
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A INFORMATION

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

Filed by the Registrant

Filed by a party other than the Registrant

Check the appropriate box:

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

Fitbit, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

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

(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:

- Fee paid previously with preliminary materials.
- 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:



April 9, 2020

To Our Stockholders:

You are cordially invited to attend the 2020 Annual Meeting of Stockholders, or Annual Meeting, of Fitbit, Inc., which will be held virtually on Thursday, May 21, 2020, at 11:00 a.m. (Pacific Time). The Annual Meeting can be accessed by visiting www.virtualshareholdermeeting.com/FIT2020, where you will be able to listen to the meeting live, submit questions, and vote online. We believe that a virtual stockholder meeting provides greater access to those who may want to attend and therefore have chosen this format over an in-person meeting.

The matters expected to be acted upon at the Annual Meeting are described in detail in the accompanying Notice of Annual Meeting of Stockholders and proxy statement.

Your vote is important. Whether or not you plan to attend the meeting, please cast your vote as soon as possible by Internet or telephone, or by completing and returning the enclosed proxy card in the postage-prepaid envelope to ensure that your shares will be represented. Your vote by written proxy will ensure your representation at the Annual Meeting regardless of whether you attend the virtual meeting or not. Returning the proxy does not deprive you of your right to attend the meeting and to vote your shares at the virtual meeting.

We look forward to your attendance at our Annual Meeting.

Sincerely,

A handwritten signature in black ink, appearing to read "James Park", with a long horizontal flourish extending to the right.

James Park
President, Chief Executive Officer, and Chairman

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR
THE STOCKHOLDER MEETING TO BE HELD ON MAY 21, 2020:
THIS PROXY STATEMENT AND THE ANNUAL REPORT ARE AVAILABLE AT
www.proxyvote.com**

FITBIT, INC.
199 Fremont Street, 14th Floor
San Francisco, California 94105

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To Our Stockholders:

NOTICE IS HEREBY GIVEN that the 2020 Annual Meeting of Stockholders, or Annual Meeting, of Fitbit, Inc. will be held virtually on Thursday, May 21, 2020, at 11:00 a.m. (Pacific Time). The Annual Meeting can be accessed by visiting www.virtualshareholdermeeting.com/FIT2020, where you will be able to listen to the meeting live, submit questions, and vote online.

We are holding the Annual Meeting for the following purposes, which are more fully described in the accompanying proxy statement:

1. To elect seven directors, all of whom are currently serving on our board of directors, each to serve until the next annual meeting of stockholders and until his or her successor has been elected and qualified, or until his or her earlier death, resignation, or removal.

James Park
Eric N. Friedman
Laura J. Alber
Matthew Bromberg
Glenda Flanagan
Bradley Fluegel
Steven Murray

2. To ratify the appointment of Grant Thornton LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2020.

3. To consider and vote upon one stockholder proposal, if properly presented.

In addition, stockholders may be asked to consider and vote upon such other business as may properly come before the Annual Meeting or any adjournment or postponement thereof.

Only stockholders of record at the close of business on March 24, 2020 are entitled to notice of, and to vote at, the Annual Meeting and any adjournments thereof.

Your vote as a Fitbit stockholder is very important. Each share of Class A common stock that you own represents one vote and each share of Class B common stock that you own represents ten votes. For questions regarding your stock ownership, you may contact us through our website at <https://investor.fitbit.com> or, if you are a registered holder, who holds shares directly in your name, you may contact our transfer agent, Computershare Trust Company, N.A., by calling (877) 373-6374 (toll-free) or (781) 575-3100; by writing to P.O. Box 505000, Louisville, KY 40233-5000 (by regular mail) or 462 South 4th Street, Suite 1600, Louisville, KY 40202 (by overnight delivery); or by visiting their website at www.computershare.com/investor.

By Order of the Board of Directors,



James Park
President, Chief Executive Officer, and Chairman
San Francisco, California
April 9, 2020

YOUR VOTE IS IMPORTANT

WHETHER OR NOT YOU PLAN TO ATTEND THE ANNUAL MEETING, WE ENCOURAGE YOU TO VOTE AND SUBMIT YOUR PROXY BY INTERNET, TELEPHONE, OR MAIL. FOR ADDITIONAL INSTRUCTIONS ON VOTING BY TELEPHONE OR THE INTERNET, PLEASE REFER TO YOUR PROXY CARD. TO VOTE AND SUBMIT YOUR PROXY BY MAIL, PLEASE COMPLETE, SIGN, AND DATE THE ENCLOSED PROXY CARD AND RETURN IT IN THE ENCLOSED ENVELOPE. IF YOU ATTEND THE ANNUAL MEETING, YOU MAY REVOKE YOUR PROXY AND VOTE VIA THE VIRTUAL MEETING WEBSITE. IF YOU HOLD YOUR SHARES THROUGH AN ACCOUNT WITH A BROKERAGE FIRM, BANK, OR OTHER NOMINEE, PLEASE FOLLOW THE INSTRUCTIONS YOU RECEIVE FROM YOUR ACCOUNT MANAGER TO VOTE YOUR SHARES.

FITBIT, INC.
PROXY STATEMENT FOR 2020 ANNUAL MEETING OF STOCKHOLDERS

Table of Contents

	Page
<u>INFORMATION ABOUT SOLICITATION AND VOTING</u>	<u>1</u>
<u>INTERNET AVAILABILITY OF PROXY MATERIALS</u>	<u>1</u>
<u>GENERAL INFORMATION ABOUT THE ANNUAL MEETING</u>	<u>1</u>
<u>BOARD OF DIRECTORS AND COMMITTEES OF THE BOARD, CORPORATE GOVERNANCE STANDARDS, AND DIRECTOR INDEPENDENCE</u>	<u>5</u>
<u>NOMINATIONS PROCESS AND DIRECTOR QUALIFICATIONS</u>	<u>9</u>
<u>PROPOSAL NO. 1—ELECTION OF DIRECTORS</u>	<u>10</u>
<u>PROPOSAL NO. 2—RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u>	<u>14</u>
<u>PROPOSAL NO. 3—STOCKHOLDER PROPOSAL REGARDING SIMPLE MAJORITY VOTING</u>	<u>17</u>
<u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT</u>	<u>19</u>
<u>EXECUTIVE OFFICERS</u>	<u>22</u>
<u>EXECUTIVE COMPENSATION</u>	<u>23</u>
<u>REPORT OF THE COMPENSATION COMMITTEE</u>	<u>48</u>
<u>EQUITY COMPENSATION PLAN INFORMATION</u>	<u>49</u>
<u>RELATED PARTY TRANSACTIONS</u>	<u>50</u>
<u>REPORT OF THE AUDIT COMMITTEE</u>	<u>51</u>
<u>ADDITIONAL INFORMATION</u>	<u>52</u>
<u>OTHER MATTERS</u>	<u>53</u>

April 9, 2020

FITBIT, INC.
199 Fremont Street, 14th Floor
San Francisco, California 94105

PROXY STATEMENT FOR THE 2020 ANNUAL MEETING OF STOCKHOLDERS

INFORMATION ABOUT SOLICITATION AND VOTING

The accompanying proxy is solicited on behalf of the board of directors of Fitbit, Inc. for use at our 2020 Annual Meeting of Stockholders, or Annual Meeting, to be held virtually on Thursday, May 21, 2020, at 11:00 a.m. (Pacific Time), and any adjournment or postponement thereof. The Annual Meeting can be accessed by visiting www.virtualshareholdermeeting.com/FIT2020, where you will be able to listen to the meeting live, submit questions, and vote online. The Notice of Internet Availability of Proxy Materials, this proxy statement for the Annual Meeting, or Proxy Statement, and the accompanying form of proxy were first distributed and made available on the Internet to stockholders on or about April 9, 2020. An Annual Report on Form 10-K for the fiscal year ended December 31, 2019 is available with this Proxy Statement by following the instructions in the Notice of Internet Availability of Proxy Materials.

INTERNET AVAILABILITY OF PROXY MATERIALS

In accordance with rules promulgated by the U.S. Securities and Exchange Commission, or SEC, we are using the Internet as our primary means of furnishing proxy materials to stockholders. Consequently, most stockholders will not receive paper copies of our proxy materials. We will instead send these stockholders a Notice of Internet Availability of Proxy Materials with instructions for accessing the proxy materials, including our Proxy Statement and Annual Report on Form 10-K, and voting via the Internet. This process is designed to expedite stockholders' receipt of proxy materials, lower the cost of the Annual Meeting, and conserve natural resources. The Notice of Internet Availability of Proxy Materials also provides information on how stockholders may obtain paper copies of our proxy materials if they so choose.

GENERAL INFORMATION ABOUT THE ANNUAL MEETING

Purpose of the Annual Meeting

At the Annual Meeting, stockholders will act upon the proposals described in this Proxy Statement.

Record Date; Quorum

Only holders of record of our Class A common stock and Class B common stock at the close of business on March 24, 2020, or the Record Date, will be entitled to vote at the Annual Meeting. At the close of business on the Record Date, we had 237,406,888 shares of Class A common stock and 29,318,245 shares of Class B common stock outstanding and entitled to vote.

The holders of a majority of the voting power of the shares of our Class A common stock and Class B common stock (voting together as a single class) entitled to vote at the Annual Meeting as of the Record Date must be present at the Annual Meeting in order to hold the Annual Meeting and conduct business. This presence is called a quorum. Your shares are counted as present at the Annual Meeting if you are present and vote online at the Annual Meeting or if you have properly submitted a proxy.

Voting Rights; Required Vote

In deciding all matters at the Annual Meeting, as of the close of business on the Record Date, each share of Class A common stock that you own represents one vote and each share of Class B common stock that you own represents ten votes. We do not have cumulative voting rights for the election of directors. You may vote all shares owned by you as of the Record Date, including (i) shares held directly

in your name as the stockholder of record, and (ii) shares held for you as the beneficial owner in street name through a broker, bank, trustee, or other nominee.

Stockholder of Record: Shares Registered in Your Name. If, on the Record Date, your shares were registered directly in your name with our transfer agent, Computershare Trust Company, N.A., then you are considered the stockholder of record with respect to those shares. As a stockholder of record, you may vote at the Annual Meeting or vote by telephone, by Internet, or by filling out and returning the proxy card.

Beneficial Owner: Shares Registered in the Name of a Broker or Nominee. If, on the Record Date, your shares were held in an account with a brokerage firm, bank, or other nominee, then you are the beneficial owner of the shares held in street name. As a beneficial owner, you have the right to direct your nominee on how to vote the shares held in your account, and your nominee has enclosed or provided voting instructions for you to use in directing it on how to vote your shares. However, the organization that holds your shares is considered the stockholder of record for purposes of voting at the Annual Meeting. Because you are not the stockholder of record, you may not vote your shares at the Annual Meeting unless you request and obtain a valid proxy from the organization that holds your shares giving you the right to vote the shares at the Annual Meeting.

Each director will be elected by a plurality of the votes cast, which means that the seven individuals nominated for election to the board of directors at the Annual Meeting receiving the highest number of “FOR” votes will be elected. You may either vote “FOR” one or any of the nominees or “WITHHOLD” your vote with respect to one or any of the nominees. With respect to (i) the ratification of Grant Thornton LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2020, and (ii) approval of the stockholder proposal regarding simple majority voting, approval will be obtained if the number of votes cast “FOR” the proposal at the Annual Meeting exceeds the number of votes cast “AGAINST” the proposal. If you elect to abstain from voting on these proposals, the abstention will not have any effect on the vote.

Broker non-votes occur when shares held by a broker for a beneficial owner are not voted because the broker did not receive voting instructions from the beneficial owner and the broker lacked discretionary authority to vote the shares. Abstentions occur when shares present at the Annual Meeting are marked “abstain.” A broker is entitled to vote shares held for a beneficial owner on “routine” matters without instructions from the beneficial owner of those shares. Absent instructions from the beneficial owner of such shares, a broker is not entitled to vote shares held for a beneficial owner on “non-routine” matters. At our Annual Meeting, only the ratification of Grant Thornton LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2020, is considered a routine matter. The other proposals presented at the Annual Meeting are non-routine matters. Broker non-votes and abstentions are counted for purposes of determining whether a quorum is present, but they have no effect on the outcome of the matters voted upon. Accordingly, we encourage you to provide voting instructions to your broker, whether or not you plan to attend the Annual Meeting.

Recommendations of the Board of Directors on Each of the Proposals Scheduled to be Voted on at the Annual Meeting

The board of directors recommends that you vote “FOR” each of the directors named in this Proxy Statement, or Proposal 1, and “FOR” the ratification of the appointment of Grant Thornton LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2020, or Proposal 2.

The board of directors recommends that you vote “AGAINST” the stockholder proposal regarding simple majority voting, or Proposal 3.

Voting Instructions; Voting of Proxies

If you are a stockholder of record, you may:

- vote via the virtual meeting website — any stockholder can attend the Annual Meeting by visiting www.virtualshareholdermeeting.com/FIT2020, where stockholders may vote and submit questions during the meeting. The Annual Meeting starts at 11:00 a.m. (Pacific Time). Please have your 16-Digit Control Number to join the Annual Meeting. Instructions on how to attend and participate via the Internet, including how to demonstrate proof of stock ownership, are posted at www.proxyvote.com;

- vote via telephone or Internet — in order to do so, please follow the instructions shown on your proxy card; or
- vote by mail — complete, sign, and date the proxy card enclosed herewith and return it before the Annual Meeting in the envelope provided.

Votes submitted by telephone or Internet must be received by 11:59 pm Eastern Time on May 20, 2020. Submitting your proxy, whether via the Internet, by telephone, or by mail, will not affect your right to vote in person should you decide to attend the Annual Meeting. If you are not the stockholder of record, please refer to the voting instructions provided by your nominee to direct your nominee on how to vote your shares. You may either vote “FOR” all of the nominees to the board of directors, or you may withhold your vote from all nominees or any nominee you specify. For Proposals 2 and 3, you may vote “FOR” or “AGAINST” or “ABSTAIN” from voting. Your vote is important. Whether or not you plan to attend the Annual Meeting, we urge you to vote by proxy to ensure that your vote is counted.

All proxies will be voted in accordance with the instructions specified on the proxy card. If you sign a physical proxy card and return it without instructions as to how your shares should be voted on a particular proposal at the Annual Meeting, your shares will be voted in accordance with the recommendations of our board of directors stated above.

If you do not vote and you hold your shares in street name, and your broker does not have discretionary power to vote your shares, your shares may constitute “broker non-votes” (as described above) and will not be counted in determining the number of shares necessary for approval of the proposals. However, shares that constitute broker non-votes will be counted for the purpose of establishing a quorum for the Annual Meeting.

If you receive more than one proxy card, this is because your shares are registered in more than one name or are registered in different accounts. To make certain all of your shares are voted, please follow the instructions included on each proxy card and vote each proxy card by telephone or the Internet. If voting by mail, please complete, sign, and return each proxy card to ensure that all of your shares are voted.

Expenses of Soliciting Proxies

We will pay the expenses of soliciting proxies. Following the original mailing of the soliciting materials, we and our agents, including directors, officers, and other employees, without additional compensation, may solicit proxies by mail, electronic mail, telephone, facsimile, or other similar means, or in person. Following the original mailing of the soliciting materials, we will request brokers, custodians, nominees, and other record holders to forward copies of the soliciting materials to persons for whom they hold shares and to request authority for the exercise of proxies. In such cases, we, upon the request of the record holders, will reimburse such holders for their reasonable expenses. If you choose to access the proxy materials through the Internet, you are responsible for any Internet access charges you may incur.

Revocability of Proxies

A stockholder who has given a proxy may revoke it at any time before it is exercised at the Annual Meeting by:

- delivering to our Corporate Secretary (by any means) a written notice stating that the proxy is revoked;
- signing and delivering a proxy bearing a later date;
- voting again by telephone or Internet; or
- attending (via www.virtualshareholdermeeting.com/FIT2020) and voting at the Annual Meeting (although attendance at the Annual Meeting will not, by itself, revoke a proxy).

Please note, however, that if your shares are held of record by a broker, bank, or other nominee and you wish to revoke a proxy, you must contact that firm to revoke any prior voting instructions.

Voting Results

Voting results will be tabulated and certified by the inspector of elections appointed for the Annual Meeting. The preliminary voting results will be announced at the Annual Meeting. The final results will be tallied by the inspector of elections and filed with the SEC in a current report on Form 8-K within four business days of the Annual Meeting.

BOARD OF DIRECTORS AND COMMITTEES OF THE BOARD, CORPORATE GOVERNANCE STANDARDS, AND DIRECTOR INDEPENDENCE

We are strongly committed to good corporate governance practices. These practices provide an important framework within which our board of directors and management can pursue our strategic objectives for the benefit of our stockholders.

Corporate Governance Guidelines

Our board of directors has adopted corporate governance guidelines, or Corporate Governance Guidelines, that set forth the role of our board of directors, director independence standards, board structure and functions, director selection considerations, and other policies for the governance of the company. Our Corporate Governance Guidelines are available in the Investor Relations section of our website, which is located at <https://investor.fitbit.com>, by clicking on “Governance.” The nominating and governance committee of our board of directors reviews the Corporate Governance Guidelines periodically and recommends changes to the board of directors as warranted.

Board Leadership Structure

Our Corporate Governance Guidelines provide that our board of directors may choose its chairperson in any way that it considers in the best interests of our company. Our nominating and governance committee periodically considers the leadership structure of our board of directors and makes such recommendations to our board of directors with respect thereto as our nominating and governance committee deems appropriate. Our Corporate Governance Guidelines also provide that, when the positions of chairperson and chief executive officer are held by the same person, the independent directors will designate a “lead independent director.” In cases in which the chairperson and chief executive officer are the same person, the responsibilities of the lead independent director include: presiding over executive sessions of independent directors; serving as a liaison between the chief executive officer and the independent directors; being available, under appropriate circumstances, for consultation and direct communication with stockholders; and performing such other functions and responsibilities as requested by our board of directors from time to time.

Currently, our board of directors believes that it is in the best interest of our company and our stockholders for our President and Chief Executive Officer, Mr. Park, to serve as both President and Chief Executive Officer and Chairman given his knowledge of our company and industry and strategic vision. Because Mr. Park serves in both these roles, our board of directors has appointed Steven Murray to serve as our lead independent director. As lead independent director, Mr. Murray, among the other responsibilities noted above, presides over regularly scheduled meetings at which only our independent directors are present, serves as a liaison between Mr. Park and the independent directors, and performs such additional duties as our board of directors may otherwise determine and delegate. Our board of directors believes that its independence and oversight of management is maintained effectively through this leadership structure, the composition of our board of directors, and sound corporate governance policies and practices.

Our Board of Directors’ Role in Risk Oversight

Our board of directors is primarily responsible for overseeing our risk management processes. Our board of directors, as a whole, determines our appropriate level of risk, assesses the specific risks that we face, and reviews management’s strategies for adequately mitigating and managing the identified risks. Although our board of directors administers this risk management oversight function, the committees of our board of directors support our board of directors in discharging its oversight duties and address risks inherent in their respective areas. The audit committee reviews our major financial risk exposures and the steps management has taken to monitor and control such exposures, including our procedures and related policies with respect to risk assessment and risk management. Our audit committee also reviews matters relating to compliance, cybersecurity, data privacy and security and reports to our board of directors regarding such matters. The compensation committee reviews risks and exposures associated with compensation plans and programs. We believe this division of responsibilities is an effective approach for addressing the risks we face and that our board leadership structure supports this approach.

