

TRAVELZOO INC
Form DEF 14A
March 24, 2014

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

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

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Check the appropriate box:

- Preliminary proxy statement
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Travelzoo Inc.

(Name of Registrant as Specified in Its Charter)

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Travelzoo Inc.
590 Madison Avenue, 37th Floor
New York, NY 10022

March 21, 2014

Dear Stockholder:

You are cordially invited to attend the Annual Meeting of Stockholders of Travelzoo Inc. on May 9, 2014. We will hold the meeting at 590 Madison Avenue, 37th Floor, New York, NY 10022 at 10:00 a.m. local time.

In connection with the meeting, we enclose a notice of the meeting, a proxy statement and a proxy card. Detailed information relating to Travelzoo's activities and operating performance is contained in our 2013 Annual Report on Form 10-K, as filed with the Securities and Exchange Commission on February 12, 2014, which is also enclosed. We encourage you to read the Form 10-K.

Stockholders of record as of March 14, 2014 may vote at the Annual Meeting. This proxy statement is first being mailed or furnished to stockholders on or about March 25, 2014.

Your vote is important. Whether or not you plan to attend the Annual Meeting of Stockholders, please vote your shares via mail with the enclosed proxy card. Please note that you can attend the meeting and vote in person, even if you have previously voted by proxy. If you plan to attend the meeting in person, please provide advance notice to Travelzoo by checking the box on your proxy card. In addition, you may provide notice to Travelzoo that you plan to attend in person by delivering written notice to Travelzoo's Corporate Secretary at 800 W. El Camino Real, Suite 275, Mountain View, CA 94040.

If you hold your shares in street name through a bank, broker, or other nominee, please bring identification and proof of ownership, such as an account statement or letter from your bank or broker, for admittance to the meeting. An admission list containing the names of all of those planning to attend will be placed at the registration desk at the entrance to the meeting. You must check in to be admitted.

Travelzoo will make available an alphabetical list of stockholders entitled to vote at the meeting for examination by any stockholder during ordinary business hours at Travelzoo's principal executive offices, located at 590 Madison Avenue, 37th Floor, New York, New York 10022, for ten days prior to the meeting. A stockholder may examine the list for any legally valid purpose related to the meeting.

On behalf of the entire Board of Directors, we look forward to seeing you at the meeting.

Sincerely,

HOLGER BARTEL
Chairman of the Board of Directors

TRAVELZOO INC.
590 Madison Avenue
37th Floor
New York, New York 10022

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To Be Held On May 9, 2014

To the Stockholders of Travelzoo Inc.:

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders of Travelzoo Inc., a Delaware corporation, will be held on Friday, May 9, 2014, at 10:00 a.m., local time, at 590 Madison Avenue, 37th Floor, New York, NY 10022, for the following purposes:

To elect five members of the Company's Board of Directors (the "Board"), each to serve until the 2015 Annual Meeting of Stockholders and until their successors are elected and qualified or until their earlier resignation or removal ("Proposal 1");

To approve the issuance of shares of common stock on exercise of options, under a nonqualified Stock Option Agreement, granted to the Company's Chief Executive Officer ("Proposal 2");

To approve, on an advisory basis, the compensation of the executive officers of the Company ("Proposal 3");
and

To transact such other business as may properly come before the Annual Meeting or any adjournment or postponement of the Annual Meeting.

Only stockholders of record at 5:00 p.m. Eastern Time on March 14, 2014 may vote at the Annual Meeting. Your vote is important. Whether you plan to attend the Annual Meeting or not, please cast your vote by completing, dating and signing the enclosed proxy card and returning it via mail to the address indicated. If you attend the meeting and prefer to vote in person, you may do so even if you have previously voted by proxy.

By Order of the Board of Directors,

TRAVELZOO INC.

GLEN CEREMONY
Corporate Secretary

PROXY STATEMENT
FOR THE TRAVELZOO INC.
2014 ANNUAL MEETING OF STOCKHOLDERS
INFORMATION ABOUT THE ANNUAL MEETING

Why am I receiving these proxy materials?

Travelzoo's Board of Directors is soliciting proxies to be voted at the 2014 Annual Meeting of Stockholders. This proxy statement includes information about the issues to be voted upon at the meeting.

Only stockholders of record of our common stock, par value \$0.01 per share (the "Common Stock"), as of 5:00 p.m. Eastern Time on March 14, 2014 (the "record date") will be entitled to notice of, and to vote at, the Annual Meeting. As of the record date, there were 14,746,954 shares of our Common Stock issued and outstanding.

