the fair market value of our common stock on that date by multiplying (i) the difference between \$4.91, the closing price of our common stock on December 31, 2012 and the applicable exercise price of each option, by (ii) the number of unvested and accelerated options. The amounts reported related to the accelerated restricted stock units and performance-based restricted stock units are calculated based on \$4.91, the closing price of our common stock on December 31, 2012. The stock-based compensation expense recorded for financial statement reporting purposes may differ from the amount reported in this column.

- (3) Assumes achievement of individual performance goals and not the achievement of the Company's 2012 performance targets for the performance-based restricted stock units granted to Mr. Dejanovic in 2011.
- (4) On November 30, 2012, Ms. Roland resigned from the Company. In connection with her departure from the Company, Ms. Roland entered into a letter agreement with the Company pursuant to which we agreed to (i) accelerate the vesting of 16,148 of Ms. Roland's unvested shares of the Company's common stock which were previously acquired by Ms. Roland upon the early exercise of options, and (ii) accelerate the vesting of 5,080 of Ms. Roland's unvested restricted stock units. The value of these equity award modifications is reflected above.

*Potential Payments Upon Change in Control*

The table below describes the potential payments or benefits to our named executive officers upon a change of control of the company, regardless of a termination of employment in connection with such change in control, as if such change of control occurred as of December 31, 2012; provided the actual payments and benefits received by Ms. Roland upon her termination of employment with the Company during 2012 are included below. See Compensation Discussion & Analysis Employment Arrangements Retention Agreements for additional information.

Name	Lump Sum Severance Payment	Health Benefits	Options (Unvested and Accelerated) Vesting (\$)(1)	Stock Awards (Unvested and Accelerated) Vesting (\$)(1)	Total (\$)
Matthew Landa			93,421	323,932	417,353
Darko Dejanovic				2,592,858	2,592,858
David Alberga			116,776	377,520	494,296
Scott Mendel			232,925	242,038	474,964
Kory Vossoughi			40,872	110,868	151,740
Sheryl Roland (2)			49,582	25,552	75,134

- (1) Upon a change in control, each named executive officer's stock options and restricted stock units vest in full on the date of such change in control, except with respect to (i) the 2012 Performance RSU's granted to the named executive officer which vest as described under Employment Arrangements Retention Agreements above, and (ii) Ms. Roland's equity awards which were accelerated in connection with her resignation from the Company as described in footnote 2 below. The amounts reported related to the accelerated options are calculated using the in-the money (intrinsic) value of options that would become exercisable on December 31, 2012 based on the fair market value of our common stock on that date by multiplying (i) the difference between \$4.91, the closing price of our common stock on December 31, 2012 and the applicable exercise price of each option, by (ii) the number of unvested and accelerated options. The amounts reported related to the accelerated restricted stock units and performance-based restricted stock units are calculated based on \$4.91, the closing price of our common stock on December 31, 2012. The stock-based compensation expense recorded for financial statement reporting purposes may differ from the amount reported in this column.
- (2) On November 30, 2012, Ms. Roland resigned from the Company. In connection with her departure from the Company, Ms. Roland entered into a letter agreement with the Company pursuant to which we agreed to (i) accelerate the vesting of 16,148 of Ms. Roland's unvested shares of the Company's common stock which were previously acquired by Ms. Roland upon the early exercise of options, and (ii) accelerate the vesting of 5,080 of Ms. Roland's unvested restricted stock units. The value of these equity award modifications is reflected above.

*Potential Payments Upon Termination in connection with a Change in Control*

The table below describes the potential payments or benefits to our named executive officers upon termination of employment by us without cause or by the named executive officer for good reason within twelve months following a change of control of the Company, as if such termination of employment following a change of control occurred as of December 31, 2012; provided the actual payments and benefits received by Ms. Roland upon her termination of employment with the Company during 2012 are included below. See Compensation Discussion & Analysis Employment Arrangements Retention Agreements for additional information.

Name	Lump Sum Severance Payment \$(1)	Health Benefits (\$)	Options (Unvested and Accelerated) Vesting \$(2)	Stock Awards (Unvested and Accelerated) Vesting \$(2)(3)	Accrued Paid Time Off (\$)	Total (\$)
Matthew Landa	1,020,000	18,541	93,421	453,401		1,585,363
Darko Dejanovic	860,000	13,115		2,710,556		3,583,671
David Alberga	1,000,000	18,541	116,776	530,529		1,665,846
Scott Mendel	630,000	13,664	232,925	336,199		1,212,789
Kory Vossoughi	372,000	6,025	40,872	156,217	28,695	603,809
Sheryl Roland (4)			49,582	25,552		75,134

