

TRUPANION INC.  
Form DEF 14A  
April 23, 2015

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

SCHEDULE 14A

(Rule 14a-101)

SCHEDULE 14A INFORMATION

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

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 Pursuant to §240.14a-12

TRUPANION, INC.

---

(Name of Registrant as Specified In Its Charter)

N/A

---

(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.

Edgar Filing: TRUPANION INC. - Form DEF 14A

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 23, 2015

Dear Stockholder:

You are cordially invited to attend the 2015 Annual Meeting of Stockholders of Trupanion, Inc. to be held at 907 NW Ballard Way, Seattle, WA 98107 on Wednesday, June 3, 2015 at 11:00 a.m. (Pacific Time).

The Securities and Exchange Commission rules allow companies to furnish proxy materials to stockholders over the Internet. To reduce the costs of printing and distributing proxy materials and our environmental impact, we have elected to take advantage of this allowance. On or about April 23, 2015, we expect to mail to stockholders a Notice of Internet Availability of Proxy Materials (Notice of Internet Availability) containing instructions on how to access our proxy statement for our 2015 Annual Meeting of Stockholders and our 2014 annual report on Form 10-K to stockholders. The Notice of Internet Availability also provides instructions on how to vote through the Internet, and includes instructions on how to receive paper copies of the proxy materials by mail, if desired.

The matters to be acted upon at the meeting are described in the accompanying notice of annual meeting and proxy statement.

Your vote is important. Whether or not you plan to attend the meeting in person, please vote on the Internet, or request, sign and return a proxy card to ensure that your shares are represented at the meeting.

Sincerely,

Asher Bearman  
General Counsel and Corporate Secretary

---

TRUPANION, INC.  
907 NW Ballard Way  
Seattle, Washington 98107

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS  
To Be Held June 3, 2015

To Our Stockholders:

NOTICE IS HEREBY GIVEN that the 2015 Annual Meeting of Stockholders of Trupanion, Inc. will be held at 907 NW Ballard Way, Seattle, WA 98107 on Wednesday, June 3, 2015 at 11:00 a.m. (Pacific Time).

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

1. To elect three Class I directors, each to serve three-year terms through the third annual meeting of stockholders following this meeting and until a successor has been elected and qualified or until earlier resignation or removal.
2. To ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2015.

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

Only stockholders of record at the close of business on April 15, 2015 are entitled to notice of, and to vote at, the meeting and any adjournments thereof. For ten days prior to the meeting, a complete list of the stockholders entitled to vote at the meeting will be available for examination by any stockholder for any purpose relating to the meeting during ordinary business hours at our headquarters.

Your vote as a Trupanion, Inc. stockholder is very important. Each share of stock that you own represents one vote.

For questions regarding your stock ownership, you may contact Trupanion's Investor Relations, Laura Bainbridge, at 424-238-6248 or [investorrelations@trupanion.com](mailto:investorrelations@trupanion.com) or, if you are a registered holder, our transfer agent, American Stock Transfer & Trust Company, LLC by email through their website at [https://www.amstock.com/main/nav\\_contactUs.asp](https://www.amstock.com/main/nav_contactUs.asp) or by phone at (800) 937-5449. Whether or not you expect to attend the meeting, we encourage you to read the proxy statement and vote through the Internet, or request, sign and return your proxy card as soon as possible, so that your shares may be represented at the meeting. For specific instructions on how to vote your shares, please refer to the section entitled "General Information About the Meeting" beginning on page 1 of the proxy statement and the instructions on the Notice of Internet Availability of Proxy Materials.

By Order of the Board of Directors,

Murray Low  
Chairman of the Board of Directors  
Seattle, Washington  
April 23, 2015

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Stockholders to be held on June 3, 2015: the Proxy Statement and our 2014 Annual Report on Form 10-K are available at <http://www.trupanion.com/annual-proxy>.