Director Independence

The listing rules of the New York Stock Exchange generally require that a majority of the members of a listed company’s board of directors be independent. In addition, the listing rules generally require that, subject to specified exceptions, each member of a listed company’s audit, compensation, and nominating and governance committees be independent.

In addition, audit committee members must also satisfy the independence criteria set forth in Rule 10A-3 under the Securities Exchange Act of 1934, as amended, or Exchange Act. In order to be considered independent for purposes of Rule 10A-3, a member of an audit committee of a listed company may not, other than in his or her capacity as a member of the audit committee, the board of directors, or any other board committee: accept, directly or indirectly, any consulting, advisory, or other compensatory fee from the listed company or any of its subsidiaries; or be an affiliated person of the listed company or any of its subsidiaries.

Our board of directors conducts an annual review of the independence of our directors. In its most recent review, our board of directors determined that Messrs. Bromberg, Fluegel, Murray, and Paisley, and Ms. Alber and Flanagan, representing six of our eight directors, are “independent directors” as defined under the applicable rules, regulations, and listing standards of the New York Stock Exchange and the applicable rules and regulations promulgated by the SEC. Our board of directors has also determined that all members of our audit committee, compensation committee, and nominating and governance committee are independent and satisfy the relevant SEC and New York Stock Exchange independence requirements for such committees.

Board Committees

Our board of directors has established an audit committee, a compensation committee, and a nominating and governance committee. The composition and responsibilities of each committee are described below. Each of these committees has a written charter approved by our board of directors. Copies of the charters for the audit committee, compensation committee, and nominating and governance committee are available on the Investor Relations section of our website, which is located at <https://investor.fitbit.com>, by clicking on “Governance.” Members serve on these committees until their resignation or until otherwise determined by our board of directors.

Audit Committee

Our audit committee is composed of Mr. Paisley, who is the chair of the audit committee (until the date of the Annual Meeting), Ms. Flanagan, and Mr. Murray. Effective immediately following the Annual Meeting, the audit committee will be composed of Ms. Flanagan, who will be chair of the audit committee, and Messrs. Fluegel and Murray. Each member of our audit committee is independent under the current New York Stock Exchange and SEC rules and regulations. Each member of our audit committee is financially literate as required by current New York Stock Exchange listing standards. Our board of directors has also determined that simultaneous service by Mr. Paisley on the audit committees of more than three public companies does not impair his ability to serve on our audit committee. In addition, our board of directors has determined that each of Mr. Paisley and Ms. Flanagan is an audit committee financial expert within the meaning of Item 407(d) of Regulation S-K promulgated under the Securities Act of 1933, as amended, or Securities Act. As more fully described in its charter, our audit committee is directly responsible for, among other things:

- selecting a qualified firm to serve as the independent registered public accounting firm to audit our financial statements;
- helping to ensure the independence and performance of the independent registered public accounting firm;
- discussing the scope and results of the audit with the independent registered public accounting firm, and reviewing, with management and the independent accountants, our interim and year-end operating results;
- reviewing our policies on risk assessment and risk management, including risks related to cybersecurity;
- obtaining and reviewing a report by the independent registered public accounting firm at least annually that describes our internal quality-control procedures, any material issues with such procedures, and any steps taken to deal with such issues;
- approving (or, as permitted, pre-approving) all audit and all permissible non-audit services to be performed by the independent registered public accounting firm; and
- reviewing related-party transactions and proposed waivers.

Compensation Committee

Our compensation committee is composed of Mr. Fluegel, who is the chair of the compensation committee, Mr. Bromberg, and Mr. Murray. The composition of our compensation committee meets the requirements for independence under current New York Stock Exchange and SEC rules and regulations. Each member of this committee is also a non-employee director, as defined pursuant to Rule 16b-3 promulgated under the Exchange Act. The purpose of our compensation committee is to discharge the responsibilities of our board of

directors relating to compensation of our executive officers. As more fully described in its charter, our compensation committee is responsible for, among other things:

- determining and approving, or making recommendations to our board of directors regarding, the compensation of our executive officers;
- recommending to our board of directors the compensation of our non-employee directors;
- administering our stock and equity incentive plans;
- reviewing and approving, or making recommendations to our board of directors regarding, cash-based and equity-based incentive compensation plans; and
- reviewing our overall compensation strategy.

Nominating and Governance Committee

The nominating and governance committee is composed of Mr. Fluegel, who is the chair of the nominating and governance committee, Ms. Alber, and Mr. Paisley (until the date of the Annual Meeting). Effective immediately following the Annual Meeting, the nominating and governance committee will be composed of Mr. Fluegel, who will continue to be the chair of the nominating and governance committee, Ms. Alber and Mr. Bromberg. The composition of our nominating and governance committee meets the requirements for independence under current New York Stock Exchange and SEC rules and regulations. As more fully described in its charter, our nominating and governance committee is responsible for, among other things:

- identifying and recommending candidates for membership on our board of directors;
- overseeing the process of evaluating the performance of our board of directors and each committee of the board of directors;
- considering and making recommendations to our board of directors regarding the composition of our board of directors and its committees;
- developing and making recommendations to our board of directors regarding corporate governance guidelines and policies; and
- advising our board of directors on corporate governance matters.

Compensation Committee Interlocks and Insider Participation

During 2019, our compensation committee consisted of Messrs. Bromberg, Fluegel, and Murray. None of them has at any time been one of our officers or employees. Moreover, none of our executive officers currently serves, or in the past has served, as a member of the board of directors or compensation committee (or other board committee performing equivalent functions) of any entity that has one or more of its executive officers who served on our board of directors or our compensation committee in 2019.

Codes of Conduct and Ethics

Our board of directors has adopted codes of conduct and ethics that apply to all of our employees, officers, and directors. The full text of our codes of conduct and ethics are available in the Investor Relations section of our website, which is located at <https://investor.fitbit.com>, by clicking on “Governance.” We intend to disclose future amendments to certain provisions of our codes of conduct and ethics, or waivers of these provisions, on our website or in filings under the Exchange Act.

Board and Committee Meetings and Attendance

Our board of directors and its committees meet throughout the year on a set schedule, and also hold special meetings and act by written consent from time to time. During 2019, our board of directors met 14 times and acted by unanimous written consent seven times; the audit committee met 11 times; the compensation committee met eight times and acted by unanimous written consent seven times; and the nominating and governance committee met two times and acted by unanimous written consent one time. None of the directors attended fewer than 75% of the aggregate of the total number of meetings held by our board of directors and by all committees of our board of directors on which such director served (during the period that such director served on our board of directors and any committee).

Board Attendance at Annual Stockholders' Meeting

Our policy is to invite and encourage each member of our board of directors to be present at our annual meetings of stockholders. Seven of our then-current serving directors were present at our 2019 Annual Meeting.

Presiding Director of Non-Employee Director Meetings

The non-employee directors meet in regularly scheduled executive sessions without management to promote open and honest discussion. Our lead independent director, Mr. Murray, is the presiding director at these meetings.

Communication with Directors

Stockholders and interested parties who wish to communicate with our board of directors, non-management members of our board of directors as a group, a committee of our board of directors, or a specific member of our board of directors (including our Chairman or lead independent director) may do so by letters addressed to the attention of our General Counsel.

All communications are reviewed by our General Counsel and provided to the members of our board of directors consistent with a screening policy providing that unsolicited items; sales materials; abusive, threatening, or otherwise inappropriate materials; and routine items and items unrelated to the duties and responsibilities of our board of directors not be relayed to directors. Any communication that is not relayed is recorded and made available to our board of directors.

The address for these communications is:

Fitbit, Inc.
c/o General Counsel
199 Fremont Street, 14th Floor
San Francisco, California 94105

NOMINATIONS PROCESS AND DIRECTOR QUALIFICATIONS

Nomination to the Board of Directors

Candidates for nomination to our board of directors are selected by our board of directors based on the recommendation of the nominating and governance committee in accordance with the committee's charter, our restated certificate of incorporation, our restated bylaws, our Corporate Governance Guidelines, and the criteria adopted by our board of directors regarding director candidate qualifications. In recommending candidates for nomination, the nominating and governance committee considers candidates recommended by directors, officers, employees, stockholders, and others, using the same criteria to evaluate all candidates. Evaluations of candidates generally involve a review of background materials, internal discussions, and interviews with selected candidates, as appropriate. In addition, the nominating and governance committee may engage consultants or third-party search firms to assist in identifying and evaluating potential nominees.

Additional information regarding the process for properly submitting stockholder nominations for candidates for membership on our board of directors is set forth below under "Stockholder Proposals to be Presented at Next Annual Meeting."

Director Qualifications

With the goal of developing a diverse, experienced, and highly qualified board of directors, the nominating and governance committee is responsible for developing and recommending to our board of directors the desired qualifications, expertise, and characteristics of members of our board of directors, including qualifications that the committee believes must be met by a committee-recommended nominee for membership on our board of directors and specific qualities or skills that the committee believes are necessary for one or more of the members of our board of directors to possess.

Since the identification, evaluation, and selection of qualified directors is a complex and subjective process that requires consideration of many intangible factors, and will be significantly influenced by the particular needs of our board of directors from time to time, our board of directors has not adopted a specific set of minimum qualifications, qualities, or skills that are necessary for a nominee to possess, other than those that are necessary to meet U.S. legal, regulatory, and New York Stock Exchange listing requirements and the provisions of our restated certificate of incorporation, restated bylaws, Corporate Governance Guidelines, and charters of the committees of our board of directors. In addition, neither our board of directors nor our nominating and governance committee has a formal policy with regard to the consideration of diversity in identifying nominees. When considering nominees, our nominating and governance committee may take into consideration many factors including, among other things, a candidate's independence, integrity, diversity, skills, financial and other expertise, breadth of experience, knowledge about our business or industry, and ability to devote adequate time and effort to the responsibilities of our board of directors in the context of its existing composition. Through the nomination process, the nominating and governance committee seeks to promote board membership that reflects a diversity of business experience, expertise, viewpoints, personal backgrounds, and other characteristics that are expected to contribute to our board of directors' overall effectiveness. The brief biographical description of each director set forth in Proposal 1 below includes the primary individual experience, qualifications, attributes, and skills that led to the conclusion that each director should serve as a member of our board of directors at this time.

PROPOSAL NO. 1

ELECTION OF DIRECTORS

Our board of directors currently consists of eight directors. Seven of our directors will stand for election at the Annual Meeting and shall serve for a one-year term expiring at our 2021 annual meeting of stockholders and until such director's successor is duly elected and qualified or until such director's earlier death, resignation, or removal. Mr. Paisley will not stand for election at the Annual Meeting due to other professional demands on his time, including his service as a member of the boards of directors of other public companies.

Shares represented by proxies will be voted "FOR" the election of each of the seven nominees named below, unless the proxy is marked to withhold authority to so vote. If any nominee for any reason is unable to serve or for good cause will not serve, the proxies may be voted for such substitute nominee as the proxy holder might determine. Each nominee has consented to being named in this Proxy Statement and to serve if elected.

Information Regarding the Board of Directors and Nominees to the Board of Directors

The names of the members of our current board of directors who are also nominees, as well as their ages, occupations, and committee memberships as of February 28, 2020, are provided in the table below. Additional biographical descriptions of each nominee are set forth in the text below the table.

Name of Director/Nominee	Age	Position
James Park	43	President, Chief Executive Officer, and Chairman
Eric N. Friedman	42	Chief Technology Officer and Director
Laura J. Alber ⁽²⁾	51	Director
Matthew Bromberg ⁽¹⁾	53	Director
Glenda Flanagan ⁽³⁾	66	Director
Bradley M. Fluegel ⁽¹⁾⁽²⁾	58	Director
Steven Murray ^{(1)(3)†}	51	Director

⁽¹⁾ Member of the compensation committee.

⁽²⁾ Member of the nominating and governance committee.

⁽³⁾ Member of the audit committee.

† Lead independent director.

James Park is our co-founder and has served as a member of our board of directors since March 2007, as our Chairman since May 2015, and as our President and Chief Executive Officer since September 2007. Previously, Mr. Park served as a Director of Product Development at CNET Networks, Inc., an online media company. Prior to CNET Networks, Mr. Park served as the President and a co-founder of Wind-Up Labs, Inc., an online photo sharing company acquired by CNET Networks in 2005. He was also Chief Technology Officer and a co-founder of Epesi Technologies, Inc., a software company. Mr. Park attended Harvard College where he studied computer science. Mr. Park was selected to serve as a member of our board of directors due to the perspective and experience he brings as our co-founder, President, and Chief Executive Officer.

Eric N. Friedman is our co-founder and has served as a member of our board of directors and as our Chief Technology Officer since March 2007. Previously, Mr. Friedman served as an engineer manager at CNET Networks, Inc, an online media company. Prior to CNET Networks, Mr. Friedman served as a co-founder of Wind-Up Labs Inc., an online photo sharing company acquired by CNET Networks in 2005; a founding engineer of Epesi Technologies, a software company; and a technical member of the Real-Time Collaboration Group at Microsoft Corporation. Mr. Friedman holds a B.S. and an M.S. in computer science from Yale University. Mr. Friedman was selected to serve as a member of our board of directors due to the perspective and experience he brings as our co-founder and Chief Technology Officer.

Laura J. Alber has served as a member of our board of directors since June 2016. Ms. Alber has been President and Chief Executive Officer of Williams-Sonoma, Inc., a publicly-held retail company of kitchen and home products, since May 2010, after serving as President of Williams-Sonoma from 2006 to 2010. She is also a member of the board of directors of Williams-Sonoma. Ms. Alber previously held numerous brand management roles within Williams-Sonoma, including the positions of President, Pottery Barn Brands; Executive Vice President, Pottery Barn Merchandising; and Senior Vice President, Pottery Barn Catalog and Pottery Barn Kids Retail, after joining the company in 1995 as a Senior Buyer for Pottery Barn. Prior to Williams-Sonoma, Ms. Alber worked at The Gap, Inc. and Contempo Casuals, and was a small business owner. Ms. Alber holds a B.A. in psychology from the University of Pennsylvania. Ms. Alber was selected to serve as a member of our board of directors due to her extensive retail industry, merchandising, and operational experience.

Matthew Bromberg has served as a member of our board of directors since March 2018. Mr. Bromberg has been Chief Operating Officer of Zynga Inc., a social game developer, since August 2016. He has also served as Executive Chairman of Eversight, Ltd., a seller of augmented reality eyewear, since 2019. Prior to joining Zynga, Mr. Bromberg worked at Electronic Arts Inc., a video game company, where he served as Senior Vice President of Strategy and Operations of the mobile division from January 2015 to July 2016, Group General Manager of Bioware from September 2013 to December 2014, and General Manager of Bioware Austin from May 2012 to September 2013. Prior to joining Electronic Arts, Mr. Bromberg was the founder and Chief Executive Officer of I'mOK Inc., a location-based communication platform for families, from 2011 to 2012. Prior to this, Mr. Bromberg served as the President and Chief Executive Officer of Major League Gaming Corp., a professional eSports company, from 2006 to 2010. He also previously was Chief Executive Officer of Davidson Media Holdings, LLC, an online gaming investment and consulting partnership, and held a number of senior roles at AOL Inc. (now a subsidiary of Verizon Communications Inc.). Mr. Bromberg holds a B.A. in English from Cornell University and a J.D. from Harvard Law School. Mr. Bromberg was selected to serve as a member of our board of directors due to his extensive experience with technology companies and his operational experience.

Glenda Flanagan has served as a member of our board of directors since June 2016. Ms. Flanagan served as the Executive Vice President and Chief Financial Officer of Whole Foods Market, Inc., the natural and organic food supermarket chain acquired by Amazon, Inc. in 2017, from 1988 through May 2017. Since then she has served as the Executive Vice President and Senior Advisor at Whole Foods. Ms. Flanagan currently serves on the boards of directors of Whole Planet Foundation, Whole Cities Foundation, and Whole Kids Foundation, as well as the public company Credit Acceptance Corporation. Ms. Flanagan holds a B.B.A. in accounting from the University of Texas at Austin. Ms. Flanagan was selected to serve as a member of our board of directors due to her extensive experience with a leading consumer and health-related brand, and her expertise and background with regard to accounting and financial matters.

Bradley Fluegel has served as a member of our board of directors since March 2018. Mr. Fluegel has been a principal of BMF Advisors since January 2018, where he advises healthcare organizations. He previously served as Senior Vice President, Chief Healthcare Commercial Market Development Officer of Walgreen Co., a retail-pharmacy store chain, from October 2015 to January 2018, and as Senior Vice President, Chief Strategy and Business Development Officer from October 2012 to October 2015. Prior to that he was Executive in Residence at Health Evolution Partners, a healthcare private equity firm, from April 2011 to September 2012. Prior to joining Health Evolution Partners, Mr. Fluegel served as Executive Vice President and Chief Strategy and External Affairs Officer of Wellpoint, Inc. (now Anthem, Inc.), a health care benefits company, from 2007 to 2010. Prior to Wellpoint, Mr. Fluegel served as Senior Vice President of National Accounts and Vice President, Enterprise Strategy at Aetna Inc., a health care benefits company, as Chief Executive Officer for Reden & Anders, Ltd., a provider of consulting services for the health care industry and in other health sector positions, after having worked as a certified public accountant. Mr. Fluegel holds a B.A. in business administration from the University of Washington and a Masters in Public Policy from Harvard University. Mr. Fluegel currently also serves on the board of directors of the public company Performant Financial Corporation and a number of private companies. He also is a lecturer at the University of Pennsylvania's Wharton School of Business. Mr. Fluegel was selected to serve as a member of our board of directors due to his extensive commercial healthcare industry and operational experience.

Steven Murray has served as a member of our board of directors since June 2013. Mr. Murray is a Partner at Revolution Growth, a venture capital firm, where he has worked since January 2016. From April 1996 to January 2016, Mr. Murray worked at SoftBank Capital, a venture capital firm, where he most recently served as a Partner. Prior to this, Mr. Murray worked for Deloitte & Touche LLP, where he specialized in serving high-growth, technology-based businesses. Mr. Murray also serves on the boards of directors for a number of private companies. Mr. Murray holds a B.S. in accounting from Boston College. Mr. Murray was selected to serve as a member of our board of directors due to his extensive experience with technology companies.

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

Director Compensation

The following table provides information for 2019 concerning all compensation awarded to, earned by, or paid to each person who served as a non-employee director for some portion of 2019. James Park, our President and Chief Executive Officer, and Eric N. Friedman, our Chief Technology Officer, are not included in the table below because they did not receive additional compensation for their services as directors. Total compensation for Messrs. Park and Friedman for services as employees is presented in “Executive Compensation—Summary Compensation Table” below.

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$) ⁽¹⁾	Total (\$)
Laura J. Alber ⁽²⁾	55,590	150,840	206,430
Matthew Bromberg ⁽³⁾	57,500	150,840	208,340
Glenda Flanagan ⁽⁴⁾	68,272	150,840	219,112
Bradley Fluegel ⁽⁵⁾	90,694	150,840	241,534
Steven Murray ⁽⁶⁾	96,536	150,840	247,376
Christopher Paisley ⁽⁷⁾	77,201	150,840	228,041

⁽¹⁾ The amounts reported in this column represent the aggregate grant date value of restricted stock unit, or RSU, awards made to directors in 2019 computed in accordance with Financial Accounting Standard Board Accounting Standards Codification Topic 718, *Compensation — Stock Compensation*, or “FASB ASC Topic 718.” This amount does not reflect the actual economic value realized by the director, which will vary depending on the performance of our Class A common stock.

