INTERNATIONAL GAME TECHNOLOGY
Form DFAN14A
January 28, 2013

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

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

(Amendment No.)

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

Check the appropriate box:

o Preliminary Proxy Statement

o Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

o Definitive Proxy Statement

x Definitive Additional Materials

o Soliciting Material Under Rule 14a-12

INTERNATIONAL GAME TECHNOLOGY
(Name of Registrant as Specified in Its Charter)

ADER INVESTMENT MANAGEMENT LP

ADER LONG/SHORT FUND LP

DOHA PARTNERS I LP

ADER FUND MANAGEMENT LLC

ADER INVESTMENT MANAGEMENT LLC

JASON N. ADER

RAYMOND J. BROOKS, JR.

CHARLES N. MATHEWSON

DANIEL B. SILVERS

LAURA T. CONOVER-FERCHAK

ANDREW P. NELSON
(Name of Persons(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

x No fee required.

o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

o Fee paid previously with preliminary materials.

o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

(1) Amount previously paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

On January 25, 2013, Ader Investment Management LP ("AIM"), together with the other participants named herein, made a definitive filing with the Securities and Exchange Commission of a proxy statement and an accompanying GOLD proxy card to be used to solicit votes for the election of its director nominees at the 2013 annual meeting of stockholders of International Game Technology, a Nevada corporation ("IGT").

On January 28, 2013, AIM issued a press release announcing its mailing of definitive proxy materials and a letter to IGT stockholders urging them to vote for AIM's director nominees for election to the Board of Directors at IGT's 2013 annual meeting of stockholders. A copy of such press release is attached hereto as Exhibit I and is incorporated herein by reference.

Important Information

The Ader Group (whose members are identified below) has nominated Raymond J. Brooks, Jr., Charles N. Mathewson and Daniel B. Silvers (the "Ader Nominees") as nominees to the board of directors of International Game Technology (the "Company") and is soliciting votes for the election of the Ader Nominees as members of the board. The Ader Group has sent a definitive proxy statement, GOLD proxy card and related proxy materials to stockholders of the Company seeking their support of the Ader Nominees at the Company's 2013 Annual Meeting of Stockholders. Stockholders are urged to read the definitive proxy statement and GOLD proxy card because they contain important information about the Ader Group, the Ader Nominees, the Company and related matters. Stockholders may obtain a free copy of the definitive proxy statement and GOLD proxy card and other documents filed by the Ader Group with the Securities and Exchange Commission ("SEC") at the SEC's web site at www.sec.gov. The definitive proxy statement and other related documents filed by the Ader Group with the SEC may also be obtained free of charge from the Ader Group.

The Ader Group consists of the following persons: Ader Investment Management LP, Ader Long/Short Fund LP, Doha Partners I LP, Ader Fund Management LLC, Ader Investment Management LLC, Jason N. Ader, Daniel B. Silvers, Andrew P. Nelson and Laura T. Conover-Ferchak. The members of the Ader Group and the Ader Nominees are participants in the solicitation from the Company's stockholders of proxies in favor of the Ader Nominees. Such participants may have interests in the solicitation, including as a result of holding shares of the Company's common stock. Information regarding the participants and their interests may be found in the definitive proxy statement of the Ader Group, filed with the SEC on January 25, 2013 and first disseminated to stockholders on or about January 28, 2013.

Certain information contained herein constitutes "forward-looking statements," which can be identified by the use of forward-looking terminology such as "may," "will," "seek," "should," "expect," "anticipate," "project," "estimate," "intend," " "believe" or the negatives thereof or other variations thereon or comparable terminology. Such statements are not guarantees of future performance or activities. Due to various risks and uncertainties, actual events or results or actual performance may differ materially from those reflected or contemplated in such forward-looking statements.

Exhibit I

ADER GROUP SEEKS IGT SHAREHOLDER SUPPORT ON THE GOLD PROXY CARD

HIGHLY QUALIFIED, INDEPENDENT ADER NOMINEES TO HALT VALUE DESTRUCTION

New York, NY – January 28, 2013 – The Ader Group today announced that it is mailing definitive proxy materials to International Game Technology (NYSE: IGT) stockholders, urging them to promptly vote for Ader's three highly qualified, independent director nominees on the GOLD proxy card. IGT's Annual Meeting of Stockholders is scheduled to be held on March 5, 2013.

The Ader Group is also mailing a letter to IGT stockholders, the text of which follows:

ADER LONG/SHORT FUND LP

January 28, 2013

Dear Fellow IGT Stockholder:

CHANGE IS OVERDUE: DEMAND AN END TO UNDER-PERFORMANCE NOW –

VOTE <u>GOLD</u> FOR BETTER REPRESENTATION ON IGT'S BOARD OF DIRECTORS!

The Ader Group is a group of concerned shareholders led by AIM that, together with other participants in the solicitation, beneficially own approximately 3.0% of IGT's outstanding common stock. We, like you, have been troubled by the steady diminution in the value of our investment in recent years, and believe our company can do better. As described below and in the accompanying proxy materials, we believe your company is in dire need of meaningful change at the Board and management levels.

We believe that IGT is at a critical point and that there are tremendous opportunities to create shareholder value. Our action plan would include significant Revenue Enhancement Opportunities in both Gaming Operations and Product Sales, including (i) improvements to IGT's mix and market share in Gaming Operations by refocusing on highly profitable business lines, (ii) exploiting IGT's global reach with an emphasis on expansion into Asia and Latin America and (iii) repositioning IGT for an upswing in the domestic replacement cycle. We also expect that substantial cost savings are achievable, including in (i) Selling, general & administrative expenses, where savings would, in part, focus on significantly curtailing the use of IGT's recently acquired Gulfstream V private jet, (ii) Research & development where we would expect a reallocation of resources to core businesses and (iii) cost of goods sold where we believe there may be a number of margin improvement opportunities. We expect that this action plan would greatly enhance value for all shareholders.

We are convinced that our highly qualified, independent nominees are in the best position to look out for your interests. **We urge you to vote FOR the Ader slate by signing, dating and returning the enclosed GOLD proxy card TODAY.** If you hold your shares in "Street-name" (i.e., through a bank, broker or other custodian), you custodian may also enable voting by telephone or by Internet–please follow the simple instructions provided on your **GOLD** proxy card.

INDEFENSIBLE SHARE PRICE PERFORMANCE UNDER CURRENT MANAGEMENT AND INCUMBENT BOARD

Current management has been in place since April 2009. October 5, 2009 was the first day of current management's first full fiscal year at IGT. Over the three-plus year period since that time, IGT's share price, even after adjusting for dividends paid during the period, has declined by 20.3%, from $18.96 to $15.12 per share on January 25, 2013. Moreover, we believe that IGT's superficial actions taken in response to the Ader Group's first voicing of its concerns were an important contributor to the recent uptick in IGT share price since September 2012. **What better testament to the continued need and desirability for shareholder oversight in the boardroom could there be?**

Under the leadership of current management and the incumbent Board, we believe that IGT is suffering from:

- The failure to focus on the core slot machine and systems business that generated IGT's historic success;
- A lack of casino gaming industry experience in IGT's Board and executive management ranks; and
- Poor capital allocation decisions highlighted by a series of costly non-strategic acquisitions, one of which has resulted in a substantial recent reorganization charge.

Under almost any measure, IGT's stock price performance has been disappointing. The following chart illustrates the 1-, 2- and 3-year performances of IGT common stock, as compared to the performance of the S&P500 and the NASDAQ.

We believe the lack of focus by the incumbent Board and the management team on your company's core business has caused an unsustainable deterioration in the core business demonstrated by the company's market share losses, degradation in customer relationships and loss of key employee talent. Shareholders should ask themselves: Do I trust this management and board, which have overseen the destruction of shareholder value, to correct this flawed strategy and improve the value of my investment?

IGT MANAGEMENT'S HISTORY OF OVERPRICED, NON-CORE ACQUISITIONS

AND POOR CAPITAL DECISIONS HAVE DESTROYED SHAREHOLDER VALUE

Under current management and the incumbent board, IGT has repeatedly made decisions regarding the operations and strategic direction of your company that have negatively impacted shareholder value. Most importantly, the current regime has neglected IGT's prime asset—the core slot machine and systems business—resulting in an alienated customer base and deteriorating financial performance.

Instead of focusing on its core business, IGT's board and management have been distracted by a series of costly, non-strategic acquisitions. In the past two years:

- IGT purchased Entraction Holding for $113 million, which they effectively shut down less than 18 months later.

- Just seven months after Entraction, IGT purchased Double Down Interactive—an online social network casino game developer—for $500 million. The purchase price included retention payments of $85 million to Double Down's 80 employees—an average of over $1 million per person! This acquisition puts the company in the position of competing with some of its own core slot machine and systems customers, which we believe is not in the company's best interests. Not only did the Double Down acquisition result in a changed focus as it relates to IGT's business strategy, it was incredibly expensive. At the time of announcement, IGT management analogized Double Down to the popular social gaming company Zynga. In the twelve months since IGT acquired Double Down, Zynga's enterprise value has declined by more than 80%. Shareholders should ask management: Would you pay the same price today?

- Just one month after Double Down, IGT purchased BringIt – a provider of virtual casino/arcade currency for game publishers, brands and media websites – for $10.1 million (including $2.0 million of retention payments).

In addition to overpriced acquisitions, your Board and management have made poor capital decisions such as repurchasing IGT shares at inopportune prices. We believe that this was evidenced when IGT announced a $400 million accelerated share repurchase in June 2012, weeks before announcing fiscal 3rd quarter results which came in well short of Wall Street expectations. By our calculations, these poorly timed repurchases have been executed at an average 13.58% premium to the price points at which your company could have executed them - leading to over $50 million in value destruction. Did your board know about the likely impending drop in the stock price and, if so, why did they move forward with the stock repurchase at that time and, if not, why did they not know? To be clear, we have no issue with returning capital to shareholders; rather we object to the haphazard and costly way in which it appears to have been executed.

Do NOT allow your company to continue down a path of value destruction by "doubling down" on a flawed acquisition strategy and poor capital decisions.

A DEARTH OF CASINO GAMING EXPERTISE AND FINANCIAL DISCIPLINE

AT THE IGT BOARD AND EXECUTIVE MANAGEMENT LEVEL

Of the 13 individuals that make up IGT's current Board and executive management team, in our view, only two individuals—Philip Satre and Robert Miller— have significant experience in casino gaming and related areas prior to joining IGT (although Paget Alves arguably has some gaming experience as a director of GTECH Holdings Corporation). We believe that overall, casino gaming expertise is woefully under-represented at the Board level, and that therefore there is little hope your Board can effectively oversee management in maximizing the opportunities inherent in this core business—in either the domestic or global markets. Likewise, the executive management team of our company lacks any experience in the casino gaming industry prior to their respective tenures at IGT.

Furthermore, the collective background of the incumbent directors does not appear to include any meaningful experience in or expertise involving the capital markets. Given the value destruction that has been inflicted upon our company as a result of the inopportune timing of the accelerated share repurchase, we believe that this is an issue which must be addressed. Furthermore, we believe that IGT's core gaming operations business affords the company many untapped opportunities through the potential introduction of various financial structured products which may allow our company to lower its overall cost of capital. Additionally, given the inherent sensitivity of the gaming operations business to changes in the interest rate environment, we cannot overstate the importance of having capital markets and corporate finance expertise at the Board level.

BASED ON HER HISTORY, WE HAVE NO CONFIDENCE THAT YOUR CEO

CAN REPAIR THE DAMAGE WITHOUT BETTER BOARD GUIDANCE

Sadly, the record of IGT's CEO as a Chief Executive and board member at other companies offers little reason to believe she can turn around IGT's fortunes without keener and more expert board oversight. For example:

- Ms. Hart was Chairman, CEO and President of Telocity from June 1999 until April 2001. Telocity went public on March 28, 2000. By April 3, 2001, Telocity common stock had *declined by 82.1%* from its IPO price.

- Ms. Hart was Chairman and CEO of Excite@Home from April 21, 2001 through the company's bankruptcy filing in September 2001. During this period, Excite@Home common stock *declined by 100%*.