---

TRUPANION, INC.  
PROXY STATEMENT FOR 2015 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 MEETING</u>	<u>1</u>
<u>GENERAL PROXY INFORMATION</u>	<u>1</u>
<u>CORPORATE GOVERNANCE STANDARDS AND DIRECTOR INDEPENDENCE</u>	<u>4</u>
<u>PROPOSAL NO. 1 ELECTION OF CLASS I DIRECTORS</u>	<u>7</u>
<u>PROPOSAL NO. 2 RATIFICATION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u>	<u>10</u>
<u>REPORT OF THE AUDIT COMMITTEE</u>	<u>12</u>
<u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT</u>	<u>13</u>
<u>EXECUTIVE OFFICERS</u>	<u>15</u>
<u>EXECUTIVE COMPENSATION</u>	<u>15</u>
<u>EQUITY COMPENSATION PLAN INFORMATION</u>	<u>22</u>
<u>CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS</u>	<u>22</u>
<u>ADDITIONAL INFORMATION</u>	<u>24</u>
<u>OTHER MATTERS</u>	<u>25</u>

---

TRUPANION, INC.  
907 NW Ballard Way  
Seattle, Washington 98107

PROXY STATEMENT FOR THE 2015 ANNUAL MEETING OF STOCKHOLDERS  
June 3, 2015

INFORMATION ABOUT SOLICITATION AND VOTING

The accompanying proxy is solicited on behalf of Trupanion, Inc.'s Board of Directors for use at Trupanion's 2015 Annual Meeting of Stockholders (Annual Meeting) to be held at 907 NW Ballard Way, Seattle, WA 98107 on Wednesday, June 3, 2015, at 11:00 a.m. (Pacific Time), and any adjournment or postponement thereof.

INTERNET AVAILABILITY OF PROXY MATERIALS

Under rules adopted by the Securities and Exchange Commission (SEC), we are furnishing proxy materials to our stockholders primarily via the Internet, instead of mailing printed copies to each stockholder. On or about April 23, 2015, we expect to send to our stockholders a Notice of Internet Availability of Proxy Materials (Notice of Internet Availability) containing instructions on how to access our proxy materials, including our proxy statement and our annual report on Form 10-K. The Notice of Internet Availability also provides instructions on how to vote through the Internet and includes instructions on how to receive paper copies of the proxy materials by mail or an electronic copy of the proxy materials by email.

This process is designed to reduce our environmental impact and lower the costs of printing and distributing our proxy materials without impacting our stockholders' timely access to this important information. However, if you would prefer to receive printed proxy materials, please follow the instructions included in the Notice of Internet Availability.

GENERAL INFORMATION ABOUT THE MEETING

Purpose of the Meeting

At the meeting, stockholders will act upon the proposals described in this proxy statement. In addition, we will consider any other matters that are properly presented for a vote at the meeting. We are not aware of any other matters to be submitted for consideration at the meeting. If any other matters are properly presented for a vote at the meeting, the persons named in the proxy, who are officers of the company, have the authority in their discretion to vote the shares represented by the proxy.

Record Date; Quorum

Only holders of record of common stock at the close of business on April 15, 2015, the record date, will be entitled to vote at the meeting. At the close of business on April 15, 2015, Trupanion had 28,152,655 shares of common stock outstanding and entitled to vote.

The holders of a majority of the voting power of the shares of stock entitled to vote at the meeting as of the record date must be present or represented by proxy at the meeting in order to hold the meeting and conduct business. This presence is called a quorum. Your shares are counted as present at the meeting if you are present and vote in person at the meeting or if you have properly submitted a proxy.

GENERAL PROXY INFORMATION

Voting Rights; Required Vote

Each holder of shares of common stock is entitled to one vote for each share of common stock held as of the close of business on April 15, 2015, the record date. You may vote all shares owned by you at such date, including (1) shares held directly in your name as the stockholder of record and (2) shares held for you as the beneficial owner in street name through a broker, bank, trustee or other nominee. Dissenters' rights are not applicable to any of the matters being

voted on.

Stockholder of Record: Shares Registered in Your Name. If on April 15, 2015, your shares were registered directly in your name with Trupanion's transfer agent, American Stock Transfer & Trust Company, LLC, then you are considered the stockholder of record with respect to those shares. As a stockholder of record, you may vote at the meeting, or vote in advance through the Internet, or if you request to receive paper proxy materials by mail, by filling out and returning the proxy card.