Where and when is the Annual Meeting?

The Annual Meeting of Stockholders will take place on May 9, 2014 at 590 Madison Avenue, 37th Floor, New York, NY 10022. The meeting will begin at 10:00 a.m. local time.

What am I voting on?

Stockholders will vote on three items:

A proposal to elect five members of the Company's Board, each to serve until the 2015 Annual Meeting of Stockholders and until their successors are elected and qualified or until their earlier resignation or removal ("Proposal 1");

To approve the issuance of shares of common stock on exercise of options, under a nonqualified Stock Option Agreement, granted to the Company's Chief Executive Officer (Proposal 2);

A proposal to approve, on an advisory basis, the compensation of the executive officers of the Company ("Proposal 3"); and

To transact such other business as may properly come before the Annual Meeting or any adjournment or postponement of the Annual Meeting.

How does the Board recommend that you vote on the proposals?

The Board recommends that you vote your shares "FOR" Proposal 1, Proposal 2 and Proposal 3.

How many votes do I have?

You have one vote for each share of our common stock that you owned at the close of business on March 14, 2014, the record date. These shares include:

Shares held directly in your name as the "stockholder of record" and

Shares held for you as the beneficial owner through a broker, bank, or other nominee in "street name."

If I am a stockholder of record, how can I vote my shares?

Stockholders can vote by proxy or in person, however, granting a proxy does not in any way affect your right to attend the Annual Meeting and vote in person.

How do I vote by proxy?

If you are a stockholder of record, you may vote your proxy by mail. If you receive a paper copy of the proxy statement, simply mark the enclosed proxy card, date and sign it, and return it in the postage paid envelope provided.

If you receive the proxy statement via e-mail, please print the attached proxy card, date and sign it, and return it via mail to Broadridge Financial Solutions, Inc., 51 Mercedes Way, Edgewood, NY 11717.

If you vote by proxy, the persons named on the card (your "proxies") will vote your shares in the manner you indicate. You may specify whether your shares should be voted for all, some or none of the nominees for director or any other proposals properly brought before the Annual Meeting. If you sign your proxy card and do not indicate specific choices, your shares will be voted "FOR" the election of all nominees for director and "FOR" Proposal 2 and Proposal 3. If any other matter is properly brought before the meeting, your proxies will vote in accordance with their discretion. At the time of submitting this proxy statement for printing, we knew of no matter that will be acted on at the Annual Meeting other than those discussed in this proxy statement.

If you wish to give a proxy to someone other than the persons named on the enclosed proxy card, you may strike out the names appearing on the card and write in the name of any other person, sign the proxy, and deliver it to the person whose name has been substituted.

May I revoke my proxy?

If you give a proxy, you may revoke it in any one of three ways:

• Submit a valid, later-dated proxy before the Annual Meeting,

• Notify our Corporate Secretary in writing at Travelzoo Inc., Attention: Corporate Secretary, 800 W. El Camino Real, Suite 275, Mountain View, CA 94040 before the Annual Meeting that you have revoked your proxy, or

• Vote in person at the Annual Meeting.

How do I vote in person?

If you are a stockholder of record, you may cast your vote in person at the Annual Meeting.

If I hold shares in street name, how can I vote my shares?

You can submit voting instructions to your broker or nominee. In most instances, you will be able to do this over the Internet or by mail. Please refer to the voting instruction card included in the materials provided by your broker or nominee.

What vote is required to approve each proposal?

Each share of our Common Stock is entitled to one vote with respect to each matter on which it is entitled to vote. Pursuant to our bylaws, our directors are elected by a plurality of the votes cast, which means that the nominees who receive the greatest number of votes will be elected. The affirmative vote of a majority of the shares of the Company's Common Stock present in person or represented by proxy and entitled to vote on the proposal will be considered as the approval of Proposal 2. The affirmative vote of a majority of the shares of the Company's Common Stock present in person or represented by proxy and entitled to vote on the proposal will be considered as the approval, by an advisory vote, of Proposal 3.

In order to have a valid stockholder vote, a stockholder quorum must exist at the Annual Meeting. A quorum will exist when stockholders holding a majority of the outstanding shares of Common Stock are present at the meeting, either in person or by proxy.

Azzurro Capital Inc., whose beneficial owner is Mr. Ralph Bartel, a member of our Board, holds an aggregate of 7,230,538 shares of our Common Stock, representing approximately 49.0% of the outstanding shares, as of March 14, 2014. Azzurro Capital Inc. currently holds a proxy given to it by Mr. Holger Bartel that provides it with a total of 50.4% of the voting power.