- Ms. Hart was Chairman, CEO and President of Pinnacle Systems from March 2004 until August 2005. During her tenure, Pinnacle Systems common stock *declined by 45.1%*.

- Following her tenure at Pinnacle Systems, Ms. Hart appears to have become a "professional board member" between 2006 and 2009. During this period, she served on the boards of IGT, Yahoo, Korn/Ferry International, Spansion and LinTV. During her respective tenures as a board member of these companies, only Yahoo experienced an increase in share price.

- However, Ms. Hart's most noteworthy action on the board of Yahoo appears to have been her heading the special committee that hired Scott Thompson as CEO. Mr. Thompson resigned less than five months later following an investigation of his academic credentials. During the investigation, one of Yahoo's largest investors identified inconsistencies in Ms. Hart's own publicly reported academic credentials. Ms. Hart resigned from Yahoo's board shortly after these inconsistencies were publicly identified.

We believe the need for a strong, expert and independent Board is clear.

THE ADER NOMINEES CONTRIBUTE SIGNIFICANT INDUSTRY EXPERTISE

AND A MARKET-SAVVY FINANCIAL PERSPECTIVE

We believe significant change to the composition of IGT's Board of Directors is warranted given the strong qualifications of the Ader nominees and the serious issues facing your company. We are confident that our nominees' deep experience in the gaming sector and expertise in the financial markets – both capital markets and corporate finance – will benefit all shareholders.

If elected, our nominees will work with the other Board members and management to review the company's strategies in its operating businesses and identify opportunities to enhance shareholder value. Our nominees also intend to work closely with Ms. Hart to address the lack of casino gaming industry expertise at the management level.

The Ader slate brings a fresh but experienced focus to maximizing the value of relationships with IGT's customers and successfully innovating products that will appeal to end-users.

- Mr. Mathewson is the former Chairman and Chief Executive Officer of IGT, with an outstanding track record of creating value: under Mr. Mathewson's leadership, IGT's stock price *increased by 25,481%* on a split-adjusted basis between February 1986 and October 2003. Mr. Mathewson is also a former Chairman of the American Gaming Association. We expect that Mr. Mathewson will contribute a unique ability to revitalize and refocus the board and management through the benefits of his long-standing relationships in the casino gaming industry with both employee talent and customers.

- Mr. Silvers has 17 years of analytical experience focusing on the casino gaming industry specifically, and the Nevada market generally. He too will provide the benefit of his extensive hands-on work and relationships with a large number of IGT customers in its core slot machine and systems business, as well as with a number of IGT's competitors in these businesses. Additionally, Mr. Silvers has extensive experience as an investor in gaming equipment assets.

Additionally, our nominees have substantial capital markets experience which will bring financial discipline to the board room. In particular:

- Mr. Brooks is the former Chief Executive Officer of ACA Financial Guaranty Corporation, a monoline bond insurance company, and has experience in investing in distressed companies and debt;
- Mr. Mathewson serves as a Trustee of Baron Investment Funds Trust and Baron Select Funds. Mr. Mathewson is also a former executive officer and board member of Jefferies & Company Inc.; and
- Mr. Silvers has 17 years of extensive financial markets experience – in both corporate finance and capital markets – principally involving the casino gaming industry and the Nevada market.

PROTECT YOUR INVESTMENT–

VOTE GOLD FOR A STRONGER VOICE IN THE BOARDROOM NOW

Over the past four months, AIM has tried repeatedly to engage in a constructive dialogue with the independent directors of IGT–*the very directors that are supposed to represent the interests of ALL shareholders as the owners of this company*–regarding operating performance and governance issues at IGT. Our efforts have failed: we were allowed only a single 30-minute teleconference in which the incumbent directors asked only one substantive question. ALL of AIM's requests for in-person meetings with IGT's independent directors have been declined.

Finally, you should also be aware that the incumbent IGT directors own only a less-than 0.1% interest in your company, exclusive of options. In contrast, the Ader Group represents a greater-than 3.0% ownership interest. Excluding stock options, the Ader Group represents an ownership interest in IGT that is more than ***100 times*** the aggregate ownership interest of the three directors we seek to replace. We are convinced that shareholders will benefit from stronger, and more aligned, representation in the Boardroom now – before the management and Board can do any more damage.

The choice is yours: you may either support the incumbents, with the existing board's record of overseeing a failed strategy and the destruction of significant shareholder value, or you may support new, highly qualified, independent nominees who are committed to working for the best interests of all shareholders. **We believe the choice is clear: we urge you to vote FOR all the Ader nominees using the enclosed GOLD proxy card TODAY.**

Sincerely,
/s/ Jason N. Ader

Jason N. Ader

Your Vote Is Important, No Matter How Many Or How Few Shares You Own.

If you have questions about how to vote your shares, or need additional assistance, please contact the firm assisting us in the solicitation of proxies:

INNISFREE M&A INCORPORATED

Stockholders Call Toll-Free: (877) 825-8621

Banks and Brokers May Call Collect: (212) 750-5833

IMPORTANT

We urge you NOT to sign any White proxy card sent to you by IGT.

If you have already done so, you have every right to change your vote by signing, dating and returning the enclosed

GOLD proxy card **TODAY** in the postage-paid envelope provided. If you hold your shares in Street-name, your custodian may also enable voting by telephone or by Internet—please follow the simple instructions provided on your **GOLD** proxy card.

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Certain information contained herein constitutes “forward-looking statements,” which can be identified by the use of forward-looking terminology such as “may,” “will,” “seek,” “should,” “expect,” “anticipate,” “project,” “estimate,” “intend,” “ “believe” or the negatives thereof or other variations thereon or comparable terminology. Such statements are not guarantees of future performance or activities. Due to various risks and uncertainties, actual events or results or actual performance may differ materially from those reflected or contemplated in such forward-looking statements.

votes every year. In light of, and consistent with, this recommendation the Board has determined that the Company will hold future advisory votes on executive compensation annually until the next stockholder vote on the frequency of say-on-pay votes is required under Section 14A of the Exchange Act, or until the Board otherwise determines that a different frequency for such votes is in the best interests of the Company's stockholders. At our 2015 annual meeting of stockholders, we received approximately 81% approval for our "say-on-pay" proposal based on record shares voted.

The Compensation Committee considered the 2015 say-on-pay voting results at its meetings, and the Compensation Committee believes the voting results demonstrate significant support for our Named Executive Officer compensation program. No significant changes were made in 2015 to our programs. The Compensation Committee intends to continue to look for ways to strengthen the existing executive compensation programs and the governance environment in which they function.

2015 Pay for Performance Analysis

Our program is designed to reward our executive officers, consistent with our peer group and market, when they contribute to the achievement of our business objectives and create long-term stockholder value.

Executive Compensation Philosophy and Objectives

The executive compensation program is designed to attract and retain talented executives that will lead the Company in achieving its business goals and objectives and in creating long-term stockholder value. In keeping with our philosophy of aligning pay with performance, a significant portion of our Named Executive Officers' compensation is "at risk" and comprised of both short-term performance-based cash incentives ("MBOs") and long-term equity awards. For us, "at risk" compensation consists of incentive cash compensation that is directly linked to performance against quarterly objectives set by the Compensation Committee, and interests in stock option grants priced at or above the closing price of a share of Common Stock on Nasdaq on the date of grant, and vesting over multi-year periods or in some cases upon achievement of performance milestones. Beginning in 2013, we introduced the use of time-based and performance-based grants of RSUs, and in 2014 we introduced the use of market-based grants of stock options in our executive compensation program, which also put portions of executive compensation at risk based on the performance of the Company and returns for our stockholders.

The principal elements of our executive compensation program are:

- base salary;
- short-term, performance-based cash incentive awards;

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- long-term, equity-based awards; and
- other benefits customary for our peer group.

We believe that short-term cash incentives are an important and effective way to align Named Executive Officer pay with Company performance because short-term cash incentives are earned only when our Named Executive Officers contribute to the achievement of our specific short-term business objectives.

We also believe long-term stock option grants are particularly effective as a means of aligning the interests of our Named Executive Officers with those of our stockholders as these awards are designed to drive both long-term Company performance and retention of our key executives because the option awards will not deliver any return to our Named Executive Officers unless our stock price increases after the time the award is made. Beginning in 2013, we started to grant RSUs, which help retain Named Executive Officers by providing value that vests over time or upon achievement of designated performance targets, while at the same time increasing or decreasing compensation automatically based on the performance of our Common Stock. The combination of options and RSUs in equity grants balances both long-term retention as well as aligning the interests of our Named Executive Officers with the interests of our stockholders. Accordingly, we seek to establish long-term equity incentives as a significant ongoing component of our executive compensation program.

The Role of Consultants and Benchmarking Data

Historically, the Compensation Committee reviewed data from a variety of sources to determine and set executive compensation, including consideration of data and compensation information from peer companies, industry surveys, and recommendations of independent compensation consultants.

During 2015, the Compensation Committee continued to review publicly available data and solicit advice of Compensia, Inc. (“Compensia”) when making key compensation decisions for Section 16 Officers. Compensia has been engaged directly by the Compensation Committee only to make recommendations on appropriate executive and director compensation levels, to design and implement incentive plans, and to provide information on industry and peer group pay practices. Compensia is independent of Support.com’s directors and officers, and has not been retained by the Board, any committee, or by management of the Company to provide any other services. Compensia’s fees for its services in 2015 were substantially below $120,000.

Pursuant to its charter, which can be found at http://www.support.com/wp-content/uploads/2015/03/Compensation-Committee-Charter.pdf, the Compensation Committee has authority, at the Company’s expense, to retain, terminate or obtain the advice of compensation consultants, legal counsel and other advisers as the Compensation Committee may deem appropriate, including the sole authority to approve any such advisers’ fees and other retention terms. The Compensation Committee is directly responsible for the appointment, compensation and oversight of the work of any compensation consultant, legal counsel and other adviser retained by the Compensation Committee. The Company must provide for appropriate funding, as determined by the Compensation Committee, for payment of reasonable compensation to a compensation consultant, legal counsel or any other adviser retained by the Compensation Committee. Pursuant to its charter, the Compensation Committee may select, or receive advice from, a compensation consultant, legal counsel or other adviser to the Compensation Committee other than in-house legal counsel, only after taking into consideration the following factors related to the independence of the advisor:

(i) the provision of other services to the Company by the person that employs the compensation consultant, legal counsel or other adviser;

(ii) the amount of fees received from the Company by the person that employs the compensation consultant, legal counsel or other adviser, as a percentage of the total revenue of the person that employs the compensation consultant, legal counsel or other adviser;

(iii) the policies and procedures of the person that employs the compensation consultant, legal counsel or other adviser that are designed to prevent conflicts of interest;

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(iv) any business or personal relationship of the compensation consultant, legal counsel or other adviser with a member of the Compensation Committee;

(v) any stock of the Company owned by the compensation consultant, legal counsel or other adviser; and

(vi) any business or personal relationship of the compensation consultant, legal counsel, other adviser or the person employing the adviser with an Officer.

Peer Group Analysis

For 2015, the Compensation Committee used a peer group of companies identified through the research and recommendations of Compensia, an independent compensation consultant, based on Internet, software and services companies that met the following criteria: revenue within approximately $40- 175 million and market capitalization within approximately $20-200 million. The peer group used for compensation purposes during 2015 consists of:

American Software, Inc.	Cyan, Inc.	Local Corporation
Autobytel Inc.	eGain Corporation	Marin Software Incorporated
Brightcove Inc.	Envivo, Inc.	Rand Worldwide, Inc.
BSQUARE Corporation	Exa Corporation	Spark Networks, Inc.
Carbonite, Inc.	Geeknet, Inc.	TechTarget, Inc.
Cinedigm Corp.	Guidance Software, Inc.	TheStreet, Inc.

Autobytel, Brightcove, BSQUARE, Cinedigm, Cyan, Envivo, Exa Geeknet, Local, Marin Software, Rand Worldwide, Spark Networks, and TheStreet were added to our peer group in 2015. In addition, Acorn Energy, Archipelago Learning, Callidus Software, Convio, Digimarc, ELLIE MAE, Keynote Systems, SciQuest, SPS Commerce, Vocus, Wave Systems, and Zix were no longer included in our peer group for 2015 since they no longer meet the designated criteria.