1

---



**Beneficial Owner: Shares Registered in the Name of a Broker or Nominee.** If on April 15, 2015, 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 broker on how to vote the shares held in your account, and your broker has enclosed or provided voting instructions for you to use in directing it on how to vote your shares. Because the brokerage firm, bank or other nominee that holds your shares is the stockholder of record, if you wish to attend the meeting and vote your shares you must obtain a valid proxy from the firm that holds your shares giving you the right to vote the shares at the meeting.

Each director will be elected by a plurality of the votes cast at the meeting. This means that the three individuals nominated for election to the Board of Directors at the meeting receiving the highest number of “FOR” votes will be elected. You may either vote “FOR” one, two or all nominees or “WITHHOLD” your vote with respect to one, two or all nominees. You may not cumulate votes in the election of directors. Approval of the ratification of the appointment of our independent registered public accounting firm will be obtained if the holders of a majority of the votes cast at the meeting vote “FOR” the proposal.

A proxy submitted by a stockholder may indicate that the shares represented by the proxy are not being voted (stockholder withholding) with respect to a particular matter. In addition, a broker may not be permitted to vote on shares held in street name on a particular matter in the absence of instructions from the beneficial owner of the stock (broker non-vote). The shares subject to a proxy that are not being voted on a particular matter because of either stockholder withholding or broker non-votes will count for purposes of determining the presence of a quorum, but will not be treated as votes cast and, therefore, will have no effect on the election of directors or the ratification of the appointment of Ernst & Young LLP. Abstentions are voted neither “for” nor “against” a matter, and, therefore, will have no effect on the election of directors or the ratification of the appointment of Ernst & Young LLP, but are counted in the determination of a quorum.

**Recommendations of the Board of Directors on Each of the Proposals Scheduled to be Voted on at the Meeting**  
The Board of Directors recommends that you vote FOR each of the Class I directors named in this proxy statement (Proposal 1) and FOR the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2015 (Proposal 2).

#### Voting Instructions; Voting of Proxies

If you are a stockholder of record, you may:

- vote in person — we will provide a ballot to stockholders who attend the meeting and wish to vote in person;
  - vote through the Internet— in order to do so, please follow the instructions shown on your Notice of Internet Availability or proxy card; or
  - vote by mail — if you request or receive a paper proxy card and voting instructions by mail, simply complete, sign and date the proxy card and return it as soon as possible before the meeting in the envelope provided.
- Votes submitted through the Internet must be received by 11:59 p.m., Eastern Time, on June 2, 2015. Submitting your proxy, whether through the Internet or by mail if you request or received a paper proxy card, will not affect your right to vote in person should you decide to attend the meeting. If you are not the stockholder of record, please refer to the voting instructions provided by your nominee to direct it 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 any nominee you specify. For Proposal 2, you may vote “FOR” or “AGAINST” or “ABSTAIN” from voting. Your vote is important. Whether or not you plan to attend the 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 meeting,

your shares will be voted in accordance with the recommendations of our Board of Directors stated above.

If you received a Notice of Internet Availability, please follow the instructions included on the notice on how to access your proxy card and vote through the Internet. 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 meeting.

If you receive more than one proxy card or Notice of Internet Availability, 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 the Notice of

Internet Availability on how to access each proxy card and vote each proxy card through the Internet. If you requested or received paper proxy materials by mail, please complete, sign and return each proxy card to ensure that all of your shares are voted.

#### Expenses of Soliciting Proxies

The expenses of soliciting proxies will be paid by Trupanion. Following the original distribution and mailing of the solicitation materials, we or our agents may solicit proxies by mail, electronic mail, telephone, facsimile, by other similar means, or in person. Our directors, officers and other employees, without additional compensation, may solicit proxies personally or in writing, by telephone, e-mail or otherwise. Following the original distribution and mailing of the solicitation materials, we will request brokers, custodians, nominees and other record holders to forward copies of those 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 and/or vote 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 the closing of the polls by the inspector of elections at the meeting by:

- delivering to the Corporate Secretary a written notice stating that the proxy is revoked;
- signing and delivering a proxy bearing a later date;
- voting again through the Internet; or
- attending and voting at the meeting (although attendance at the meeting will not, by itself, revoke a proxy).

