

TRAVELZOO INC  
Form DEF 14A  
April 04, 2017

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

SCHEDULE 14A

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

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

Check the appropriate box:

- Preliminary proxy statement
- Confidential, for use of the Commission only (as permitted by Rule 14a-6(e)(2))
- Definitive proxy statement
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Travelzoo Inc.

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TRAVELZOO INC.

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

April 4, 2017

Dear Stockholders:

You are cordially invited to attend the Annual Meeting of Stockholders of Travelzoo Inc. on May 22, 2017. We will hold the meeting at 800 W. El Camino Real, Suite 275, Mountain View, CA 94040, U.S.A., at 10:00 a.m. local time. In connection with the meeting, we enclose a notice of the meeting, a proxy statement and a proxy card. Detailed information relating to Travelzoo's activities and operating performance is contained in our 2016 Annual Report on Form 10-K, as filed with the Securities and Exchange Commission on March 15, 2017, which is also enclosed. We encourage you to read the Form 10-K.

Stockholders of record as of March 27, 2017 may vote at the Annual Meeting. This proxy statement or notice thereof is first being mailed or furnished to stockholders on or about April 7, 2017.

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

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

Travelzoo will make available an alphabetical list of stockholders entitled to vote at the meeting for examination by any stockholder during ordinary business hours at Travelzoo's office, located at 800 W. El Camino Real, Suite 275, Mountain View, CA 94040, U.S.A., for ten days prior to the meeting. A stockholder may examine the list for any legally valid purpose related to the meeting.

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

Sincerely,

HOLGER BARTEL  
Chairman of the Board

TRAVELZOO INC.  
590 Madison Avenue  
37th Floor  
New York, NY 10022  
NOTICE OF ANNUAL MEETING OF STOCKHOLDERS  
To Be Held On May 22, 2017

To the Stockholders of Travelzoo Inc.:

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders of Travelzoo Inc., a Delaware corporation, will be held on Monday, May 22, 2017, at 10:00 a.m., local time, at 800 W. El Camino Real, Suite 275, Mountain View, CA 94040, U.S.A., for the following purposes:

To elect five members of the Company's Board of Directors (the "Board"), each to serve until the 2018 Annual Meeting of Stockholders and until their successors are elected and qualified or until their earlier resignation or removal ("Proposal 1");

To vote, on an advisory basis, on the frequency of Say-On-Pay votes ("Proposal 2");

To vote, on an advisory basis, to approve executive compensation ("Proposal 3"); and

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

Only stockholders of record at 5:00 p.m. Eastern Time on March 27, 2017 may vote at the Annual Meeting. Your vote is important. Whether you plan to attend the Annual Meeting or not, please cast your vote by completing, dating and signing the enclosed proxy card and returning it via mail to the address indicated. If you attend the meeting and prefer to vote in person, you may do so even if you have previously voted by proxy.

By Order of the Board of Directors,

TRAVELZOO INC.

GLEN CEREMONY  
Corporate Secretary

PROXY STATEMENT  
FOR TRAVELZOO INC.  
2017 ANNUAL MEETING OF STOCKHOLDERS  
INFORMATION ABOUT THE ANNUAL MEETING

Why am I receiving these proxy materials?

Travelzoo's Board of Directors is soliciting proxies to be voted at the 2017 Annual Meeting of Stockholders. This proxy statement includes information about the issues to be voted upon at the meeting.

Only stockholders of record of our common stock, par value \$0.01 per share (the "Common Stock"), as of 5:00 p.m. Eastern Time on March 27, 2017 (the "record date") will be entitled to notice of, and to vote at, the Annual Meeting. As of the record date, there were 13,281,681 shares of our Common Stock issued and outstanding.

Where and when is the Annual Meeting?

The Annual Meeting of Stockholders will take place on May 22, 2017 at 800 W. El Camino Real, Suite 275, Mountain View, CA 94040, U.S.A. The meeting will begin at 10:00 a.m. local time.

What am I voting on?