⁽²⁾ As of December 31, 2019, Ms. Alber held 31,037 RSUs. The RSUs vest in accordance with the vesting schedule described below under “—Non-Employee Director Compensation Arrangements—Non-Employee Director Equity Compensation—Annual Equity Grant.”

⁽³⁾ As of December 31, 2019, Mr. Bromberg held 31,037 RSUs. The RSUs vest in accordance with the vesting schedule described below under “—Non-Employee Director Compensation Arrangements—Non-Employee Director Equity Compensation—Annual Equity Grant.”

⁽⁴⁾ As of December 31, 2019, Ms. Flanagan held 31,037 RSUs. The RSUs vest in accordance with the vesting schedule described below under “—Non-Employee Director Compensation Arrangements—Non-Employee Director Equity Compensation—Annual Equity Grant.”

⁽⁵⁾ As of December 31, 2019, Mr. Fluegel held 31,037 RSUs. The RSUs vest in accordance with the vesting schedule described below under “—Non-Employee Director Compensation Arrangements—Non-Employee Director Equity Compensation—Annual Equity Grant.”

⁽⁶⁾ As of December 31, 2019, Mr. Murray held 31,037 RSUs. The RSUs vest in accordance with the vesting schedule described below under “—Non-Employee Director Compensation Arrangements—Non-Employee Director Equity Compensation—Annual Equity Grant.”

⁽⁷⁾ As of December 31, 2019, Mr. Paisley held 31,037 RSUs and a stock option to purchase 60,000 shares of Class B common stock. The RSUs vest in accordance with the vesting schedule described below under “—Non-Employee Director Compensation Arrangements—Non-Employee Director Equity Compensation—Annual Equity Grant.” The shares subject to the stock option fully vested on January 29, 2017.

Non-Employee Director Compensation Arrangements

Non-Employee Director Equity Compensation

Initial Equity Grant. Each non-employee director appointed to our board of directors is automatically granted an initial grant of RSUs on the date of his or her appointment calculated by dividing \$175,000 by the average daily closing price of the Class A common

stock in the month preceding the grant, rounding up to the nearest whole share (with such amount pro-rated based on the number of days between the date of such director's appointment and the date of our first annual meeting of stockholders following the date of grant (or, to the extent that we have not determined the date of the next annual meeting of stockholders on or before the date of grant, May 15 following the date of grant)). The RSUs will fully vest on the date of our first annual meeting of stockholders following the date of grant or immediately prior to the consummation of a change of control event. If an individual is appointed as a non-employee director at an annual meeting of stockholders, he or she will be granted an annual equity grant, as described below, in lieu of the initial equity grant.

Annual Equity Grant. On the date of each annual meeting of stockholders, each non-employee director who is serving on our board of directors on the date of such annual meeting will be automatically granted a number of RSUs calculated by dividing \$175,000 by the average daily closing price of the Class A common stock in the month preceding the grant, rounding up to the nearest whole share. However, in light of the Merger Agreement (discussed further below), for purposes of the 2020 Annual Meeting, the number of RSUs will be calculated by dividing \$175,000 by \$7.35, the consideration in cash per share stockholders have a right to receive under the terms of the Merger Agreement, rounding up to the nearest whole share. The RSUs will fully vest on the earlier of (i) the date of the following year's annual meeting of stockholders (but only for a non-employee director who does not stand for re-election at, or is not re-elected at, the following year's annual meeting of stockholders but who otherwise serves on the board of directors until the date of such meeting), (ii) the date that is one year following the date of grant, or (iii) immediately prior to the consummation of a change of control event.

Non-Employee Director Cash Compensation

Each non-employee director is also entitled to receive an annual cash retainer of \$50,000 for service on the board of directors, as well as additional annual cash compensation for service as the lead independent director, as a member of a committee, or as the chair of a committee, as follows:

- Lead independent director: \$20,000
- Audit committee member: \$10,000
- Audit committee chair: \$25,000
- Compensation committee member: \$7,500
- Compensation committee chair: \$17,500
- Nominating and governance committee member: \$5,000
- Nominating and governance committee chair: \$12,500

**OUR BOARD OF DIRECTORS RECOMMENDS
A VOTE "FOR" ELECTION OF EACH OF THE SEVEN NOMINATED DIRECTORS**

PROPOSAL NO. 2

RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Our audit committee has selected Grant Thornton LLP, or Grant Thornton, as our independent registered public accounting firm to perform the audit of our financial statements for the fiscal year ending December 31, 2020 and recommends that stockholders vote for ratification of such selection. The ratification of the selection of Grant Thornton as our independent registered public accounting firm for the fiscal year ending December 31, 2020 will be determined by the vote of a majority of the voting power of the shares present or represented at the Annual Meeting and voting affirmatively or negatively on the proposal. In the event that Grant Thornton is not ratified by our stockholders, the audit committee will review its future selection of Grant Thornton as our independent registered public accounting firm. Representatives of Grant Thornton are expected to be present at the Annual Meeting and will be given an opportunity to make a statement at the Annual Meeting if they desire to do so. The representatives will also be available to respond to appropriate questions from stockholders.

Change of Independent Registered Public Accounting Firm

On March 8, 2019, following an evaluation of audit fees and costs and at the direction of our audit committee, we chose not to renew the engagement of PricewaterhouseCoopers LLP, or PwC, which was then serving as the company's independent registered public accounting firm. We notified PwC on March 9, 2019 that it would be dismissed as our independent registered public accounting firm, effective immediately. The decision to change independent registered public accounting firms was approved by the audit committee.

PwC's reports on the company's consolidated financial statements as of and for the fiscal years ended December 31, 2018 and 2017 did not contain any adverse opinion or a disclaimer of opinion, nor were they qualified or modified as to uncertainty, audit scope, or accounting principles.

During the fiscal years ended December 31, 2018 and 2017 and the subsequent interim period through March 9, 2019, there were no disagreements, within the meaning of Item 304(a)(1)(iv) of Regulation S-K promulgated under the Exchange Act, or Regulation S-K, and the related instructions thereto, with PwC on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements, if not resolved to the satisfaction of PwC, would have caused it to make reference to the subject matter of the disagreements in connection with its reports. Also during this same period, there were no reportable events within the meaning of Item 304(a)(1)(v) of Regulation S-K and the related instructions thereto, except for the material weakness in our internal control over financial reporting related to the accuracy of the inputs in the sales order entry process, previously reported in Item 9A of our Annual Report on Form 10-K for the fiscal years ended December 31, 2019, December 31, 2018 and December 31, 2017. The material weakness was remediated as of December 31, 2019.

On March 8, 2019, the audit committee approved the appointment of Grant Thornton as the company's new independent registered public accounting firm, effective upon dismissal of PwC on March 9, 2019. During the fiscal years ended December 31, 2018 and 2017 and the subsequent interim period through March 9, 2019, neither we nor anyone acting on our behalf consulted with Grant Thornton regarding any of the matters described in Items 304(a)(2)(i) and (ii) of Regulation S-K.

Independent Registered Public Accounting Firm Fees and Services

We regularly review the services and fees of our independent registered public accounting firm. These services and fees are also reviewed with our audit committee annually. In accordance with standard policy, Grant Thornton will periodically rotate the individuals who are responsible for our audit.

In addition to performing the audit of our consolidated financial statements in 2018, PwC provided various other services during 2018, which were as follows:

	2018
Audit fees ⁽¹⁾	\$ 4,443,540
Audit-related fees	—
Tax fees ⁽²⁾	996,707
All other fees ⁽³⁾	1,800
Total fees	<u>\$ 5,442,047</u>

(1) Includes fees for audit services primarily related to the audit of our annual financial statements; the review of our quarterly financial statements; consents, and assistance with and review of documents filed with the SEC; and other accounting and financial reporting consultation and research work billed as audit fees or necessary to comply with the standards of the Public Company Accounting Oversight Board. The amount for 2018 in the table above does not include an additional \$462,000 previously not reported that was billed after the filing of our Definitive Proxy Statement on April 11, 2019.

(2) Includes fees for tax compliance, advice, and planning. Tax advice fees encompass a variety of permissible tax services, including technical tax advice related to federal and state and international income tax matters; transfer pricing, international tax structure planning, and assistance with indirect sales tax; and assistance with tax audits.

(3) Includes fees for services other than the services reported in audit fees, audit-related fees, and tax fees.

In addition to performing the audit of our consolidated financial statements in 2019, Grant Thornton provided various other services during the year following their appointment on March 9, 2019, which were as follows:

	2019
Audit fees ⁽¹⁾	\$ 1,827,078
Audit-related fees	—
Tax fees	—
All other fees	—
Total fees	<u>\$ 1,827,078</u>

(1) Includes fees for audit services primarily related to the audit of our annual financial statements; the review of our quarterly financial statements; consents, and assistance with and review of documents filed with the SEC; and other accounting and financial reporting consultation and research work billed as audit fees or necessary to comply with the standards of the Public Company Accounting Oversight Board.

Policy on Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services of Independent Registered Public Accounting Firm

Our audit committee’s policy is to pre-approve all audit and permissible non-audit services provided by the independent registered public accounting firm. These services may include audit services, audit-related services, tax services, and other services. Pre-approval is detailed as to the particular service or category of services and is generally subject to a specific budget. The independent registered public accounting firm and management are required to report periodically to the audit committee regarding the extent of services provided by the independent registered public accounting firm in accordance with this pre-approval, and the fees for the services performed to date.

All of the services relating to the fees described in the table above were pre-approved by our audit committee.

OUR BOARD OF DIRECTORS RECOMMENDS A VOTE “FOR” APPROVAL OF PROPOSAL NO. 2

PROPOSAL NO. 3

STOCKHOLDER PROPOSAL REGARDING SIMPLE MAJORITY VOTING

We have been advised that Kenneth Steiner, 14 Stoner Ave., 2M, Great Neck, NY 11021, intends to submit the proposal set forth below at the Annual Meeting. If the proponent of the proposal, or representatives who are qualified under state law, are present at our Annual Meeting and submit the proposal for a vote, then the proposal will be voted upon. The stockholder proposal, including any supporting statements, are included exactly as submitted to us by the proponent of the proposal. The board of directors' recommendation on the proposal is presented immediately following our opposing statement to the proposal. The company will provide the number of the company's voting securities that Kenneth Steiner holds to any stockholder promptly upon receiving an oral or written request.

Proposal 3 - Simple Majority Vote

RESOLVED: Shareholders request that our Board take each step necessary so that each voting requirement in our charter and bylaws (that is explicit or implicit due to default to state law) that calls for a greater than simple majority vote be eliminated, and replaced by a requirement for a majority of the votes cast for and against applicable proposals, or a simple majority vote in compliance with applicable laws. If necessary this means the closest standard to a majority of the votes cast for and against such proposals consistent with applicable laws.

Shareholders are willing to pay a premium for shares of companies that have excellent corporate governance. Supermajority voting requirements have been found to be one of 6 entrenching mechanisms that are negatively related to company performance according to "What Matters in Corporate Governance" by Lucien Bebchuk, Alma Cohen and Allen Ferrell of the Harvard Law School. Supermajority requirements are used to block initiatives supported by most shareowners but opposed by a status quo management.

Meanwhile our stock has lost 90% of its value since 2015 and James Park continued as both our Chairman and CEO. Under such circumstances Mr. Park should at least relinquish one of these 2 roles.

This proposal topic won from 74% to 88% support at Weyerhaeuser, Alcoa, Waste Management, Goldman Sachs, FirstEnergy, McGraw-Hill and Macy's. The proponents of these proposals included Ray T. Chevedden and William Steiner.

Currently a 1%-minority can frustrate the will of our 66%-shareholder majority in an election with 67% of shares casting ballots. In other words a 1%-minority could have the power to prevent shareholders from improving the governing rules of our company. This can be particularly important during periods of management underperformance and/or an economic downturn. Currently the role of shareholders is downsized because management can simply push the snooze button in response to a 66%-vote of shareholders on certain issues.

Please vote yes: Simple Majority Vote - Proposal 3

THE COMPANY'S STATEMENT IN OPPOSITION

Our board of directors recommends a vote "AGAINST" Proposal No. 3 for the following reasons:

The board of directors continually reviews our corporate governance practices, including our voting standards, to ensure that our practices serve our best interests and the best interests of our stockholders. In this regard, the board of directors, after thoughtful review of this topic, believes that the current voting standards are appropriate and, therefore, recommends that our stockholders vote against this proposal.

We already apply a simple majority voting standard for matters submitted for stockholder approval, with very limited exceptions.

Although we utilize a simple majority voting standard for most of the items upon which stockholders are entitled to vote, our restated certificate of incorporation currently requires the affirmative vote of at least sixty-six and two-thirds percent of the outstanding shares entitled to vote for only two matters:

- adoption, amendment, or repeal of our restated bylaws; and

- amendment or repeal of our restated certificate of incorporation.

Our restated certificate of incorporation also contains a supermajority director removal provision, which is currently inoperable. That provision will become operable in 2027 or earlier if the outstanding shares of Class B common stock represent less than a majority of the total voting power of the then-outstanding shares of our capital stock. Following the occurrence of that event, directors may be removed only by the affirmative vote of the holders of two-thirds of the voting power of the then-outstanding shares of our capital stock. Currently, the director removal provision operates with a simple majority voting standard.

The limited matters requiring supermajority approval are meant to preserve and maximize long-term stockholder value.

The board of directors believes that its independence and oversight of management is maintained effectively through a strong leadership structure, the composition of our board of directors, and sound corporate governance policies and practices. Contrary to the proponent’s assertions, the board of directors strongly believes that our current corporate governance policies and practices – of which the limited supermajority vote requirements are one part – are most favorable for us and our stockholders and serve to protect and maximize long-term stockholder value.

Delaware law permits supermajority voting requirements, and we have adopted these provisions to appropriately assure that fundamental changes to our governance are only made with the support of a broad consensus of our stockholders, rather than just a “simple majority,” as requested by the proposal. In the event that the supermajority voting requirement is eliminated and our existing voting standard is applied to all matters, our stockholders, particularly minority stockholders, may be vulnerable to the potentially self-interested actions of one or a few large short-term investors. In such a case, it would be possible for a group of stockholders, who may own their shares only as of a voting record date or may have hedged their economic exposure, and who are not bound by a fiduciary duty to act in our or all stockholders’ best interests, to amend our bylaws or to remove directors for reasons that may not be in our or our stockholders’ best long-term interest. Our targeted supermajority vote requirements, which are limited to a small number of matters critical to our corporate governance, are intended to avoid that result and help preserve and maximize long-term stockholder value.

We are committed to strong corporate governance.

We and our board of directors are committed to strong corporate governance practices. As noted above, the board of directors continually reviews our corporate governance practices to ensure that our practices continue to serve our best interests and the best interests of our stockholders. At the annual meeting of our stockholders in 2019, consistent with the recommendation of our board of directors at that time, our stockholders did not approve a stockholder proposal regarding majority voting. After careful consideration, the board of directors has again concluded that implementation of this proposal could disadvantage our stockholders with respect to certain key matters and adversely impact our carefully considered corporate governance practices. Our board of directors, therefore, believes that the proposal is not in our or our stockholders’ best interests at this time.

OUR BOARD OF DIRECTORS RECOMMENDS A VOTE “AGAINST” PROPOSAL NO. 3

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information with respect to the beneficial ownership of our common stock as of February 28, 2020 by:

- each of our named executive officers;
- each of our current directors;
- all of our directors and named executive officers as a group; and
- each stockholder known by us to be the beneficial owner of more than 5% of our outstanding shares of Class A or Class B common stock.

Percentage ownership of our common stock is based on 236,215,186 shares of our Class A common stock and 29,318,245 shares of our Class B common stock outstanding as of February 28, 2020. Beneficial ownership is determined in accordance with the rules of the SEC and thus represents voting or investment power with respect to our securities. Unless otherwise indicated below, to our knowledge, the persons and entities named in the table below have sole voting and sole investment power with respect to all shares beneficially owned, subject to community property laws where applicable. Shares of our Class A common stock and Class B common stock subject to stock options that are currently exercisable or exercisable within 60 days of February 28, 2020, and RSUs that may vest and settle within 60 days of February 28, 2020, are deemed to be outstanding and to be beneficially owned by the person holding the stock options or RSUs for the purpose of computing the percentage ownership of that person but are not treated as outstanding for the purpose of computing the percentage ownership of any other person. The information as to beneficial ownership presented in the table below does not take into account any accelerated vesting that may occur in connection with the closing of the proposed Merger pursuant to the Merger Agreement (discussed further below).

Unless otherwise indicated, the address of each of the individuals and entities named below is c/o Fitbit, Inc., 199 Fremont Street, 14th Floor, San Francisco, California 94105.

Name of Beneficial Owner	Shares Beneficially Owned				% of Total Voting Power ⁽¹⁾
	Class A		Class B		
	Shares	%	Shares	%	
Named Executive Officers and Directors:					
James Park ⁽²⁾	1,031,308	*	19,159,074	58.4	34.1
Eric N. Friedman ⁽³⁾	627,871	*	18,156,313	53.4	31.6
Ronald W. Kisling ⁽⁴⁾	193,640	*	433,689	1.5	*
Andy Missan ⁽⁵⁾	151,898	*	200,322	*	*
Jeff Devine ⁽⁶⁾	181,932	*	—	—	*
Laura J. Alber ⁽⁷⁾	76,633	*	—	—	*
Matthew Bromberg ⁽⁸⁾	40,745	*	—	—	*
Glenda Flanagan ⁽⁹⁾	94,881	*	—	—	*
Bradley Fluegel ⁽¹⁰⁾	41,662	*	—	—	*
Steven Murray ⁽¹¹⁾	76,570	*	—	—	*
Christopher Paisley ⁽¹²⁾	101,570	*	60,000	*	*
All executive officers and directors as a group (11 persons) ⁽¹³⁾	2,618,710	1.1	38,009,398	99.6	61.8
Other 5% Stockholders:					
The Vanguard Group ⁽¹⁴⁾	21,594,094	9.1	—	—	4.1
The Goldman Sachs Group, Inc. ⁽¹⁵⁾	20,128,709	8.5	—	—	3.8
BlackRock, Inc. ⁽¹⁶⁾	15,850,459	6.7	—	—	3.0
Citigroup Inc. ⁽¹⁷⁾	14,315,113	6.1	—	—	2.7
AQR Capital Management Holdings, LLC ⁽¹⁸⁾	12,888,728	5.5	—	—	2.4
Magnetar Capital LLC ⁽¹⁹⁾	12,773,265	5.4	—	—	2.4

* Less than 1%

- (1) Percentage of total voting power represents voting power with respect to all shares of our Class A common stock and Class B common stock, as a single class. The holders of our Class B common stock are entitled to ten votes per share, and the holders of our Class A common stock are entitled to one vote per share.
- (2) Consists of (i) 14,769,518 shares of Class B common stock held by Mr. Park as trustee of The James Park Revocable Trust, (ii) 900,000 shares of Class B common stock held by Mr. Park as trustee of The James Park 2019 Annuity Trust, (iii) 207,105 shares of Class A common stock held by Mr. Park, (iv) 41,803 shares of Class A common stock subject to RSUs to be released within 60 days of February 28, 2020, (v) 782,400 shares of Class A common stock subject to stock options held by Mr. Park that are exercisable within 60 days of February 28, 2020, and (vi) 3,489,556 shares of Class B common stock subject to stock options held by Mr. Park that are exercisable within 60 days of February 28, 2020.
- (3) Consists of (i) 9,878,085 shares of Class B common stock held by Mr. Friedman, (ii) 1,198,800 shares of Class B common stock held by Mr. Friedman as trustee of the Friedman 2015 GRAT, (iii) 324,001 shares of Class B common stock held by Mr. Friedman as trustee of the Friedman 2018 GRAT A, (iv) 377,221 shares of Class B common stock held by Mr. Friedman as trustee of the Friedman 2018 GRAT B, (v) 849,990 shares of Class B common stock held by Mr. Friedman as trustee of the Friedman 2019 GRAT A, (vi) 849,988 shares of Class B common stock held by Mr. Friedman as trustee of the Friedman 2019 GRAT B, (vii) 63,818 shares of Class A common stock held by Mr. Friedman, (viii) 12,353 shares of Class A common stock subject to RSUs to be released within 60 days of February 28, 2020, (ix) 551,700 shares of Class A common stock subject to stock options held by Mr. Friedman that are exercisable within 60 days of February 28, 2020, and (x) 4,678,228 shares of Class B common stock subject to stock options held by Mr. Friedman that are exercisable within 60 days of February 28, 2020.
- (4) Consists of (i) 160,115 shares of Class A common stock held by Mr. Kisling, (ii) 33,525 shares of Class A common stock subject to RSUs to be released within 60 days of February 28, 2020, and (iii) 433,689 shares of Class B common stock subject to stock options held by Mr. Kisling that are exercisable within 60 days of February 28, 2020.