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

#### Electronic Access to the Proxy Materials

The Notice of Internet Availability will provide you with instructions regarding how to:

- view our proxy materials for the meeting through the Internet;
- instruct us to mail paper copies of our future proxy materials to you; and
- instruct us to send our future proxy materials to you electronically by email.

Choosing to receive your future proxy materials by email will reduce the impact of our annual meetings of stockholders on the environment and lower the costs of printing and distributing our proxy materials. If you choose to receive future proxy materials by email, you will receive an email next year with instructions containing a link to those materials and a link to the proxy voting site. Your election to receive proxy materials by email will remain in effect until you terminate it.

#### Voting Results

Voting results will be tabulated and certified by the inspector of elections appointed for the meeting. The preliminary voting results will be announced at the meeting and posted on our website at <http://investors.trupanion.com>. 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 meeting.

Implications of being an “emerging growth company.”

We are an “emerging growth company” as that term is used in the Jumpstart Our Business Startups Act of 2012 and, as such, have elected to comply with certain reduced public company reporting requirements. These reduced reporting requirements include reduced disclosure about the company’s executive compensation arrangements and no non-binding advisory votes on executive compensation. We will remain an emerging growth company until the earlier of (1) the last day of the fiscal year (a) following the fifth anniversary of the completion of our initial public offering, (b) in which we have total annual gross revenue of at least \$1.0 billion, or (c) in which we are deemed to be a large accelerated filer, which means the market value of our common stock that is held by non-affiliates exceeds \$700 million as of the prior June 30th, and (2) the date on which we have issued more than \$1.0 billion in non-convertible debt during the prior three-year period.

#### 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 pursue our strategic objectives for the benefit of our stockholders.

##### Corporate Governance Guidelines

Our Board of Directors has adopted Corporate Governance Guidelines that set forth expectations for directors, director independence standards, board committee structure and functions and other policies for the governance of the company. Our Corporate Governance Guidelines are available without charge on the investor relations section of our website at [www.trupanion.com](http://www.trupanion.com).

##### Board Composition and Leadership Structure

The positions of Chief Executive Officer and Chairman of our Board of Directors are held by two different individuals (Mr. Rawlings and Dr. Low, respectively). This structure allows our Chief Executive Officer to focus on our day-to-day business while our Chairman leads our Board of Directors in its fundamental role of providing advice to and independent oversight of management. Our Board of Directors believes such separation is appropriate, as it enhances the accountability of the Chief Executive Officer to the Board of Directors and strengthens the independence of the Board of Directors from management.

##### Board’s Role in Risk Oversight

Our Board of Directors believes that open communication between management and the Board of Directors is essential for effective risk management and oversight. Our Board of Directors meets with our Chief Executive Officer and other members of the senior management team at quarterly Board of Director meetings, where, among other topics, they discuss strategy and risks in the context of reports from the management team and evaluates the risks inherent in significant transactions. While our Board of Directors is ultimately responsible for risk oversight, our Board committees assist the Board of Directors in fulfilling its oversight responsibilities in certain areas of risk. The Audit Committee assists our Board of Directors in fulfilling its oversight responsibilities with respect to risk management in the areas of internal control over financial reporting and disclosure controls and procedures. The Compensation Committee assists our Board of Directors in assessing risks created by the incentives inherent in our compensation policies. The Nominating and Corporate Governance Committee assists our Board of Directors in fulfilling its oversight responsibilities with respect to the management of risk associated with Board membership and corporate governance.

##### Director Independence

Our common stock is listed on the New York Stock Exchange, or the NYSE. Under the rules of the NYSE, independent directors must comprise a majority of a listed company’s Board of Directors. In addition, the rules of the NYSE require that, subject to specified exceptions, each member of a listed company’s audit, compensation and nominating and corporate governance committees be independent. Under the rules of the NYSE, a director will only qualify as an “independent director” if, in the opinion of that company’s Board of Directors, that person does not have a

relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. Additionally, compensation committee members must not have a relationship with us that is material to the director's ability to be independent from management in connection with the duties of a compensation committee member.

Audit committee members must also satisfy the independence criteria set forth in Rule 10A-3 under the 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 committee of our Board of Directors (i) accept, directly or indirectly, any consulting, advisory or other compensatory fee from the listed company or any of its subsidiaries or (ii) be an affiliated person of the listed company or any of its subsidiaries. We have determined that we satisfy the audit committee independence requirements of Rule 10A-3.

