

HOMEAWAY INC
Form DEF 14A
April 26, 2013
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

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

Filed by the Registrant

Filed by a party other than the Registrant

Check the appropriate box:

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

HomeAway, Inc.

(Name of Registrant as Specified in Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

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

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(3) Filing Party:

(4) Date Filed:

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HOMEAWAY, INC.

1011 W. Fifth Street, Suite 300

Austin, Texas 78703

NOTICE OF 2013 ANNUAL MEETING OF STOCKHOLDERS

To the Stockholders of HomeAway, Inc.:

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

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

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

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

YOUR VOTE IS IMPORTANT!

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

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

By order of the Board of Directors,

Brian H. Sharples
President, Chief Executive Officer and Chairman

Austin, Texas

Date: April 26, 2013

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INTERNET AVAILABILITY OF PROXY MATERIALS

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

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

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

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

ATTENDING THE ANNUAL MEETING

Attending in Person

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

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

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

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

The use of cameras is not allowed

There will be limited food service at the meeting

Attending via Conference call

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

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

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

QUESTIONS

For questions regarding:

Annual Meeting or Voting

Stock ownership for registered holders

Stock ownership for beneficial owners

Contact

HomeAway Investor Relations, (512) 505-1700

American Stock Transfer & Trust Company, LLC

https://secure.amstock.com/Shareholder/sh_login.asp

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

(718) 921-8124 (worldwide)

Please contact your broker, bank, or other nominee

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HOMEAWAY, INC.

1011 W. Fifth Street, Suite 300

Austin, TX 78703

PROXY STATEMENT

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

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

Voting Instructions; What Happens if no Voting Instructions are Provided

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

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

Effect of Broker Non-Votes and Abstentions

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

Routine and Non-Routine Matters

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

Votes Required to Adopt Proposals; Impact of Advisory Votes

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

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Changing Your Vote

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

Voting Results

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

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

PROPOSAL ONE: ELECTION OF DIRECTORS

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

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

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

Vote Required

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

Recommendation of the Board of Directors

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

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

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

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

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

Brian H. Sharples is one of our Co-Founders, has served as our President and Chief Executive Officer since our inception in April 2004 and has served as Chairman of the Board since March 2011. Prior to joining us, Mr. Sharples was an angel investor from 2001 to 2004 and also served as Chief Executive Officer of Elysium Partners, Inc., a company in the vacation club ownership market, from 2002 to 2003. Mr. Sharples served as President and Chief Executive Officer of IntelliQuest Information Group, Inc., a supplier of marketing data and research to Fortune 500 technology companies, from 1996 to 2001, as President from 1991 to 1996, and as Senior Vice President from 1989 to 1991. Prior to IntelliQuest, Mr. Sharples was Chief Executive Officer of Practical Productions, Inc., an event-based automotive distribution business, from 1988 to 1989 and a consultant

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with Bain & Company from 1986 to 1988. Mr. Sharples also serves on the boards of directors of WhaleShark Media, Inc. and Kayak Software Corporation. Mr. Sharples holds a B.S. in math and economics from Colby College and an M.B.A. from the Stanford University Graduate School of Business. We believe Mr. Sharples' qualifications to serve on the Board include his experience as our Chief Executive Officer, his previous service in executive positions at various public and private technology companies, and his experience in the vacation rental industry.

Class III Directors

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

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

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

Class I Directors

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

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

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

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

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

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

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

Committees of the Board of Directors

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

Director	Audit Chair Member	Committee Compensation Chair Member Member	Nominating And Governance Member Member
Lanny Baker			
Simon Breakwell			
Jeffrey D. Brody			
Woody Marshall			Chair
Tina Sharkey			
Philip S. Siegel			Member
Robert Solomon	Member		Member

Audit Committee

Our audit committee is responsible for, among other things:

selecting and hiring our independent auditors;

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

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

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

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

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

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

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

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

Compensation Committee

Our compensation committee is responsible for, among other things:

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

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

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

reviewing and recommending compensation programs for outside directors;

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

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

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

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

Nominating and Governance Committee

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

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

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

overseeing the evaluation of the Board and management;

recommending members for each Board committee to the Board;

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

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

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

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

Risk Oversight

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

Director Independence

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

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

Communications with the Board of Directors

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

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

Director Nomination Procedures

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

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

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

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

Board Meetings and Attendance

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

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

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

Compensation Committee Interlocks and Insider Participation

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

Director Compensation

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

Committee	Chairperson Fee	Member Fee
Audit Committee	\$ 20,000	\$ 12,000
Compensation Committee	\$ 10,000	\$ 5,000
Nominating and Governance Committee	\$ 7,500	\$ 3,000

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

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

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

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

Table of Contents**Director Compensation 2012**

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

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

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

Table of Contents**EXECUTIVE OFFICERS**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

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

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

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

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

Investors Rights Agreement

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

Stock Option and Restricted Stock Grants

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

Employment and Change of Control Agreements

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

Director Compensation

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

Indemnification of Officers and Directors

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

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

Policies and Procedures for Related Party Transactions

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

Code of Business Ethics and Conduct

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

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EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

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

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

Lynn Atchison, our Chief Financial Officer, or CFO;

Brent Bellm, our Chief Operating Officer;

Ross A. Buhrdorf, our Chief Technical Officer; and

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

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

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

Executive Compensation Philosophy and Objectives

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

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

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

attract and retain talented and experienced individuals;

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

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

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

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

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Compensation Program Design

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

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

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

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

Compensation-Setting Process

Role of the Compensation Committee

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

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

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Role of Management

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

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

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

Role of Compensation Consultant

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

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

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

Use of Competitive Data

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

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

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

Ancestry.com Inc.
Ariba, Inc.
Bankrate

Rovi Corporation

Fortinet, Inc.
Kayak Software Corporation
LinkedIn Corp.