- (1) The amounts reported include base salary for 12 months based on the annualized salary at December 31, 2012 and an amount equal to the executive's target annual bonus for the year ended December 31, 2012.
- (2) Upon a change in control, each named executive officer's stock options and restricted stock units vest in full on the date of such change in control, except with respect to (i) the 2012 Performance RSUs which vest as described in footnote 3 below, and (ii) Ms. Roland's equity awards which were accelerated in connection with her resignation from the Company as described in footnote 4 below. The amounts reported related to the accelerated options were calculated using the in-the-money (intrinsic) value of options that would become exercisable on December 31, 2012 based on the fair market value of our common stock on that date by multiplying (i) the difference between \$4.91, the closing price of our common stock on December 31, 2012 and the applicable exercise price of each option, by (ii) the number of unvested and accelerated options. The amounts reported related to the accelerated restricted stock units and performance-based restricted stock units are calculated based on \$4.91, the closing price of our common stock on December 31, 2012. The stock-based compensation expense recorded for financial statement reporting purposes may differ from the amount reported in this column.
- (3) With respect to the 2012 Performance RSUs, such number of 2012 Performance RSUs become fully vested upon the named executive officer's termination of employment in accordance with the following formula: Target amount of 2012 Performance RSUs, multiplied by the quotient of (A) Number of full months elapsed from May 23, 2012 to the date that is one year following the date of such named executive officer's termination of employment, divided by (B) 36.
- (4) On November 30, 2012, Ms. Roland resigned from the Company. In connection with her departure from the Company, Ms. Roland entered into a letter agreement with the Company pursuant to which we agreed to (i) accelerate the vesting of 16,148 of Ms. Roland's unvested shares of the Company's common stock which were previously acquired by Ms. Roland upon the early exercise of options, and (ii) accelerate the vesting of 5,080 of Ms. Roland's unvested restricted stock units. The value of these equity award modifications is reflected above.

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**EQUITY COMPENSATION PLAN INFORMATION**

The following table sets forth information regarding outstanding options and shares reserved for future issuance under the equity compensation plans as of December 31, 2012:

<b>Plan Category</b>	<b>Number of Shares to be Issued Upon Exercise of Outstanding Options and Rights</b>	<b>Weighted Average Exercise Price of Outstanding Options</b>	<b>Number of Shares Remaining Available for Future Issuance</b>
Equity compensation plans approved by stockholders (1)	10,898,204(2)	\$ 5.7829(3)	4,631,109(4)
Equity compensation plans not approved by stockholders			
<b>Total</b>	<b>10,898,204(2)</b>	<b>\$ 5.7829(3)</b>	<b>4,631,109(4)</b>

- (1) Consists of three plans: the Company's 2002 Stock Option/Stock Issuance Plan, 2011 Equity Incentive Plan and 2011 Employee Stock Purchase Plan.
- (2) Includes approximately 791,632 shares that may be issued upon the satisfaction of performance objectives or other conditions pursuant to restricted stock units granted under the 2011 Equity Incentive Plan.
- (3) Does not include outstanding restricted stock units or performance based restricted stock units.
- (4) Consists of shares available for future issuance under our 2011 Equity Incentive Plan and 2011 Employee Stock Purchase Plan. As of December 31, 2012, an aggregate of 3,240,199 shares of common stock were available for issuance under the 2011 Equity Incentive Plan and 1,390,910 shares of common stock were available for issuance under the 2011 Employee Stock Purchase Plan. The 2011 Equity Incentive Plan contains a provision for an automatic increase in the number of shares available for grant each January until and including January 1, 2021, subject to certain limitations, by a number of shares equal to the least of: (1) 5% of the number of shares of our common stock issued and outstanding on January 1, or (2) a number of shares set by our Board. The 2011 Employee Stock Purchase Plan contains a provision for an automatic increase in the number of shares available for grant each January until and including January 1, 2021, subject to certain limitations, by a number of shares equal to the least of: (1) 1% of the number of shares of our common stock outstanding on that date, or (2) a lesser number of shares determined by our Board.

**STOCK OWNERSHIP OF  
PRINCIPAL STOCKHOLDERS AND MANAGEMENT**

The beneficial ownership information set forth below is as of the record date, May 15, 2013, and is based upon publicly available information or information supplied or confirmed by the named individuals. Except as otherwise indicated, the address of each person named in the table below is c/o The Active Network, Inc., 10182 Telesis Court, San Diego, California 92121.

	Number of Shares and Nature of Beneficial Ownership (1)	Percent of Class (1)
<b>Principal Stockholders:</b>		
FMR LLC (2)	8,963,297	14.53%
PRIMECAP Management Company (3)	6,174,387	10.01%
Entities affiliated with ESPN (4)	6,038,806	9.79%
Elicia Acquisition Corp. (5)	4,600,052	7.46%
<b>Named Executive Officers and Directors:</b>		
David Alberga (6) (7)	1,616,913	2.62%
Matthew Landa (7) (8)	1,414,710	2.29%
Darko Dejanovic (9)	132,191	*
Scott Mendel (10)	421,032	*
Kory Vossoughi (11)	556,922	*
Dennis Triplett (12)	175,533	*
Bruns H. Grayson (13)	2,935,234	4.76%
Stephen L. Green (14)	86,457	*
Thomas N. Clancy (15)	226,935	*
Joseph Levin (16)	62,911	*
Edward Nepl		*
Jon Belmonte (17)	67,875	*
<b>All current executive officers and directors as a group (12 persons)</b>	<b>7,696,713</b>	<b>11.75%</b>

\* Represents beneficial ownership of less than 1%.