Our Board of Directors has undertaken a review of the independence of each director and considered whether each director has a material relationship with us that could compromise his ability to exercise independent judgment in carrying out his responsibilities. As a result of this review, our Board of Directors determined that Dr. Low, Messrs. Doak, Levitan, Lindsley and Novotny and Ms. Ferracone, representing six of our nine directors, are “independent directors” as defined under the applicable rules and regulations of the SEC and the listing requirements and rules of the NYSE. In making these determinations, our Board of Directors reviewed and discussed information provided by the directors and us with regard to each director’s business and personal activities and relationships as they may relate to us and our management, including the beneficial ownership of our capital stock by each non-employee director and the transactions involving them described in the section entitled “Transactions with Related Parties, Founders and Control Persons.”

#### Committees of Our Board of Directors

Our Board of Directors has established an Audit Committee, a Compensation Committee and a Nominating and Corporate Governance Committee. The composition and responsibilities of each committee are described below. Members serve on these committees until their resignations or until otherwise determined by the Board of Directors. Copies of the charters for each committee are available without charge on the investor relations section of our website at [www.trupanion.com](http://www.trupanion.com).

**Audit committee.** Our audit committee is comprised of Messrs. Doak, Lindsley and Novotny. Mr. Novotny is the chairman of our audit committee. The composition of our audit committee meets the requirements for independence under the current NYSE and SEC rules and regulations. Each member of our audit committee is financially literate. In addition, our Board of Directors has determined that each member of our audit committee is an “audit committee financial expert” as defined in Item 407(d)(5)(ii) of Regulation S-K promulgated under the Securities Act of 1933, as amended. This designation does not impose on him any duties, obligations or liabilities that are greater than are generally imposed on members of our audit committee and our Board of Directors. Our audit committee’s principal functions are to assist our Board of Directors in its oversight of:

- our accounting and financial reporting processes, including our financial statement audits and the integrity of our financial statements;

- our compliance with legal and regulatory requirements;

- the qualifications, independence and performance of our independent auditors; and

- the preparation of the audit committee report to be included in our annual proxy statement.

**Compensation Committee.** Our compensation committee is comprised of Messrs. Levitan and Lindsley, Ms. Ferracone and Dr. Low. Mr. Lindsley is the chairman of our compensation committee. The composition of our compensation committee meets the requirements for independence under the current NYSE and SEC rules and regulations. Each member of this committee is also an outside director, within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended. Our compensation committee’s principal functions are to assist our Board of Directors with respect to compensation matters, including:

- evaluating, recommending, approving and reviewing executive officer and director compensation arrangements, plans, policies and programs;

- administering our cash-based and equity-based compensation plans; and

- making recommendations to our Board of Directors regarding any other Board of Director responsibilities relating to executive compensation.

**Nominating and Governance Committee.** Our nominating and governance committee is comprised of Messrs. Doak and Levitan and Dr. Low. Dr. Low is the chairman of our nominating and governance committee. Our nominating and governance committee’s principal functions include, among other things:

- identifying, considering and recommending candidates for membership on our Board of Directors;
- developing and recommending our corporate governance guidelines and policies;
- overseeing the process of evaluating the performance of our Board of Directors; and
- advising our Board of Directors on other corporate governance matters.

5

---

## Corporate Governance and Ethics Principles

One of the goals of our Board of Directors is to build long-term value for our stockholders. Our Board of Directors has adopted and follows corporate governance practices that it and our senior management believe are sound, promote this purpose and represent best practices, including the establishment of the following:

- Code of Business Conduct that sets forth our ethical principles and applies to all of our directors, officers and employees, including our Chief Executive Officer and Chief Financial Officer;

Corporate Governance Guidelines that set forth our corporate governance principles; and  
charters for our Audit, Compensation and Nominating and Corporate Governance Committees.

The full text of each of these policies, charters and guidelines is posted on the investor relations section of our website at <http://investors.trupanion.com/>. We intend to disclose any future amendments or waivers to provisions of our code of business conduct and ethics on our website or in public filings. We also have a number of internal policies and systems, including policies relating to insider trading and related-party transactions and a confidential, anonymous system for employees and others to report concerns about fraud, accounting matters, violations of our policies and other matters.