All properly executed proxies delivered pursuant to this solicitation and not revoked will be voted at the Annual Meeting as specified in such proxies. As noted above, if no voting instructions are indicated, proxies will be voted as recommended by our Board on all matters, and in the discretion of the proxy holder on any other matters that properly come before the Annual Meeting.

What is a broker non-vote and how are broker non-votes and abstentions counted?

A broker "non-vote" occurs when a nominee holding shares of Common Stock for the beneficial owner does not vote on a particular proposal because the nominee does not have discretionary voting power with respect to that item and has not received instructions from the beneficial owner. Brokers that have not received voting instructions from their clients cannot vote on their clients' behalf on "non-routine" proposals. The vote on Proposals 1, 2, and 3 are considered "non-routine". Broker non-votes will not have any effect with respect to Proposals 1, 2 and 3, as shares that constitute broker non-votes are not considered entitled to vote but will be counted for the purposes of obtaining a quorum for the Annual Meeting.

Abstentions are counted as "shares present" at the Annual Meeting for purposes of determining the presence of a quorum and with respect to any matters being voted upon at the Annual Meeting. Abstentions will have no effect on the outcome of the election of directors, but with respect to any other proposal an abstention will have the same effect as a vote against such proposal.

Where can I find the voting results of the meeting?

We intend to announce preliminary voting results at the meeting. We will publish the final results in a report on Form 8-K, which we intend to file within four business days following the Annual Meeting. You can obtain a copy of the Form 8-K by logging on to Travelzoo's investor relations website at www.travelzoo.com/ir, by calling the Securities and Exchange Commission (the "SEC") at (800) SEC-0330 for the location of the nearest public reference room, or through the EDGAR system at www.sec.gov. Information on our website does not constitute part of this proxy statement.

ELECTION OF DIRECTORS (PROPOSAL 1)

Under Travelzoo's bylaws, the number of directors of Travelzoo is fixed, and may be increased or decreased from time to time, by resolution of the Board of Directors. Each director holds office for a term of one year, until the annual meeting of stockholders next succeeding the director's election and until a successor is elected and qualified or until the earlier resignation or removal of the director. The following individuals have been nominated for election to our Board of Directors, each to serve until the 2015 Annual Meeting of Stockholders and until their successors are elected and qualified or until their earlier resignation or removal.

Following is information about each nominee, including biographical data for at least the last five years. Should one or more of these nominees become unavailable to accept nomination or election as a director, the individuals named as proxies on the enclosed proxy card will vote the shares that they represent for the election of such other persons as the Board may recommend, unless the Board reduces the number of directors. We have no reason to believe that any nominee will be unable or unwilling to serve if elected as a director.

Nominees for a One-Year Term That Will Expire in 2015:

The ages, principal occupations, directorships held and other information as of March 14, 2014, with respect to our nominees are shown below.

Name	Age	Position
Holger Bartel, Ph.D.	47	Chairman of the Board of Directors
Ralph Bartel, Ph.D.	48	Director
Michael Karg, Ph.D. (1) (2) (3) (4)	42	Director
Donovan Neale-May (1) (3) (4)	61	Director
Mary Reilly (1) (2) (4)	60	Director

(1) Member of the Audit Committee

(2) Member of the Compensation Committee

(3) Member of the Disclosure Committee

(4) Member of the Nominating and Corporate Governance Committee

Each of the director nominees listed above, is currently a director of Travelzoo and was elected at the Company's Annual Meeting of Stockholders held on September 12, 2013. Our Board of Directors has determined that each of Mr. Karg, Mr. Neale-May and Ms. Reilly meet the independence requirements of the listing standards of the NASDAQ Stock Market (the "NASDAQ"). The Board of Directors determined that Mr. Ralph Bartel is not independent under the rules of NASDAQ because he is a beneficial owner of Azzurro Capital Inc., which holds approximately 49.0% of our outstanding Common Stock as of March 14, 2014, and Mr. Holger Bartel is not independent under the rules of NASDAQ because he is Ralph Bartel's brother.

Holger Bartel, Ph.D., has served as a Chairman of the Board of Directors since July 2010 after serving as a Director from June 2005 to June 2010. Mr. Bartel served as a consultant to the Company from July 2010 through September 2011 and was an employee of the Company serving as the Head of Strategy from October 2011 to October 2013. Mr. Bartel served as Chief Executive Officer from October 2008 to June 2010, after serving as Executive Vice President from September 1999 to November 2007. From 1995 to 1998, Mr. Bartel worked as an Engagement Manager at McKinsey & Company in Los Angeles. From 1992 to 1994, Mr. Bartel was a research fellow at Harvard Business School. Mr. Bartel holds a Ph.D. in Economics and an MBA in Finance and Accounting from the University of St. Gallen, Switzerland. He is the brother of Ralph Bartel.

