

Groupon, Inc.
Form DEF 14A
April 29, 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

Groupon, 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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2013 PROXY STATEMENT

ANNUAL MEETING OF STOCKHOLDERS

The Annual Meeting of Stockholders of Groupon, Inc. will be held at 10:00 a.m., Central Time on June 13, 2013 at

The Westin Michigan Avenue Chicago

909 North Michigan Avenue, Chicago, Illinois 60611

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Dear Stockholder:

I am pleased to invite you to attend the Annual Meeting of Stockholders (the Annual Meeting) of Groupon, Inc. (the Company or Groupon), which will be held at The Westin Michigan Avenue Chicago, 909 North Michigan Avenue, Chicago, Illinois 60611 on June 13, 2013 at 10:00 a.m. Central Time. Doors open at 9:30 a.m. Central Time.

The attached Notice of Annual Meeting of Stockholders and proxy statement contain details of the business to be conducted at the Annual Meeting.

Whether or not you attend the Annual Meeting, it is important that your shares be represented and voted at the meeting. Therefore, I urge you to promptly vote and submit your proxy via the Internet, by phone, or by signing, dating and returning the enclosed proxy card in the enclosed envelope. If you decide to attend the Annual Meeting, you will be able to vote in person, even if you have previously submitted your proxy.

On behalf of the Board of Directors, I would like to express our appreciation for your interest in Groupon.

Sincerely,

Eric P. Lefkofsky

Office of the Chief Executive

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GROUPON, INC.

NOTICE OF 2013 ANNUAL MEETING OF STOCKHOLDERS

Time and Date	June 13, 2013 at 10:00 a.m. Central Time
Place	The Westin Michigan Avenue Chicago, 909 North Michigan Avenue, Chicago, Illinois 60611
Items of Business	<p>To elect seven directors from the nominees described in this proxy statement.</p> <p>To ratify the selection of Ernst & Young LLP as our independent registered public accounting firm for fiscal year 2013.</p> <p>To approve, on an advisory basis, the compensation of our Named Executive Officers as hereinafter defined as disclosed in this proxy statement.</p> <p>To approve an amendment to the Groupon, Inc. 2011 Incentive Plan to increase the number of authorized shares and to increase the individual limit on annual share awards.</p> <p>To transact other business that may properly come before the Annual Meeting.</p>
Record Date	April 22, 2013 (the Record Date). Only stockholders of record at the close of business on the Record Date are entitled to receive notice of, and to vote at, the Annual Meeting.
Proxy Voting	<p>IMPORTANT</p> <p>Please vote your shares at your earliest convenience. This will ensure the presence of a quorum at the Annual Meeting. Promptly voting your shares via the Internet, by telephone, or by signing, dating, and returning the enclosed proxy card will save the expenses and extra work of additional solicitation. If you wish to vote by mail, we have enclosed an addressed envelope, postage prepaid if mailed in the United States. Submitting your proxy now will not prevent you from voting your shares at the Annual Meeting, as your proxy is revocable at your option.</p>

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting to Be Held on June 13, 2013. We are furnishing proxy materials to our stockholders primarily via the Internet, instead of mailing printed copies of those materials to each stockholder. By doing so, we save costs and reduce the environmental impact of our Annual Meeting. On May 3, 2013, we mailed a Notice of Internet Availability of Proxy Materials to certain of our stockholders. The Notice contains instructions about how to access our proxy materials and vote online or vote by telephone. If you would like to receive a paper copy of our proxy materials, please follow the instructions included in the Notice of Internet Availability of Proxy Materials. If you previously chose to receive our proxy materials electronically, you will continue to receive access to these materials via e-mail unless you elect otherwise.

By order of the Board of Directors,

David R. Schellhase

General Counsel and Secretary

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Chicago, Illinois

April 29, 2013

The date of this proxy statement is April 29, 2013, and it is being delivered to stockholders on or about May 3, 2013.

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PROXY SUMMARY

This summary highlights information contained elsewhere in this proxy statement. This summary does not contain all of the information you should consider, and you should read the entire proxy statement carefully before voting.