## Compensation Committee Interlocks and Insider Participation

The current members of our Compensation Committee are Messrs. Levitan and Lindsley, Ms. Ferracone and Dr. Low. No member of the Compensation Committee was an officer or employee of ours or any of our subsidiaries during the fiscal year ended December 31, 2014. In addition, none of our executive officers currently serves or has served on the Board of Directors or compensation committee of any entity whose executive officers included any of our directors.

## Board and Committee Meetings and Attendance

The Board of Directors and its committees meet regularly throughout the year and also hold special meetings and act by written consent from time to time. During 2014, the Board of Directors held 10 meetings, including telephonic meetings, the Audit Committee held six meetings, the Compensation Committee held six meetings and the Nominating and Corporate Governance Committee held one meeting. During 2014, none of the directors attended fewer than 75% of the aggregate of the total number of meetings held by the Board of Directors during his tenure and the total number of meetings held by all committees of the Board of Directors on which such director served during his tenure. The independent members of the Board of Directors also meet separately without management directors at least once per year to discuss such matters as the independent directors consider appropriate.

## Board Attendance at Annual Stockholders' Meeting

We invite and encourage each member of our Board of Directors to attend our annual meetings of stockholders. We do not have a formal policy regarding attendance of annual meetings by the members of our Board of Directors. We may consider in the future whether our company should adopt a more formal policy regarding director attendance at our annual 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 the Board of Directors or a specific member of our Board of Directors (including our Chairman) may do so by letters addressed to the attention of our Corporate Secretary, Trupanion, Inc., 907 NW Ballard Way, Seattle, WA 98107.

All communications are reviewed by the Corporate Secretary and provided to the members of the Board of Directors unless such communications are unsolicited items, sales materials and other routine items and items unrelated to the duties and responsibilities of the Board of Directors.



Considerations in Evaluating Director Nominees

The Nominating and Corporate Governance Committee is responsible for identifying, evaluating and recommending candidates to the Board of Directors for Board membership. A variety of methods are used to identify and evaluate director nominees, with the goal of maintaining and further developing a diverse, experienced and highly qualified Board. Candidates may come to our attention through current members of our Board, professional search firms, stockholders or other persons.

The Nominating and Corporate Governance Committee will recommend to the Board of Directors for selection all nominees to be proposed by the Board of Directors for election by the stockholders, including approval or recommendation of a slate of director nominees to be proposed by the Board of Directors for election at each annual meeting of stockholders, and will recommend all director nominees to be appointed by the Board to fill interim director vacancies.

Our Board of Directors encourages selection of directors who will contribute to the Company's overall corporate goals. The Nominating and Corporate Governance Committee may from time to time review and recommend to the Board the desired qualifications, expertise and characteristics of directors, including such factors as business experience, diversity and personal skills in technology, finance, marketing, financial reporting and other areas that are expected to contribute to an effective Board of Directors. Exceptional candidates who do not meet all of these criteria may still be considered. In evaluating potential candidates for the Board of Directors, the Nominating and Corporate Governance Committee considers these factors in the light of the specific needs of the Board of Directors at that time.

In addition, under our Corporate Governance Guidelines, a director is expected to spend the time and effort necessary to properly discharge such director's responsibilities. Accordingly, a director is expected to regularly attend meetings of the Board of Directors and committees on which such director sits, and to review material distributed to the director. Thus, the number of other public company boards and other boards (or comparable governing bodies) on which a prospective nominee is a member, as well as his or her other professional responsibilities, will be considered. Also under our Corporate Governance Guidelines, there are no limits on the number of three-year terms that may be served by a director. However, in connection with evaluating recommendations for nomination for reelection, the Nominating and Corporate Governance Committee considers director tenure. We value diversity on a company-wide basis, but have not adopted a specific policy regarding Board diversity.