- (1) Number of shares owned as shown both in this table and the accompanying footnotes and percentage ownership is based on 61,682,299 shares of common stock outstanding on May 15, 2013.
- (2) Based solely upon a Schedule 13G/A filed with the SEC on February 14, 2013 by FMR LLC, on behalf of itself, Fidelity Management & Research Company (a wholly-owned subsidiary of FMR LLC), Fidelity Select Software and Computer Services (one of the investment companies to which Fidelity Management & Research Company acts as investment advisor), and Pyramis Global Advisors Trust Company (an indirect wholly-owned subsidiary of FMR LLC). According to the Schedule 13G/A, of 8,963,297 shares, as of February 14, 2013, 8,901,697 shares were held by Fidelity Management & Research Company (of which, 6,056,597 shares were held by Fidelity Select Software and Computer Services), and 61,600 shares were held by Pyramis Global Advisors Trust Company. Edward C. Johnson 3d and FMR LLC, through its control of Fidelity Management & Research Company and Pyramis Global Advisors Trust Company, each has sole power to dispose of the 8,901,697 shares owned by Fidelity Management & Research Company and the 61,600 shares owned by Pyramis Global Advisors Trust Company, respectively. The address of FMR LLC is 82 Devonshire Street, Boston, Massachusetts 02109.
- (3) Information based on a Schedule 13G/A as filed with the Securities and Exchange Commission on May 3, 2013. PRIMECAP Management Company serves as an investment advisor with power to direct investments and/or sole power to vote securities owned by various individual and institutional investors. The address of PRIMECAP Management Company is 225 South Lake Ave., #400, Pasadena, CA 91101.

- (4) Includes 2,169,696 of the shares held by ESPN Digital Media, Inc. and 3,869,110 of the shares held by Starwave Corporation. Information based on a Schedule 13G/A as filed with the Securities and Exchange Commission on February 14, 2013. ESPN Digital Media, Inc. is a wholly-owned subsidiary of ESPN, Inc. Starwave Corporation is a wholly-owned subsidiary of The Walt Disney Company. ESPN, Inc. is a majority-owned subsidiary of The Walt Disney Company. The address of the entities affiliated with ESPN, Inc. is ESPN Plaza, Bristol, CT 06010.
- (5) Stock ownership is based on company records and information provided by Elicia Acquisition Corp to the company. The address of Elicia Acquisition Corp. is 555 W. 18th St., New York, New York 10011. Elicia Acquisition Corp. is a wholly owned subsidiary of IAC/InterActiveCorp. Voting and dispositive power over the shares resides with the board of directors of IAC/InterActiveCorp. The board of directors of IAC/InterActiveCorp. consists of Gregory R. Blatt, Edgar Bronfman, Jr., Barry Diller, Victor A. Kaufman, Donald R. Keough, Bryan Lourd, Arthur C. Martinez, David S. Rosenblatt, Alexander von Furstenberg, Richard F. Zannino and Michael P. Zeisser.
- (6) Includes (i) 184,599 shares of common stock held by The Alberga/Cernosia Revocable Trust dated October 26, 2004 and (ii) 10,630 shares that were issued upon exercise of unvested options and that are subject to a right of repurchase by us as of the record date. Also includes options to purchase 1,341,581 shares of common stock currently exercisable or exercisable within 60 days of the record date, of which 457,065 are held by The Alberga/Cernosia Revocable Trust dated October 26, 2004. Also includes (i) 14,762 restricted stock units which vest within 60 days of the record date and (ii) 44,759 performance-based options which are vested as of the record date but which do not become exercisable until the Company's 15-day moving average stock price meets or exceeds certain thresholds.
- (7) On April 30, 2013, Mr. Alberga and Mr. Landa resigned as officers of the Company but have agreed to serve as directors of the Company through the end of their respective terms. The Company intends to enter into a Separation Agreement with Mr. Alberga and Mr. Landa respectively, which may include the acceleration of certain equity awards.
- (8) Includes (i) 13,645 shares of common stock held by The Landa Family Trust utd May 18, 2007 and (ii) 10,630 shares that were issued upon exercise of unvested options and that are subject to a right to repurchase by us as of the record date. Also includes 1,064,465 options to purchase shares of common stock currently exercisable or exercisable within 60 days of the record date, of which 906,966 are held by The Landa Family Trust utd May 18, 2007. Also includes (i) 12,491 restricted stock units which vest within 60 days of the record date and (ii) 37,873 performance based options which are vested as of the record date but which do not become exercisable until the Company's 15-day moving average stock price meets or exceeds certain thresholds.
- (9) Includes 80,146 shares of common stock directly owned by Mr. Dejanovic as of the record date and 11,355 restricted stock units which vest within 60 days of the record date. Also includes 40,690 performance based options which are vested within 60 days of the record date but which do not become exercisable until the Company's 15-day moving average stock price meets or exceeds certain thresholds.
- (10) Includes 17,654 shares of common stock directly owned by Mr. Mendel as of the record date. Also includes 394,294 options to purchase shares of common stock currently exercisable or within 60 days of the record date, of which 118,932 remain unvested as of the record date, and 32,552 of which are performance based options which are vested within 60 days of the record date but which do not become exercisable until the Company's 15-day moving average stock price meets or exceeds certain thresholds. Also includes 9,084 restricted stock units which vest within 60 days of the record date.
- (11) Includes 116,235 shares of common stock directly owned by Mr. Vossoughi as of the record date, of which 7,292 were issued upon exercise of unvested options, and are subject to a right to repurchase by us as of the record date, which lapses over the vesting schedule. Also includes 436,312 options to purchase shares of common stock currently exercisable or exercisable within 60 days of the record date, of which 34,898 are unvested as the record date, and 10,833 of which are performance based options which are vested within 60 days of the record date but which do not become exercisable until the Company's 15-day moving average stock price meets or exceeds certain thresholds. Also includes 4,375 restricted stock units which vest within 60 days of the record date.
- (12) Includes 37,523 shares of common stock directly owned by Mr. Triplett as of the record date, of which 1,042 were issued upon exercise of unvested options, and are subject to a right to repurchase by us as of the record date, which lapses over the vesting schedule. Also includes 133,760 options to purchase shares of common stock