- (5) Consists of (i) 108,639 shares of Class A common stock held by Mr. Missan, (ii) 43,259 shares of Class A common stock subject to RSUs to be released within 60 days of February 28, 2020, and (iii) 200,322 shares of Class B common stock subject to stock options held by Mr. Missan that are exercisable within 60 days of February 28, 2020.
- (6) Consists of (i) 149,536 shares of Class A common stock held by Mr. Devine, and (ii) 32,396 shares of Class A common stock subject to RSUs to be released within 60 days of February 28, 2020.
- (7) Consists of 76,633 shares of Class A common stock held by Ms. Alber.
- (8) Consists of 40,745 shares of Class A common stock held by Mr. Bromberg.
- (9) Consists of 94,881 shares of Class A common stock held by Ms. Flanagan.
- (10) Consists of 41,662 shares of Class A common stock held by Mr. Fluegel.
- (11) Consists of 76,570 shares of Class A common stock held by Mr. Murray.
- (12) Consists of (i) 101,570 shares of Class A common stock held by Mr. Paisley, and (ii) 60,000 shares of Class B common stock subject to stock options held by Mr. Paisley that are exercisable within 60 days of February 28, 2020.
- (13) Consists of (i) 1,121,274 shares of Class A common stock, (ii) 29,147,603 shares of Class B common stock, (iii) 163,336 shares of Class A common stock subject to RSUs to be released within 60 days of February 28, 2020, (iv) 1,334,100 shares of Class A common stock subject to stock options that are exercisable within 60 days of February 28, 2020, and (v) 8,861,795 shares of Class B common stock subject to stock options that are exercisable within 60 days of February 28, 2020 held by all our executive officers and directors, as a group.
- (14) Based on information contained in a Schedule 13G/A filed with the SEC by The Vanguard Group on February 12, 2020. Of the shares of Class A common stock beneficially owned, The Vanguard Group reported that it had sole voting power with respect to 272,327 shares, shared voting power with respect to 56,625 shares, sole dispositive power with respect to 21,295,408 shares, and shared dispositive power with respect to 298,686 shares. The address for The Vanguard Group is 100 Vanguard Blvd., Malvern, Pennsylvania, 19355.
- (15) Based on information contained in a Schedule 13G filed with the SEC by The Goldman Sachs Group, Inc. on February 6, 2020. Of the shares of Class A common stock beneficially owned, The Goldman Sachs Group, Inc. reported that it had shared voting power with respect to 20,126,616 shares, and shared dispositive power with respect to 20,128,709 shares. The address for The Goldman Sachs Group, Inc. is 200 West Street, New York, New York, 10282.
- (16) Based on information contained in a Schedule 13G/A filed with the SEC by BlackRock, Inc. on February 5, 2020. Of the shares of Class A common stock beneficially owned, BlackRock, Inc. reported that it had sole voting power with respect to 15,334,127 shares and sole dispositive power with respect to 15,850,459 shares. The address for BlackRock, Inc. is 55 East 52nd Street, New York, New York, 10055.
- (17) Based on information contained in a Schedule 13G filed with the SEC by Citigroup Inc. on February 7, 2020. Of the shares of Class A common stock beneficially owned, Citigroup Inc. reported that it had shared voting power with respect to 14,315,113 shares and shared dispositive power with respect to 14,315,113 shares. The address for Citigroup Inc. is 388 Greenwich Street, New York, New York, 10013.
- (18) Based on information contained in a Schedule 13G filed with the SEC by AQR Capital Management, LLC on February 14, 2020. Of the shares of Class A common stock beneficially owned, AQR Capital Management, LLC reported that it had shared voting power with respect to 12,888,728 shares and shared dispositive power with respect to 12,888,728 shares. The address for AQR Capital Management, LLC is Two Greenwich Plaza, Greenwich, Connecticut, 06830.
- (19) Based on information contained in a Schedule 13D filed with the SEC by Magnetar Financial LLC on November 14, 2019. Of the shares of Class A common stock beneficially owned, Magnetar Financial LLC reported that it had shared voting power with respect to 12,773,265 shares and shared dispositive power with respect to 12,773,265 shares. The shares of Class A common stock beneficially owned consist of (i) 610,283 shares held for the benefit of Magnetar Capital Master Fund, (ii) 6,132,720 shares held for the benefit of PRA Master Fund, (iii) 3,184,089 shares held for the benefit of Constellation Fund, (iv) 552,726 shares held for the benefit of Systematic Master Fund, (v) 177,076 shares held for the benefit of MSW Master Fund and (vi) 2,116,371 shares held for the benefit of ICAV. The address for Magnetar Capital LLC is 1603 Orrington Ave., Evanston, Illinois, 60201.

EXECUTIVE OFFICERS

The names of our executive officers, their ages as of February 28, 2020, and their positions are shown below.

Named Executive Officers	Age	Position(s)
James Park	43	President, Chief Executive Officer, and Chairman
Eric N. Friedman	42	Chief Technology Officer and Director
Ronald W. Kisling	59	Chief Financial Officer
Jeff Devine	58	Executive Vice President of Operations
Andy Missan	58	Executive Vice President, General Counsel and Secretary

For biographical information regarding Messrs. Park and Friedman, please refer to “Proposal No. 1—Election of Directors” above.

Ronald W. Kisling has served as our Chief Financial Officer since June 2018. Mr. Kisling joined us in August 2014 and served as our Chief Accounting Officer until his appointment as Chief Financial Officer. From March 2011 to August 2014, he served as Chief Financial Officer of Nanometrics Incorporated (now Onto Innovation Inc.), an industrial manufacturing company. Prior to Nanometrics, Mr. Kisling served as Vice President of Finance and then Chief Financial Officer of PGP Corporation, a data encryption and security software company, until its acquisition by Symantec Corporation, a cybersecurity software company, in June 2010. Prior to that, Mr. Kisling held Chief Financial Officer positions at Portal Software Inc., a product-based billing and revenue management software company, and SPL WorldGroup, Inc., a revenue and operations management software company, which were both acquired by Oracle Corporation, as well as Saba Software, Inc., a talent management software company. Before that, he held a variety of finance and accounting positions at Symantec and at Coopers & Lybrand L.L.P., a public accounting firm. Mr. Kisling holds a B.A. in economics from Stanford University.

Jeff Devine has served as our Executive Vice President of Operations since February 2017. From September 2015 to February 2017, Mr. Devine served as the Chief Operating Officer of uBeam Inc., a wireless charging company. From August 2010 to September 2015, Mr. Devine served as Vice President, Supply Chain Management of Cisco Systems, Inc., a networking and information technology company. Prior to Cisco, Mr. Devine served as Senior Vice President, Global Operations at Palm, Inc., a smartphone company acquired by The Hewlett-Packard Company in July 2010. Mr. Devine has also held various senior level positions at Nokia Corporation, a communications and information technology company, and The Boeing Company, an aerospace and defense company. Mr. Devine holds a B.S. in mechanical engineering from the University of Dayton and an M.B.A. from Southern Methodist University Cox School of Business.

Andy Missan has served as our Executive Vice President, General Counsel and Secretary since October 2015, and prior to that, served as our Vice President and General Counsel from March 2013. From July 2009 to October 2012, Mr. Missan served as Vice President and General Counsel at Bytemobile, Inc., a mobile video optimization company. Prior to Bytemobile, Mr. Missan served as Vice President and General Counsel of MobiTV, Inc., a provider of mobile video solutions, as Vice President and General Counsel of Danger, Inc., a mobile devices and services company, and as Vice President and General Counsel of Replay TV, Inc., a DVR technology company. He has also held senior legal and business affairs positions at RCA Records Label/BMG Entertainment and Sony Music Entertainment Inc. Mr. Missan holds a B.A. in government from Oberlin College and a J.D. from Northwestern University Pritzker School of Law.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

This compensation discussion and analysis provides an overview of our executive compensation philosophy and objectives. It also describes the compensation program for our principal executive officer, principal financial officer, and three most highly-compensated executive officers (other than our principal executive officer and principal financial officer), or Compensation Program, during 2019. These individuals are referred to herein as our named executive officers. During 2019, these individuals were:

- James Park, our President and Chief Executive Officer, or our CEO;
- Eric N. Friedman, our Chief Technology Officer, or our CTO;
- Ronald W. Kisling, our Chief Financial Officer, or our CFO;
- Andy Missan, our Executive Vice President and General Counsel; and
- Jeff Devine, our Executive Vice President of Operations.

Executive Compensation Philosophy and Program Design

Our executive Compensation Program is guided by our overarching philosophy of paying for performance. We believe our executive Compensation Program is competitive, reasonable, and appropriately balances the goals of attracting, retaining, motivating, and rewarding our executive officers with the interests of our stockholders.

Consistent with our pay for performance philosophy, we have designed our executive Compensation Program to achieve the following primary objectives:

- provide competitive compensation and benefits that will attract, retain, motivate, and reward a highly-qualified leadership team within the context of responsible cost management;
- directly and substantially link rewards to measurable corporate performance (both financial and operational results) and consider individual performance in determining go-forward compensation opportunities;
- reinforce the alignment of our executive officers' interests with the objective of creating long-term stockholder value by linking their long-term incentive compensation opportunities to value creation and their annual cash bonus opportunities to our annual financial and operating performance; and
- provide the ability to significantly differentiate rewards for overachievement against company goals.

Further, when making compensation decisions for our executive officers, including our named executive officers, the compensation committee seeks to set both individual pay elements and target total direct compensation at competitive levels, using a balanced and flexible approach that is not restricted by adherence to specific percentile-based target levels. In other words, while competitive market data are important references in understanding general market practice, our actual compensation decisions reflect the compensation committee's exercise of its business judgment after considering the following key factors:

- equity award amounts are determined after considering dilution levels, our retention objectives, company and individual performance, and other relevant factors; and
- actual pay opportunities and outcomes will vary among executive officers and relative to the competitive market based on company performance and our position relative to our peers based on financial and other relevant criteria.

The compensation committee does not establish a specific level for the target total direct compensation opportunities of our executive officers, including our named executive officers, but rather determines specific pay levels after a holistic consideration of:

- **Absolute Financial Performance** — our performance against the financial and operational objectives established by the compensation committee and our board of directors;
- **Competitive Market Positioning** — the compensation practices of our compensation peer group and the position of each executive officer’s compensation relative to peer company compensation levels;
- **Individual Skills and Experience (New Hires)** — for newly-hired executive officers, the individual’s experience, skill set, expertise, or unique competitive market factors;
- **Individual Skills and Experience (Incumbent Executives)** — for incumbent executive officers, the individual’s executive skill set, general experience, experience in position, and qualifications relative to other similarly-situated executives at the companies in our compensation peer group; the criticality of his or her position or role; and our retention objectives;
- **Comparative Scope of Role** — the scope of each executive officer’s role compared to other similarly-situated executives at the companies in our compensation peer group;
- **Past Performance** — the performance of each individual executive officer, based on a subjective assessment of his or her contributions to our overall performance, ability to lead his or her business unit or function, and work as part of a team, all of which reflect our core values; and
- **Internal Parity** — compensation parity among our executive officers.

These factors provide the framework for compensation decision-making and final decisions regarding the compensation opportunity for each executive officer. No single factor is determinative in setting pay levels, nor is the impact of any factor in the determination of pay levels quantifiable.

Program Design

We structure the annual compensation of our executive officers, including our named executive officers, using three principal elements: (i) base salary, (ii) annual cash bonus opportunities, and (iii) long-term incentive compensation opportunities in the form of equity awards. While the weight of each element may vary from year to year, the ultimate goal is to develop compensation packages that will achieve our compensation objectives as described above. Other elements of compensation include a 401(k) savings plan and other benefit programs that are generally available to all employees.

To ensure our executive officers’ interests are aligned with those of our stockholders, a significant portion of their annual target total direct compensation opportunity is “at-risk,” and the amount ultimately earned will vary above or below target levels commensurate with our performance. To motivate and reward individual initiative and effort, we emphasize performance-based compensation that appropriately rewards our executive officers for delivering financial, operational, and strategic results that meet or exceed pre-established goals through our annual cash bonus plan and long-term incentive compensation opportunities in the form of equity awards. Further, we believe that equity awards are also a key incentive for our executive officers to drive long-term growth.

To ensure that we are aligned with our compensation philosophy, the compensation committee regularly evaluates the relationship between the reported values of the equity awards granted to our executive officers and the amount of compensation realizable (and, ultimately, realized) from such awards in subsequent years, which will vary depending on the performance of our Class A common stock.

2019 Overview

We entered 2019 with a plan to return our business back to revenue growth and to grow our community of users, while delivering on certain financial and product targets. Decisions related to base salaries and equity grants reflect both the challenges we faced during 2019 as well as our achievements during the year.

In November 2019, we entered into an Agreement and Plan of Merger, or the Merger Agreement, with Google LLC, or Google, a Delaware limited liability company, and Magnoliophyta Inc., or Merger Sub, a Delaware corporation and wholly owned

subsidiary of Google. Pursuant to the terms of, and subject to the conditions specified in, the Merger Agreement, the Merger Sub will merge with and into us, and we will become a wholly owned subsidiary of Google (the Merger). Except as otherwise indicated below, this compensation discussion and analysis does not take into account the special compensation paid or payable pursuant to the Merger Agreement. For additional information about the Merger Agreement, including information regarding compensation of named executive officers, see “The Merger Agreement and 2019 Compensation Matters.”

2019 Executive Compensation Highlights

Our compensation committee took the following key compensation actions with respect to our named executive officers for 2019:

- **Base Salaries and Annual Cash Bonuses** — In 2019, base salaries and target annual cash bonus opportunities remained flat from 2018 for our named executive officers, other than for our CFO and Executive Vice President of Operations, who received base salary increases of 5.0% and 3.9%, respectively.
- **Long-Term Incentive Compensation** — In 2019, we granted long-term incentive compensation opportunities to our named executive officers in the form of restricted stock units, or RSUs, and also, with respect to our CEO and CTO, in the form of performance stock units, or PSUs. Two-thirds of the equity award value granted to our CEO and CTO in 2019 was contingent upon achievement of various stock price targets, in addition to time-based vesting requirements. An explanation of such awards, as well as the deemed achievement of performance vesting as contemplated and permitted by the Merger Agreement, is set forth below.
- **Total Direct Compensation** — 2019 total direct compensation (consisting of base salary, annual cash bonus, and equity award value (based on the total grant date fair value as determined under FASB ASC Topic 718)) for our CEO was below the market 25th percentile, while total direct compensation for our named executive officers as a group approximated the market 30th percentile.
- **Additional Compensation Actions** — In connection with the Merger, certain executive officers received special retention compensation. Pursuant to the Merger Agreement, each of our CFO, Executive Vice President and General Counsel, and Executive Vice President of Operations is eligible to receive cash retention payments equal to 30% of their base salary between November 1, 2019 and the effective time of the Merger, or the Effective Time. None of these cash payments had been made as of the filing of this Definitive Proxy Statement, but they are expected to be made at a later date. Our CFO and Executive Vice President and General Counsel were also granted additional equity awards during 2019 in the form of RSUs.

Executive Compensation Policies and Best Practices

During 2019, we maintained the following executive compensation policies and best practices, consistent with our executive compensation philosophy. These policies and practices are intended to drive performance as well as prohibit or minimize behaviors that we do not believe serve our stockholders’ long-term interests:

- **Independent Compensation Committee Advisor.** The compensation committee engages and retains its own independent compensation consultant. During 2019, the compensation committee engaged Compensia, Inc., a national compensation consulting firm, to assist with its responsibilities. Compensia performed no other services for us during 2019.
- **Annual Executive Compensation Review.** The compensation committee reviews and approves our compensation strategy throughout the year as necessary, including a review and approval of our compensation peer group used for purposes of assessing the competitive market for executive talent.
- **Compensation At-Risk.** Our executive Compensation Program is designed to align the interests of our executive officers and stockholders such that a significant portion of our executive officers’ target total direct compensation, including both annual cash bonuses and equity awards, is “at risk” based on our performance.

- **No Retirement Plans.** Other than our tax-qualified Section 401(k) retirement plan, which is generally available to all U.S. employees, we do not currently offer, nor do we have plans to provide, pension arrangements or defined benefit retirement plans or arrangements to our executive officers.
- **No Perquisites.** With limited exception, we do not generally provide perquisites or other personal benefits to our executive officers. In 2019, perquisites were limited to the reimbursement of travel expenses for one named executive officer for travel to San Francisco.
- **No Tax Reimbursements.** We do not provide any tax reimbursement payments (such as “gross-ups”) on any perquisites or other personal benefits, except in connection with our executive relocation program.
- **“Double-Trigger” Change-in-Control Arrangements.** All change-in-control payments and benefits are based on a “double-trigger” arrangement (that is, they require both a change in control and a qualifying termination of employment before payments and benefits are paid).
- **No Special Health or Welfare Benefits.** Our executive officers participate in broad-based company-sponsored health and welfare benefits programs on the same basis as our other full-time, salaried employees.
- **No Post-Employment Tax Reimbursements.** We do not provide any tax reimbursement payments (such as “gross-ups”) on any severance or change-in-control payments or benefits.
- **Hedging and Pledging Prohibited.** We prohibit our executive officers and the members of our board of directors from hedging or pledging our securities.
- **Compensation Recovery Policy.** We maintain a compensation recovery (“clawback”) policy that allows us to recover “incentive-based compensation” from our executive officers and certain other employees where the payments were predicated upon the achievement of financial results that were subsequently the subject of a financial restatement.
- **Stock Ownership Guidelines.** Under our stock ownership guidelines, our executive officers and members of our board of directors must hold the following minimum number of shares within five years of becoming an executive officer or director (or, if later, five years after the adoption of our policy):
 - CEO: the lesser of 5x annual base salary or the value equivalent number of shares;
 - Other executive officers: the lesser of 1x annual base salary or the value equivalent number of shares; or
 - Directors: the lesser of 5x annual base retainer (excluding fees paid for serving as the lead independent director or chairperson of the board of directors, or for serving as the chairperson or member of a committee of the board of directors) or the value equivalent number of shares.