#### Stockholder Recommendations for Nominations to the Board of Directors

The Nominating and Corporate Governance Committee will consider properly submitted stockholder recommendations for candidates for our Board of Directors who meet the minimum qualifications as described above. The Nominating and Corporate Governance Committee does not intend to alter the manner in which it evaluates candidates, including the minimum criteria set forth above, based on whether or not the candidate was recommended by a stockholder. A stockholder of record can nominate a candidate for election to the Board of Directors by complying with the procedures in Article I, Section 1.11 of our Bylaws. Any eligible stockholder who wishes to submit a nomination should review the requirements in the Bylaws on nominations by stockholders. Any nomination should be sent in writing to our Corporate Secretary, Trupanion, Inc., 907 NW Ballard Way, Seattle, WA 98107. Submissions must include the full name of the proposed nominee, complete biographical information, a description of the proposed nominee's qualifications as a director, other information specified in our Bylaws, and a representation that the nominating stockholder is a beneficial or record holder of our stock and has been a holder for at least one year. Any such submission must be accompanied by the written consent of the proposed nominee to be named as a nominee and to serve as a director if elected. These candidates are evaluated at meetings of the Nominating and Corporate Governance Committee, and may be considered at any point during the year. If any materials are provided by a stockholder in connection with the recommendation of a director candidate, such materials are forwarded to the Nominating and Corporate Governance Committee.

All proposals of stockholders that are intended to be presented by such stockholder at an annual meeting of Stockholders must be in writing and notice must be delivered to the Corporate Secretary at our principal executive offices not later than the close of business on the 75th day nor earlier than the close of business on the 105th day prior to the first anniversary of the preceding year's annual meeting, except in the case of our first annual meeting after our initial public offering, for which notice must be received no earlier than the 10th day following the day on which public announcement is first made of the date of the annual meeting and of the nominees proposed by the Board of Directors to be elected at such meeting. Stockholders are also advised to review our Bylaws, which contain additional

requirements with respect to advance notice of stockholder proposals and director nominations.

PROPOSAL NO. 1

**ELECTION OF CLASS I DIRECTORS**

Our Board of Directors is divided into three classes. Each class serves for three years, with the terms of office of the respective classes expiring in successive years. Directors and director nominees in Class I will stand for election at this meeting. The terms of office of directors in Class II and Class III do not expire until the annual meetings of stockholders to be held in 2016 and 2017, respectively. Our Nominating and Corporate Governance Committee nominated Messrs. Lindsley and Novotny and Ms. Ferracone, all incumbent Class I directors, for election as Class I directors at the 2015 annual meeting. At the recommendation of our Nominating and Corporate Governance Committee, our Board of Directors proposes that each of the three Class I nominees be elected as a Class I director for a three-year term expiring at the 2018 Annual Meeting of Stockholders and until such director's successor is duly elected and qualified or until such director's earlier resignation or removal.

Each director will be elected by a plurality of the votes present in person or represented by proxy at the meeting and entitled to vote on the election of directors. This means that the three individuals nominated for election to the Board of Directors at the meeting receiving the highest number of “FOR” votes will be elected. You may either vote “FOR” one, two or all nominees or “WITHHOLD” your vote with respect to one, two or all nominees. Shares represented by proxies will be voted “FOR” the election of each of the three Class I nominees, unless the proxy is marked to withhold authority to so vote. You may not cumulate votes in the election of directors. If any nominee for any reason is unable to serve the proxies may be voted for such substitute nominee as the proxy holders, who are officers of our company, might determine. Each nominee has consented to being named in this proxy statement and to serve if elected. Proxies may not be voted for more than three directors.

#### Nominees to the Board of Directors

The nominees, and their ages, occupations and length of board service are provided in the table below. Additional biographical descriptions of each nominee are set forth in the text below the table. These descriptions include the primary individual experience, qualifications, qualities and skills of each of our nominees that led to the conclusion that each director should serve as a member of our Board of Directors at this time.