For 2015, the Compensation Committee used the median (50th percentile) as a guideline for establishing individual compensation elements, as well as total compensation, for each of our Section 16 Officers. The Compensation Committee does not benchmark and may deviate from such guidelines in its discretion, and takes into account individual performance, experience and competitive market factors.

The Role of Management in Compensation Decisions

Our Chief Executive Officer recommends to the Compensation Committee individual compensation adjustments for Section 16 Officers, other than herself, based on market data, Company performance and individual performance. She also recommends incentive compensation measures to align compensation with our corporate objectives. The Chief Executive Officer is sometimes present during the portions of Compensation Committee meetings in which compensation decisions regarding Section 16 Officers other than the Chief Executive Officer are reviewed and decided, but the Compensation Committee retains the final authority for all such decisions.

Analysis of 2015 Executive Compensation Decisions and Actions

Base Salary

Base salary is the baseline cash compensation that we pay to our Named Executive Officers throughout the year. Base salaries provide our Named Executive Officers with a predictable level of income. We pay base salaries to attract and retain strong talent in our market. The Compensation Committee determines individual salaries for the

Company’s Section 16 Officers, which includes each Named Executive Officer. In determining appropriate 2015 base salaries, in addition to reviewing the peer company data compiled by Compensia and market data from industry compensation surveys such as the survey by Radford, an Aon Hewitt company (“Radford”), and other sources, the Compensation Committee generally considers:

- the scope of responsibility and experience of the Section 16 Officer;
- the individual performance of each existing Section 16 Officer;
- competitive market compensation;
- internal equitable considerations;
- the significance of the individual to the achievement of our corporate objectives; and
- in the case of Section 16 Officers other than the Chief Executive Officer, the Chief Executive Officer’s recommendation as to compensation.

Base salaries are reviewed annually by the Compensation Committee along with other elements of executive compensation. In February 2015, the Compensation Committee, considering the advice of Compensia and reviewing the data and factors described above as part of the annual executive compensation review, increased the annual base salary rate for Dr. Cholawsky from $360,000 to $370,000 (3%), for Mr. Lakkaraju from $320,000 to $329,600 (3%), Mr. Donnelly from $226,600 to $235,644 (4%), and for Mr. Wrenn from $257,500 to $267,800 (4%). Each of the base salary adjustments were made due to market adjustments. In February 2016, the Compensation Committee, considering the advice of Compensia and reviewing the data and factors described above as part of the annual executive compensation review, determined that current amounts were considered appropriate and no changes to base salary were made at that time.

The annual base salary rates for our Named Executive Officers for 2015 are set forth in the table below:

Name	**2015 Base Salary**
Elizabeth Cholawsky	$370,000
Roop Lakkaraju	$329,600
Shaun Donnelly (1)	$235,644
Greg Wrenn (2)	$267,800

(1) As a result of his role change from SVP of Business Development and Account Management to SVP of Customer Success and Services Sales, Mr. Donnelly is no longer an executive officer of the Company effective February 9, 2016. Mr. Donnelly resigned his employment with the Company effective April 1, 2016.

(2) Mr. Wrenn resigned his employment with the Company effective August 6, 2015.

Short-Term, Performance-Based Cash Incentive Awards

We paid short-term performance-based cash incentives in 2015 under our Executive Incentive Compensation Plan to attract and retain talented executives who help us achieve our business objectives, and to align executive pay with achievement against near-term Company performance objectives. In determining appropriate target short-term cash incentive opportunities for each Section 16 Officer for 2015, in addition to reviewing market data from industry compensation surveys such as that of Radford, and data from Compensia, all as further discussed below, the

Compensation Committee assessed the same factors that were considered in determining 2015 base salaries. In February 2015, the Compensation Committee, considering the advice of Compensia and reviewing the data and factors described above as part of the annual executive compensation review, increased the annual short-term cash incentive award target for Dr. Cholawsky from $234,000 to $241,000 (3%), for Mr. Lakkaraju from $150,000 to $154,912 (3%), for Mr. Donnelly from $56,650 to $58,911 (4%), and for Mr. Wrenn from $77,250 to $80,340 (4%). These increases were made after market considerations. In February 2016, the Compensation Committee, considering the advice of Compensia and reviewing the data and factors described above as part of the annual executive compensation review determined that current amounts were considered appropriate and no changes to short-term performance-based cash incentives were made at that time. For our Chief Executive Officer, the Compensation Committee solely established financial goals for her short-term performance-based cash incentive awards.

Actual payouts for our short-term cash incentive awards for each Section 16 Officer were based on the achievement of specified financial targets and non-financial corporate and leadership objectives established at the beginning of each quarter as determined by the Compensation Committee. The Compensation Committee considers financial and other targets each quarter in order to keep the short-term performance-based incentives appropriate and effective at aligning this element of executive pay with the achievement of the Company's near-term performance objectives. All objectives were designed to require strong performance from our Section 16 Officers, and often resulted in payouts under target. For 2015, our short-term cash incentive award payout approach was as follows:

- Incentive compensation for Company revenue and net income targets was paid on a straight-line sliding scale if the Company achieved between the minimum threshold of 70% (achievements under 70% received no payout) and the maximum achievement of 130% (achievements over 130% received 130% payout).

- Targets specific to individual performance were not eligible for achievement levels above 100% of target, but could be assigned partial credit based on actual achievement on a straight-line sliding scale between 0% to 100%;

By establishing targets that are a percentage of base salary, 65% for Dr. Cholawsky, 47% for Mr. Lakkaraju and 25% for Mr. Donnelly, and capping payouts at 130% and 100% for financial and corporate and leadership objectives, respectively, our program results in payouts which are a fraction of the Section 16 Officer's base salary. The Compensation Committee determines in its sole discretion if, and to what extent, objectives are achieved and incentive awards are payable based on the actual results of the period. Pursuant to the Executive Incentive Compensation Plan, the Compensation Committee reserves the right to amend or discontinue the short-term incentive program at any time in the best interests of the Company and to use negative discretion, where appropriate.

For 2015, the terms of our Named Executive Officers' MBOs and the payments made with respect to those awards were as follows:

Named Executive Officer	Period	Description of Objective	Target Cash Incentive Potential	Actual % of Objective Achieved	Actual Cash Incentive Paid

Elizabeth Cholawsky	2015-Q1	Target Company revenue of $22,126,000	$29,401	105%	$30,771
		Target Company adjusted non-GAAP net income of $(532,398)	$17,641	0%	$0
		Target Nexus annual recurring revenue of $344,464	$11,761	0%	$0
	2015-Q2	Target Company revenue of $20,834,000	$30,125	99%	$29,788

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Named Executive Officer	**Period**	**Description of Objective**	**Target Cash Incentive Potential**	**Actual % of Objective Achieved**	**Actual Cash Incentive Paid**
		Target Company adjusted non-GAAP net income of $(2,968,000)	$18,075	130%	$23,498
		Target Nexus annual recurring revenue of $375,129	$12,050	0%	$0
	2015-Q3	Target Company revenue of $17,624,000	$30,125	101%	$30,538
		Target Company adjusted non-GAAP net income of $(3,086,000)	$18,075	103%	$18,603
		Target Nexus annual recurring revenue of $371,769	$12,050	88%	$10,606
	2015-Q4	Target Company revenue of $15,464,000	$30,125	102%	$30,626
		Target Company adjusted non-GAAP net income of $(4,184,000)	$18,075	110%	$19,971
		Target Nexus annual recurring revenue of $1,000,000	$12,050	0%	$0
	2015 Total		239,553		194,400
Roop Lakkaraju	2015-Q1	Target Company revenue of $22,126,000	$9,438	105%	$9,878
		Target Company adjusted non-GAAP net income of $(532,398)	$5,663	0%	$0
		Target Nexus annual recurring revenue of $344,464	$3,775	0%	$0
		Deliver contact center productive hours consistent with plan	$6,292	100%	$6,292
		Prepare debt financing analysis for Board consideration	$6,292	100%	$6,292
		Prepare stock buyback analysis for Board consideration	$6,292	100%	$6,292
	2015-Q2	Target Company revenue of $20,834,000	$9,682	99%	$9,574
		Target Company adjusted non-GAAP net income of $(2,968,000)	$5,809	130%	$7,552
		Target Nexus annual recurring revenue of $375,129	$3,873	0%	$0
		Deliver contact center productive hours consistent with plan	$6,455	100%	$6,455
		Prepare strategic alternatives presentation for Board	$6,455	100%	$6,455
		Assess potential accounting systems and make a recommendation	$6,455	100%	$6,455

Named Executive Officer	Period	Description of Objective	Target Cash Incentive Potential	Actual % of Objective Achieved	Actual Cash Incentive Paid
	2015-Q3	Target Company revenue of $17,624,000	$9,682	101%	$9,789
		Target Company adjusted non-GAAP net income of $(3,086,000)	$5,809	103%	$5,963
		Target Nexus annual recurring revenue of $371,769	$3,873	88%	$3,400
		Deliver contact center productive hours consistent with plan	$6,455	100%	$6,455
		Deliver cost structure realignment based on staffing needs	$6,455	100%	$6,455
		Complete hiring of new Controller and deliver plan to improve quality of payroll processing	$6,455	100%	$6,455
	2015-Q4	Target Company revenue of $15,464,000	$9,682	102%	$9,843
		Target Company adjusted non-GAAP net income of $(4,184,000)	$5,809	110%	$6,419
		Target Nexus annual recurring revenue of $1,000,000	$3,873	0%	$0
		Deliver contact center productive hours consistent with plan	$6,455	100%	$6,455
		Develop methodology for assessing business investment initiatives	$6,455	100%	$6,455
		Complete IR firm transition and develop IR strategy for 2016	$6,455	100%	$6,455
	2015 Total		153,936		139,384
Shaun Donnelley	2015-Q1	Target Company revenue of $22,126,000	$3,578	105%	$3,745
		Target Company adjusted non-GAAP net income of $(532,398)	$2,147	0%	$0
		Target Nexus annual recurring revenue of $344,464	$1,431	0%	$0
		Close target number of Nexus deals within target market	$3,578	40%	$1,431
		Close target number of services deals within target margin	$1,789	100%	$1,789
		Deliver target level of revenue increase from named services customers	$1,789	100%	$1,789

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Named Executive Officer	Period	Description of Objective	Target Cash Incentive Potential	Actual % of Objective Achieved	Actual Cash Incentive Paid
	2015-Q2	Target Company revenue of $20,834,000	$3,682	99%	$3,641
		Target Company adjusted non-GAAP net income of $(2,968,000)	$2,209	130%	$2,872
		Target Nexus annual recurring revenue of $375,129	$1,473	0%	$0
		Close target number of Nexus deals within target market	$3,682	10%	$368
		Close target number of services deals within target margin	$1,841	100%	$1,841
		Launch and generate revenue from target number of services programs	$1,841	33%	$608
	2015-Q3	Target Company revenue of $17,624,000	$3,682	101%	$3,732
		Target Company adjusted non-GAAP net income of $(3,086,000)	$2,209	103%	$2,274
		Target Nexus annual recurring revenue of $371,769	$1,473	88%	$1,296
		Deliver target Nexus seat count	$3,682	100%	$3,682
		Close target number of services deals within target margin	$1,841	100%	$1,841
		Launch and generate revenue from target number of services programs	$1,841	100%	$1,841
	2015-Q4	Target Company revenue of $15,464,000	$3,682	102%	$3,743
		Target Company adjusted non-GAAP net income of $(4,184,000)	$2,209	110%	$2,441
		Target Nexus annual recurring revenue of $1,000,000	$1,473	0%	$0
		Deliver target Nexus seat count and target Nexus ARR	$5,155	50%	$2,577
		Close target number of services deals within target margin	$1,473	50%	$736
		Launch and generate revenue from target services program	$736	100%	$736
	2015 Total		58,496		42,984

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Named Executive Officer	Period	Description of Objective	Target Cash Incentive Potential	Actual % of Objective Achieved	Actual Cash Incentive Paid
Greg Wrenn	2015-Q1	Target Company revenue of $22,126,000	$4,880	105%	$5,107
		Target Company adjusted non-GAAP net income of $(532,398)	$2,928	0%	$0
		Target Nexus annual recurring revenue of $344,464	$1,952	0%	$0
		Deliver plan to launch new Intranet solution	$2,440	100%	$2,440
		Assist Sales in delivery of new Nexus commission plan program	$2,440	100%	$2,440
		Deliver Nexus contract "playbook" with training for Nexus sales team	$2,440	100%	$2,440
		Assist consultant and CEO in completing Phase I of "Values" project	$2,440	100%	$2,440
	2015-Q2	Target Company revenue of $20,834,000	$5,021	99%	$4,965
		Target Company adjusted non-GAAP net income of $(2,968,000)	$3,013	130%	$3,917
		Target Nexus annual recurring revenue of $375,129	$2,009	0%	$0
		Execute plan to launch new Intranet solution	$3,414	100%	$3,414
		Complete PCI Level 1 compliance audit by target date	$3,314	100%	$3,314
		Engage vendor to conduct company-wide employee engagement survey	$3,314	100%	$3,314
	2015 Total		39,603		33,790

(1) Adjusted non-GAAP net income (loss) for the purpose of MBO target amounts is the Company's target non-GAAP net income (loss) adjusted to eliminate the impact of variable MBO payments in order to avoid recursive calculations of actual non-GAAP net income results.