Governance of Executive Compensation Program

Role of the Compensation Committee

The compensation committee is responsible for overseeing our compensation and benefits policies generally, evaluating and approving the compensation plans, policies, and programs applicable to our executive officers, including our named executive officers, and evaluating the performance of our CEO.

The compensation committee reviews the base salary levels, annual cash bonus opportunities, and long-term incentive compensation opportunities of our executive officers, including our named executive officers, each year, or more frequently as warranted. For 2019, this review took place from September 2018 through February 2019 with respect to our executive officers, including our CEO.

Role of Management

The compensation committee works with members of our management, including our CEO, to perform its responsibilities. Management assists the compensation committee by providing information on company and individual performance, market data, and management's perspective and recommendations on compensation matters. The compensation committee solicits and reviews our CEO's recommendations and proposals with respect to adjustments to base salaries, adjustments to annual cash bonus opportunities, long-term incentive compensation opportunities, program structures, and other compensation-related matters for our executive officers (other than for our CEO). The compensation committee uses such recommendations as one factor in determining and approving the compensation for our executive officers (other than our CEO). Our CEO recuses himself from all discussions and recommendations regarding his own compensation.

Role of Compensation Consultant

The compensation committee engages an external compensation consultant to assist it by providing information, analysis, and other advice relating to our executive Compensation Program and the decisions resulting from its annual executive compensation review.

In 2019, the compensation committee retained Compensia, a national compensation consulting firm, to serve as its compensation advisor. Compensia serves at the discretion of the compensation committee, which reviews the engagement annually. The compensation committee also regularly reviews the independence of Compensia. In 2019, the compensation committee considered the six specific independence factors adopted by the SEC and the New York Stock Exchange and determined that Compensia is independent and that its work did not raise any conflicts of interest.

During 2019, Compensia regularly attended the meetings of the compensation committee (both with and without management present) and provided the following services:

- assisted with the development of a compensation peer group;
- provided competitive market data based on the compensation peer group for our executive officer positions and evaluated how the compensation we pay our executive officers compares to how the companies in our compensation peer group compensate their executives;
- reviewed and analyzed the base salary levels, annual cash bonus opportunities, and long-term incentive compensation opportunities of our executive officers;
- assessed executive compensation trends within our industry, and updated the compensation committee on corporate governance and regulatory issues and developments;
- reviewed market equity compensation practices, including gross burn rate;
- provided competitive market data based on the compensation peer group for the non-employee members of our board of directors and evaluated the compensation we pay our non-employee directors; and
- reviewed and evaluated the risk inherent in our executive and other Compensation Programs and practices, and concluded that our Compensation Programs and practices did not create risks that would have a material adverse impact on us.

In 2019, Compensia provided no other services to us other than the services provided to the compensation committee.

Competitive Positioning

For purposes of comparing our executive compensation against the competitive market, the compensation committee reviews and considers the compensation levels and practices of a group of comparable technology companies.

In September 2018, the compensation committee engaged Compensia to assess our compensation peer group for purposes of understanding the competitive market. In developing the peer group, Compensia selected companies on the basis of their similarity to us in industry and size, as determined by the following criteria:

- revenue size — ~0.5x to ~2.0x of our projected 2019 fiscal year revenue;
- market capitalization — up to ~3.0x of our market capitalization; and
- industry classification — broad technology.

Based on these parameters, we removed Dolby Laboratories, Garmin, Groupon, Logitech, VeriFone Systems, and Zebra Technologies from our peer group and added Electronics for Imaging, Extreme Networks, Fossil Group and Sonos. Our compensation peer group for 2019 was:

Electronics for Imaging	iRobot	Sonos
Endurance International	NETGEAR	Super Micro Computer
Extreme Networks	Pandora Media	Synaptics
Fossil Group	Plantronics	TiVo
GoPro	Shutterfly	

This compensation peer group was used by the compensation committee as a reference for understanding the competitive market when making 2019 executive compensation decisions.

To analyze the compensation practices of the companies in our compensation peer group, Compensia gathered data from public filings and also used information drawn from the Radford Global Technology Survey. This market data was then used as a reference point for the compensation committee to assess our current compensation levels in the course of its deliberations on compensation forms and amounts.

While the compensation committee does not target compensation at specific market percentiles or benchmarks to companies in the peer group, it does review competitive market data as a reference point in the course of its deliberations. The compensation committee believes that such information is useful in at least two respects. First, the compensation committee recognizes that our compensation levels must be competitive to attract, motivate, and retain superior executive talent. Second, the compensation committee believes that developing a general understanding of the compensation provided to the executives at the companies in our peer group is useful in assessing the reasonableness and appropriateness of individual executive compensation elements.

Accordingly, the compensation committee considers the compensation practices of the companies in the compensation peer group, as well as evolving market practices, to ensure that it remains informed of current practices when making compensation decisions. This information is one of several factors, including the factors described above, that the compensation committee considers in making its decisions with respect to the compensation of our executive officers.

The compensation committee reviews our compensation peer group at least annually and makes adjustments to its composition as necessary or appropriate, taking into account changes in both our business and the businesses of the companies in the peer group.

Compensation Elements

During 2019, the principal elements of our Compensation Program for our executive officers, including our named executive officers, consisted of base salary, an annual cash bonus opportunity, and long-term incentive compensation in the form of RSU awards that may be settled for shares of our Class A common stock and/or PSU awards that may be settled for shares of our Class A common stock.

Base Salary

Base salary represents the fixed portion of the compensation of our executive officers, including our named executive officers, and is an important element of compensation intended to attract and retain highly-talented individuals.

Generally, we establish the initial base salaries of our executive officers through arm's-length negotiation at the time we hire the individual executive officer, taking into account his or her position, qualifications, experience, and the base salaries of our other executive officers. Thereafter, the compensation committee reviews the base salaries of our executive officers annually and makes adjustments to base salaries as it determines to be necessary or appropriate.

In January 2019, the compensation committee reviewed the base salaries of our executive officers, including our CEO and other named executive officers, taking into consideration a competitive market analysis prepared by Compensia, the recommendations of our CEO (except with respect to his own base salary), and the other factors described above. At that time, the compensation committee increased the base salary of our CFO (by 5.0%) in recognition of his assumption of his current role in 2018, and our Executive Vice President of Operations (by 3.9%), in recognition of the strategic importance of the role and comparison to internal peers. The 2019 base salaries of our other named executive officers, including our CEO, were maintained at the 2018 levels.

The base salaries of our named executive officers for 2018 and 2019 were as follows:

Named Executive Officer	2018 Base Salary (\$)	2019 Base Salary (\$)	Percentage Increase
James Park	800,000	800,000	No change
Eric N. Friedman	455,000	455,000	No change
Ronald W. Kisling	400,000	420,000	5%
Andy Missan	443,000	443,000	No change
Jeff Devine	385,000	400,000	3.9%

The adjusted base salaries were effective January 1, 2019.

Annual Cash Bonuses

In February 2019, the compensation committee approved the corporate performance metrics, management-based objectives, or MBOs, and the formula for 2019 bonus payments under our annual cash bonus plan, or the Bonus Plan, to motivate our executive officers, including our named executive officers, to achieve our corporate objectives for the year as reflected in our annual operating plan approved by our board of directors. Under the Bonus Plan, each executive officer's 2019 annual cash bonus was based on the individual executive officer's target annual cash bonus opportunity, as well as our level of achievement of the corporate performance metrics and MBOs, as discussed below.

Target Annual Cash Bonus Opportunities

In January 2019, the compensation committee assessed the target annual cash bonus opportunities for our executive officers, including each of our named executive officers, after taking into consideration a competitive market analysis prepared by Compensia, the recommendations of our CEO, and the other factors described above. Target annual cash bonus opportunities were expressed as a percentage of each executive officer's base salary.

Following this review, the compensation committee decided not to adjust the target annual cash bonus opportunities of our named executive officers from the 2018 target annual cash bonus opportunities.

The target annual cash bonus opportunities of our named executive officers for 2019 were as follows:

Named Executive Officer	2019 Target Annual Cash Bonus Opportunity (\$)	2019 Target Annual Cash Bonus Opportunity (as a percentage of base salary)
James Park	1,200,000	150%
Eric N. Friedman	341,250	75%
Ronald W. Kisling	315,000	75%
Andy Missan	332,250	75%
Jeff Devine	300,000	75%

Under the Bonus Plan, actual cash bonus payments to our named executive officers were based on the achievement of corporate performance against the corporate performance factors and management-based objectives set by the compensation committee, as well as individual performance factor for each officer.

Corporate Performance Metrics

In February 2019, the compensation committee selected revenue, “adjusted EBITDA,” and certain MBOs (related to corporate performance, as described below) as the 2019 corporate performance metrics for purposes of the Bonus Plan. The compensation committee believed that these performance metrics provided a balance among generating revenue, managing our expenses, and growing our business over the long-term, with the objective of ultimately enhancing stockholder value.

We define adjusted EBITDA as net income (loss) adjusted to exclude stock-based compensation expense, depreciation, intangible assets amortization, acquisition-related costs, litigation expense (credit) related to matters with Aliphcom, Inc. d/b/a Jawbone, the impact of restructuring, the impact of a recall of one of our products, impairment of equity investment, the revaluation of our redeemable convertible preferred stock warrant liability prior to our initial public offering, change in contingent consideration, interest income (expense), net, and income tax expense (benefit).

We use adjusted EBITDA to evaluate our operating performance and trends and make planning decisions. We believe that adjusted EBITDA helps identify underlying trends in our business that could otherwise be masked by the effect of the expenses and other items that we exclude in adjusted EBITDA. In particular, exclusion of the effect of stock-based compensation expense and certain other expenses in calculating adjusted EBITDA can provide a useful measure for period-to-period comparisons of our business. Accordingly, we believe that adjusted EBITDA provides useful information to investors and others in understanding and evaluating our operating results, enhances the overall understanding of our past performance and future prospects, and allows for greater transparency with respect to a key financial metric used by our management in its financial and operational decision-making.

The MBOs selected by the compensation committee in February 2019 for 2019 were related to revenue growth of our non-device business.

The target levels for the corporate performance metrics were set to reward strong management performance in light of our strategic objectives and the industry and economic conditions and trends at the time the targets were set. The mix of metrics was intended to balance a top line metric (revenue) with a profitability metric (adjusted EBITDA), along with growing our business over the long-term (MBOs).

In February 2019, the compensation committee approved a matrix to determine the corporate performance metrics and resulting payment of annual cash bonuses. Each of the three corporate performance metrics, revenue, adjusted EBITDA, and MBOs were individually weighted, at 37.5%, 37.5% and 25%, respectively. For both revenue and adjusted EBITDA, the target performance level was based on our 2019 annual operating plan, which was reviewed and approved by our board of directors. The target performance levels for revenue, adjusted EBITDA and the MBOs were set as shown in the table below.

The compensation committee also established threshold and maximum performance levels for revenue, adjusted EBITDA, and MBOs, with bonus pool funding at 75% and 200% for revenue, at 50% and 200% for adjusted EBITDA, and at 50% and 200% for the MBOs.

Corporate Performance Metric	Performance Measure Weight (%)	Target Performance Level (\$ (in thousands) and (%)	
Revenue	37.5	1,580,000	100
Adjusted EBITDA	37.5	2,000	100
MBOs (non-device revenue)	25	33,000	100

In accordance with the 2019 bonus matrix, our named executive officers could earn up to a maximum of 200% as a percentage of their target annual cash bonus opportunity, depending on the specific performance levels for each corporate metric.

2019 Annual Cash Bonus Payments

In connection with the Merger, our compensation committee approved the funding of potential payments under the Bonus Plan at 100% of target levels for retention purposes. The bonuses were paid to our named executive officers in December 2019 to mitigate any potential adverse consequences of Section 280G of the United States Internal Revenue Code of 1986, as amended.

For 2019, amounts under the Bonus Plan were paid at target performance levels pursuant to the Merger Agreement, as set forth below. No amounts would have been paid under the Bonus Plan for 2019 absent the Merger Agreement, as we did not achieve the minimum threshold in each of the three corporate performance metrics for fiscal year 2019.

Named Executive Officer	Target Annual Cash Bonus Opportunity (as a percentage of base salary) (%)	2019 Actual Annual Cash Bonus (\$)	Actual Annual Cash Bonus (as a percentage of base salary) (%)
James Park	150	1,200,000	150
Eric Friedman	75	341,250	75
Ronald W. Kisling	75	315,000	75
Andy Missan	75	332,250	75
Jeff Devine	75	300,000	75

Long-Term Incentive Compensation

The compensation committee believes long-term incentive compensation is an effective means of focusing our executive officers, including our named executive officers, on driving increased stockholder value over a multi-year period, as well as an effective means of retaining our executive officers by providing a meaningful reward to them through appreciation in our stock price and long-term value creation.

Historically, equity awards granted to our named executive officers have been limited to time-based stock options and RSUs. In 2018, the compensation committee introduced PSUs for our CEO and CTO to further incentivize our executives to drive long-term growth and promote alignment of our stockholders' interests with the financial interests of our executives.

The compensation committee believes that PSUs provide an appropriate long-term incentive for our executive officers, as PSUs reward our executive officers only to the extent those performance measures are met. The compensation committee also believes that RSU awards allow us to reward our executive officers with long-term stock price appreciation while simultaneously helping us retain our executive officers, as RSUs provide some value to the recipient even if the market price of our Class A common stock declines.

As with all other compensation elements, the compensation committee determines the amount of long-term incentive compensation for our executive officers as part of its annual compensation review. In making long-term incentive compensation decisions, while the compensation committee seeks to provide market-competitive equity award opportunities, it retains the flexibility to respond to

and adjust award types and amounts for, the evolving business environment. Thus, when exercising its discretion in determining the form and size of actual equity awards, the compensation committee takes into consideration a range of factors, including but not limited to:

- the outstanding equity holdings of each executive officer (including the current and future value (i.e., vesting) retention “hold” of such amounts);
- our available share reserve;
- our equity “burn rate,” on both an absolute basis and in relation to the companies in our compensation peer group;
- compensation parity among our executive officers;
- the compensation practices of our compensation peer group and the position of each executive officer’s compensation relative to peer company compensation levels;
- for newly-hired executive officers, an individual’s experience, skill set, expertise, or unique competitive market factors;
- for incumbent executive officers, an individual’s executive skill set, general experience, experience in position, criticality of his or her position or role, qualifications relative to other similarly-situated executives at the companies in our compensation peer groups, and retention objectives;
- the scope of each executive officer’s role compared to other similarly-situated executives at the companies in our compensation peer group;
- the performance of each individual executive officer, based on a subjective assessment of his or her contributions to our overall performance, ability to lead his or her business unit or function, and ability to work as part of a team, all of which reflect our core values; and
- the recommendation of our CEO (except with respect to his own long-term incentive compensation award).

In 2019, the compensation committee determined the amount of these equity awards after taking into consideration a competitive market analysis prepared by Compensia, the recommendation of our CEO (except with respect to his own long-term incentive compensation award), and the other factors described above.

In January 2019, the compensation committee approved long-term incentive compensation to our named executive officers in the form of RSU awards and to our CEO and CTO in the form of a mix of RSU awards and PSU awards. These awards were subsequently granted in March 2019. The PSUs granted to our CEO and CTO were with respect to 369,889 and 174,857 shares of our Class A common stock, respectively, and are subject to (i) service-based vesting over three years with 1/12th of the total shares subject to the PSUs vesting on each quarterly anniversary of the date of grant, and (ii) on each such vesting date, the achievement of a performance-based vesting requirement based on a stock price hurdle equal to or greater than \$8.00 or \$10.00, as determined under set guidelines no later than the final service-based vesting date. Any portion of the PSUs that do not meet the relevant stock price on an applicable vesting date will again be eligible to vest on the next scheduled vesting date, subject to the continuing employment of our CEO or CTO on each vesting date.

Pursuant to the terms of the Merger Agreement, as of the Effective Time, all relevant performance goals with respect to each PSU will be deemed achieved at target level, and the number of PSUs that will be vested as of the Effective Time will be the number of PSUs for which the service-based vesting requirement has been satisfied at or prior to the Effective Time. The then remaining unvested PSUs will be canceled and exchanged for the right to receive an amount in cash pursuant to the terms of the Merger Agreement. For additional information regarding the treatment of outstanding options, time-based RSUs, and PSUs that may be paid or become payable to our named executive officers as a result of the Merger, please see our Current Report on Form 8-K filed with the SEC on November 1, 2019, and our Definitive Proxy Statement on Schedule 14A filed with the SEC on December 12, 2019.

As contemplated and permitted by the Merger Agreement, in November 2019, our CFO and our Executive Vice President and General Counsel were each granted 15,000 RSUs, or the Special Equity Awards, for retention purposes. These Special Equity Awards

vest in eight equal quarterly installments following November 1, 2019, subject to continued employment by us or our successor through each such vesting date; provided, however, that in the event such named executive officer (i) does not receive an offer of employment from Google or (ii) rejects an offer of employment from Google that does not comply with the requirements set forth in Sections 6.12(a)(i) and 6.12(a)(ii) of the Merger Agreement, then in each case, subject to the execution of a release of claims and such release becoming effective, all remaining unvested Special Equity Awards will fully vest and become payable.

The equity awards granted in 2019 to our named executive officers were as follows:

Named Executive Officer	RSU Awards to be Settled for Shares of Class A Common Stock (#)	PSU Awards to be Settled for Shares of Class A Common Stock (#) ⁽²⁾	Aggregate Grant Date Fair Value of Equity Awards (\$)
James Park	104,800 ⁽¹⁾	369,889	1,854,448
Eric N. Friedman	49,500 ⁽¹⁾	174,857	876,403
Ronald W. Kisling	227,200 ⁽¹⁾	—	1,340,480
	15,000 ⁽³⁾	—	105,000
Andy Missan	115,200 ⁽¹⁾	—	679,680
	15,000 ⁽³⁾	—	105,000
Jeff Devine	125,000 ⁽¹⁾	—	737,500

⁽¹⁾ Reflects RSU awards granted on March 15, 2019 to be settled for shares of our Class A common stock, of which 1/12th of the total number of shares subject to the awards vested and settled on June 15, 2019, and the remainder vest quarterly thereafter, subject to continued employment as of each vesting date.

⁽²⁾ Reflects market-based awards granted on March 15, 2019 that vest based upon the achievement of a specified stock price. Market conditions were factored into the grant date fair value using a Monte Carlo valuation model, which utilized multiple input variables to determine the probability of us achieving the specified stock price targets.

⁽³⁾ Reflects RSU awards granted on November 11, 2019 to be settled for shares of our Class A common stock, of which 1/8th of the total number of shares subject to the awards vested and settled on February 1, 2020, and the remainder vest quarterly thereafter, subject to continued employment as of each vesting date.

The equity awards granted to our named executive officers in 2019 are further described below in “—Summary Compensation Table” and “—Grants of Plan-Based Awards Table.”