currently exercisable or exercisable within 60 days of the record date, of which 55,836 are unvested as the record date, and 8,125 of which are performance based options which are vested within 60 days of the record date but which do not become exercisable until the Company's 15-day moving average stock price meets or exceeds certain thresholds. Also includes 4,250 restricted stock units which vest within 60 days of the record date.

- (13) Includes 2,643,935 shares held by entities affiliated with ABS Ventures. The address of the entities affiliated with ABS Ventures is 950 Winter Street, Suite 2600, Waltham, MA 02451. Shares beneficially owned consist of 1,570,939 shares of common stock held by ABS Ventures IX, L.P., 72,996 shares of common stock held by ABS Ventures IT, L.P, and 1,000,000 shares of common stock held by ABS Ventures VI, L.L.C. ABS Ventures VI, L.P. is the sole member of ABS Ventures VI, L.L.C. Calvert Capital IV LLC is the general partner of ABS Ventures VI, L.P. Calvert Capital V LLC is the general partner of ABS Ventures IX, L.P. Calvert Capital VI LLC is the general partner of ABS Ventures IT, L.P. Calvert Capital Management Company is the sole member of Calvert Capital VI LLC. Bruns Grayson, the managing member of Calvert Capital IV LLC and Calvert Capital V LLC, has voting and dispositive power with respect to the shares held by ABS Ventures IX, L.P. and ABS Ventures VI L.L.C. R. William Burgess, Jr. is also a managing member of Calvert Capital V LLC and shares voting and dispositive power with respect to the securities held by ABS Ventures IX, L.P. Mr. Grayson is the President of Calvert Capital Management Company and Mr. Burgess is its Vice President and together they share voting and dispositive power with respect to the shares held by ABS Ventures IT, L.P. Also includes 158,575 shares of common stock directly owned by Mr. Grayson, 69,813 shares of common stock owned by The Bruns Grayson 2012 Family Trust and options to purchase 62,911 shares of common stock currently exercisable or exercisable within 60 days of the record date, of which 14,056 are unvested as of the record date.
- (14) Includes 23,546 shares of common stock held directly by Mr. Green as of the record date and options to purchase 62,911 shares of common stock currently exercisable or exercisable within 60 days of the record date, of which 14,056 are unvested as of the record date.
- (15) Includes (i) 85,000 shares of common stock held directly by Mr. Clancy as of the record date, of which 5,209 were issued upon exercise of unvested options and are subject to a right of repurchase by us, which lapses over the vesting schedule, and (ii) 79,024 shares held by TAO Venture Partners, LLC. Also includes options to purchase 62,911 shares of common stock currently exercisable or exercisable within 60 days of the record date, of which 14,056 are unvested as of the record date. Mr. Clancy is the managing member of TAO Venture Partners, LLC and has voting and dispositive power with respect to the shares. Mr. Clancy disclaims beneficial ownership except to the extent of his pecuniary interest therein. The address of TAO Venture Partners, LLC is c/o Tom Clancy, 3023 Lloyd St., San Diego, California 92117.
- (16) Includes options to purchase 62,911 shares of common stock currently exercisable or exercisable within 60 days of the record date, of which 14,056 are unvested as of the record date.
- (17) Includes (i) 21,875 shares of common stock held by The Belmonte Trust and (ii) 12,500 shares of common stock directly owned by Mr. Belmonte. Also includes 33,500 restricted stock units which vest within 60 days of the record date.