(2) As a result of his role change from SVP of Business Development and Account Management to SVP of Customer Success and Services Sales, Mr. Donnelly is no longer an executive officer of the Company effective February 9, 2016. Mr. Donnelly resigned his employment with the Company effective April 1, 2016.

(3) Mr. Wrenn resigned his employment with the Company effective August 6, 2015.

For more information about our MBO payouts for 2015, see the 2015 Summary Compensation Table and 2015 Grants of Plan-Based Awards Table below.

Long-Term Equity Awards

We periodically provide long-term equity awards at the discretion of the Compensation Committee to our executive officers to encourage them to create long-term value for our stockholders through sustained performance. Equity compensation for executive officers is reviewed at least annually, but the frequency, type, and amount of long-term equity awards are made at the discretion of the Compensation Committee based on an assessment of overall compensation and grant date fair value of any new awards, performance, and the desired balance of compensation incentives going forward. Thus grants in recent years have tended to vary year-to-year based on this overall assessment and in some years no new grants by the Compensation Committee have been made to continuing executive officers, such as calendar years 2010 and 2012.

On April 12, 2010, our Compensation Committee adopted a policy stating the Compensation Committee's general intention to structure any future equity-based awards granted to our Section 16 Officers during calendar years 2010, 2011 and 2012 such that a substantial portion (in this case, at least 50% on a share basis) of equity awards granted to our Section 16 Officers would be performance-based. The same proportion did not apply to new hire grants which were based on the competitive hiring market practices at the time, but any subsequent grants to that officer were to include a substantial portion of performance-based awards. Equity awards in 2010, 2011, and 2012 were either (1) time-based stock option awards with an exercise price equal to at least 125% of the closing price of a share of Common Stock on Nasdaq on the date of grant, or (2) stock option awards earned based on the achievement of Company performance targets based on the achievement of Company performance targets.

In 2013, we granted equity awards to our former CEO, Josh Pickus, and our former CFO, Shelly Schaffer. At least 50% of the equity awards were based on the achievement of Company performance targets. Both Mr. Pickus and Ms. Schaffer resigned employment with the Company in April 2014 and October 2013, respectively. Mr. Pickus forfeited at least 66% of his 2013 equity awards on his departure. Ms. Schaffer forfeited 100% of her 2013 equity awards on her departure. Mr. Lakkaraju began his employment with the Company in 2013 and was granted new hire RSUs and stock options on October 30, 2013. The stock options have an exercise price of $5.57 per share.

In 2014, we granted performance based stock option awards. Approximately 75% of Dr. Cholawsky's equity award grants in 2014 were performance-based stock options. Dr. Cholawsky received three stock option grants on May 16, 2014 and each grant has an exercise price of $2.21 per share. In addition to time-based vesting requirements, the three stock option grants may only be exercised if the closing price of our stock as reported on Nasdaq is at or above a designated share price ($4.00, $6.25 and $9.75, respectively) for 20 or more consecutive trading days for each grant. Similarly in 2014, Messrs. Lakkaraju and Donnelly each received two stock option grants with exercise prices of $2.26 per share, which, in addition to time-based vesting requirements, are exercisable only if our Common Stock achieves certain pre-established value levels. Specifically, the stock option grants can only be exercised if the closing price of our stock as reported on Nasdaq is at or above a designated share price ($4.00 and $6.25, respectively) for 20 or more consecutive trading days for each grant. The Compensation Committee granted the stock options to Dr. Cholawsky as the new CEO of the Company and designed the terms to be ambitious in terms of the share price growth required before the stock options were exercisable. By providing the stock options with a ten year expiration term, the Compensation Committee provided Ms. Cholawsky with time to guide the Company during the multi-year strategic plan before the stock options expired, while correlating the exercisability directly with increases in the Company's stock price and shareholder value.

In 2015, Dr. Cholawsky received all of her equity awards in stock option grants. Dr. Cholawsky received a stock option grant on February 10, 2015, with an exercise price of $1.85 per share. Similarly in 2015, both Messrs. Lakkaraju and Donnelly received their equity awards in stock option grants with exercise prices of $1.85 per share.

As of December 31, 2015, our stock price has not exceeded the exercise price of the vested stock options that were granted to Dr. Cholawsky, and Messrs. Lakkaraju and Donnelly in 2014 and 2015. Further, our stock price would have to appreciate over 118% from our December 31, 2015 closing stock price of $1.01 for Dr. Cholawsky's, or Messrs. Lakkaraju's and Donnelly's 2014 performance based stock grants to reach the exercise price and provide any realizable value to our executive officers. In addition, our stock price would need to appreciate 296%, 518%, and 865% respectively from our December 31, 2015 closing stock price of $1.01 for Dr. Cholawsky's, or Messrs. Lakkaraju's and Donnelly's 2014 performance-based stock grants to reach the performance-based exercise criteria (i.e. $4.00, $6.25, and $9.25) and provide any realizable value to our executive officers. Similarly, our stock price

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would need to appreciate over 83% from our December 31, 2015 closing stock price of $1.01 for Dr. Cholawsky's, or Messrs. Lakkaraju's and Donnelly's 2015 stock grants to reach the exercise price and provide any realizable value to our executives.

In 2016, at least 50% of the equity awards granted to our executive officers included performance-based requirements. Dr. Cholawsky received all her equity awards in 2016 as stock option grants. Dr. Cholawsky received two stock option grants on February 9, 2016 with exercise prices of $.80 per share. In addition to time-based vesting requirements, 50% of the stock option grants may only be exercised if the closing price of our stock as reported on Nasdaq is at or above $1.85 for 20 or more consecutive trading days. As of April 18, 2016, the closing price of our stock as reported on Nasdaq was $0.9614.

Mr. Lakkaraju received all of his equity awards in 2016 in stock option grants. Mr. Lakkaraju received two stock option grants on February 9, 2016 with exercise prices of $.80 per share. In addition to time-based vesting requirements, 50% of the stock option grants may only be exercised if the closing price of our stock as reported on Nasdaq is at or above $1.85 for 20 or more consecutive trading days. Mr. Koverman, who became a Section 16 Officer in 2016, received all of his equity awards in 2016 as stock option grants. Mr. Koverman received two stock option grants on March 15, 2016, with exercise prices of $.85 per share. In addition to time-based vesting requirements, 50% of the stock option grants may only be exercised if the closing price of our stock as reported on Nasdaq is at or above $1.85 per share. Mr. Donnelly is no longer a Section 16 Officer for 2016 and he resigned his employment with the Company as of April 1, 2016.

Other Benefits

We also provide our Named Executive Officers with certain employee benefits that are generally consistent with both the employee benefits we provide to all of our employees and that are provided by other employers in Silicon Valley. These benefits consist of a tax-qualified defined contribution plan, which we refer to as our 401(k) plan (to which we do not make any employer contributions), health benefits, life insurance benefits, and other welfare benefits. We do not provide any special employee benefits for our Named Executive Officers other than increased life insurance coverage equal to $300,000 per person, which increased coverage is also available to each of our employees who hold a position equal to or above the director level. Our employees who hold a position below the director level receive $150,000 in life insurance coverage per person.

Tax Implications of Compensation Policies

Section 162(m)

Section 162(m) of the Internal Revenue Code of 1986, as amended (the “Code”) generally places a limit of $1,000,000 on the amount of compensation we may deduct for federal income tax purposes in any one year with respect to the compensation we pay to certain of our most highly compensated officers, unless such compensation is performance-based compensation under Section 162(m) of the Code. In order to maintain flexibility in compensating our covered employees (as determined under 162 (m)) in a manner designed to promote achievement of Company goals, the Compensation Committee considers the Section 162 (m) impact of its compensation decisions, but does not necessarily limit executive compensation to that which is deductible under Section 162(m) of the Code.

Taxation of “Parachute” Payments

Sections 280G and 4999 of the Code provide that “disqualified individuals” within the meaning of the Code (which generally includes certain officers, directors and employees of the Company) may be subject to additional taxes if they receive payments or benefits in connection with a change in control of the corporation that exceed certain prescribed limits. The corporation or its successor may also forfeit a deduction on the amounts subject to this additional tax.

We did not provide any of our executive officers, including any NEO, any director, or any other service provider with a “gross-up” or other reimbursement payment for any tax liability that the individual might owe as a

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result of the application of sections 280G or 4999, and we have not agreed and are not otherwise obligated to provide any individual with such a "gross-up" or other reimbursement as a result of the application of sections 280G and 4999.

Accounting Standards

We follow Financial Accounting Standards Board Accounting Standards Codification Topic 718, or "ASC 718," for accounting for our stock options and other stock-based awards. ASC 718 requires companies to calculate the grant date "fair value" of their stock option grants and other equity awards using a variety of assumptions. This calculation is performed for accounting purposes. ASC 718 also requires companies to recognize the compensation cost of stock option grants and other stock-based awards in their income statements over the period that an employee is required to render service in exchange for the option or other equity award.

Employment Arrangements, Termination of Employment Arrangements and Change of Control Arrangements

We have employment arrangements with our Named Executive Officers to assist with attraction and retention. The following paragraphs summarize the employment-related agreements for our current Named Executive Officers and provide additional information that we believe is helpful to an understanding of the information disclosed in the compensation tables and narratives below. For more information about post-termination payments under these employment arrangements, see "Potential Payments Upon Termination or Change-in-Control" below.

Elizabeth Cholawsky

Dr. Cholawsky assumed the title of President and Chief Executive Officer on May 16, 2014. In connection with her employment, we entered into an offer letter with Dr. Cholawsky. Our arrangement with Dr. Cholawsky provided for her to receive an annual base salary of $360,000 and an annual short-term cash incentive target of $234,000. Effective February 10, 2015, Dr. Cholawsky's base salary was increased to $370,000 and her annual cash incentive target was increased to $241,000. In addition, Dr. Cholawsky has been granted stock options and RSU awards, as reflected in the outstanding equity awards table below.

Pursuant to the terms of Dr. Cholawsky's offer letter, if she is terminated without cause or resigns for good reason (as defined in the offer letter), Dr. Cholawsky would be entitled to severance pay equal to 12 months of base salary. If such termination or resignation follows within 12 months of a change of control of the Company, Dr. Cholawsky would also be entitled to vest immediately in 100% of any remaining unvested equity awards, provided, however, that stock options with market-based conditions will be eligible for acceleration only if and to the extent the applicable market conditions have been met prior to the change of control or achieved as part of the change of control as described in Dr. Cholawsky's offer letter.