Areas of Holger Bartel's relevant experience: Deep knowledge of Travelzoo's operations, Internet, strategy, management of growth companies, travel, international management.

Ralph Bartel, Ph.D., founded Travelzoo in May 1998 and has served as a Director since July 2010 after serving as Chairman of the Board of Directors from May 1998 to June 2010. From May 1998 to September 2008, Mr. Bartel served as Travelzoo's Chief Executive Officer and President. Mr. Bartel is a professionally trained journalist who also holds a Ph.D. in Communications from the University of Mainz, Germany, a Master's degree in Journalism from the University of Eichstaett, Germany, and a Ph.D. in Economics and an MBA in Finance and Accounting from the University of St. Gallen, Switzerland. He is the brother of Holger Bartel.

Areas of Ralph Bartel's relevant experience: Media, journalism, Internet, finance, start-up experience.

Michael Karg, Ph.D., is Chief Executive Officer of Razorfish International, an international interactive marketing and technology services company. Razorfish, part of Publicis Groupe, is one of the world's largest interactive agencies. From September 2010 to May 2013, Mr. Karg served in the roles as President EMEA (from September 2011) and COO International for Razorfish and Digitas International. During his tenure he built and orchestrated the Razorfish and Digitas International network capabilities, enabling delivery of break-through award-winning client work across geographies. Mr. Karg originally joined Digitas in 2000, which was acquired in 2007 by Publicis Groupe, where he served in various capacities until May 2013. Mr. Karg currently serves on the board of directors of Razorfish (Hong Kong) Company, Limited and Razorfish Consulting (Shanghai) Co., Limited, and e-Crusade Holding Company Limited. From August 2012 to July 2013 he served as the Chairman of the Board of Razorfish Germany. Mr. Karg holds a Master's degree in Finance and Accounting and a doctorate in Business Administration from the University in St. Gallen, Switzerland. Between 1999 and 2000 Mr. Karg was a visiting research fellow at Harvard University.

Areas of Mr. Karg's relevant experience include international management, marketing, digital media, and strategy.

Donovan Neale-May has served as a Director since February 1999. Mr. Neale-May is the president and managing partner of GlobalFluency, Inc., a global organization of independent marketing and communication firms with 70 offices in over 40 countries. He is also the managing partner and co-founder of the SABLE Accelerator (South African Business Link to Experts). Since 1987, Mr. Neale-May has been managing and running his own digital marketing and communications agency operating from Silicon Valley and New York. Previously, Mr. Neale-May held senior positions with marketing, promotions and public relations agencies, such as Ogilvy & Mather, in Silicon Valley, New York, London and Los Angeles. During his 30 years as an international marketing and brand strategist, Mr. Neale-May has consulted with over 300 leading multi-nationals, new venture starts and emerging growth companies. Mr. Neale-May is the founder and executive director of the Chief Marketing Officer (CMO) Council, a global affinity network of more than 6,000 senior marketing and branding executives controlling some \$300 billion in aggregated annual marketing spend. Mr. Neale-May is a journalism graduate of Rhodes University in South Africa and serves on the University's board of governors. He also chairs the Rhodes University Trust, USA. In addition, Mr. Neale-May serves as an adjunct professor at Seoul National University in South Korea.

Areas of Mr. Neale-May's relevant experience: Brand strategy, public relations, marketing, international management.

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Mary Reilly is a chartered accountant and a retired partner of Deloitte LLP, a large international accounting and consulting firm. From August 2002 to June 2013, Ms. Reilly served as a partner of Deloitte LLP in various capacities including the Products & Services division of Deloitte, working with organizations operating in a wide range of international industries, including recruitment, retail businesses, media, business services, manufacturing, professional practices and charities in the United Kingdom. Ms. Reilly headed up Deloitte's Outsourcing Unit where she was responsible for the finance function and business advisory projects for a number of U.K. and international businesses and was a leading partner in Deloitte's Charities and Not for Profit Group; she was also the Corporate Responsibility leader for the London Audit Practice of Deloitte and was a member of the firm's Diversity Leadership Team. Ms. Reilly has also held several non-executive directorships, including Chair of the Audit and Risk Committee for Department of Transport in the U.K. since June 2013, Chair of the Audit and Risk Committee for Crown Agents LTD since February 2013, board member of London Development Agency from 2000 to 2008 and board member of London 2012 LTD, a company established to run London's Olympic bid from 2003 to 2006.