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**INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS**
**Independent Registered Public Accounting Firm Fees**

The following table represents aggregate fees for professional audit services rendered by Ernst & Young LLP, our independent registered public accounting firm for the years ended December 31, 2012 and 2011, and fees billed for other services rendered by Ernst & Young LLP:

	Year Ended December 31, 2012	Year Ended December 31, 2011
Audit Fees (1)	\$ 1,509,848	\$ 2,131,303
Audit-Related Fees (2)	258,615	295,162
Tax Fees (3)	318,170	288,566
Other Fees (4)	9,455	
<b>Total</b>	<b>\$ 2,096,088</b>	<b>\$ 2,715,031</b>

- (1) Audit fees consist of fees billed for the audit of our consolidated annual financial statements, the reviews of our interim consolidated financial statements included in our quarterly reports on Form 10-Q, SEC and other regulatory filings, and accounting consultations. The 2011 audit fees include \$1,206,042 of fees billed in connection with our initial public offering in May 2011.
- (2) Audit-related fees consist of fees for other audit-related professional services provided by Ernst & Young LLP. Fees include services associated with acquisition due diligence, service auditor report under SSAE 16, and accounting consultations not qualifying under audit fees.
- (3) Tax fees consist of fees for professional services rendered by Ernst & Young for tax compliance, international tax planning and tax advice.
- (4) Other fees consists of fees not included in the Audit, Audit-related or Tax categories and includes fees for services to review human resources compliance matters and amounts billed for annual subscription to Ernst & Young LLP's online resource library.

**Policy Regarding Pre-Approval of Services Provided by the Independent Auditor**

The Audit Committee has established an Audit and Non-Audit Services Compliance Policy (the "Policy") requiring pre-approval of all audit and permissible non-audit services performed by the independent auditor to monitor the auditor's independence from the Company. The Policy provides for the annual pre-approval of specific types of services pursuant to policies and procedures adopted by the Audit Committee, and gives detailed guidance to management as to the specific services that are eligible for such annual pre-approval.

The Policy requires the specific pre-approval of all other permitted services. For both types of pre-approval, the Audit Committee considers whether the provision of a non-audit service is consistent with the SEC's rules on auditor independence. Additionally, the Audit Committee considers whether the independent auditor is best positioned to provide the most effective and efficient service, for reasons such as its familiarity with the Company's business, people, culture, accounting systems, risk profile and other factors, and whether the service might enhance the Company's ability to manage or control risk or improve audit quality. Also, unless a service is a pre-approved service set forth in the Policy and within the established guidelines, it will require approval by the Audit Committee in order for it to be provided by the independent auditor. In its review, the Audit Committee will also consider the relationship between fees for audit and non-audit services in deciding whether to pre-approve such services.

As provided under the Sarbanes-Oxley Act of 2002 and the SEC's rules, the Audit Committee has delegated pre-approval authority to the Chair of the Audit Committee to address certain requests for pre-approval of services for up to \$250,000, and the Chair must report his or her pre-approval decisions to the Audit Committee at its next regular meeting. The Policy is designed to help ensure that there is no delegation by the Audit Committee of authority or responsibility for pre-approval decisions to management.



The Audit Committee monitors compliance by requiring management to report to the Audit Committee on a regular basis regarding the pre-approved services rendered by the independent auditor. Management has also implemented internal procedures to promote compliance with the Policy.

The Audit Committee has selected Ernst & Young LLP to serve as our independent auditor for the fiscal year ending December 31, 2013, subject to ratification by our stockholders. Representatives of Ernst & Young LLP will be present at the annual meeting. The representatives will have an opportunity to make a statement, if desired, and will be available to respond to appropriate questions.

#### **Report of the Audit Committee of the Board of Directors**

*The material in this report is not soliciting material, is not deemed filed with the Securities and Exchange Commission, and is not to be incorporated by reference into any filing of The Active Network, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended.*

The Audit Committee of the Board of Directors is comprised of three independent directors, as defined in Section 303A.02 of the NYSE Listed Company Manual and SEC Rule 10A-3, and operates under a written charter adopted by the Board, a copy of which is available. The Board of Directors determined that the Audit Committee members are financial experts as defined by Securities and Exchange Commission rules. The Audit Committee is charged with the oversight of the integrity of our consolidated financial statements, including the review of the quarterly financial statements and disclosures contained in our Quarterly Report on Form 10-Q and annual financial statements and disclosures contained in our Annual Report on Form 10-K as filed with the SEC and the appointment, compensation, qualifications, independence and work of our independent registered public accounting firm. In addition, the Audit Committee has reviewed the requirements of the Sarbanes-Oxley Act of 2002, the rules of the SEC and the corporate governance listing standards of the New York Stock Exchange as they relate to Audit Committee policies.

Management is responsible for the financial statements, the corporate accounting and financial reporting processes, for maintaining effective internal control over financial reporting, and for assessing the effectiveness of internal control over financial reporting. The independent auditors are responsible for planning and performing an independent audit of the consolidated financial statements in accordance with auditing standards generally accepted in the United States and expressing an opinion on the conformity of those financial statements with accounting principles generally accepted in the United States of America, as well as expressing an opinion on the effectiveness of internal control over financial reporting.