Annual Meeting of Stockholders

Date and Time	June 13, 2013, 10:00 a.m. Central Time
Place	The Westin Michigan Avenue Chicago, 909 North Michigan Avenue, Chicago, Illinois 60611
Record Date	April 22, 2013
Voting	Stockholders as of the Record Date are entitled to vote. Each share of Class A common stock is entitled to one vote for each director nominee and one vote for each of the proposals to be voted on. Each share of Class B common stock is entitled to 150 votes for each director nominee and 150 votes for each of the proposals to be voted on. The Class A common stock and Class B common stock will vote together as a single class.
Admission	If you are a record holder, you must provide identification, and if you hold your shares through a broker, bank or other nominee, you must provide proof of ownership.

Meeting Agenda

Election of seven directors. **Our Board of Directors unanimously recommends a vote FOR the election of all seven director nominees.**

Ratification of Ernst & Young LLP as our independent registered public accounting firm for fiscal year 2013. **Our Board of Directors unanimously recommends a vote FOR the ratification of Ernst & Young LLP as the Company's independent registered public accounting firm for fiscal year 2013.**

Advisory vote to approve our Named Executive Officer compensation. **Our Board of Directors unanimously recommends a vote FOR stockholder approval, on an advisory basis, of our executive compensation program.**

Approval of an amendment to the Groupon, Inc. 2011 Incentive Plan to increase the number of authorized shares and to increase the individual limit of annual share awards. **Our Board of Directors unanimously recommends a vote FOR the approval of the amendment to the Groupon, Inc. 2011 Incentive Plan.**

Transact other business that may properly come before the meeting.

Table of Contents**Our Director Nominees**

See **Board of Directors** for more information

The following table provides summary information about each director nominee. Each director is elected annually by a plurality of votes cast.

Name	Age	Director		Independent	Other	Committee Memberships		
		Since	Position		Public	AC	CC	NGC
Eric P. Lefkofsky	43	2006	Co-Founder, Office of the Chief Executive and Executive Chairman of the Board		0			
Theodore J. Leonsis	57	2009	Office of the Chief Executive and Director		2			
Peter J. Barris	61	2008	Director		0	M ¹ , F	C	M
Robert J. Bass	63	2012	Director		0	C ² , F		
Daniel T. Henry	63	2012	Director		0	M, F		
Melody Hobson	44	2011	Director		3			M M
Bradley A. Keywell	43	2006	Co-Founder and Director		2			M C

1. Mr. Barris joined the Audit Committee on March 8, 2013, replacing Mr. Leonsis.

2. Mr. Bass became the Chair of the Audit Committee on February 28, 2013.

AC Audit Committee

CC Compensation Committee

NGC Nominating and Governance Committee

C Chair

M Member

F Financial expert

Attendance Each director nominee is a current director. Each current director, as well as all persons who served as directors during 2012, attended at least 75% of the aggregate number of meetings of the Board and each committee on which he or she sits.

Executive Compensation Matters

See **Executive Compensation and Proposals to Be Voted on at the Meeting** for more information

Executive Compensation Advisory Vote

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Our Board of Directors unanimously recommends that stockholders vote to approve, on an advisory basis, the compensation of Groupon's Named Executive Officers in 2012, as described more fully in this proxy statement, for the following reasons:

Pay for Performance

To date, we have designed our compensation practices such that a significant portion of the Named Executive Officers' total pay package consists of equity-based awards, and, therefore, the value of the pay packages is tightly correlated with Groupon's long-term performance.

Table of Contents**Sound Design**

We designed our executive officer compensation programs to attract, motivate and retain the key executives who drive our success. We also designed our pay packages to align the interests of our executives with those of our long-term stockholders. We achieve our objectives through compensation that:

Enables us to recruit and retain talented and experienced individuals who are able to develop, implement and deliver on long-term business strategies;

Provides a substantial portion of each executive's compensation in components that are directly tied to the long-term value and growth of the Company;

Rewards both the Company and individual performance and achievement;

Ensures that our pay structure does not encourage unnecessary and excessive risk taking; and

Ensures that our compensation is reasonable and competitive with pay packages made available to executives at companies with which we compete for executive talent.

Auditors

See **Audit Committee Matters** for more information

We ask that our stockholders ratify the selection of Ernst & Young LLP as our independent registered public accounting firm for fiscal year 2013. Below is summary information about Ernst & Young LLP's fees billed for services provided in fiscal years 2012 and 2011.