Stockholders will vote on three items:

A proposal to elect five members of the Company's Board, each to serve until the 2018 Annual Meeting of Stockholders and until their successors are elected and qualified or until their earlier resignation or removal ("Proposal 1");

A proposal, on an advisory basis, on the frequency of Say-On-Pay votes ("Proposal 2");

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

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

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

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

How many votes do I have?

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

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

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

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

How do I vote by proxy?

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

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

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

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

May I revoke my proxy?

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

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

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

Vote in person at the Annual Meeting.

How do I vote in person?

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

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

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

What vote is required to approve each proposal?

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

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

Azzurro Capital Inc., whose beneficial owner is Mr. Ralph Bartel, a member of our Board, holds an aggregate of 7,430,538 shares of our Common Stock, representing approximately 55.9% the outstanding shares, as of March 27, 2017.

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

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

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

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

Where can I find the voting results of the meeting?

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



**PROPOSAL 1—ELECTION OF DIRECTORS**

Under Travelzoo's bylaws, the number of directors of Travelzoo is fixed, and may be increased or decreased from time to time, by resolution of the Board of Directors. Each director holds office for a term of one year, until the annual meeting of stockholders next succeeding the director's election and until a successor is elected and qualified or until the earlier resignation or removal of the director. The following individuals have been nominated for election to our Board of Directors, each to serve until the 2018 Annual Meeting of Stockholders and until their successors are elected and qualified or until their earlier resignation or removal.

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

Nominees for a One-Year Term That Will Expire in 2018:

The ages, principal occupations, directorships held and other information as of March 27, 2017, with respect to our nominees are described below.

Name	Age	Position
Holger Bartel, Ph.D.	50	Chairman of the Board of Directors and Global Chief Executive Officer
Ralph Bartel, Ph.D., Ph.D.	51	Director
Carrie Liqun Liu (1) (3)	35	Director
Mary Reilly (1) (2) (3) (4)	63	Director
Beatrice Tarka (1) (2) (4)	45	Director

- (1) Member of the Audit Committee
- (2) Member of the Compensation Committee
- (3) Member of the Disclosure Committee
- (4) Member of the Nominating and Corporate Governance Committee

Each of the director nominees listed above, other than Ms. Carrie Liqun Liu, is currently a director of Travelzoo and was previously elected by the shareholders. Mr. Holger Bartel, Mr. Ralph Bartel, Ms. Mary Reilly and Ms. Beatrice Tarka were elected directors of Travelzoo at the Company's Annual Meeting of Stockholders held on May 6, 2016. Mr. Donovan Neale-May, Mr. Michael Karg and Ms. Caroline Tsay will not stand for re-election at the Annual Meeting. The Board has voted to reduce the size of the Board from 7 directors to 5 directors, effective immediately prior to the commencement of the Annual Meeting. There are no vacancies on the Board. Our Board of Directors has determined that each of Ms. Liu, Ms. Reilly and Ms. Tarka meet the independence requirements of the listing standards of the NASDAQ Stock Market (the "NASDAQ"). The Board of Directors determined that Mr. Ralph Bartel is not independent under the rules of NASDAQ because he is a beneficial owner of Azzurro Capital Inc., which holds approximately 55.9% of our outstanding Common Stock as of March 27, 2017, and Mr. Holger Bartel is not independent under the rules of NASDAQ because he is Ralph Bartel's brother.

Holger Bartel, Ph.D., has been Travelzoo's Global Chief Executive Officer since January 2016. He has been the Chairman of the Board of Directors since July 2010. From October 2011 to October 2013, he was Head of Strategy. From October 2008 to June 2010, he was Travelzoo's Chief Executive Officer. From September 1999 to November 2007, he was Executive Vice President. From 1995 to 1998, he was Engagement Manager at McKinsey & Company, a global management consulting firm. From 1992 to 1994, he was a research fellow at Harvard Business School. Holger Bartel holds a Ph.D. in Economics and an MBA in finance and accounting from the University of St. Gallen, Switzerland. He is the brother of Ralph Bartel.