In this context, the Audit Committee met on eight occasions in the fiscal year ended December 31, 2012 and held discussions with management and the independent auditors. Management represented to the committee that the consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States. The Audit Committee has reviewed and discussed the consolidated financial statements with management and the independent registered public accounting firm, including whether any off-balance sheet financing transactions or any transactions with related parties existed.

The Audit Committee met with the independent auditor, with and without management present, to discuss the results of its audits and quarterly reviews of the Company's financial statements. The Audit Committee also discussed with the independent auditor the matters required to be discussed by Statement on Auditing Standards No. 61, as amended (AICPA, Professional Standards, Vol. 1, AU Section 380) and as adopted by the Public Company Accounting Oversight Board in Rule 3200T.

The Audit Committee also received from the Company's independent auditor the written disclosures and the letter required by applicable requirements of the Public Company Accounting Oversight Board regarding their communications with the Audit Committee concerning independence and has discussed with the independent auditor its independence from the Company. The Audit Committee also has considered whether the provisions of non-audit services is compatible with the independence of the independent auditor.

Based on the Audit Committee's discussions with management and the independent registered public accounting firm and the Audit Committee's review of the representation of management and the report of the independent registered accounting firm to the Audit Committee, the Audit Committee recommended to the Board that the audited financial statements be included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2012, which was filed with the Securities and Exchange Commission on February 26, 2013.

RESPECTFULLY SUBMITTED BY THE AUDIT COMMITTEE

Stephen Green (Chairperson)

Thomas N. Clancy

Bruns H. Grayson

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## CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Since January 2012, there has not been any transaction or series of similar transactions to which we were or are a party in which the amount involved exceeded or exceeds \$120,000 and in which any of our directors or executive officers, any holder of more than 5% of any class of our voting securities or any member of the immediate family of any of the foregoing persons had or will have a direct or indirect material interest, other than the compensation arrangements described in Compensation Discussion and Analysis and Executive Compensation and the transactions set forth below. We believe that we have executed all of the transactions set forth below on terms no less favorable to us than we could have obtained from unaffiliated third parties.

### Transactions with the USTA

In August 2006, we entered into a Master Services Agreement and certain other related agreements with the United States Tennis Association, or USTA, as amended in December 2010. Scott Schultz, a former member of our Board of Directors, is the managing director for recreational tennis at the USTA, and Edward Nepl, a current member of our Board of Directors, is the Chief Financial Officer of the USTA. Pursuant to the terms of these agreements, the USTA purchases certain software services from us. For the year ended December 31, 2012, revenue from USTA and its affiliates was approximately \$5.1 million.

### Transactions with ESPN and Disney

Entities affiliated with ESPN hold in the aggregate more than 5% of our common stock. ESPN is a wholly-owned subsidiary of The Walt Disney Company ( Disney ). We have entered into an online registration services agreement with Disney to provide online advertising. We recorded revenues from Disney of approximately \$1.4 million for the year ended December 31, 2012.

### Employee Relationships

David Landa, the brother of Matthew Landa, our former Chief Executive Officer, serves as our Senior Director, Strategic Business Development. David Landa earned \$111,904 in base salary in 2012 and his target bonus for fiscal 2012 was \$25,875. Mr. Landa also received 5,578 restricted stock units as part of his compensation in 2012.

### Indemnification Agreement

We have entered into indemnification agreements with each of our directors and officers. The indemnification agreements and our Amended and Restated Certificate of Incorporation and our Amended and Restated Bylaws require us to indemnify our directors and officers to the fullest extent permitted by Delaware law.

### Other Agreements with Management

We have entered into employment offer letters and retention and change of control agreements with certain of our executive officers, which contain vesting acceleration or severance benefits upon termination of employment or a change of control. See Compensation Discussion & Analysis Employment Arrangements Retention and Change of Control Agreements for a description of these agreements. Please see Stock Ownership of Principal Stockholders and Management for a description of the option and stock holdings of our directors and executive officers.

### Policy for Approval of Related Party Transactions

Our Audit Committee is responsible for reviewing and approving all transactions in which we are a participant and in which any parties related to us, including our executive officers, directors, beneficial owners of more than 5% of our securities, immediate family members of the foregoing persons and any other persons

whom our Board of Directors determines may be considered related parties, has or will have a direct or indirect material interest. If advanced approval is not feasible, the Audit Committee has the authority to ratify a related party transaction at the next Audit Committee meeting. For purposes of our Audit Committee charter, a material interest is deemed to be any consideration received by such a party in excess of \$120,000 per year.

In reviewing and approving such transactions, the Audit Committee shall obtain, or shall direct our management to obtain on its behalf, all information that our committee believes to be relevant and important to a review of the transaction prior to its approval. Following receipt of the necessary information, a discussion shall be held of the relevant factors if deemed to be necessary by our committee prior to approval. If a discussion is not deemed to be necessary, approval may be given by written consent of our committee. This approval authority may also be delegated to the chairman of the Audit Committee in respect of any transaction in which the expected amount is less than \$500,000. No related party transaction may be entered into prior to the completion of these procedures.