	Year Ended December 31, 2012	Year Ended December 31, 2011
Audit Fees	\$7,769,500	\$7,200,658 ⁽¹⁾
Tax Fees	\$1,621,000	\$461,438 ⁽²⁾
Other Fees	\$3,990	
Total	\$9,394,490	\$7,662,096

(1) This amount represents a \$3,219,342 decrease from the amount the Company reported in its 2012 proxy statement, as billing for the services had not been finalized at the time of filing.

(2) This amount represents a \$18,562 decrease from the amount the Company reported in its 2012 proxy statement, as billing for the services had not been finalized at the time of filing.

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2014 Annual Meeting

Stockholder proposals submitted for inclusion in our 2014 proxy statement must be received by us by January 3, 2014.

Notice of stockholder proposals to be raised from the floor of the 2014 annual meeting of stockholders must be delivered to us no earlier than January 3, 2014 and no later than February 2, 2014.

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Note About Forward-Looking Statements

This proxy statement contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 (the Securities Act) and Section 21E of the Securities Exchange Act of 1934 (the Exchange Act), including statements regarding our future results of operations and financial position, business strategy and plans and our objectives for future operations. The words may, will, should, could, expect, anticipate, believe, estimate, intend, continue and other similar expressions are intended to identify forward-looking statements. We have based these forward-looking statements largely on current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy, short-term and long-term business operations and objectives, and financial needs. These forward-looking statements involve risks and uncertainties that could cause our actual results to differ materially from those expressed or implied in our forward-looking statements. Such risks and uncertainties include, among others, those discussed in Item 1A: Risk Factors in our Annual Report on Form 10-K, as well as in our consolidated financial statements, related notes, and the other financial information appearing elsewhere in our Annual Report on Form 10-K and our other filings with the Securities and Exchange Commission (the SEC). Moreover, we operate in a very competitive and rapidly changing environment. New risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. We do not intend, and undertake no obligation, to update any of our forward-looking statements after the date of this proxy statement to reflect actual results or future events or circumstances. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements.

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QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING

Q: Why am I receiving these materials?

A: The Board of Directors of Groupon, Inc. (the Board) is providing these proxy materials to you in connection with the Board's solicitation of proxies for use at Groupon's Annual Meeting, which will take place on June 13, 2013. Stockholders are invited to attend the Annual Meeting and are requested to vote on the proposals described in this proxy statement. The Notice of Internet Availability of Proxy Materials is being mailed on or about May 3, 2013 in connection with the solicitation of proxies on behalf of the Board.

Q: What information is contained in these materials?

A: The information included in this proxy statement relates to the proposals to be voted on at the Annual Meeting, the voting process, the compensation of our most highly paid executive officers (our Named Executive Officers) and our directors, and certain other required information. Groupon's 2012 Annual Report on Form 10-K, which includes our audited consolidated financial statements, is also enclosed with this proxy statement.

Q: What proposals will be voted on at the Annual Meeting?

A: There are four proposals scheduled to be voted on at the Annual Meeting:

The election of the seven director nominees listed in this proxy statement to serve on our Board of Directors (the Board recommends a vote **FOR** each of the nominees).

The ratification of the appointment of Ernst & Young LLP (Ernst & Young) as our independent registered public accounting firm for fiscal year 2013 (the Board recommends a vote **FOR** this proposal).

An advisory vote to approve our Named Executive Officer compensation (the Board recommends a vote **FOR** this proposal).

The approval of the amendment to the Groupon, Inc. 2011 Incentive Plan to increase the number of authorized shares and to increase the individual limit on annual share awards (the Board recommends a vote **FOR** this proposal).

At the time this proxy statement was mailed, our management and the Board were not aware of any other matters to be presented at the Annual Meeting other than those set forth in this proxy statement and in the Notice accompanying this proxy statement.

Q: Why did I receive a one-page Notice in the mail regarding the Internet availability of proxy materials instead of a full set of proxy materials?