Roop Lakkaraju

Mr. Lakkaraju assumed the title of Executive Vice President, Chief Financial Officer and Chief Operating Officer on October 30, 2013. In connection with his employment, we entered into an offer letter with Mr. Lakkaraju. Our arrangement with Mr. Lakkaraju provided for him to receive an annual base salary of $320,000 and an annual short-term cash incentive target of $150,000. Effective February 10, 2015, Mr. Lakkaraju's base salary was increased to $329,600 and his annual cash incentive target was increased to $154,912. In addition, Mr. Lakkaraju has been granted stock options and RSU awards, as reflected in the outstanding equity awards table below.

Pursuant to the terms of Mr. Lakkaraju's offer letter, if he is terminated without cause or resigns for good reason (as defined in the offer letter), Mr. Lakkaraju would be entitled to severance pay equal to six months of base salary and 50% of the short-term cash incentive target in effect for the year in which he is terminated. If such termination or resignation follows within 12 months of a change of control of the Company, Mr. Lakkaraju would also be entitled to vest immediately in 100% of any remaining unvested equity awards, provided, however, that stock options with market-based conditions will be eligible for acceleration only if and to the extent the applicable market conditions have been met prior to the change of control or achieved as part of the change of control as described in Mr. Lakkaraju's grant.

Shaun Donnelly

Mr. Donnelly was hired as Vice President, General Manager, Small and Medium Business on December 29, 2011. In connection with his employment, we entered into an offer letter with Mr. Donnelly. Our arrangement with Mr. Donnelly provided for him to receive an annual base salary of $208,000 and an annual short-term cash incentive target of $52,000. In 2012, in relation to the expansion of his duties to include responsibility for the program management group, Mr. Donnelly's base salary was increased to $220,000 and his annual cash incentive target was increased to $55,000, in each case effective as of August 1, 2012. Effective September 29, 2013, Mr. Donnelly's base salary was increased to $226,600 and his annual cash incentive target was increased to $56,650. Effective February 10, 2015, Mr. Donnelly's base salary was increased to $235,644 and his annual cash incentive target was increased to $58,911. In addition, Mr. Donnelly has been granted stock options and RSU awards, as reflected in the outstanding equity awards table below. Mr. Donnelly was also given certain housing allowances as reflected in the summary compensation table below.

Pursuant to the terms of Mr. Donnelly's offer letter, if Mr. Donnelly is terminated without cause or resigns for good reason (as defined in the offer letter), Mr. Donnelly would be entitled to severance pay equal to four months of base salary and 33.3% of his target short-term cash incentive in effect for the year in which he is terminated. If such termination or resignation follows within 12 months of a change of control of the Company, Mr. Donnelly would also be entitled to vest immediately in 100% of any remaining unvested equity awards, provided, however, that stock options with market-based conditions will be eligible for acceleration only if and to the extent the applicable market conditions have been met prior to the change of control or achieved as part of the change of control as described in Mr. Donnelly's grant. Mr. Donnelly resigned voluntarily from the Company effective April 1, 2016.

Greg Wrenn

Mr. Wrenn was hired as Vice President, General Counsel and Corporate Secretary on November 4, 2009. In connection with his employment, we entered into an offer letter with Mr. Wrenn. Our arrangement with Mr. Wrenn provided for him to receive an annual base salary of $240,000 and a short- term cash incentive target of $60,000. In relation to the expansion of his duties to include responsibility for other areas of the business development group, Mr. Wrenn's annual base salary was increased to $250,000 and his short-term cash incentive target was increased to $75,000, in each case effective as of January 1, 2012. He was also given a one-time incentive award of $50,000. Effective September 29, 2013, Mr. Wrenn's annual base salary was increased to $257,500 and his annual cash incentive target was increased to $77,250. Effective February 10, 2015, Mr. Wrenn's annual base salary was increased to $267,800 and his annual cash incentive target was increased to $80,340. In addition, Mr. Wrenn has been granted stock options and RSU awards, as reflected in the outstanding equity awards table below.

Pursuant to the terms of Mr. Wrenn's offer letter as previously amended, if Mr. Wrenn is terminated without cause or resigns for good reason (as defined in the offer letter), Mr. Wrenn would be entitled to severance pay equal to six months of base salary in effect for the year in which he is terminated. If such termination or resignation follows within 12 months of a change of control of the company, Mr. Wrenn would also be entitled to vest immediately in 100% of any remaining unvested equity awards, or such other amount as specified in any future grant agreement. As previously disclosed on Form 8-K filed with the SEC on June 25, 2015, Mr. Wrenn resigned voluntarily from the Company effective August 6, 2015.

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EXECUTIVE COMPENSATION

2015 Summary Compensation Table

The following table shows compensation information for 2015, 2014 and 2013 for our Named Executive Officers.

Name and Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards (1) ($)	Option Awards (1) ($)	Non-Equity Incentive Plan Compensation (2) ($)	All Other Compensation (3) ($)	Total ($)
Elizabeth Cholawsky (4)	2015	370346	-	-	139,125	197,684	270	707,425
President and Chief Executive	2014	216000	40,000	483,442	973,594	146,431	10,679(5)	1,870,146
Officer	2013	-	-	-	-	-	-	-
Roop Lakkaraju (6)	2015	329834	-	-	99,375	140,490	270	569,969
Chief Financial Officer and	2014	320000	-	-	146,407	156,795	162	623,364
Executive Vice President of Finance and Administration	2013	55,385	-	1,583969	467,532	27,302	21	2,134,209
Shaun Donnelley (7)	2015	235576	-	-	99,375	43,385	72,238(8)	450,574
Senior Vice President, Customer	2014	226600	-	-	117,125	45,632	92,289(9)	481,646
Success and Services Sales	2013	221700	5,000	147,250	-	44,034	30,331(10)	448,315
Greg Wrenn (11)	2015	170951	-	-	-	33,790	270	205,011
Senior Vice President of Business	2014	257500	-	137,000	-	76,137	162	470,799
Affairs, General Counsel and Corporate Secretary	2013	251933	-	589,000	-	77,676	180	918,789

(1) The amounts disclosed represent the grant date fair value of awards computed in accordance with ASC Topic 718, *Compensation – Stock Compensation*, excluding the effect of certain forfeiture assumptions. We estimate the fair value of stock options granted using the Black-Scholes option pricing model. This pricing model requires a number of complex assumptions including volatility, expected term, risk-free interest rate, and expected dividends. For more information about the assumptions used, please refer to our audited consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2015.

(2) The amounts disclosed for 2015 reflect the aggregate short-term cash incentive awards earned for all four quarters of the 2015 fiscal year under the annual incentive plan. Payouts for earned awards were made both in 2015 and 2016.

(3) Our employees may participate in our 401(k) plan, which is a tax-qualified defined contribution plan. We do not provide any matching contributions on any employee's contribution to the 401(k) plan. The amounts disclosed in this column include life insurance premiums for $300,000 of term life insurance for each Named Executive Officer.

(4) Dr. Cholawsky joined the Company on May 16, 2014.

(5) Includes $10,634 in reimbursements to Dr. Cholawsky in connection with work-related travel expenses while Dr. Cholawsky's relocation was pending. Also includes $45 in life insurance premiums for $300,000 of term life insurance.

(6) Mr. Lakkaraju joined the Company on October 30, 2013.

(7) As a result of his role change from SVP of Business Development and Account Management to SVP of Customer Success and Services Sales, Mr. Donnelly is no longer an executive officer of the Company effective February 9, 2016. Mr. Donnelly resigned his employment with the Company effective April 1, 2016.

(8) Includes $71,984 in housing allowances to Mr. Donnelly through November 2015 in connection with his new residence near Company headquarters. Also includes $254 in life insurance premiums for $300,000 of term life insurance.

(9) Includes $92,127 in housing allowances to Mr. Donnelly in connection with his new residence near Company headquarters. Also includes $162 in life insurance premiums for $300,000 of term life insurance.

(10) Includes $25,195 in reimbursed relocation expenses to Mr. Donnelly in connection with his move near Company headquarters. Also includes $5,000 in monthly housing allowances to Mr. Donnelly in December 2013 in connection with his new residence near Company headquarters. Also includes $136 in life insurance premiums for $300,000 of term life insurance.

(11) Mr. Wrenn resigned his employment with the Company effective August 6, 2015.

2015 Grants of Plan-Based Awards Table

The following table sets forth certain information with respect to grants of plan-based awards in 2015 to our Named Executive Officers, including short-term cash incentive awards and equity awards. The stock options granted to our Named Executive Officers in 2015 were granted under the 2010 Stock Plan. All stock options were granted with an exercise price equal to the closing price of a share of Common Stock on Nasdaq on the date of the grant.

		Estimated Future Payouts Under Non-Equity Incentive Plan Awards (1)			**All Other Option Awards: Number of Securities Underlying Options**	**Exercise or Base Price of Option Awards**	**Grant Date Fair Value of Stock and Option Awards**
Name	**Grant Date**	**Threshold ($)**	**Target ($)**	**Maximum ($)**	**(#) (2)**	**($)**	**($) (3)**

Elizabeth Cholawsky							
MBO	-	167,687	239,553	311,419	-	-	-
Option	2/10/2015	-	-	-	175,000	1.85	139,125
Roop Lakkaraju							
MBO	-	54,611	153,833	176,908	-	-	-
Option	2/10/2015	-	-	-	125,000	1.85	99,375

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		Estimated Future Payouts Under Non-Equity Incentive Plan Awards (1)					
Name	**Grant Date**	**Threshold ($)**	**Target ($)**	**Maximum ($)**	**All Other Option Awards: Number of Securities Underlying Options (#) (2)**	**Exercise or Base Price of Option Awards ($)**	**Grant Date Fair Value of Stock and Option Awards ($) (3)**
Shaun Donnelley (4)							
MBO	-	20,766	58,496	67,271	-	-	-
Option	2/10/2015	-	-	-	125,000	1.85	99,375
Greg Wrenn (5)							
MBO	-	14,059	39,604	45,544	-	-	-

(1) For 2015 we defined Company and/or individual objectives for our Named Executive Officers on a quarterly basis. Objectives were expressed as financial goals for the Company and/or individual performance goals. Additional information is reflected in the discussion of "Short-Term, Performance- Based Cash Incentive Awards" above.

(2) All awards listed in this column are time-based grants of stock options that vest 1/36th of the shares subject to the grant on each monthly anniversary of the grant date over 36 months, subject to continued employment.

(3) The amounts disclosed represent the grant date fair value of awards computed in accordance with ASC Topic 718, *Compensation – Stock Compensation*, excluding the effect of certain forfeiture assumptions. We estimate the fair value of stock options granted using the Black-Scholes option pricing model. This pricing model requires a number of complex assumptions including volatility, expected term, risk-free interest rate, and expected dividends. For more information about the assumptions used, please refer to our audited consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2015.

(4) As a result of his role change from SVP of Business Development and Account Management to SVP of Customer Success and Services Sales, Mr. Donnelly is no longer an executive officer of the Company effective February 9, 2016. Mr. Donnelly resigned his employment with the Company effective April 1, 2016.

(5) Mr. Wrenn resigned his employment with the Company effective August 6, 2015.

Our Named Executive Officers are parties to employment contracts or arrangements with us. For more information about these agreements and arrangements, see "Compensation Discussion and Analysis—Employment Arrangements, Termination of Employment Arrangements and Change of Control Arrangements" above. For more information about the compensation arrangements in which our Named Executive Officers participate and the proportion of our Named Executive Officers' total compensation represented by "at risk" components, see "Compensation Discussion and Analysis" above.