The Audit Committee or its chairman, as the case may be, shall approve only those related party transactions that are determined to be in, or not inconsistent with, the best interests of us and our stockholders, taking into account all available facts and circumstances as our committee or the chairman determines in good faith to be necessary. These facts and circumstances will typically include, but not be limited to, the material terms of the transaction, the nature of the related party's interest in the transaction, the significance of the transaction to the related party and the nature of our relationship with the related party, the significance of the transaction to us, and whether the transaction would be likely to impair (or create an appearance of impairing) the judgment of a director or executive officer to act in our best interest. No member of the Audit Committee may participate in any review, consideration or approval of any related party transaction with respect to which the member or any of his or her immediate family members is the related party, except that such member of the Audit Committee will be required to provide all material information concerning the related party transaction to the Audit Committee.

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

Section 16(a) of the Exchange Act, requires our executive officers and directors and persons who beneficially own more than 10% of our common stock to file initial reports of beneficial ownership and reports of changes in beneficial ownership with the SEC. Such persons are required by SEC regulations to furnish us with copies of all Section 16(a) forms filed by such persons.

To our knowledge, no person who, during the fiscal year ended December 31, 2012, was a director or officer of the company, or beneficial owner of more than ten percent of our common stock (which is the only class of our securities registered under Section 12 of the Exchange Act), failed to file on a timely basis reports required by Section 16 of the Exchange Act during such fiscal year with the exception of Bruns Grayson who filed a Form 4 filing on August 16, 2012. The foregoing is based solely upon a review by us of Forms 3 and 4 relating to the most recent fiscal year as furnished to us under Rule 16a-3(d) under the Exchange Act, and Forms 5 and amendments thereto furnished to us with respect to its most recent fiscal year, and any representation received by us from any reporting person that no Form 5 is required.

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## ADDITIONAL INFORMATION

### Stockholder Proposals for 2014 Annual Meeting

Stockholders interested in submitting a proposal for consideration at our 2014 annual meeting must do so by sending such proposal to our The Active Network, Inc., 10182 Telesis Court, San Diego, CA 92121, Attention: Corporate Secretary. Under the SEC's proxy rules, the deadline for submission of proposals to be included in our proxy materials for the 2014 annual meeting is January 23, 2014. Accordingly, in order for a stockholder proposal to be considered for inclusion in our proxy materials for the 2014 annual meeting, any such stockholder proposal must be received by our Corporate Secretary on or before January 23, 2014, and comply with the procedures and requirements set forth in Rule 14a-8 under the Securities Exchange Act of 1934, as well as the applicable requirements of our Amended and Restated Bylaws. Any stockholder proposal received after January 23, 2014 will be considered untimely, and will not be included in our proxy materials. In addition, stockholders interested in submitting a proposal outside of Rule 14a-8 must properly submit such a proposal in accordance with our Amended and Restated Bylaws.

Our Amended and Restated Bylaws require advance notice of business to be brought before a stockholders' meeting, including nominations of persons for election as directors. To be timely, notice to our Corporate Secretary must be received at our principal executive offices not less than 90 days but not more than 120 days prior to the anniversary date of the preceding year's annual meeting and must contain specified information concerning the matters to be brought before such meeting and concerning the stockholder proposing such matters. Therefore, to be presented at our 2014 annual meeting, such a proposal must be received by the Company on or after February 21, 2014 but no later than March 23, 2014. If the date of the 2014 annual meeting is advanced by more than 30 days, or delayed by more than 70 days, from the anniversary date of the 2013 Annual Meeting, notice must be received not earlier than the 120th day prior to such annual meeting and not later than the close of business on the later of the 90th day prior to such annual meeting or, if the first public announcement of the date of such annual meeting is less than 100 days prior to the date of such annual meeting, the 10th day following the day on which the public announcement of the date of such meeting is first made.

### Householding of Annual Meeting Materials

We have adopted householding, a procedure approved by the SEC under which Active stockholders who share an address will receive a single copy of the Annual Report, Proxy Statement or Notice, as applicable, or a single notice addressed to those stockholders. This procedure reduces printing costs and mailing fees, while also reducing the environmental impact of the distribution. If you reside at the same address as another Active stockholder and wish to receive a separate copy of the applicable materials, you may do so by making a written or oral request to: The Active Network, Inc., 10182 Telesis Court, San Diego, CA 92121, Attention: Investor Relations or by emailing [IR@activenetwork.com](mailto:IR@activenetwork.com). Upon your request, we will promptly deliver a separate copy to you. The Proxy Statement and our Annual Report are also available at [proxyvote.com](http://proxyvote.com).