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

Ralph Bartel, Ph.D., Ph.D., founded Travelzoo in May 1998 and has been a member of the Board of Directors since then. He has been Travelzoo's Chief Talent Officer since September 2014. From May 1998 to September 2008, he was the Chairman of the Board of Directors and the Chief Executive Officer. From October 2008 to June 2010, he was the Chairman of the Board of Directors. Ralph Bartel is a professionally trained journalist who holds a Ph.D. in Communications from the University of Mainz, Germany, a master's degree in journalism from the University of Eichstaett, Germany, and a Ph.D. in Economics and an MBA in finance and accounting from the University of St. Gallen, Switzerland. He is the brother of Holger Bartel.

Areas of Ralph Bartel's relevant experience include media, journalism, Internet, finance and start-up experience.

Ms. Carrie Liqun Liu has been Executive Director of Fosun China Momentum Fund since July 2011. From May 2009 to July 2011, she was a senior investment professional at Henderson Equity Partners. From 2015 to 2016, she was a member of the board of directors and audit committee of Tom Tailor Holding AG, and also a member of the board of directors of Cirque du Soleil, an entertainment company. Ms. Liu holds a bachelor's degree in finance and master's degree in law from Tsinghua University in Beijing, China.

Areas of Ms. Liu's relevant experience include Asian markets, investments, finance and global strategy.

Mary Reilly has been a member of Travelzoo's Board of Directors since September 2013. From August 2002 to June 2013, she was a Partner of Deloitte LLP, an international accounting and consulting firm. At Deloitte she worked with organizations in a wide range of industries including recruitment, retail, media, business services, manufacturing, professional services, and charity. She is a member of the board of directors and of the audit committee for Cape plc since September 2016, and a member of the board of directors and the chair of the audit committee for Ferrexpo plc since May 2015. She is also the chair of the audit and risk committee for the Department of Transport Board in the United Kingdom since June 2013. She is a member of the board of directors and the chair of the audit and risk committee for Crown Agents Ltd., an international development company that partners with governments, aid agencies, non-governmental organizations and companies in nearly 100 countries to make lasting change to the systems and organizations that are vital for people's well-being and prosperity. From 2000 to 2008, she was a member of the board of directors of London 2012, a company established to run London's Olympic bid. From 2003 to 2006, she was a member of the Board of Directors of the London Development Agency. Ms. Reilly holds a bachelor's degree in history from the University College London. She completed a postgraduate course at London Business School. She is a Qualified Chartered Accountant in the United Kingdom.

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

Beatrice Tarka has been a member of Travelzoo's Board of Directors since August 2015. She has been the founder and Chief Executive Officer of Mobissimo since September 2000. Mobissimo is an online travel search engine which allows users to compare prices of airline tickets, hotel rooms, and car rentals. From 1996 to 2000, she was Chief Executive Officer of Axall Media, a game and entertainment software developer and publisher. Ms. Tarka holds a master's degree in business administration from Boston University and a bachelor's degree in international affairs from the American University in Paris, France.

Areas of Ms. Tarka's relevant experience include entrepreneurship, strategic partnerships, international business and innovative online product development.



#### Required Vote

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

#### Board of Directors' Recommendation

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

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

## CORPORATE GOVERNANCE

## Board Meetings and Committees

The Board of Directors has appointed an Audit Committee, a Compensation Committee, a Disclosure Committee and a Nominating and Corporate Governance Committee. Below is a table indicating the membership of each of the Audit Committee, Compensation Committee, and Disclosure Committee and how many times the Board of Directors and each such committee met in fiscal year 2016. Each of Mr. Holger Bartel, Mr. Ralph Bartel, Mr. Karg, Mr. Neale-May, and Ms. Reilly attended at least 75 percent of the total number of meetings of the Board of Directors and of the committees on which he or she serves during the period such persons served.

Name	Board	Audit	Compensation	Disclosure	Nominating and Corporate Governance
Mr. Holger Bartel	Chair				
Mr. Ralph Bartel	Member				
Mr. Neale-May	Member	Member		Chair	Chair
Mr. Michael Karg	Member	Member	Chair	Member	Member
Ms. Mary Reilly	Member	Chair	Member		Member
Number of 2016 Meetings	4	4	1	4	—

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

## Audit Committee

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

## Compensation Committee

The Compensation Committee reviews and approves the compensation and benefits for the Company's executive officers and directors, and makes recommendations to the Board of Directors regarding such matters. The Compensation Committee also approves the Company's non-equity incentive plans. The Compensation Committee further reviews and discusses with management the Compensation Discussion and Analysis section of this proxy statement. The Report of the Compensation Committee is included herein. The Company is not required to have a Compensation Committee charter since it is a "Controlled Company" under NASDAQ Rule 5615(c), on account of the stock ownership by Azzurro Capital Inc.