Outstanding Equity Awards at 2015 Fiscal Year-End Table

The following table summarizes the number of securities underlying outstanding equity awards for our Named Executive Officers as of December 31, 2015:

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	Option Awards (1)					Stock Awards (1)		
Name	**Grant Date (2)**	**Number of Securities Underlying Unexercised Options Exercisable (#)**	**Number of Securities Underlying Unexercised Option Unexercisable (#)**	**Option Exercise Price ($)**	**Option Expiration Date**	**Grant Date (3)**	**Number of Shares or Units of Stock that have not Vested (#)**	**Market Value of Shares or Units of Stock that Have not Vested ($) (4)**
Elizabeth Cholawsky		-	-	-	-	5/16/14 (5)(8)	164,064	165,705
	5/16/144 (5)(6)(7)	-	150,000	2.21	5/16/24	-	-	-
	5/16/14 (5)(6)(9)	-	300,000	2.21	5/16/24	-	-	-
	5/16/14 (5)(6)(10)	-	300,000	2.21	5/16/24	-	-	-
	2/10/15	48,611	175,000	1.85	2/10/25	-	-	-
Roop Lakkaraju		-	-	-	-	10/30/13 (8)	142,187	143,609
	10/30/13 (6)	105,625	89,375	5.57	10/30/23	-	-	-
	5/21/14	32,986	29,514	2.26	5/21/24	-	-	-
	5/21/14 (7)	-	31,250	2.26	5/21/24	-	-	-
	5/21/14 (9)	-	31,250	2.26	5/21/24	-	-	-
	2/10/15	34,722	90,278	1.85	2/10/25	-	-	-
Shaun Donnelly (11)	1/5/12 (6)	180,833	4,167	2.17	1/5/19	-	-	-
	7/5/12 (12)	42,708	7,292	3.23	7/5/19	-	-	-
		-	-	-	-	08/05/13	8,333	8,416
	5/21/14	26,388	23,612	2.26	5/21/24	-	-	-
	5/21/14 (7)	-	25,000	2.26	5/21/24	-	-	-
	5/21/14 (9)	-	25,000	2.26	5/21/24	-	-	-
	2/10/15	34,722	90,278	1.85	2/10/25	-	-	-
Greg Wrenn (13)		-	-	-	-	-	-	-

(1) Unless otherwise indicated, these grants are made pursuant to the Company's 2010 Stock Plan.

(2) Unless otherwise indicated, 1/36th of the shares subject to these grants vest on each monthly anniversary of the grant date over 36 months, subject to continued employment.

(3) Unless otherwise indicated, 1/3rd of the shares subject to these grants vest on each anniversary of the grant date over 3 years, subject to continued employment.

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(4) The amounts disclosed represent the grant date fair value of awards computed in accordance with ASC Topic 718, *Compensation – Stock Compensation*, excluding the effect of certain forfeiture assumptions. We estimate the fair value of stock options granted using the Black-Scholes option pricing model. This pricing model requires a number of complex assumptions including volatility, expected term, risk-free interest rate, and expected dividends. For more information about the assumptions used, please refer to our audited consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2015.

(5) These grants are made pursuant to the Company's 2014 Inducement Award Plan (the "Inducement Plan").

(6) 1/4th of the shares subject to this grant vest on the first anniversary of the grant date and 1/48th of the shares subject to this grant vest on each monthly anniversary thereafter over the next 36 months, subject to continued employment.

(7) This grant shall only be exercisable, to the extent vested, following the date as of which the FMV of the Company's Common Stock has first equaled or exceeded $4.00 for 20 consecutive trading days.

(8) 1/4th of the shares subject to this grant vests on each anniversary of the grant date over 4 years, subject to continued employment.

(9) This grant shall only be exercisable, to the extent vested, following the date as of which the FMV of the Company's Common Stock has first equaled or exceeded $6.25 for 20 consecutive trading days.

(10) This grant shall only be exercisable, to the extent vested, following the date as of which the FMV of the Company's Common Stock has first equaled or exceeded $9.75 for 20 consecutive trading days.

(11) As a result of his role change from SVP of Business Development and Account Management to SVP of Customer Success and Services Sales, Mr. Donnelly is no longer an executive officer of the Company effective February 9, 2016. Mr. Donnelly resigned his employment with the Company effective April 1, 2016.

(12) 1/48th of the shares subject to this grant vest on each monthly anniversary of the grant date over 48 months, subject to continued employment.

(13) Mr. Wrenn resigned his employment with the Company effective August 6, 2015.

2015 Option Exercises and Stock Vested

The following table provides information about RSU awards vested for our Named Executive Officers during 2015. No stock options were exercised by our Named Executive Officers during 2015.

	Stock Awards	
	Number of Shares	
Name	**Acquired on Vesting (#)**	**Value Realized on Vesting ($) (1)**
Elizabeth Cholawsky	54,688	$80,938
Roop Lakkaraju	71,094	$82,469
Shaun Donnelly (2)	8,333	$10,083
Greg Wrenn (3)	83,333	$134,833

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(1) Represents the amounts realized based on the fair market value of the Company's Common Stock on the applicable vesting date.

(2) As a result of his role change from SVP of Business Development and Account Management to SVP of Customer Success and Services Sales, Mr. Donnelly is no longer an executive officer of the Company effective February 9, 2016. Mr. Donnelly resigned his employment with the Company effective April 1, 2016.

(3) Mr. Wrenn resigned his employment with the Company effective August 6, 2015.

Pension Benefits and Nonqualified Deferred Compensation

We do not maintain any nonqualified deferred compensation plans, defined benefit plans, pension plans or other plans with specified retirement benefits for our Named Executive Officers or our employees. We do provide our employees with the opportunity to participate in our 401(k) plan, which is a tax-qualified defined contribution plan. We do not provide for any matching contributions with respect to our employees' contributions to the 401(k) plan. We also do not maintain any nonqualified deferred compensation plans, defined benefit plans or other plans with specified retirement benefits for our Named Executive Officers or our employees.

Potential Payments upon Termination or Change-in-Control

During 2015, we were party to employment contracts and arrangements with our Named Executive Officers. Under these contracts and arrangements, we are obligated to provide our Named Executive Officers with certain payments or other forms of compensation if their employment with us is terminated under certain conditions. The forms of such termination that would trigger additional payments or compensation include involuntary termination without cause and involuntary termination without cause and/or resignation for good reason following a change of control.

The tables below reflect the estimated amounts of payments or compensation each of our Named Executive Officers serving at December 31, 2015 may receive under particular circumstances in the event of termination of such Named Executive Officer's employment. The first table below was prepared as though each of our Named Executive Officers had been terminated involuntarily without cause on December 31, 2015, the last business day of 2015. The second table below was prepared as though each of our Named Executive Officers had been terminated involuntarily without cause on December 31, 2015, the last business day of 2015, within 12 months of a change-in-control of the Company and assumes that the price per share of Common Stock equals $1.01, which was the closing price of a share of Common Stock on December 31, 2015 as reported on Nasdaq. For more information about these agreements and arrangements, including the duration for payments or benefits received under these agreements and arrangements, see "Compensation Discussion and Analysis—Employment Contracts, Termination of Employment Arrangements and Change of Control Arrangements" above. To the extent payments or benefits are required, we will provide all such payments and benefits under the agreements.

Involuntary Termination

Name (1)	**Salary Continuation**	**Cash-Based Incentive Award**	**Continuation of Health & Welfare Benefits (2)**	**Value of Unvested and Accelerated Equity Grants (3)**	**Excise Tax & Gross-Up**	**Total**
Elizabeth Cholawsky	$370,000	-	$6,100	-	-	$376,100
Roop Lakkaraju	$164,800	$77,456	$4,726	-	-	$246,982
Shaun Donnelley (4)	$78,548	$19,617	$3,779	-	-	$101,944

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Involuntary Termination Following a Change-in-Control

Name (1)	Salary Continuation	Cash-Based Incentive Award	Continuation of Health & Welfare Benefits (2)	Value of Unvested and Accelerated Equity Grants (3)	Excise Tax & Gross-Up	Total
Elizabeth Cholawsky	$370,000	-	$6,100	$165,705	-	$541,805
Roop Lakkaraju	$164,800	$77,456	$4,726	$143,609	-	$390,591
Shaun Donnelley (4)	$78,548	$19,617	$3,779	$2,777	-	$104,721

(1) Mr. Wrenn resigned his employment with the Company effective August 6, 2015. Mr. Wrenn received no payment upon termination.

(2) Amounts reflect our actual cost of providing health and welfare benefits for the period of time that each Named Executive Officer would be entitled to base salary continuation.

(3) This value reflects the immediate vesting of all outstanding equity grants that are subject to accelerated vesting as of the effective date of the change-in-control, based on a December 31, 2015 closing stock price of $1.01.

(4) As a result of his role change from SVP of Business Development and Account Management to SVP of Customer Success and Services Sales, Mr. Donnelly is no longer an executive officer of the Company effective February 9, 2016. Mr. Donnelly resigned his employment with the Company effective April 1, 2016.

Death or Disability

The Company pays the premiums for life insurance and accidental death and dismemberment policies for each Named Executive Officer, which are included in the "All Other Compensation" section of the "Summary Compensation Table." The amount of each such policy is $300,000. If a Named Executive Officer's termination was due to his or her death, the officer's beneficiary or beneficiaries would be paid $300,000 under the life insurance policy, and an additional $300,000 under the accidental death and dismemberment policy if the death was caused by an accident.

Compensation-Related Risk Analysis

During February 2016, the Company's management, in conjunction with the Company's legal, accounting, human resources and finance departments, undertook a quantitative and qualitative review of the Company's compensation policies and practices that applied to all Company employees whose compensation includes any variable or incentive compensation element, as well as policies and practices of different groups that mitigate or balance such incentives.

As part of this review, these parties reviewed, considered, and analyzed the extent to which, if any, the Company's compensation policies and practices might create risks for the Company, and relevant controls and mitigating factors.

After conducting this review, management found that none of the Company's compensation policies and practices for its employees creates any risks that are reasonably likely to have a material adverse effect on the Company. The Board has reviewed the results of management's analysis and concurs with management's assessment.

Compensation Committee Report

In 2015 the Company's Compensation Committee consisted at all times of independent directors. During 2015, the members of the Compensation Committee were Messrs. Stephens, Farshchi, and Ms. Portmann.

Set forth below is the Compensation Discussion and Analysis section, which is a discussion of compensation programs and policies from the perspective of the Company.

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management. Based on the Compensation Committee's review of, and discussions with management with respect to, the Compensation Discussion and Analysis, the Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included in this Amendment.

THE COMPENSATION COMMITTEE:

Jim Stephens, Chairperson
Toni Portmann

Compensation Committee Interlocks and Insider Participation

None of the Company's named executive officers serves, nor at any time during 2015 served, as a member of the board or Compensation Committee of any other entity whose executive officer(s) serve as a member of the Company's Board or Compensation Committee.

Director Compensation

We compensate our non-employee directors for serving on our Board. We do not pay Dr. Cholawsky, the only Company employee to serve as director during 2015, any additional compensation for serving on our Board or any committee in addition to her compensation as an employee. Our Board reviews from time to time the compensation we pay to our non-employee directors and adjusts, as appropriate, such compensation. The compensation we pay to our non-employee directors consists of two components: equity and a cash retainer.

Equity. On the date that an individual first becomes a non-employee director, we grant him or her an option to purchase 40,000 shares of Common Stock. These grants are currently made under the 2010 Stock Plan. These options vest in equal monthly installments over a 48-month period. Options granted to non-employee directors have an exercise price equal to the closing price of Common Stock on Nasdaq on the date of grant and a term of 10 years. Additionally, at the conclusion of each regular annual meeting of our stockholders, each continuing non-employee director receives a grant of restricted stock units ("RSUs") under our 2010 Stock Plan. The total number of shares of Common Stock subject to each director RSU grant is equal to $50,000 divided by the closing price of a share of Common Stock on Nasdaq on the date of grant, rounded down to the next full share, or such other amount as may be determined by the Board at the time of the grant.

RSUs granted to non-employee directors vest on the one-year anniversary of the date of grant. All equity grants to non-employee directors vest in accordance with the terms of the agreement upon a change of control in conjunction with certain terminations of service.

Cash Retainer. We pay non-employee directors an annual retainer of $30,000 for serving as a director. We pay additional annual retainers of $16,250, $15,000, $10,000, $10,000, and $7,500 to the chairperson of each of the Board, the Audit Committee, the Compensation Committee, Strategy Committee and the Nominating and Corporate Governance Committee, respectively; and $7,000, $5,000, $5,000, and $2,800 to each non-chair member of the Audit Committee, the Compensation Committee, Strategy Committee, and the Nominating and Corporate Governance Committee, respectively. The cash retainers are paid quarterly. The Board approved the formation of the Strategy Committee on March 4, 2016.