In January 2020, our compensation committee granted RSUs to our named executive officers. The RSUs granted to our CEO and CTO were with respect to (i) 200,272 and (ii) 69,600 shares of our Class A common stock, respectively, and are subject to service-based vesting over one year, with 1/4th of the total shares subject to the RSUs vesting on each quarterly anniversary of the vesting commencement date. The RSUs granted to our (i) CFO, (ii) Executive Vice President and General Counsel, and (iii) Executive Vice President of Operations were with respect to (i) 226,300, (ii) 146,200, and (iii) 117,000 shares of our Class A common stock, respectively, and are subject to service-based vesting over three years, with 1/12th of the total shares subject to the RSUs vesting on each quarterly anniversary of the vesting commencement date. These awards are subject to the same vesting conditions as other awards pursuant to the terms of the Merger Agreement.

Health and Welfare Benefits

We have established a tax-qualified Section 401(k) retirement plan for all employees who satisfy certain eligibility requirements, including requirements relating to age. Beginning in 2019, we match contributions made to the plan by our employees, including our executive officers. We intend for the plan to qualify under Section 401(k) of the Internal Revenue Code of 1986, as amended, or the Code, so that contributions by employees to the plan, and income earned on plan contributions, are not taxable to employees until withdrawn from the plan.

In addition, we provide other benefits to our executive officers, including our named executive officers, on the same basis as all of our full-time employees. These benefits include medical, dental and vision benefits, medical and dependent care flexible spending accounts, short-term and long-term disability insurance, accidental death and dismemberment insurance, and basic life insurance coverage.

We design our employee benefits programs to be competitive in relation to the market and affordable to us, as well as compliant with applicable laws and practices. We adjust our employee benefits programs as needed based upon regular monitoring of applicable laws and practices and the competitive market.

Perquisites and Other Personal Benefits

Currently, perquisites or other personal benefits do not make up a significant component of our executive Compensation Program. Accordingly, with one limited exception in 2019 described below, we did not provide perquisites or other personal benefits to our executive officers, including our named executive officers.

In 2019, we reimbursed Mr. Devine \$24,244 for airfare, lodging and related travel expenses for travel to San Francisco. In the future, we may provide perquisites or other personal benefits in limited circumstances, such as in situations where we believe it is appropriate to assist an individual in the performance of his or her duties, to make our executive officers more efficient and effective, and for recruitment and retention purposes.

All future practices with respect to perquisites or other personal benefits will be approved and subject to periodic review by the compensation committee.

Employment Arrangements

Currently, we only have employment agreements or offer letters with the following named executive officers: Messrs. Devine, Missan, and Kisling. Each of our executive officers is employed on an “at-will” basis, with no fixed term of employment. For additional information on the terms and conditions of the employment arrangements of our named executive officers, see “Offer Letters and Agreements.”

Post-Employment Compensation

We have entered into retention agreements with each of our executive officers, including each of our named executive officers. These agreements provide for payments and benefits upon certain terminations of employment, including a termination of employment following a change in control. For information on these retention agreements, as well as an estimate of the potential payments and benefits payable under these arrangements as of December 31, 2019, see “Potential Payments Upon Termination or Change in Control.” For additional information regarding post-employment compensation that may be paid or become payable to our named executive officers as a result of the Merger, please see our Current Reports on Form 8-K filed with the SEC on November 1, 2019 and November 6, 2019, and our Definitive Proxy Statement on Schedule 14A filed with the SEC on December 12, 2019.

We believe that having in place reasonable and competitive post-employment compensation arrangements are essential to attracting and retaining highly-qualified executive officers. Our post-employment compensation arrangements are designed to provide reasonable compensation to our executive officers, including our named executive officers, who leave us under certain circumstances to facilitate their transition to new employment.

In determining payment and benefit levels under the various circumstances specified in the retention agreements, the compensation committee has drawn a distinction between a termination of employment for cause, a termination of employment other than for cause, and a termination of employment by an executive officer for good reason (including a termination of employment by the executive officer for good reason in connection with a change in control). Payment in the latter circumstances has been deemed appropriate in light of the benefits to us described below, as well as the likelihood that the executive officer’s departure is due, at least in part, to circumstances not within his or her control. In contrast, we believe that payments are not appropriate in the event of a termination of

employment for cause or a voluntary resignation without good reason because such events often reflect either inadequate performance or an affirmative decision by the executive officer to end his or her relationship with us.

The retention agreements contain certain specified post-employment compensation arrangements in the event of an involuntary termination of employment in connection with a change in control of our company. We believe that these arrangements align the interests of management and stockholders when considering our long-term future. The primary purpose of these arrangements is to keep our executive officers focused on pursuing all corporate transaction activity that is in the best interests of stockholders, regardless of whether those transactions may result in their own job loss. Reasonable post-acquisition payments and benefits should serve the interests of both the executive officers and our stockholders.

The compensation committee does not consider specific amounts payable under these post-employment compensation arrangements when establishing annual compensation. It does believe, however, that these arrangements are necessary to offer compensation packages that are competitive.

Other Compensation Policies and Practices

Results of Most Recent Non-Binding Advisory Vote on Named Executive Officer Compensation

At our 2019 annual meeting of stockholders, we conducted a non-binding advisory vote on the compensation paid by us to our then-named executive officers (commonly known as a “say-on-pay” vote) in 2018. Our stockholders approved the 2018 compensation paid by us to our-then-named executive officers, with approximately 96.2% of the votes cast voted in favor of the proposal. The compensation committee took the results of this say-on-pay vote into consideration when making compensation decisions following the 2019 annual meeting of stockholders.

We value the opinions of our stockholders and will continue to consider the outcome of future say-on-pay votes, as well as feedback received throughout the year, when making compensation decisions for our executive officers, including our named executive officers.

Based on the results of a separate non-binding advisory vote on the frequency of future stockholder advisory votes regarding the compensation of our named executive officers conducted at our 2016 annual meeting of stockholders (commonly known as a “say-on-frequency” vote), our board of directors determined that we will hold our say-on-pay votes on a triennial basis. Accordingly, the next say-on-pay vote will take place at our 2022 annual meeting of stockholders.

Compensation Recovery Policy

We maintain a policy regarding retroactive adjustments to any cash or equity-based incentive compensation paid to our executive officers and other employees where the payments were predicated upon the achievement of financial results that were subsequently the subject of a financial restatement. Under our policy, our compensation committee may require such officer to reimburse or forfeit to us incentive-based cash or equity compensation (including gain from exercise of stock options, the settlement of RSUs or issuance of restricted stock), or incentive-based compensation, paid or payable to such officer, in the event that we are required to prepare an accounting restatement due to our material noncompliance with any financial reporting requirement under the federal securities laws.

Policy Prohibiting Pledging, Hedging or Short-Selling of Our Equity Securities

In accordance with the terms of our Insider Trading Policy, we prohibit our executive officers, employees and the members of our board of directors from (i) acquiring, selling, or trading in any interest or position relating to the future price of our securities, such as a put option, a call option, or a short sale, (ii) engaging in hedging or monetization transactions, such as zero-cost collars and forward sale contracts, or (iii) pledging our securities as collateral for a loan.

Tax and Accounting Considerations

Deductibility of Executive Compensation

Generally, Section 162(m) of the Code disallows public companies a tax deduction for federal income tax purposes of remuneration in excess of \$1 million paid to their chief executive officer and each of the three other most highly-compensated executive officers (other than the chief executive officer and chief financial officer) whose compensation is required to be disclosed to our stockholders under the Exchange Act in any taxable year. Remuneration in excess of \$1 million may only be deducted if it is “qualified performance-based compensation” within the meaning of Section 162(m) or qualifies for one of the other exemptions from the deductibility limit. In making compensation decisions, the compensation committee considers the potential effects of Section 162(m) on the compensation paid to the named executive officers.

The compensation committee has not in past years taken the deductibility limit imposed by Section 162(m) into consideration in setting compensation for our executive officers. In approving the amount and form of compensation for our executive officers in the future, however, the compensation committee will consider all elements of the cost to us of providing such compensation, including the potential impact of Section 162(m).

Recent changes to Section 162(m) in connection with the passage of the Tax Cuts and Jobs Act repealed exceptions to the deductibility limit that were previously available for “qualified performance-based compensation,” including stock option grants, effective for taxable years after December 31, 2017. As a result, any compensation paid to certain of our executive officers in excess of \$1 million will be non-deductible unless it qualifies for transition relief afforded to compensation payable pursuant to certain binding arrangements in effect on November 2, 2017. We believe that we will be entitled to deductions for non-qualified stock options exercised in 2017 and certain incentive stock options exercised in 2017, as well as RSUs granted prior to April 1, 2015, pursuant to this transition rule. However, because of uncertainties in the interpretation and implementation of the changes to Section 162(m), including the scope of the transition relief, we can offer no assurance of such deductibility.

The compensation committee will continue to monitor the issue of deductibility of executive compensation and make adjustments to our executive Compensation Program to maximize the deductibility of our executive compensation to the extent that it believes such result is consistent with the objectives of individual compensation elements and the best interests of us and our stockholders.

Summary Compensation Table

The following table provides information concerning compensation awarded to, earned by, or paid to each of our named executive officers for 2017, 2018, and 2019.

Name and Principal Position	Year	Salary (\$)	Bonus (\$) ⁽¹⁾	Stock Awards (\$) ⁽²⁾	PSU Awards (\$) ⁽²⁾	Stock Option Awards (\$) ⁽²⁾	Non-Equity Incentive Plan Compensation(\$) ⁽³⁾	All Other Compensation (\$) ⁽⁴⁾	Total (\$)
James Park, <i>President and Chief Executive Officer</i>	2019	800,070	1,200,000	618,320	1,236,128	—	—	2,000	3,856,518
	2018	800,840	—	519,255	1,037,809	—	1,056,000	—	3,413,904
	2017	1	—	1,126,000	—	998,300	1,500,000	—	3,624,301
Eric N. Friedman, <i>Chief Technology Officer</i>	2019	455,070	341,250	292,050	584,353	—	—	2,000	1,674,723
	2018	455,840	—	244,530	488,468	—	300,300	—	1,489,138
	2017	1	—	—	—	798,640	597,000	—	1,395,641
Ronald W. Kisling, ⁽⁵⁾ <i>Chief Financial Officer</i>	2019	420,070	315,000	1,445,480	—	—	—	2,000	2,182,550
	2018	364,867	—	1,079,110	—	—	208,495	—	1,652,472
Andy Missan, <i>Executive Vice President, General Counsel and Secretary</i>	2019	443,070	332,250	784,680	—	—	—	2,000	1,562,000
	2018	443,840	—	445,500	—	—	292,380	—	1,181,720
	2017	448,939	—	2,509,772 ⁽⁶⁾	—	—	308,993	—	3,267,704
Jeff Devine, <i>Executive Vice President of Operations</i>	2019	400,560	300,000	737,500	—	—	—	26,244 ⁽⁷⁾	1,464,304
	2018	385,840	—	495,000	—	—	254,100	—	1,134,940
	2017	328,937	—	908,950	—	—	230,280	—	1,468,167

(1) The amounts in this column represent bonuses awarded at the discretion of our board of directors. See also “—Compensation Discussion and Analysis—Compensation Elements—Annual Cash Bonuses” for a discussion regarding our annual cash bonuses in 2019.

(2) The amounts reported in this column represent the aggregate grant date value of each award made to our named executive officers computed in accordance with FASB ASC Topic 718. The assumptions used in calculating the grant date fair value of the stock options, RSU awards, or PSU awards reported in this column are set forth in Note 8 of the “Notes to Consolidated Financial Statements” included in our Annual Report on Form 10-K for the year ended December 31, 2019 filed on February 27, 2020. These amounts do not reflect the actual economic values realized by our named executive officers, which will vary depending on the performance of our Class A common stock.

(3) See “—Grants of Plan-Based Award Table” under the column “Estimated Future Payouts Under Non-Equity Incentive Plan Awards” for the amounts our named executive officers were eligible to earn in 2019. See also “—Compensation Discussion and Analysis—Compensation Elements—Annual Cash Bonuses” for a discussion regarding our non-equity incentive plan compensation in 2019.

(4) The amounts in this column reflect matching contributions under our 401(k) plan of \$2,000 for each of Messrs. Park, Friedman, Kisling, Missan and Devine. For Mr. Devine, the amount also includes the reimbursement of travel expenses described in footnote 7 below.

(5) Mr. Kisling was appointed as our Chief Financial Officer on June 15, 2018 and was not a named executive officer prior to 2018.

(6) Includes \$1,122,272 of grant date value of RSUs granted as a result of the cancellation of certain stock options exchanged by Mr. Missan in connection with his participation in our 2017 option exchange program, approved by our stockholders in 2017. The \$1,122,272 amount is composed of an incremental stock-based compensation adjustment of \$388,976 along with unrecognized stock-based compensation of \$733,296 from the exchanged stock options.

(7) The amount reported includes reimbursement of travel expenses to Mr. Devine for travel to San Francisco.

Grants of Plan-Based Awards Table

The following table provides information concerning each grant of an award made in 2019 for each of our named executive officers under any plan. This information supplements the information about these awards set forth in the Summary Compensation Table.

Name	Type of Award	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards ⁽¹⁾			All Other Stock Awards: Number of Shares of Stock or Units (#)	All Other Stock Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards (\$/Share)	Grant Date Fair Value of Stock and Option Awards (\$) ⁽²⁾
			Threshold (\$)	Target (\$)	Maximum (\$)				
James Park	Cash		712,500	1,200,000	2,400,000	—	—	—	
	RSU ⁽³⁾	3/15/2019	—	—	—	104,800	—	618,320	
	PSU ⁽⁴⁾	3/15/2019	—	—	—	369,889	—	1,236,128	
Eric N. Friedman	Cash		202,617	341,250	682,500	—	—	—	
	RSU ⁽³⁾	3/15/2019	—	—	—	49,500	—	292,050	
	PSU ⁽⁴⁾	3/15/2019	—	—	—	174,857	—	584,353	
Ronald W. Kisling	Cash		187,031	315,000	630,000	—	—	—	
	RSU ⁽³⁾	3/15/2019	—	—	—	227,200	—	1,340,480	
	RSU ⁽⁵⁾	11/11/2019	—	—	—	15,000	—	105,000	
Andy Missan	Cash		197,273	332,250	664,500	—	—	—	
	RSU ⁽³⁾	3/15/2019	—	—	—	115,200	—	679,680	
	RSU ⁽⁵⁾	11/11/2019	—	—	—	15,000	—	105,000	
Jeff Devine	Cash		178,125	300,000	600,000	—	—	—	
	RSU ⁽³⁾	3/15/2019	—	—	—	125,000	—	737,500	

(1) Reflects threshold, target, and maximum target bonus amounts for 2019 performance under the Bonus Plan, as described in “—Compensation Discussion and Analysis—Compensation Elements—Annual Cash Bonuses.” These amounts do not necessarily correspond to the actual amounts that were received by our named executive officers.

(2) The amounts reported in this column represent the aggregate grant date fair value of each award computed in accordance with FASB ASC Topic 718. The assumptions used in calculating the grant date fair value of the stock options, RSU awards and PSU awards reported in this column are set forth in Note 8 of the “Notes to Consolidated Financial Statements” included in our Annual Report on Form 10-K for the year ended December 31, 2019 filed on February 27, 2020. These amounts do not reflect the actual economic value realized by our named executive officers, which will vary depending on the performance of our Class A common stock.

(3) These RSUs vest over a three-year period such that 1/12th of the total number of shares subject to the award vested on June 15, 2019 and an additional 1/12th of the total number of shares subject to the RSU vests quarterly thereafter, subject to continued employment as of each vesting date. In addition, these RSU awards are subject to acceleration benefits upon certain qualifying terminations of employment as further described below in “—Potential Payments upon Termination or Change in Control.”

(4) On March 15, 2019, we granted market-based PSUs that vest based upon the achievement of a specified stock price of \$8.00 or \$10.00, on or prior to the last service-based vesting date. Market conditions were factored into the grant date fair value using a Monte Carlo valuation model, which utilized multiple input variables to determine the probability of us achieving the specified stock price targets. In addition, these PSU awards are subject to acceleration benefits upon qualifying terminations of employment as further described below in “—Potential Payments upon Termination or Change in Control.”

(5) These RSUs vest over a two-year period such that 1/8th of the total number of shares subject to the award vested beginning on February 1, 2020 and an additional 1/8th of the total number of shares subject to the RSU vests quarterly thereafter, subject to

continued employment as of each vesting date. In addition, these RSU awards are subject to acceleration benefits upon certain qualifying terminations of employment as further described below in “—Potential Payments upon Termination or Change in Control.”

Outstanding Equity Awards at Fiscal Year-End Table

The following table provides information concerning the outstanding and unexercised stock options and outstanding RSU awards for each named executive officer that had not vested as of December 31, 2019.