Some brokers household proxy materials, delivering a single proxy statement or notice to multiple stockholders sharing an address unless contrary instructions have been received from the affected stockholders. Once you have received notice from your broker that they will be householding materials 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 proxy statement or notice, please notify your broker directly. You may also call (800) 542-1061 or write to: Householding Department, Broadridge, 51 Mercedes Way, Edgewood, New York 11717, and include your name, the name of your broker or other nominee, and your account number(s). Any stockholders who share the same address and currently receive multiple copies of the Annual Report, Proxy Statement or Notice, as applicable, who wish to receive only one copy in the future may contact their bank, broker, or other holder of record, or our Investor Relations at the contact information listed above, to request information about householding.

**OTHER BUSINESS**

The Board does not know of any other matters to be brought before the meeting. If other matters are presented, the proxy holders have discretionary authority to vote all proxies in accordance with their best judgment.

By order of the Board of Directors,

Kory Vossoughi

Chief Legal Officer,

General Counsel and Secretary  
San Diego, California

May 23, 2013

**We make available, free of charge on our website, all of our filings that are made electronically with the SEC, including Forms 10-K, 10-Q and 8-K. These materials can be found in the Investor Relations section of our website at [www.activenetwork.com](http://www.activenetwork.com), by clicking the Corporate Governance link. Copies of our Annual Report on Form 10-K for the fiscal year ended December 31, 2012, including financial statements and schedules thereto, filed with the SEC, are also available without charge to stockholders upon written request addressed to:**

Corporate Secretary

The Active Network, Inc.

10182 Telesis Court

San Diego, CA 92121

## ANNEX A

ADJUSTED EBITDA RECONCILIATION<sup>(1)</sup>

	Year Ended December 31,		
	2012	2011	2010
<b>Reconciliation of Adjusted EBITDA to Net Loss:</b>			
Net loss	\$ (43,026)	\$ (15,327)	\$ (27,272)
Interest expense, net	577	2,771	5,288
Provision (benefit) for income taxes	3,980	(4,074)	1,924
Depreciation and amortization	61,315	44,857	40,287
Stock-based compensation	16,728	7,795	5,348
Other expense (income), net	(1,157)	14	(455)
Adjusted EBITDA	\$ 38,417	\$ 36,036	\$ 25,120

- (1) Our use of Adjusted EBITDA has limitations as an analytical tool, and should not be considered in isolation or as a substitute for analysis of our financial results as reported under GAAP. See the Company's 2012 Annual Report on Form 10-K for further information regarding use of Adjusted EBITDA.

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

The Combined Document is available at [www.proxyvote.com](http://www.proxyvote.com).

M56747-P41151

**THE ACTIVE NETWORK, INC.**

**Annual Meeting of Stockholders**

**June 21, 2013 9:00 AM**

**This proxy is solicited by the Board of Directors**

The stockholder(s) hereby appoint(s) each of Jon Belmonte and Scott Mendel as proxy with the power to appoint his substitute, and hereby authorizes him to represent and to vote, as designated on the reverse side of this ballot, all of the shares of common stock of THE ACTIVE NETWORK, INC. that the stockholder(s) is/are entitled to vote at the Annual Meeting of Stockholders to be held via live webcast at [www.virtualshareholdermeeting.com/ACTV2013](http://www.virtualshareholdermeeting.com/ACTV2013) at 9:00 AM Pacific Time on Friday, June 21, 2013, and any adjournment or postponement thereof. This proxy, when properly executed, will be voted in the manner directed herein. If no such direction is made, this proxy will be voted in accordance with the Board of Directors' recommendations.

**This proxy, when properly executed, will be voted in the manner directed herein. If no such direction is made, this proxy will be voted in accordance with the Board of Directors' recommendations.**

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



**VOTE BY INTERNET**

*ACTIVE NETWORK INC*  
*10182 TELESIS COURT*  
*SAN DIEGO, CA 92121*

*Before The Meeting - Go to [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 Time the day before the cut-off date or meeting date. 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.

*During The Meeting - Go to [www.virtualshareholdermeeting.com/ACTV2013](http://www.virtualshareholdermeeting.com/ACTV2013)*

You may attend the Meeting via the Internet and vote during the Meeting. Have the information that is printed in the box marked by the arrow available and follow the instructions.

**VOTE BY PHONE - 1-800-690-6903**

Use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you call and then follow the instructions.

**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:

M56746-P41151

KEEP THIS PORTION FOR YOUR RECORDS

DETACH AND RETURN THIS PORTION ONLY

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

**THE ACTIVE NETWORK, INC.**  
**The Board of Directors**  
**recommends you vote FOR the**

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

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following:

1. Election of Class II Directors      "      "      "

**Nominees:**

- 01) Jon Belmonte  
02) Stephen L. Green

**The Board of Directors recommends you vote FOR the following proposals:**

**For    Against    Abstain**

2. To ratify the appointment of Ernst & Young LLP as our independent registered public accountants for the fiscal year ending December 31, 2013.      "      "      "
3. Approval, on an advisory basis, of executive compensation.      "      "      "

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 WITHIN BOX]

Signature (Joint Owners)

Date