A: Pursuant to the rules of the SEC, we have provided access to our proxy materials over the Internet. Accordingly, we are sending the Notice to our stockholders of record and beneficial owners as of the record date. Instructions on how to access the proxy materials

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over the Internet or to request a printed copy by mail may be found in the Notice. In addition, the Notice provides information on how stockholders may request to receive proxy materials in printed form by mail or electronically by email on an ongoing basis.

Q: How many shares are entitled to vote?

A: Each share of Groupon's Class A common stock and Class B common stock outstanding as of the close of business on April 22, 2013, the Record Date, is entitled to vote at the Annual Meeting. At the close

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of business on April 22, 2013, 658,824,902 shares of Class A common stock and 2,399,976 shares of Class B common stock were outstanding and entitled to vote. You may vote all of the shares owned by you as of the close of business on the Record Date. Each holder of shares of Class A common stock is entitled to one vote for each share of Class A common stock held as of the Record Date, and each holder of shares of Class B common stock is entitled to 150 votes for each share of Class B common stock held as of the Record Date. The Class A common stock and Class B common stock will vote as a single class on all matters described in this proxy statement for which your vote is being solicited. The shares you are entitled to vote include shares that are (1) held of record directly in your name, including shares issued under Groupon's equity incentive plans, and (2) held for you as the beneficial owner through a stockbroker, bank, or other nominee.

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

A: Many stockholders of Groupon hold their shares beneficially through a broker, bank, or other nominee rather than directly in their own name. There are some distinctions between shares held of record and shares owned beneficially, specifically:

Shares held of record

If your shares are registered directly in your name with Groupon's transfer agent, Computershare, you are considered the stockholder of record with respect to those shares, and these proxy materials are being sent directly to you by Groupon. As a stockholder of record, you have the right to grant your voting proxy directly to Groupon or to vote in person at the Annual Meeting. Groupon has enclosed a proxy card for you to use. You may also submit voting instructions via the Internet or by telephone as described below under *How can I vote my shares without attending the Annual Meeting?*

Shares owned beneficially

If your shares are held in a stock brokerage account or by a broker, bank, or other nominee, you are considered the beneficial owner of shares held in street name, and these proxy materials are being forwarded to you by your broker, bank, or other nominee, which is considered the stockholder of record with respect to those shares. As a beneficial owner, you have the right to direct your broker, bank, or other nominee as to how to vote the shares in your account, and you are also invited to attend the Annual Meeting. However, because you are not the stockholder of record, you may not vote these shares in person at the Annual Meeting unless you request and receive a valid proxy from your broker, bank, or other nominee. Your broker, bank, or other nominee has enclosed a voting instruction form for you to use to direct the broker, bank, or other nominee as to how to vote your shares. Many brokers or banks also offer voting via the Internet or by telephone. Please refer to the voting instruction form provided by your broker, bank, or other nominee for instructions on the voting methods they offer.

Q: Can I attend the Annual Meeting?

A: You are invited to attend the Annual Meeting if you are a stockholder of record or a beneficial owner as of April 22, 2013. If you are a stockholder of record, you must bring proof of identification. If you hold your shares through a broker, bank, or other nominee, you will need to provide proof of ownership by bringing either a copy of the voting instruction form provided by your broker or a copy of a brokerage statement showing your share ownership as of April 22, 2013.

Q: How can I vote my shares in person at the Annual Meeting?

A: Shares held directly in your name as the stockholder of record may be voted in person at the Annual Meeting. If you choose to vote in person, please bring proof of identification. Even if you plan to attend

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the Annual Meeting, Groupon recommends that you submit a proxy with respect to the voting of your shares in advance as described below so that your vote will be counted if you later decide not to attend the Annual Meeting. Shares held in street name through a brokerage account or by a broker, bank, or other nominee may be voted in person by you only if you obtain a valid proxy from your broker, bank, or other nominee giving you the right to vote the shares.

Q: How can I vote my shares without attending the Annual Meeting?

A: Whether you hold shares directly as the stockholder of record or beneficially in street name, you may vote by proxy or submit a voting instruction form without attending the Annual Meeting. If you hold your shares directly as the stockholder of record, you may submit your proxy via the Internet, by telephone, or by completing and mailing your proxy card in the enclosed pre-paid envelope. If you hold your shares beneficially in street name, your broker or bank may offer voting via the Internet or by telephone or you may mail your voting instruction form in the enclosed prepaid envelope. Please refer to the enclosed materials for details.