Name	Grant Date	Option Awards ⁽¹⁾				Stock Awards ⁽¹⁾	
		Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Options (#) Unexercisable	Option Exercise Price (\$) ⁽²⁾	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$) ⁽³⁾
James Park	9/27/2011 ⁽⁴⁾	246,508	—	0.06	9/26/2021	—	—
	8/7/2014 ⁽⁵⁾	3,243,048	—	3.63	8/6/2024	—	—
	3/15/2016 ⁽⁶⁾	264,750	17,650	13.93	3/14/2026	—	—
	3/15/2016 ⁽⁷⁾	—	—	—	—	7,662	50,339
	8/4/2017 ⁽⁸⁾	458,333	41,667	5.63	8/3/2027	—	—
	8/4/2017 ⁽⁹⁾	—	—	—	—	16,667	109,502
	5/4/2018 ⁽¹⁰⁾	—	—	—	—	225,568	1,481,982
	5/4/2018 ⁽¹¹⁾	—	—	—	—	332,453	2,184,216
	5/4/2018 ⁽¹²⁾	—	—	—	—	43,708	287,162
	3/15/2019 ⁽¹⁰⁾	—	—	—	—	163,665	1,075,279
	3/15/2019 ⁽¹¹⁾	—	—	—	—	206,224	1,354,892
	3/15/2019 ⁽¹³⁾	—	—	—	—	78,600	516,402
Eric N. Friedman	9/27/2011 ⁽⁴⁾	1,435,180	—	0.06	9/26/2021	—	—
	8/7/2014 ⁽⁵⁾	3,243,048	—	3.63	8/6/2024	—	—
	3/15/2016 ⁽⁶⁾	142,219	9,481	13.93	3/14/2026	—	—
	3/15/2016 ⁽⁷⁾	—	—	—	—	4,112	27,016
	8/4/2017 ⁽⁸⁾	366,667	33,333	5.63	8/3/2027	—	—
	5/4/2018 ⁽¹⁰⁾	—	—	—	—	106,157	697,451
	5/4/2018 ⁽¹¹⁾	—	—	—	—	156,494	1,028,166
	5/4/2018 ⁽¹²⁾	—	—	—	—	20,583	135,230
	3/15/2019 ⁽¹⁰⁾	—	—	—	—	77,369	508,314
	3/15/2019 ⁽¹¹⁾	—	—	—	—	97,488	640,496
	3/15/2019 ⁽¹³⁾	—	—	—	—	37,125	243,911
	Ronald W. Kisling	8/27/2014 ⁽¹⁴⁾	433,689	—	3.63	8/26/2024	—
3/2/2016 ⁽¹⁵⁾		—	—	—	—	281	1,846
3/27/2017 ⁽¹⁶⁾		—	—	—	—	—	—
7/12/2017 ⁽¹⁷⁾		—	—	—	—	4,167	27,377
7/20/2017 ⁽¹⁸⁾		—	—	—	—	955	6,274
3/7/2018 ⁽¹⁹⁾		—	—	—	—	17,917	117,715
3/26/2018 ⁽²⁰⁾		—	—	—	—	7,500	49,275
6/15/2018 ⁽²¹⁾		—	—	—	—	54,000	354,780
3/15/2019 ⁽¹³⁾		—	—	—	—	170,400	1,119,528

	11/11/2019 ⁽²²⁾	—	—	—	—	15,000	98,550
Andy Missan	3/27/2013 ⁽²³⁾	145,175	—	0.28	3/26/2023	—	—
	11/21/2013 ⁽²³⁾	91,147	—	1.27	11/20/2023	—	—
	3/15/2016 ⁽⁷⁾	—	—	—	—	1,137	7,470
	3/22/2017 ⁽²⁴⁾	—	—	—	—	10,417	68,440
	7/20/2017 ⁽²⁵⁾	—	—	—	—	4,983	32,738
	7/20/2017 ⁽²⁶⁾	—	—	—	—	3,800	24,966
	7/20/2017 ⁽²⁶⁾	—	—	—	—	4,577	30,071
	8/4/2017 ⁽⁹⁾	—	—	—	—	10,417	68,440
	5/4/2018 ⁽¹²⁾	—	—	—	—	37,500	246,375
	3/15/2019 ⁽¹³⁾	—	—	—	—	86,400	567,648
	11/11/2019 ⁽²²⁾	—	—	—	—	15,000	98,550
Jeff Devine	3/22/2017 ⁽²⁷⁾	—	—	—	—	10,312	67,750
	8/4/2017 ⁽⁹⁾	—	—	—	—	3,333	21,898
	5/4/2018 ⁽¹²⁾	—	—	—	—	41,667	273,752
	3/15/2019 ⁽¹³⁾	—	—	—	—	93,750	615,938

- (1) All of the outstanding equity awards described in this table were granted under our Amended and Restated 2007 Stock Plan, or 2007 Plan, or our 2015 Equity Incentive Plan, or 2015 Plan. Except as otherwise specified herein, these awards are subject to acceleration benefits upon certain qualifying terminations of employment as described in the section titled “—Potential Payments Upon Termination or Change of Control.”
- (2) Represents the fair market value of a share of our common stock on the grant date as determined by our board of directors.
- (3) Reflects the fair market value of outstanding RSUs or PSUs, based on the closing price of our Class A common stock of \$6.57 per share, as reported on the New York Stock Exchange on December 31, 2019. These amounts do not correspond to the actual value that may be realized by our named executive officers.
- (4) 1/4th of the total number of shares subject to the stock option vested on September 27, 2012 and the remaining shares subject to the stock option vest at a rate of 1/48th of the total number of shares subject to the stock option on each month thereafter, subject to continued service to us through each vesting date. The shares subject to the stock option fully vested on September 27, 2015.
- (5) 1/48th of the total number of shares subject to the stock option vested on May 1, 2015 and the remaining shares subject to the stock option vest at a rate of 1/48th of the total number of shares subject to the stock option on each month thereafter, subject to continued service to us through each vesting date. The shares subject to the stock option fully vested on April 1, 2019.
- (6) 1/4th of the total number of shares subject to the stock option vested on March 15, 2017 and the remaining shares subject to the stock option vest at a rate of 1/16th of the total number of shares subject to the stock option on each quarter thereafter, subject to continued service to us through each vesting date.
- (7) 1/4th of the total number of RSUs vested on March 15, 2017 and the remaining shares subject to the RSU award vest at a rate of 1/16th of the total number of shares subject to the RSU award on each quarter thereafter, subject to continued service to us through each vesting date.
- (8) The stock option vests as to 1/12th of the total number of shares quarterly starting June 15, 2017, subject to continued service to us through each vesting date.
- (9) 1/12th of the total number of RSUs vested on August 4, 2017, an additional 1/12th of the total number of RSUs vested on September 15, 2017, and the remaining shares subject to the RSU vest at a rate of 1/12th of the total number of shares subject to the RSU quarterly thereafter, subject to continued service to us through each vesting date.
- (10) The PSUs are subject to (i) service-based vesting over 3 years with 1/12 vesting on each quarterly anniversary of the date of grant, and (ii) on each such vesting date, the achievement of a performance-based vesting requirement based on a stock price hurdle equal to or greater than \$8 as determined under set guidelines. Any portion of the PSUs that do not vest on an applicable

vesting date will again be eligible to vest on the next scheduled vesting date, subject to the continuing employment on each vesting date. Shares of our Class A common stock will be delivered upon vesting. Any portion of the PSUs that is unvested following the last vesting date will be immediately forfeited.

- (11) The PSUs are subject to (i) service-based vesting over 3 years with 1/12 vesting on each quarterly anniversary of the date of grant, and (ii) on each such vesting date, the achievement of a performance-based vesting requirement based on a stock price hurdle equal to or greater than \$10 as determined under set guidelines. Any portion of the PSUs that do not vest on an applicable vesting date will again be eligible to vest on the next scheduled vesting date, subject to the continuing employment on each vesting date. Shares of our Class A common stock will be delivered upon vesting. Any portion of the PSUs that is unvested following the last vesting date will be immediately forfeited.
- (12) 1/12th of the total number of RSUs granted vested on June 15, 2018, and the remaining shares subject to the RSU award vest at a rate of 1/12th of the total number of shares subject to the RSU award on each quarter thereafter, subject to continued service to us through each vesting date.
- (13) 1/12th of the total number of RSUs granted vested on June 15, 2019, and the remaining shares subject to the RSU award vest at a rate of 1/12th of the total number of shares subject to the RSU award on each quarter thereafter, subject to continued service to us through each vesting date.
- (14) 1/4th of the total number of shares subject to the stock option vested on August 22, 2015 and the remaining shares subject to the stock option vest at a rate of 1/48th of the total number of shares subject to the stock option on each month thereafter, subject to continued service to us through each vesting date. The shares subject to the stock option fully vested on August 22, 2018.
- (15) 1/4th of the RSUs vested on March 15, 2017, and the remaining shares subject to the RSU award vest at a rate of 1/16th of the total number of shares subject to the RSU award on each quarter thereafter, subject to continued service to us through each vesting date.
- (16) 1/4th of the RSUs vested on September 15, 2017, and thereafter vested and shall continue to vest in equal semi-annual installments beginning on March 15, 2018, until such time as the RSUs are 100% vested, subject to continued service to us through each vesting date.
- (17) 1/12th of the RSUs vested on August 15, 2017, and the remaining shares subject to the RSU award vest at a rate of 1/12th of the total number of shares subject to the RSU award on each quarter thereafter, subject to continued service to us through each vesting date.
- (18) 1/11th of the RSUs vested on October 15, 2017, and the remaining shares subject to the RSU award vest at a rate of 1/11th of the total number of shares subject to the RSU award on each quarter thereafter, subject to continued service to us through each vesting date.
- (19) 1/12th of the RSUs vested on June 15, 2018, and the remaining shares subject to the RSU award vest at a rate of 1/12th of the total number of shares subject to the RSU award on each quarter thereafter, subject to continued service to us through each vesting date.
- (20) 1/12th of the RSUs vested on July 15, 2018, and the remaining shares subject to the RSU award vest at a rate of 1/12th of the total number of shares subject to the RSU award on each quarter thereafter, subject to continued service to us through each vesting date.
- (21) 1/12th of the RSUs vested on September 15, 2018, and the remaining shares subject to the RSU award vest at a rate of 1/12th of the total number of shares subject to the RSU award on each quarter thereafter, subject to continued service to us through each vesting date.
- (22) 1/8th of the RSUs vested on February 1, 2020, and the remaining shares subject to the RSU award vest at a rate of 1/8th of the total number of shares subject to the RSU award on each quarter thereafter, subject to continued service to us through each vesting date.
- (23) 1/4th of the total number of shares subject to the stock option vested on March 26, 2014 and the remaining shares subject to the stock option vest at a rate of 1/48th of the total number of shares subject to the stock option on each month thereafter, subject to continued service to us through each vesting date.

- (24) The RSU vests as to 1/12th of the total number of shares quarterly starting June 15, 2017, subject to continued service to us through each vesting date.
- (25) The RSU, granted as a result of the stock option exchange program, vests as to 1/10th of the total number of shares quarterly starting October 15, 2017, subject to continued service to us through each vesting date.
- (26) The RSU, granted as a result of the stock option exchange program, vests as to 1/11th of the total number of shares quarterly starting October 15, 2017, subject to continued service to us through each vesting date.
- (27) 1/3rd of the total number of RSUs vested on March 15, 2018 and the remaining shares subject to the RSU award vest at a rate of 1/12th of the total number of shares subject to the RSU award on each quarter thereafter, subject to continued service to us through each vesting date.

Stock Option Exercises and Stock Vested Table

The following table presents, for each of our named executive officers, the number of shares of our common stock acquired upon the exercise of stock options or vesting and settlement of RSUs during 2019 and the aggregate value realized upon the exercise of stock options and the vesting and settlement of RSUs.

Name	Stock Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$) ⁽¹⁾⁽²⁾	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$) ⁽³⁾
James Park	1,808,672	12,006,022	158,483	812,824
Eric N. Friedman	—	—	45,292	231,150
Ronald W. Kisling	—	—	131,000	668,955
Andy Missan	50,000	273,912	183,366	932,085
Jeff Devine	—	—	119,167	608,481

- (1) These values assume that the fair market value of the Class B common stock underlying certain of the stock options, which is not listed or approved for trading on or with any securities exchange or association, is equal to the fair market value of our Class A common stock. Each share of Class B common stock is convertible into one share of Class A common stock at any time at the option of the holder or upon certain transfers of such shares.
- (2) The aggregate value realized upon the exercise of a stock option represents the difference between the aggregate market price of the shares of our Class B common stock, assumed to be equal to our Class A common stock as described in footnote (1) above, on the date of exercise and the aggregate exercise price of the stock option.
- (3) The aggregate value realized upon the vesting and settlement of an RSU represents the aggregate market value of Class A common stock on the vesting date, which was determined using the closing price on the NYSE of a share of Class A common stock on the date prior to the day of vesting, or if such day is a weekend or holiday, on the immediately preceding trading day. Of the amounts shown for Messrs. Park, Friedman, Kisling, Missan, and Devine, \$409,783, \$151,193, \$403,440, \$512,344, and \$371,525, respectively, represent net proceeds after shares withheld for taxes.

Offer Letters and Employment Agreements

Currently, we only have offer letter agreements with the following named executive officers: Mr. Kisling, Mr. Missan and Mr. Devine. All of our named executive officers are employed on an at-will basis, with no fixed term of employment. Each of our named executive officers will receive benefits upon certain qualifying terminations of employment as described in the section titled “—Potential Payments upon Termination or Change of Control.”

James Park

As a founder, Mr. Park, our President and Chief Executive Officer, did not enter into an offer letter or any other formal arrangement or understanding with us regarding his employment. We currently have no employment agreement with Mr. Park. Mr. Park is an at-will employee. Mr. Park's annual base salary as of December 31, 2019 was \$800,000 and his target bonus for 2019 was \$1,200,000.

Eric N. Friedman

As a founder, Mr. Friedman, our Chief Technology Officer, did not enter into an offer letter or any other formal arrangement or understanding with us regarding his employment. We currently have no employment agreement with Mr. Friedman. Mr. Friedman is an at-will employee. Mr. Friedman's annual base salary as of December 31, 2019 was \$455,000 and his target bonus for 2019 was \$341,250.

Ronald W. Kisling

Mr. Kisling, our Chief Financial Officer, is party to an offer letter with us dated July 28, 2014. Mr. Kisling's annual base salary as of December 31, 2019 was \$420,000 and his target bonus for 2019 was \$315,000.

Andy Missan

Mr. Missan, our Executive Vice President and General Counsel, is party to an offer letter with us dated March 15, 2013. Mr. Missan's annual base salary as of December 31, 2019 was \$443,000 and his target bonus for 2019 was \$332,250.

Jeff Devine

Mr. Devine, our Executive Vice President of Operations, is party to an offer letter with us dated January 26, 2017. Mr. Devine's annual base salary as of December 31, 2019 was \$400,000 and his target bonus for 2019 was \$300,000.

Potential Payments upon Termination or Change in Control

We have entered into retention agreements with each of our executive officers, including our named executive officers, which provide for the following payments and benefits upon a Qualifying Termination, which means a termination of employment by us without cause or a termination of employment by the executive officer for good reason (as such terms are defined in the retention agreement), outside of a change in control (as such term is defined in the retention agreement) of our company, in exchange for a customary release of claims:

- a lump sum severance payment of 12 months of base salary to our President and Chief Executive Officer and nine months to our other executive officers, including our other named executive officers; and
- payment of premiums for continued medical benefits (or equivalent cash payment if applicable law so requires) for up to 12 months to our President and Chief Executive Officer and up to nine months to our other executive officers, including our other named executive officers.

If the executive officer is subject to a Qualifying Termination within the three months preceding a change in control (but after a legally binding and definitive agreement for a potential change of control has been executed) or within the 12 months following a change in control, the retention agreements provide the following benefits in exchange for a customary release of claims:

- a lump sum severance payment of 18 months of base salary to our President and Chief Executive Officer and 12 months to our other executive officers, including our other named executive officers;
- a lump sum payment equal to the executive officer's then-current target bonus opportunity, multiplied by a factor of 150% for our President and Chief Executive Officer and 100% for our other executive officers, including our other named executive officers;

- 100% acceleration of any then-unvested equity awards for our executive officers, including our named executive officers; and
- payment of premiums for continued medical benefits (or equivalent cash payment if applicable law so requires) for up to 18 months to our President and Chief Executive Officer and up to 12 months to our other executive officers, including our other named executive officers.

Each retention agreement is in effect for three years, with automatic three-year renewals unless notice is given by us to the executive officer three months prior to expiration.

The payments and benefits under the retention agreements supersede all other cash severance and vesting acceleration arrangements, except for the stock option awards granted to each of Messrs. Park and Friedman in August 2014 (which are now fully vested), and the restricted stock unit awards granted to each of Messrs. Kisling and Missan in November 2019. In regard to the August 2014 awards, Messrs. Park and Friedman each received accelerated vesting with respect to 50% of the total number of unvested shares subject to such stock option awards in connection with an involuntary termination (as defined in their respective stock option agreements) of employment 12 months following a change of control (as defined in their respective stock option agreements). In regard to the November 2019 awards, in the event Messrs. Kisling or Missan (i) does not receive an offer of employment from Google or (ii) rejects an offer of employment from Google that does not comply with the requirements set forth in Sections 6.12(a)(i) and 6.12(a)(ii) of the Merger Agreement, then in each case, subject to the execution of a release of claims and such release becoming effective, all remaining unvested awards fully vest and become payable.

The following table provides information concerning the estimated payments and benefits that would be provided in the circumstances described above for each of our named executive officers. Except where otherwise noted, payments and benefits are estimated assuming that the triggering event took place on December 31, 2019, and the price per share of our Class A common stock is the closing price on the New York Stock Exchange as of December 31, 2019 (\$6.57). There can be no assurance that a triggering event would produce the same or similar results as those estimated below if such event occurs on any other date or at any other price, or if any other assumption used to estimate potential payments and benefits is not correct. Due to the number of factors that affect the nature and amount of any potential payments or benefits, any actual payments and benefits may be different.

Name	Upon Qualifying Termination - No Change in Control				Upon Qualifying Termination - Change in Control				
	Cash Severance (\$) ⁽¹⁾	Continuation of Medical Benefits (\$)	Value of Accelerated Vesting (\$) ⁽²⁾	Total (\$)	Cash Severance (\$) ⁽¹⁾	Bonus Payment (\$) ⁽³⁾	Continuation of Medical Benefits (\$)	Value of Accelerated Vesting (\$) ⁽²⁾⁽⁴⁾⁽⁵⁾	Total (\$)
James Park	800,000	12,657	19,583	832,240	1,200,000	1,800,000	18,985	9,503,206	12,522,191
Eric N. Friedman	341,250	25,015	15,667	381,932	455,000	341,250	33,354	4,445,518	5,275,122
Ronald W. Kisling	315,000	9,492	—	324,492	420,000	315,000	12,657	1,676,795	2,424,452
Andy Missan	332,250	25,377	—	357,627	443,000	332,250	33,836	1,046,148	1,855,234
Jeff Devine	300,000	25,377	—	325,377	400,000	300,000	33,836	979,337	1,713,173

⁽¹⁾ The severance amount related to base salary was determined based on the base salaries in effect on December 31, 2019.

⁽²⁾ The value of accelerated vesting is calculated based on the per share closing price of our Class A common stock on the NYSE as of December 31, 2019 (\$6.57) less, if applicable, the exercise price of each outstanding stock option.

⁽³⁾ The bonus payment amount was determined based on target bonus amounts for 2019.

⁽⁴⁾ The value of accelerated vesting is calculated excluding any out-of-the money stock options. 27,131 shares subject to stock options as of December 31, 2019 were excluded of which (i) 17,650 shares were held by Mr. Park and (ii) 9,481 shares were held by Mr. Friedman.

- (5) The value of accelerated vesting is calculated on achievement of \$8 and \$10 stock price hurdles and vesting of all PSUs of which (i) 389,233 and 538,677 shares, respectively were held by Mr. Park for a value of \$3,113,864 and \$5,386,770, respectively (ii) 183,526 and 253,982 shares, respectively were held by Mr. Friedman for a value of \$1,468,208 and \$2,539,820, respectively.

The Merger Agreement and 2019 Compensation Matters

In November 2019, we entered into the Merger Agreement with Google and Merger Sub. The consummation of the Merger is subject to certain terms and conditions including, without limitation, regulatory approvals. For more information about the Merger, including compensation and the treatment of outstanding options, time-based RSUs, and PSUs that may be paid or become payable to our named executive officers as a result of the Merger, please see our Current Reports on Form 8-K filed with the SEC on November 1, 2019 and November 6, 2019, and our Definitive Proxy Statement on Schedule 14A filed with the SEC on December 12, 2019.

Limitations on Liability and Indemnification Matters

Our restated certificate of incorporation contains provisions that limit the liability of our directors for monetary damages to the fullest extent permitted by Delaware law. Consequently, our directors are not personally liable to us or our stockholders for monetary damages for any breach of fiduciary duties as directors, except for liability:

- for any breach of their duty of loyalty to our company or our stockholders;
- for any act or omission not in good faith or that involves intentional misconduct or a knowing violation of law;
- unlawful payments of dividends or unlawful stock repurchases or redemptions as provided in Section 174 of the Delaware General Corporation Law; or
- for any transaction from which they derived an improper personal benefit.

Any amendment to or repeal of these provisions will not eliminate or reduce the effect of these provisions in respect of any act, omission, or claim that occurred or arose prior to that amendment or repeal. If the Delaware General Corporation Law is amended to provide for further limitations on the personal liability of directors of corporations, then the personal liability of our directors will be further limited to the greatest extent permitted by the Delaware General Corporation Law.