The following table sets forth a summary of the compensation paid to our non-employee directors for service in 2015. The compensation we paid to Dr. Cholawsky for service in 2015 is included in the 2015 Summary Compensation Table below showing the compensation for our named executive officers. Dr. Cholawsky received no additional compensation for 2015 in respect of her service as a member of our Board or any committee thereof.

2015 Director Compensation

Name	**Fees Earned or Paid in Cash**	**Option Awards**	**RSU Awards (1)**	**All Other Compensation**	**Total**
Shawn Farshchi (2)	$42,000	-	$50,000	-	$92,000
Mark Fries (3)	$44,500	-	$50,000	-	$94,500
J. Martin O’Malley (4)	$45,000	-	$50,000	-	$95,000
Toni Portmann	$37,800	-	$50,000	-	$87,800
Jim Stephens	$59,050	-	$50,000	-	$109,050

(1) These amounts represent the aggregate grant date fair value computed in accordance with Accounting Standard Codification (“ASC”) Topic 718, *Compensation – Stock Compensation*, of the non-employee directors’ RSU awards in fiscal 2015, excluding the effect of certain forfeiture assumptions. See Note 1 to our consolidated financial statements in our Annual Report on Form 10-K for the fiscal year ended December 31, 2015 for details as to the assumptions used to determine the aggregate grant date fair values of the RSU awards. See also our discussion of stock-based compensation under “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Policies and Estimates” in our Annual Report on Form 10-K for the fiscal year ended December 31, 2015. As of December 31, 2015, our non-employee directors held options to purchase shares of Common Stock and unvested RSUs that had been granted by us as director compensation representing the following number of shares of Common Stock: Mr. Farshchi, 38,000 stock options and 34,722 RSUs; Mr. Fries, 68,000 stock options and 34,722 RSUs; Mr. O’Malley, 38,000 stock options and 34,722 RSUs; Ms. Portmann, 58,000 stock options and 34,722 RSUs; and Mr. Stephens, 38,000 stock options and 34,722 RSUs.

(2) Mr. Farshchi resigned as a member of the Board effective March 14, 2016.

(3) Mr. Fries resigned as a member of the Board effective March 4, 2016.

(4) Mr. O’Malley resigned as a member of the Board effective March 14, 2016.

Stock Ownership Guidelines

To further align the interests of our executive officers and non-employee directors with the interests of the Company's stockholders, the Board has determined that such persons should hold shares of the Company's Common Stock that have a fair market value commensurate with their respective roles with the Company. These guidelines ensure that all executive officers and non-employee directors have a significant personal investment in the Company through their ownership of shares in the Company. Our stock ownership guidelines are applicable to all executive officers who are required to file reports pursuant to Section 16 of the Exchange Act and require the following levels of stock ownership as a multiple of the individual's respective base salary: Chief Executive Officer: 3X, Chief Financial Officer: 3X, and our other executive officers: 2X. Our stock ownership guidelines are also applicable to all non-employee directors and require that such persons own shares of Common Stock of the Company in an amount no less than one (3) times their annual cash retainer for their director service.

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ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

SECURITIES OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information as of April 18, 2016 with respect to the beneficial ownership of shares of Common Stock by: (i) each person (including any "group" as that term is used in Section 13(d)(3) of the Exchange Act) who is known by us to beneficially own more than 5% of the outstanding shares of our Common Stock; (ii) each of the Company's named executive officers listed in the Summary Compensation Table under the section entitled "Executive Compensation"; (iii) each of our directors; and (iv) all directors and named executive officers of the Company as a group. On April 18, 2016, 54,959,716 shares of Common Stock were issued and outstanding. Ownership information is based on information furnished by the respective individuals or entities, as the case may be.

Name of Beneficial Owner	Shares of Common Stock Beneficially Owned (1)	Percent of Common Stock Outstanding (1)
5% or More Stockholders:		
VIEX Capital Advisors, LLC and affiliates (2)	8,131,218	14.79%
Prescott General Partners LLC and affiliates (3)	3,756,364	6.83%
Royce & Associates, LLC (4)	3,723,341	6.77%
Kennedy Capital Management, Inc. (5)	3,050,279	5.55%
Directors and Named Executive Officers (6):		
Elizabeth Cholawsky (7)	178,127	*
Roop Lakkaraju (8)	328,231	*
Shaun Donnelly (9)	317,956	*
Greg Wrenn (10)	20,807	*
Elizabeth Fetter (11)	2,500	*
Toni Portmann (12)	128,891	*
Lowell Robinson (13)	2,500	*
Tim Stanley (14)	2,500	*
Jim Stephens (15)	72,722	*
All directors and named executive officers as a group (16)	1,173,633	2.09%

* Represents holdings of less than 1%.

(1) To our knowledge, the persons named in the table have sole voting and dispositive power with respect to all shares of Common Stock shown as beneficially owned by them, subject to community property laws where applicable and the information contained in the other notes to this table. Beneficial ownership is determined

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in accordance with the rules and regulations of the SEC. Under such rules, beneficial ownership includes any shares as to which the entity or individual has sole or shared voting or investment power and also any shares that the entity or individual has the right to acquire through June 21, 2016 (within 60 days after April 18, 2016) through the exercise of any stock options or through the vesting of RSUs payable in shares. These shares, however, are not deemed outstanding for the purposes of computing the percentage ownership of any other person. Vested stock options subject to unmet market conditions are not included in these totals.

(2) Based solely on information reported on a Schedule 13D/A filed with the SEC on March 29, 2016. VIEX Capital Advisors, LLC and affiliates reported sole voting power and sole dispositive power of 8,131,218 shares of Common Stock. The mailing address for VIEX Capital Advisors, LLC is 825 Third Avenue, 33rd Floor, New York, New York 10022.

(3) Based solely on information reported on a Schedule 13G/A filed with the SEC on February 14, 2014. Prescott General Partners LLC and affiliates reported shared voting power and shared dispositive power of 3,756,364 shares of Common Stock. The mailing address for Prescott General Partners LLC is 2200 Butts Road, Suite 320, Boca Raton, FL 33431.

(4) Based solely on information reported on a Schedule 13G/A filed with the SEC on January 27, 2016. Royce & Associates, LLC reported sole voting power and sole dispositive power of 3,723,341 shares of Common Stock. The mailing address for Royce & Associates, LLC is 745 Fifth Avenue, New York, NY 10151.

(5) Based solely on information reported on a Schedule 13G filed with the SEC on February 12, 2016. Kennedy Capital Management, Inc. reported sole voting power of 2,874,956 and sole dispositive power of 3,050,279 shares of Common Stock. The mailing address for Kennedy Capital Management, Inc. is 10829 Olive Boulevard, St. Louis, MO 63141.

(6) The address of each director and named executive officer is Support.com, Inc., 900 Chesapeake Drive, Second Floor, Redwood City, California 94063, Attention: Investor Relations.

(7) Includes 128,990 shares of Common Stock subject to stock options and awards that are exercisable or releasable within 60 days of April 18, 2016. Also includes 49,137 shares of Common Stock held by Dr. Cholawsky, who has sole voting and dispositive power.

(8) Includes 230,449 shares of Common Stock subject to stock options and awards that are exercisable or releasable within 60 days of April 18, 2016. Also includes 97,782 shares of Common Stock held by Mr. Lakkaraju, who has sole voting and dispositive power.

(9) Includes 306,526 shares of Common Stock subject to stock options and awards that are exercisable or releasable within 60 days of April 18, 2016. Also includes 11,430 shares of Common Stock held by Mr. Donnelly, who has sole voting and dispositive power. As a result of his role change from SVP of Business Development and Account Management to SVP of Customer Success and Services Sales, Mr. Donnelly is no longer an executive officer of the Company effective February 9, 2016. Mr. Donnelly resigned his employment with the Company effective April

1, 2016.

(10) Includes 20,807 shares of Common Stock held by Mr. Wrenn, who has sole voting and dispositive power. Mr. Wrenn resigned his employment with the Company effective August 6, 2015.

(11) Ms. Fetter was appointed as a member of the Board effective March 14, 2016. Includes 2,500 shares of Common Stock subject to stock options and awards that are exercisable or releasable within 60 days of April 18, 2016.

(12) Includes 92,722 shares of Common Stock subject to stock options and awards that are exercisable or releasable within 60 days of April 18, 2016. Also includes 36,169 shares of Common Stock held by Ms. Portmann, who has sole voting and dispositive power.

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(13) Mr. Robinson was appointed as a member of the Board effective March 14, 2016. Includes 2,500 shares of Common Stock subject to stock options and awards that are exercisable or releasable within 60 days of April 18, 2016.

(14) Mr. Stanley was appointed as a member of the Board effective March 4, 2016. Includes 2,500 shares of Common Stock subject to stock options and awards that are exercisable or releasable within 60 days of April 18, 2016.

(15) Includes 72,722 shares of Common Stock subject to stock options and awards that are exercisable or releasable within 60 days of April 18, 2016. Also includes 119,399 shares of Common Stock held by Mr. Stephens, who has sole voting and dispositive power.

(16) Includes 838,909 shares of Common Stock subject to stock options and awards that are exercisable or releasable within 60 days of April 18, 2016. Also includes 334,724 shares of Common Stock held by directors and named executive officers. During 2015, our named executive officers consisted of Elizabeth Cholawsky, Roop Lakkaraju, Shaun Donnelly, and Greg Wrenn. As of April 18, 2016, our independent directors consisted of Elizabeth Fetter, Toni Portmann, Lowell Robinson, Tim Stanley and Jim Stephens.

Securities Authorized for Issuance Under Equity Compensation Plans
Equity Compensation Plan Information
As of December 31, 2015

Plan Category	**Number of Securities to be issued upon exercise of outstanding options, warrants, and rights (a)**	**Weighted-average exercise price of outstanding options, warrants, and rights (b)**	**Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)**
Equity Compensation Plans approved by security holders (1)	3,897,548	$2.97	2,725,257
Equity Compensation Plans not approved by security holders (2)	1,243,439	$1.98	474,996
Total	5,140,987	$1.87	2,973,954

(1) This is the 2010 Stock Plan as well as the 2000 Stock Plan. Stock options, restricted stock, RSUs or stock appreciation rights may be awarded under the 2010 Stock Plan.

(2) This is the Inducement Plan.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE.

Certain Relationships and Related-Party Transactions

We have a process for review and approval of any relationships and transactions in which we and our directors, officers, 5% stockholders or their immediate family members ("Related Persons") are participants to determine whether those Related Persons may have a direct or indirect material interest. We collect and update information

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about the affiliations of our Section 16 Officers and directors annually through Director & Officer Questionnaires and we maintain and use a list of known related parties to identify any transactions with Related Persons. In addition, at the close of each fiscal quarter we survey our Finance, Legal and executive staff for knowledge of transactions with Related Persons. Our Ethics Committee reviews any such related party transactions under the supervision of the Audit Committee. Our Ethics Committee is comprised of our General Counsel and our Chief Financial Officer and operates as described in the Code of Ethics.

There have been no related-party transactions since the beginning of fiscal 2015, and there are no currently proposed transactions, in which (a) Support.com was a participant, (b) the amount involved exceeded $120,000, and (c) any Related Person had a direct or indirect material interest.

Director Independence

It is our policy that a majority of our directors be independent. The Board has determined that five of our six directors are independent, namely Messrs. Stephens, Robinson, Stanley, and Mses. Fetter and Portmann, based on the listing standards of the NASDAQ Global Select Market ("Nasdaq") and applicable laws and regulations. Our Board has also determined that the only director on the Board that is not independent is Dr. Cholawsky, our President and Chief Executive Officer.