## Disclosure Committee

The Disclosure Committee's primary responsibilities are (i) to design, establish and evaluate controls and other procedures that are designed to ensure the accuracy and timely disclosure of information to the SEC and investment community and (ii) to review and supervise preparation of SEC filings, press releases and other broadly disseminated correspondence.

#### Nominating and Corporate Governance Committee

The Nominating Committee assists the Board in identifying qualified individuals to become directors, makes recommendations to the Board concerning the size, structure and composition of the Board and its committees, monitors the process to assess the Board's effectiveness and is primarily responsible for oversight of corporate governance. In evaluating potential nominees to the Board, the Nominating Committee considers, among other things, independence, character, ability to exercise sound judgment, age, demonstrated leadership, skills, including financial literacy, and experience in the context of the needs of the Board. The Nominating Committee considers candidates proposed by shareholders and evaluates them using the same criteria as for other candidates. The Nominating Committee recommended to the full Board each of the current nominees for election to the Board.

#### The Board's Role in Risk Oversight

The full Board oversees enterprise risk as part of its role in reviewing and overseeing the implementation of the Company's strategic plans and objectives. The risk oversight function is administered both in full Board discussions and in individual committees that are tasked by the Board with oversight of specific risks. On a regular basis, the Board and its committees receive information and reports from management on the status of the Company and the risks associated with the Company's strategy and business plans. In addition, the Audit Committee reviews the Company's risk assessment and risk management policies and procedures at least annually, including steps taken to monitor and control such exposures. The Board believes the continuity of Board membership and the independent directors constituting a majority of the Board encourage open discussion and assessment of the Company's ability to manage its risks.

#### Code of Ethics

We have adopted a code of ethics that applies to our Global Chief Executive Officer and our Chief Financial Officer, who also serves as our principal accounting officer. This code of ethics is posted on our website located at [corporate.travelzoo.com/governance](http://corporate.travelzoo.com/governance). A copy of the code of ethics is also available in print to stockholders and interested parties without charge upon written request delivered to our Corporate Secretary at Travelzoo Inc., 800 W. El Camino Real, Suite 275, Mountain View, CA 94040.

#### Communications with Directors

The board has established a process to receive communications from stockholders. Stockholders and other interested parties may contact any member (or all members) of the board, or the non-management directors as a group, any board committee or any chair of any such committee by mail. To communicate with the Board of Directors, any individual director or any group or committee of directors, correspondence should be addressed to the Board of Directors or any such individual director or group or committee of directors by either name or title. All such correspondence should be sent "c/o Corporate Secretary" at Travelzoo Inc., 800 W. El Camino Real, Suite 275, Mountain View, CA 94040.

All communications received as set forth in the preceding paragraph will be opened by the Corporate Secretary for the sole purpose of determining whether the contents represent a message to our directors. Any contents that are not in the nature of advertising, promotions of a product or service, patently offensive material or matters deemed inappropriate for the Board of Directors will be forwarded promptly to the addressee. In the case of communications to the board or any group or committee of directors, the Corporate Secretary will make sufficient copies of the contents to send to each director who is a member of the group or committee to which the correspondence is addressed.

Director Compensation

Directors of the Company or its subsidiaries are entitled to receive certain retainers and fees. In 2016, there were no adjustments to the director compensation policy. The retainers and meeting fees are as follows:

Description	Fees Earned (\$)
Annual retainer for Chairman of the Board	175,000
Annual retainer for Board member	50,000
Annual retainer for Audit Committee Chair	30,000
Fee for attendance of a Board meeting	1,680
Fee for attendance of an Audit Committee meeting	2,800
Fee for attendance of a Disclosure Committee meeting	1,680