Q: Can I change my vote or revoke my proxy?

A: If you are the stockholder of record, you may change your proxy instructions or revoke your proxy at any time before your proxy is voted at the Annual Meeting. Proxies may be revoked by any of the following actions:

filing a timely written notice of revocation with our Corporate Secretary at our principal executive office (600 West Chicago Avenue, Suite 400, Chicago, Illinois 60654);

submitting a new proxy at a later date via the Internet, by telephone, or by mail to our Corporate Secretary at our principal executive office; or

attending the Annual Meeting and voting in person (attendance at the Annual Meeting will not, by itself, revoke a proxy). If your shares are held in a brokerage account by a broker, bank, or other nominee, you should follow the instructions provided by your broker, bank, or other nominee.

Q: How are votes counted?

A: In the election of directors, you may vote FOR, AGAINST, or WITHHOLD with respect to each of the nominees. If you elect to abstain from the election of directors, the abstention will not have any effect on the election of directors. In tabulating the voting results for the election of directors, only votes FOR and AGAINST director nominees are counted.

For the advisory vote to approve the compensation of our Named Executive Officers, the ratification of the appointment of Ernst & Young as our independent registered accounting firm for fiscal year 2013 and the approval of the amendment to our 2011 Incentive Plan, you may vote FOR, AGAINST, or ABSTAIN with respect to each of these proposals. If you elect to abstain from voting on any of these proposals, the abstention will have the same effect as an AGAINST vote with respect to such proposal.

If you sign and return your proxy card or voting instruction form without giving specific voting instructions, your shares will be voted as recommended by our Board. If you are a beneficial holder and do not return a voting instruction form, your broker may only vote on the ratification of the appointment of Ernst & Young as the Company's independent registered accounting firm for fiscal

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year 2013, as this is the only routine matter to be voted upon at the Annual Meeting. For additional information regarding treatment of routine and non-routine matters, please see *What are broker non-votes and what effect do they have on the proposals?* below.

Q: Who will count the votes?

A: A representative of Broadridge Financial Solutions, Inc. will tabulate the votes and act as the inspector of election.

Q: What is the quorum requirement for the Annual Meeting?

A: The quorum requirement for holding the Annual Meeting and transacting business is a majority of the aggregate voting power of the capital stock entitled to be voted at the Annual Meeting. The shares may be present in person or represented by proxy at the Annual Meeting. Both abstentions and broker non-votes are counted as present for the purpose of determining the presence of a quorum.

Q: What is the voting requirement to approve each of the proposals?

A: Directors will be elected by a plurality of the votes cast in the election of directors. A plurality means that the seven persons receiving the highest number of affirmative FOR votes at the Annual Meeting will be elected.

The affirmative vote of a majority of the votes represented by shares of common stock present in person or represented by proxy and entitled to vote is required to approve each of the following proposals: (i) the advisory vote to approve compensation of our Named Executive Officers, (ii) the ratification of the appointment of Ernst & Young as our independent registered accounting firm, and (iii) the approval of the amendment to the Groupon, Inc. 2011 Incentive Plan.

Because your vote on the compensation of our Named Executive Officers is advisory, it will not be binding on the Company, the Board or the Compensation Committee. However, the Board and the Compensation Committee will review the voting results and take them into consideration when making future decisions regarding compensation of our Named Executive Officers.

Q: What are broker non-votes and what effect do they have on the proposals?

A: Generally, broker non-votes occur when shares held by a broker, bank, or other nominee in street name for a beneficial owner are not voted with respect to a particular proposal because the broker, bank, or other nominee (i) has not received voting instructions from the beneficial owner and (ii) lacks discretionary voting power to vote those shares with respect to that particular proposal.

A broker is entitled to vote shares held for a beneficial owner on routine matters, such as the ratification of the appointment of Ernst & Young as our independent registered accounting firm, without instructions from the beneficial owner of those shares. On the other hand, absent instructions from the beneficial owner of such shares, a broker is not entitled to vote shares held for a beneficial owner on non-routine matters, such as the election of our directors, the advisory vote to approve the compensation of our Name