Ms. Reilly holds a bachelor's degree in history from the University College London. She did a postgraduate course at London Business School and is a Qualified Chartered Accountant in the United Kingdom.

Areas of Ms. Reilly's relevant experience: Accounting, finance, international management and non-executive directorships.

Required Vote

Our Certificate of Incorporation, as amended, does not authorize cumulative voting. Delaware law and our bylaws provide that directors are to be elected by a plurality of the votes of the shares present in person or represented by proxy at the Annual Meeting and entitled to vote on the election of directors. This means that the five candidates receiving the highest number of affirmative votes at the Annual Meeting will be elected as directors. Only shares that are voted in favor of a particular nominee will be counted toward that nominee's achievement of a plurality. Shares present at the Annual Meeting that are not voted for a particular nominee or shares present by proxy where the stockholder properly withheld authority to vote for such nominee will not be counted toward that nominee's achievement of a plurality. Thus, abstentions and broker non-votes will have no effect on the election of directors. Proxies cannot be voted for a greater number of persons than the number of nominees named.

Board of Directors' Recommendation

THE BOARD OF DIRECTORS RECOMMENDS THAT STOCKHOLDERS VOTE "FOR" THE ELECTION OF THE FIVE DIRECTOR NOMINEES NAMED ABOVE.

The Board of Directors believes that each director nominee possesses the qualities and experience a member of Travelzoo's Board should possess. The Board of Directors seeks out, and the Board of Directors is comprised of, individuals whose background and experience complement those of other Board members.

CORPORATE GOVERNANCE

Board Meetings and Committees

The Board of Directors has appointed an Audit Committee, a Compensation Committee, a Disclosure Committee and a Nominating and Corporate Governance Committee. Below is a table indicating the membership of each of the Audit Committee, Compensation Committee, and Disclosure Committee and how many times the Board of Directors and each such committee met in fiscal year 2013. Each of Mr. Holger Bartel, Mr. Ralph Bartel, Mr. Ehrlich, Mr. Karg, Mr. Neale-May, Ms. Reilly and Ms. Urso attended at least 75 percent of the total number of meetings of the Board of Directors and of the committees on which he or she serves during the period such persons served.

	Board	Audit	Compensation	Disclosure	Nominating and Corporate Governance
Mr. Holger Bartel	Chair				
Mr. Ralph Bartel	Member				
Mr. Ehrlich (1)	Member	Chair	Member		
Mr. Neale-May (3)	Member	Member	Member	Member/Chair	Chair
Ms. Kelly Urso (1)	Member	Member	Chair	Chair	
Mr. Michael Karg (2)	Member	Member	Chair	Member	Member
Ms. Mary Reilly (2)	Member	Chair	Member		Member
Number of 2013 Meetings	4	4	1	4	—

During the fiscal year ended December 31, 2013, two members of the Board of Directors, who were determined (1) previously by the Board to be independent, Mr. Ehrlich and Ms. Urso, served as directors and members of certain committees, until the date of the 2013 Annual Meeting held on September 12, 2013.

During the fiscal year ended December 31, 2013, two members of the Board of Directors, Mr. Karg and Ms. (2) Reilly, began their service as directors and members of certain committees after the 2013 Annual Meeting held on September 12, 2013.

During the fiscal year ended December 31, 2013, Mr. Neale-May served as a member of the disclosure committee (3) from January 1, 2013 through September 11, 2013 and served as chair of the Disclosure Committee from September 12, 2013 through December 31, 2013.

The Company does not require that directors attend the Annual Meeting.

Audit Committee

The Audit Committee's primary responsibilities are to oversee and monitor (i) the integrity of Travelzoo's financial statements, (ii) the qualifications and independence of our independent registered public accounting firm, (iii) the performance of our independent registered public accounting firm and internal audit staff, and (iv) the compliance by Travelzoo with legal and regulatory requirements. A complete description of the committee's responsibilities is set forth in its written charter. A copy of the written charter can be found in Appendix A of our 2008 proxy statement. The Audit Committee is responsible for appointing the independent registered public accounting firm and is directly responsible for the compensation and oversight of the work of our independent registered public accounting firm. The Audit Committee is composed solely of independent directors as defined in the listing standards of the NASDAQ. The Board has determined that Mr. Ehrlich and Ms. Mary Reilly qualify as an audit committee financial expert within the meaning of the regulations of the Securities and Exchange Commission.

Compensation Committee
The Compensation Co