Committees of the Board

Our Board delegates certain responsibilities to committees of directors. These committees are comprised entirely of independent directors except for the Strategy Committee, upon which our Chief Executive Officer is permitted to serve. The Board has a standing Nominating and Corporate Governance Committee, Strategy Committee, Compensation Committee, and Audit Committee. Members of these committees are selected by the Board upon the recommendation of the Nominating and Corporate Governance Committee.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

Principal Accountant Fees and Services

The following is a listing of the services provided by type and amount charged by BDO to the Company for fiscal years 2014 and 2015:

	Fiscal Year 2015	Fiscal Year 2014
Audit Fees	$502,313	$481,354
Audit-Related Fees	-	-
Tax Fees	-	-
All Other Fees	$-	$1,988
Grand Total	$502,313	$483,342

Audit Fees. Audit fees represent fees for professional services provided in connection with the integrated audits of our consolidated financial statements and internal controls over financial reporting, review of our quarterly financial statements and audit services in connection with other statutory filings.

Audit-Related Fees. There were no fees for services rendered by BDO that fall into the classification of audit-related fees for fiscal years 2014 and 2015.

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Tax Fees. There were no fees for services rendered by BDO that fall into the classification of tax fees for fiscal years 2014 and 2015.

All Other Fees. This category consists of fees for services other than the services reported in audit fees.

Audit Committee Pre-Approval Policies and Procedures

It is our policy that all audit and non-audit services to be performed by our independent registered public accounting firm be approved in advance by the Audit Committee, including all of the services described above for fiscal year 2016.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

(a) The following documents are filed as part of this report:

(1) Financial Statements—See Index to the Consolidated Financial Statements and Supplementary Data in Item 8 of the Original Form 10-K.

(2) Financial Statement Schedules.

Schedule II—Valuation and qualifying accounts was omitted as the required disclosures are included in Note 1 to the Consolidated Financial Statements in the Original Form 10-K.

All other schedules are omitted since the information required is not applicable or is shown in the Consolidated Financial Statements or notes thereto in the Original Form 10-K.

(3) Exhibits—See Item 15(b) of this report.

(b) Exhibits.

Exhibit	Description of Document
3.1	Restated Certificate of Incorporation, as amended (incorporated by reference to Exhibit 3.1 of Support.com's annual

	report on Form 10-K for the year ended December 31, 2001).
3.2	Certificate of Amendment to Support.com’s Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 of Support.com’s current report on Form 8-K filed with the SEC on June 23, 2009).
3.3	Certificate of Designation of Series A Junior Participating Preferred Stock of Support.com (incorporated by reference to Exhibit 3.1 of Support.com’s current report on Form 8-K filed with the SEC on October 14, 2015).
3.4	Amended and Restated Bylaws (incorporated by reference to Exhibit 3.1 of Support.com’s current report on Form 8-K filed with the SEC on February 5, 2016).
4.1	Form of Common Stock Certificate (incorporated by reference to Exhibit 4.1 of Support.com’s quarterly report on Form 10-Q for the quarter ended June 30, 2002).

4.2	Rights Agreement with Computershare Trust Company, N.A., dated October 13, 2015 (incorporated by reference to Exhibit 4.1 of Support.com’s current report on Form 8-K filed with the SEC on October 14, 2015)
10.1*	Support.com’s amended and restated 2010 Equity and Incentive Compensation Plan (incorporated by reference to Exhibit 4.1 of Support.com’s current report on Form 8-K filed with the SEC on May 21, 2010).
10.2*	Support.com’s 2010 Employee Stock Purchase Plan (incorporated by reference to Annex A of Support.com’s definitive proxy statement for Support.com’s 2011 annual meeting of stockholders).
10.3*	Support.com’s 2014 Inducement Award Plan (incorporated by reference to Exhibit 10.2 of Support.com’s current report on Form 8-K filed with the SEC on May 19, 2014).
10.4*	Form of Directors’ and Officers’ Indemnification Agreement (incorporated by reference to Exhibit 10.4 of Support.com’s registration statement on Form S-1 filed with the SEC on February 18, 2000).
10.5*	Amended and Restated Employment Offer Letter between Support.com and Josh Pickus, as amended on July 30, 2009 (incorporated by reference to Exhibit 10.2 of Support.com’s current report on Form 8-K filed with the SEC on July 31, 2009).
10.6*	Employment Offer Letter between Support.com and Roop Lakkaraju, dated October 22, 2013 (incorporated by reference to Exhibit 10.1 of Support.com’s current report on Form 8-K filed with the SEC on October 30, 2013).
10.7*	Employment Offer Letter between Support.com and Elizabeth Cholawsky, dated May 8, 2014 (incorporated by reference to Exhibit 10.1 of Support.com’s current report on Form 8-K filed with the SEC on May 19, 2014).
10.8*	Form of Stock Option Grant Notification for Officers and Employees (incorporated by reference to Exhibit 10.1(a) of Support.com’s quarterly report on Form 10-Q filed on November 5, 2009).
10.9	Sublease Agreement with TYCO Healthcare Group LP dated June 7, 2012(incorporated by reference to Exhibit 10.1 of Support.com’s quarterly report on form 10-Q filed with the SEC on August 8, 2012).
10.10	Master Services Agreement Call Handling Services between Comcast and Support.com, effective as of October 1, 2013 (incorporated by reference to Exhibit 10.19 of Support.com’s annual report on Form 10-K filed with the SEC on March 7, 2014) (1)
10.11	Statement of Work Number 1 to Master Services Agreement Call Handling Services between Comcast and Support.com, effective as of October 1, 2013 (incorporated by reference to Exhibit 10.20 of Support.com’s annual report on Form 10-K filed with the SEC on March 7, 2014) (1)
10.12	Change Management Form Number 1 under Statement of Work Number 1 to Master Services Agreement Call Handling Services between Comcast and Support.com, effective as of December 22, 2013 (incorporated by reference to Exhibit 10.24 of Support.com’s annual report on Form 10-K filed with the SEC on March 7, 2014 (1)
10.13	Amendment Number 1 to Statement of Work Number 1 to Master Services Agreement Call Handling Services between Comcast and Support.com, effective as of December 31, 2013

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	(incorporated by reference to Exhibit 10.21 of Support.com's annual report on Form 10-K filed with the SEC on March 7, 2014)
10.14	Statement of Work Number 2 to Master Services Agreement Call Handling Services between Comcast and Support.com, effective as of December 31, 2013 (incorporated by reference to Exhibit 10.22 of Support.com's annual report on Form 10-K filed with the SEC on March 7, 2014) (1)
10.15	Statement of Work Number 3 to Master Services Agreement Call Handling Services between Comcast and Support.com, effective as of March 21, 2014 (incorporated by reference to Exhibit 10.3 of Support.com's quarterly report on Form 10-Q filed with the SEC on May 8, 2014) (1)
10.16	Change Management Form Number 2 under Statement of Work Number 1 to Master Services Agreement Call Handling Services between Comcast and Support.com, effective as of February 27, 2014 (incorporated by reference to Exhibit 10.1 of Support.com's quarterly report on Form 10-Q filed with the SEC on May 8, 2014) (1)
10.17	Change Management Form Number 3 under Statement of Work Number 1 to Master Services Agreement Call Handling Services between Comcast and Support.com, effective as of March 4, 2014 (incorporated by reference to Exhibit 10.2 of Support.com's quarterly report on Form 10-Q filed with the SEC on May 8, 2014) (1)
10.18	First Change Management Form to Statement of Work Number 3 to Master Services Agreement Call Handling Services between Comcast and Support.com, effective as of June 4, 2014 (incorporated by reference to Exhibit 10.1 of Support.com's current report on Form 8-K filed with the SEC on June 11, 2014)
10.19	Reseller Agreement between Comcast and Support.com, effective as of June 6, 2014 (incorporated by reference to Exhibit 10.1 of Support.com's current report on Form 8-K filed with the SEC on June 18, 2014) (1)
10.20	Change Management Form Number 4 under Statement of Work Number 1 to Master Services Agreement Call Handling Services between Comcast and Support.com, effective as of September 17, 2014 (incorporated by reference to Exhibit 10.1 of Support.com's current report on Form 8-K filed with the SEC on October 6, 2014) (1)
10.21	Change Management Form Number 5 under Statement of Work Number 1 to Master Services Agreement Call Handling Services between Comcast and Support.com, effective as of September 18, 2014 (incorporated by reference to Exhibit 10.2 of Support.com's current report on Form 8-K filed with the SEC on October 6, 2014) (1)
10.22	Statement of Work Number 4 to Master Services Agreement Call Handling Services between Comcast and Support.com, effective as of February 6, 2015 (incorporated by reference to Exhibit 10.1 of Support.com's current report on Form 8-K filed with the SEC on February 18, 2015) (1)
10.23	Compensatory Arrangement between Support.com and Jim Stephens for his term as Executive Chairman and Interim CEO commencing March 25, 2014
10.24	Change Management Form Number 6 under Statement of Work Number 3 to Master Services Agreement Call Handling Services between Comcast and Support.com, effective as of April 6, 2015 (incorporated by reference to Exhibit 10.2 of Support.com's current report on Form 8-K filed with the SEC on April 9, 2015) (1)

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10.25	Amendment Number 1 to Statement of Work Number 3 to Master Services Agreement Call Handling Services between Comcast and Support.com, effective as of June 2, 2015 (incorporated by reference to Exhibit 10.2 of Support.com's current report on Form 8-K filed with the SEC on July 2, 2015)
10.26	Change Management Form Number 6 under Statement of Work Number 1 to Master Services Agreement Call Handling Services between Comcast and Support.com, effective as of November 18, 2015 (incorporated by reference to Exhibit 10.1 of Support.com's current report on Form 8-K filed with the SEC on November 24, 2015) (1)
10.27	Change Management Form Number 7 under Statement of Work Number 3 to Master Services Agreement Call Handling Services between Comcast and Support.com, effective as of November 18, 2015 (incorporated by reference to Exhibit 10.2 of Support.com's current report on Form 8-K filed with the SEC on November 24, 2015) (1)
10.28	Form of Directors' and Officers' Indemnification Agreement (incorporated by reference to Exhibit 10.1 of Support.com's current report on Form 8-K filed with the SEC on December 10, 2015).
10.29	Change Management Form Number 1 to Master Services Agreement Call Handling Services between Comcast and Support.com, effective as of December 15, 2015 (incorporated by reference to Exhibit 10.1 of Support.com's current report on Form 8-K filed with the SEC on December 16, 2015) (1)
21.1†	Subsidiaries of Support.com, Inc.
23.1†	Consent of Independent Registered Public Accounting Firm
24.1†	Power of Attorney (see the signature page of the Original Form 10-K)
31.1†	Chief Executive Officer Section 302 Certification
31.2†	Chief Financial Officer Section 302 Certification.
31.3+	Chief Executive Officer Section 302 Certification.
31.4+	Chief Financial Officer Section 302 Certification.
32.1†	Statement of the Chief Executive Officer under 18 U.S.C. § 1350(2)
32.2†	Statement of the Chief Financial Officer under 18 U.S.C. § 1350(2)
101.INS†	XBRL Instance Document
101.SCH†	XBRL Taxonomy Extension Schema
101.CAL†	XBRL Taxonomy Extension Calculation Linkbase
101.DEF†	XBRL Taxonomy Extension Definition Linkbase
101.LAB†	XBRL Taxonomy Extension Label Linkbase

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101.PRE†XBRL Taxonomy Extension Presentation Linkbase

† Previously filed with the Original Form 10-K

\+ Filed herewith

* Denotes an executive or director compensation plan or arrangement.

(1) Confidential treatment has been requested for portions of this exhibit.

(2) The material contained in Exhibit 32.1 and 32.2 shall not be deemed “filed” with the SEC and is not to be incorporated by reference into any filing of the Company under the Securities Act of 1933 or the Securities Exchange Act of 1934, whether made before or after the date hereof irrespective of any general incorporation language contained in such filing, except to the extent that the registrant specifically incorporates it by reference.

(c) Financial Statement Schedules.

No schedules have been filed because the information required to be set forth therein is not applicable or is shown in the financial statements or related notes included as part of the Original Form 10-K.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

	SUPPORT.COM, INC.
Dated: April 29, 2016	By: /s/ Elizabeth Cholawsky
	Elizabeth Cholawsky President and Chief Executive Officer

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