Our restated bylaws provide that we will indemnify, to the fullest extent permitted by law, any person who is or was a party or is threatened to be made a party to any action, suit, or proceeding by reason of the fact that he or she is or was one of our directors or officers or is or was serving at our request as a director or officer of another corporation, partnership, joint venture, trust, or other enterprise. Our restated bylaws provide that we may indemnify to the fullest extent permitted by law any person who is or was a party or is threatened to be made a party to any action, suit, or proceeding by reason of the fact that he or she is or was one of our employees or agents or is or was serving at our request as an employee or agent of another corporation, partnership, joint venture, trust, or other enterprise. Our restated bylaws also provide that we must advance expenses incurred by or on behalf of a director or officer in advance of the final disposition of any action or proceeding, subject to very limited exceptions.

We have also entered into indemnification agreements with each of our directors and executive officers that are broader than the specific indemnification provisions contained in the Delaware General Corporation Law. These indemnification agreements require us, among other things, to indemnify our directors and executive officers against liabilities that may arise by reason of their status or service. These indemnification agreements also require us to advance all expenses incurred by the directors and executive officers in investigating or defending any such action, suit, or proceeding. We believe that these agreements are necessary to attract and retain qualified individuals to serve as directors and executive officers.

The limitation of liability and indemnification provisions in our restated certificate of incorporation and restated bylaws or in these indemnification agreements may discourage stockholders from bringing a lawsuit against our directors for breach of their fiduciary duty. They may also reduce the likelihood of derivative litigation against our directors and officers, even though an action, if successful, might benefit us and other stockholders. Further, a stockholder's investment may be adversely affected to the extent that we pay the costs of settlement and damage awards against directors and officers as required by these indemnification provisions.

We have obtained insurance policies under which, subject to the limitations of the policies, coverage is provided to our directors and officers against loss arising from claims made by reason of breach of fiduciary duty or other wrongful acts as a director or officer, including claims relating to public securities matters, and to us with respect to payments that may be made by us to these officers and directors pursuant to our indemnification obligations or otherwise as a matter of law.

Certain of our non-employee directors may, through their relationships with their employers, be insured or indemnified against certain liabilities incurred in their capacity as members of our board of directors.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers, or persons controlling our company pursuant to the foregoing provisions, we have been informed that, in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

CEO Pay Ratio

We are providing the ratio of the annual total compensation of our CEO to the median of the annual total compensation of all employees (other than the CEO). For 2019, the annual total compensation of our CEO, James Park, was \$3,856,518, and the annual total compensation of our employee identified based on the methodology described below, or median employee, was \$133,798. Based on this information, the CEO pay ratio for 2019 was 29 to 1. This ratio is a reasonable estimate calculated in a manner consistent with SEC rules. We are using the same median employee identified for purposes of our 2018 CEO pay ratio, as there have not been changes to our employee population or compensation that we believe would result in a significant change to our pay ratio disclosure.

To identify the median of the annual total compensation of all our employees, as well as the annual total compensation of the median employee for 2019, we used the methodology and the material assumptions, adjustments, and estimates that we used for 2018 and described in our Definitive Proxy Statement on Schedule 14A filed with the SEC on April 11, 2019, which were as follows:

- We selected October 1, 2018, as the date upon which we would identify our “median employee.”
- As of October 1, 2018, our employee population consisted of approximately 1,736 individuals, of which 1,242 were in the United States and 494 were outside the United States. In determining our employee population, we considered the employees of our consolidated subsidiaries and all of our worldwide employees other than our CEO, whether employed on a full-time, part-time, temporary or seasonal basis, except as follows. In reliance on the *de minimis* exemption in the SEC rules, which permits us to exclude up to 5% of our total employees (1,736 individuals) who are non-U.S. employees, we excluded our three employees in India. We did not include any contractors or other non-employee workers in our employee population.
- To identify our median employee from our employee population, we used base wages for the period from January 1, 2018 through December 31, 2018 (including overtime in the case of non-exempt employees), annual bonuses paid for 2018, and commissions paid for the four fiscal quarters of 2018.
- We annualized the compensation of employees who were active as of October 1, 2018, but did not work for us or our consolidated subsidiaries for the entire fiscal year.
- Amounts paid in foreign currency were converted into United States dollars using exchange rates in effect as of December 31, 2018. We did not make any cost-of-living adjustment.
- With respect to the 2019 annual total compensation of the median employee, we identified and calculated the elements of such employee’s compensation in accordance with the requirements of Item 402(c)(2)(x) of Regulation S-K, resulting in annual total compensation of \$133,798 in 2019.
- With respect to the 2019 annual total compensation for our CEO, we used the amount reported in the “Total” column of our Summary Compensation Table for 2019.

Because SEC rules for identifying the median of the annual total compensation of all employees allow companies to adopt a variety of methodologies, apply certain exclusions, and make reasonable estimates and assumptions that reflect their employee

population and compensation practices, the pay ratio reported by other companies may not be comparable to our pay ratio, as other companies have different employee populations and compensation practices and may have used different methodologies, exclusions, estimates, and assumptions in calculating their pay ratios.

Rule 10b5-1 Sales Plans

Certain of our executive officers and directors have adopted written plans, known as Rule 10b5-1 plans, in which they will contract with a broker to buy or sell shares of our common stock on a periodic basis. Under a Rule 10b5-1 plan, a broker executes trades pursuant to parameters established by the director or executive officer when entering into the plan, without further direction from them. The director or executive officer may amend or terminate the plan in specified circumstances. Our executive officers and directors are required to conduct all sale transactions under a Rule 10b5-1 plan.

REPORT OF THE COMPENSATION COMMITTEE

This report of the compensation committee is required by the SEC and, in accordance with the SEC's rules, will not be deemed to be part of, or incorporated by reference by any general statement incorporating by reference this Proxy Statement into, any filing under the Securities Act or under the Exchange Act, except to the extent that we specifically incorporate this information by reference, and will not otherwise be deemed "soliciting material" or "filed" under either the Securities Act or the Exchange Act.

Our compensation committee has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management, and based on such review and discussions, the compensation committee recommended to our board of directors that the Compensation Discussion and Analysis be included in this Proxy Statement.

Submitted by the Compensation Committee

Bradley Fluegel (Chair)

Matthew Bromberg

Steven Murray

EQUITY COMPENSATION PLAN INFORMATION

The following table presents information as of December 31, 2019 with respect to compensation plans under which shares of our Class A common stock or Class B common stock may be issued.

Plan category	Number of securities to be issued upon exercise of outstanding stock options, warrants and rights(#)	Weighted-average exercise price of outstanding stock options, warrants and rights(\$) ⁽¹⁾	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column(a)) (#)
	(a)	(b)	(c)
Equity compensation plans approved by security holders ⁽²⁾	31,833,140	3.51	24,531,726 ⁽³⁾
Equity compensation plans not approved by security holders ⁽⁴⁾	450,000	5.23	—
Total	32,283,140	3.53	24,531,726

- ⁽¹⁾ The weighted-average exercise price does not reflect the shares that will be issued in connection with the settlement of RSUs, since RSUs have no exercise price.
- ⁽²⁾ Includes our 2007 Plan and 2015 Plan. Excludes purchase rights accruing under our 2015 Employee Stock Purchase Plan, or 2015 ESPP.
- ⁽³⁾ There are no shares of common stock available for issuance under our 2007 Plan, but that plan will continue to govern the terms of stock options and RSUs granted thereunder. Any shares of Class B common stock that are subject to outstanding awards under the 2007 Plan that are issuable upon the exercise of stock options that expire or become unexercisable for any reason without having been exercised in full will generally be available for future grant and issuance as shares of Class A common stock under our 2015 Plan. On January 1, 2020, the number of shares reserved for issuance under our 2015 Plan increased automatically by 13,244,171 shares and will increase automatically on the first day of January of each of 2021 through 2025 by the number of shares equal to 5% of the total issued and outstanding shares of our Class A common stock and Class B common stock as of the immediately preceding December 31 or a lower number approved by our board of directors. In addition, as of December 31, 2019, there were 4,489,138 shares of Class A common stock available for issuance under the 2015 ESPP. The number of shares reserved for issuance under our 2015 ESPP increased automatically by 2,648,834 shares on January 1, 2020 and will increase automatically on the first day of January of each year during the term of the 2015 ESPP by the number of shares equal to 1% of the total outstanding shares of our Class A common stock and Class B common stock as of the immediately preceding December 31 or a lower number approved by our board of directors.
- ⁽⁴⁾ On July 10, 2017, the company issued a warrant to Granite Peak Technologies, LLC, an accredited investor, to purchase 450,000 shares of our Class A common stock. The warrant is exercisable based on service and performance-based conditions and has an exercise price of \$5.23 per share and a contractual term of ten years. The company believes that the issuance and sale of the warrant is exempt from the registration requirements of the Securities Act pursuant to Section 4(a)(2) thereunder. The recipient of the warrant represented its intentions to acquire the warrant for investment only and not with a view to or for sale in connection with any distribution thereof, and appropriate legends were placed upon the warrant issued in this transaction.

RELATED PARTY TRANSACTIONS

Other than the executive officer and director compensation arrangements discussed above under “Executive Compensation” and “Proposal No. 1—Election of Directors—Director Compensation,” respectively, and the transaction described below, which our audit committee reviewed and approved, since January 1, 2019, we have not been a party to any other transaction, in which:

- the amount involved exceeded \$120,000; and
- one or more of our directors, executive officers, or holders of more than 5% of our capital stock, or any immediate family member of or person sharing the household with any of these individuals, had or will have a direct or indirect material interest.

There are no other currently proposed transactions which meet the above criteria.

BigCommerce, Inc. SaaS Agreement

In 2018, we entered into a SaaS Agreement with BigCommerce, Inc. for a fixed fee of approximately \$1.2 million. In 2019, we paid approximately \$143,800 under this agreement. Steven Murray, a member of our board of directors and our lead independent director, is a board member of BigCommerce, Inc. and also has financial interests in BigCommerce, Inc. through affiliated venture capital firms. Our audit committee reviewed and approved this transaction.

Review, Approval, or Ratification of Transactions with Related Parties

Our related-person transactions policy and the charter of our audit committee require that any transaction with a related person that must be reported under applicable rules of the SEC must be reviewed and approved or ratified by our audit committee, unless the related party is, or is associated with, a member of that committee, in which event the transaction must be reviewed and approved by another independent body of the board of directors.

REPORT OF THE AUDIT COMMITTEE

The information contained in the following report of our audit committee is not considered to be “soliciting material,” “filed,” or incorporated by reference in any past or future filing by us under the Exchange Act or the Securities Act unless and only to the extent that we specifically incorporate it by reference.

The audit committee has reviewed and discussed with our management and Grant Thornton LLP, or Grant Thornton, our audited consolidated financial statements for the year ended December 31, 2019. The audit committee has also discussed with Grant Thornton the matters required to be discussed under the Auditing Standard No. 1301 as adopted by the Public Company Accounting Oversight Board (Communications with Audit Committees).

The audit committee has received and reviewed the written disclosures and the letter from Grant Thornton required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant’s communications with the audit committee concerning independence, and has discussed with Grant Thornton its independence from us.

Based on the review and discussions referred to above, the audit committee recommended to the board of directors that the audited consolidated financial statements be included in our Annual Report on Form 10-K for the year ended December 31, 2019 for filing with the SEC.

Submitted by the Audit Committee

Christopher Paisley (Chair)
Glenda Flanagan
Steven Murray

ADDITIONAL INFORMATION

Stockholder Proposals to be Presented at Next Annual Meeting

Our restated bylaws provide that, for stockholder nominations to the board of directors or other proposals to be considered at an annual meeting, the stockholder must give timely notice thereof in writing to the Secretary at Fitbit, Inc., 199 Fremont Street, 14th Floor, San Francisco, California 94105, Attn: Secretary.

If our previously disclosed merger with Google discussed above is completed following the date of this Proxy Statement, we will have no public stockholders and there will be no public participation in any of our future stockholder meetings. However, if the merger is not completed, our public stockholders will continue to be entitled to attend and participate in our stockholders' meetings and we will hold an annual meeting of stockholders in 2021.

To be timely for our 2021 annual meeting of stockholders, a stockholder's notice regarding nominations of persons for election to the board of directors or the proposal of other business to be considered by stockholders at the meeting must be delivered to, or mailed and received by, our Secretary at our principal executive offices not earlier than 5:00 p.m. Pacific Time on February 5, 2021 and not later than 5:00 p.m. Pacific Time on March 7, 2021. A stockholder's notice to the Secretary must set forth each matter the stockholder proposes to bring before the annual meeting and the information required by our restated bylaws.

To be timely for our 2021 annual meeting of stockholders, stockholder proposals submitted pursuant to Rule 14a-8 under the Exchange Act and intended to be presented at our 2021 annual meeting of stockholders must be received by the Secretary no later than December 10, 2020 in order to be considered for inclusion in our proxy materials for that annual meeting.

Delinquent Section 16(a) Reports

Section 16(a) of the Exchange Act requires our directors, executive officers and any persons who own more than 10% of our common stock, to file initial reports of ownership and reports of changes in ownership with the SEC. Such persons are required by SEC regulation to furnish us with copies of all Section 16(a) forms that they file. Based solely on our review of the copies of such forms furnished to us and written representations from the directors and executive officers, we believe that all Section 16(a) filing requirements were timely met in 2019 other than one late Form 4 filed by Mr. Friedman to report the conversion of shares of Class B common stock to Class A common stock in connection with a charitable gift.

Available Information

We will mail without charge, upon written request, a copy of our Annual Report on Form 10-K for the year ended December 31, 2019, including the financial statements and list of exhibits, and any exhibit specifically requested. Requests should be sent to:

**Fitbit, Inc.
199 Fremont Street, 14th Floor
San Francisco, California 94105
Attn: Investor Relations**

“Householding” — Stockholders Sharing the Same Last Name and Address

The SEC has adopted rules that permit companies and intermediaries (such as brokers) to implement a delivery procedure called “householding.” Under this procedure, multiple stockholders who reside at the same address may receive a single copy of our annual report and proxy materials, including the Notice of Internet Availability, unless the affected stockholder has provided contrary instructions. This procedure reduces printing costs and postage fees, and helps protect the environment as well.

This year, a number of brokers with account holders who are our stockholders will be “householding” our annual report and proxy materials, including the Notice of Internet Availability. A single Notice of Internet Availability and, if applicable, a single set of annual report and other proxy materials will be delivered to multiple stockholders sharing an address unless contrary instructions have been

received from the affected stockholders. Once you have received notice from your broker that it will be “householding” communications to your address, “householding” will continue until you are notified otherwise or until you revoke your consent. Stockholders may revoke their consent at any time by contacting Broadridge by calling (866) 540-7095 or writing to Broadridge, Householding Department, 51 Mercedes Way, Edgewood, New York, 11717.

Upon written or oral request, we will promptly deliver a separate copy of the Notice of Internet Availability and, if applicable, annual report and other proxy materials to any stockholder at a shared address to which a single copy of any of those documents was delivered. To receive a separate copy of the Notice of Internet Availability and, if applicable, annual report and other proxy materials, you may write our Investor Relations department at 199 Fremont Street, 14th Floor, San Francisco, California 94105, Attn: Investor Relations or call (415) 604-4106.

Any stockholders who share the same address and currently receive multiple copies of our Notice of Internet Availability or annual report and other proxy materials who wish to receive only one copy in the future can contact their bank, broker, or other holder of record to request information about householding or our Investor Relations department at the address or telephone number listed above.

OTHER MATTERS

The board of directors does not presently intend to bring any other business before the Annual Meeting and, so far as is known to the board of directors, no matters are to be brought before the Annual Meeting except as specified in the Notice of Annual Meeting of Stockholders. As to any business that may arise and properly come before the Annual Meeting, however, it is intended that proxies, in the form enclosed, will be voted in respect thereof in accordance with the judgment of the persons voting such proxies.

FTS, INC.
 1901 Broadway Drive
 1427-0004
 541-479-9222 (ext. 4242)

VOTE BY INTERNET

Before The Meeting - Go to www.proxyvote.com

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 p.m. Eastern Time the day before the meeting date. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

During The Meeting - Go to www.virtualshareholdermeeting.com/FTS2020

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

VOTE BY PHONE - 1-800-690-6903

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

VOTE BY MAIL

Mark, sign and date your proxy card and return it in the postage paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Logwood, KY 40340.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS

004134-P96547

KEEP THIS PORTION FOR YOUR RECORDS

THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.

DETACH AND RETURN THIS PORTION ONLY

FTS, INC.

The Board of Directors recommends you vote FOR all of the following nominees:

1 Election of Directors

For All Withhold All For All Except

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

Nominees:

- | | |
|----------------------|---------------------|
| 01) James Park | 05) Glenda Flanagan |
| 02) Eric B. Friedman | 06) Bradley Ruzge |
| 03) Laura J. Alber | 07) Steven Murray |
| 04) Matthew Bromberg | |

The Board of Directors recommends you vote FOR the following proposal:

2 Reaffirmation of the appointment of Grant Thornton LLP as the independent registered public accounting firm for the fiscal year ending December 31, 2020.

For Against Abstain

The Board of Directors recommends you vote AGAINST the following proposal:

3 A stockholder proposal regarding simple majority voting.

The shares represented by this proxy when properly executed will be voted in the manner directed herein by the undersigned stockholder(s). If no direction is made, this proxy will be voted FOR the election of the nominees for the Board of Directors listed in proposal 1, FOR proposal 2, and AGAINST proposal 3. If any other matters properly come before the meeting, or if cumulative voting is required, the person named in this proxy will vote in their discretion.

For address changes and/or comments, please check this box and write them on the back where indicated.

Please sign exactly as your name(s) appear(s) hereon. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. All holders must sign. If a corporation or partnership, please sign in full corporate or partnership name by authorized officer.

 Signature (PLEASE SIGN WITH IN BOX) Date

 Signature (Joint Owners) Date

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting:
The Notice and Proxy Statement and Annual Report are available at www.proxyvote.com.

004135-938547

**THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS
ANNUAL MEETING OF STOCKHOLDERS
May 21, 2020**

The stockholder(s) hereby appoint(s) James Park and Ronald W. Kisling, or either of them, as proxies, each with the power to appoint his substitute, and hereby authorize(s) them to represent and to vote, as designated on the reverse side of this ballot, all of the shares of Class A and/or Class B Common Stock of Fitbit, Inc. that the stockholder(s) is/are entitled to vote at the Annual Meeting of Stockholders to be held at 11:00 a.m. (Pacific Time) on May 21, 2020 at www.virtualshareholdermeeting.com/FTT2020 and any adjournment or postponement thereof.

THIS PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED AS DIRECTED BY THE STOCKHOLDER(S). IF NO SUCH DIRECTION IS MADE, THIS PROXY WILL BE VOTED FOR THE ELECTION OF THE NOMINEES FOR THE BOARD OF DIRECTORS LISTED ON THE REVERSE SIDE FOR THE BOARD OF DIRECTORS, FOR PROPOSAL 2, AND AGAINST PROPOSAL 3.

PLEASE MARK, SIGN, DATE AND RETURN THIS PROXY CARD PROMPTLY USING THE ENCLOSED REPLY ENVELOPE.

Address Changes/Comments: _____

(If you need any Address Changes/Comments above, please mark corresponding box on the reverse side.)

Continued and to be signed on reverse side