Name of Director/Nominee	Age	Principal Occupation	Director Since
H. Hays Lindsley <sup>(1) (2)</sup>	56	Member of Investment Team, Petrus Asset Management Company	February 2013
Glenn Novotny <sup>(1)</sup>	68	Operating Partner, Telegraph Hill Partners	February 2013
Robin Ferracone <sup>(2)</sup>	61	Founder and CEO, Fariant Advisors LLC	December 2014

<sup>(1)</sup> Member of the Audit Committee

<sup>(2)</sup> Member of the Compensation Committee

H. Hays Lindsley has served as a member of our Board of Directors since February 2013. Mr. Lindsley currently oversees private investments at Petrus Asset Management Company, an investment firm, where he has served in various roles relating to private investments since 1994. Mr. Lindsley has also served as Chairman and Chief Executive Officer of Higginbotham Bartlett of New Mexico, a lumber company, since September 2009. Previously, Mr. Lindsley served in various roles at Hillwood Development Company, LLC, a real estate development company, and was a tax lawyer at Jenkins & Gilchrist, LLP. Mr. Lindsley holds a J.D. and an M.B.A. from the University of Texas at Austin and a B.S. from Vanderbilt University. Mr. Lindsley was chosen to serve on our Board of Directors based on his extensive experience in business investments, finance and operations.

Glenn Novotny has served as a member of our Board of Directors since February 2013. Mr. Novotny has been an Operating Partner Telegraph Hill Partners, a private equity firm investing in life science and healthcare companies, since February 2008. Previously, Mr. Novotny held key management positions, including most recently, Chief Executive Officer, and served as a member of the Board of Directors at Central Garden & Pet Company, a lawn and garden and pet supplies company. Prior to that, he served in a number of operating, strategic planning, sales and executive management roles with Weyerhaeuser Company. Mr. Novotny also serves on the Board of Directors of several private companies. Mr. Novotny completed the Executive Management Program at the Harvard Business School Program and holds a B.A. from Chadron State College. Mr. Novotny was chosen to serve on our Board of Directors based upon his significant experience in operations of high-growth companies, his knowledge of and experience in the pet industry, and his extensive experience serving on various boards of directors.

Robin Ferracone has served as a member of our Board of Directors since December 2014. Since April 2007, Ms. Ferracone has served as the Chief Executive Officer of Fariant Advisors, a performance advisory and strategic compensation firm. Previously, she was at Marsh & McLennan Companies, Inc., a global professional services firm in the areas of risk, strategy and human capital. Ms. Ferracone is also the trustee of several mutual funds. Ms. Ferracone holds an M.B.A. from Harvard Business School and a B.A. from Duke University. Ms. Ferracone was chosen to serve

on our Board of Directors due to her extensive expertise in corporate governance and executive compensation strategy.

Continuing Directors

The directors who are serving for terms that end following the meeting, and their ages, occupations and length of board service are provided in the table below. Additional biographical descriptions of each such director are set forth in the text below the table. These descriptions include the primary individual experience, qualifications, qualities and skills of each of our nominees that led to the conclusion that each director should serve as a member of our Board of Directors at this time.

Edgar Filing: TRUPANION INC. - Form DEF 14A

Name of Director	Age	Principal Occupation	Director Since
<b>Class II Directors:</b>			
Peter R. Beaumont	67	Principal, companies affiliated with Yorkshire Homes, Inc.	March 2010
Michael Doak <sup>(2)(3)</sup>	39	Senior Vice President, RenaissanceRe Holdings Ltd.	February 2014
Darryl Rawlings	46	President and Chief Executive Officer	January 2000
<b>Class III Directors:</b>			
Murray Low <sup>(1)</sup> <sup>(2)</sup>	62	Professor, Columbia Business School	April 2006
Dan Levitan <sup>(1)</sup> <sup>(2)</sup>	57	Managing Member, Maveron LLC	April 2007
Howard Rubin	62	Consultant, Trupanion, Inc.	March 2010

<sup>(1)</sup> Member of the Compensation Committee

<sup>(2)</sup> Member of the Nominating and Corporate Governance Committee

<sup>(3)</sup> Member of the Audit Committee

Murray Low is currently the Chairman of our Board of Directors and has served as a member of our Board of Directors since April 2006. In addition, Dr. Low served as our Secretary and Treasurer from April 2006 to June 2006. Dr. Low has been a professor at Columbia Business School since 1990 and was the Founding Director of the Eugene M. Lang Center for Entrepreneurship at Columbia Business School from July 2000 to September 2013. Since September 2013, Dr. Low has been the Director of Entrepreneurship Education at Columbia Business School. Since 1997, Dr. Low has also served as President of Low & Associates. Dr. Low holds a Ph.D. from the University of Pennsylvania, and an M.B.A. and a B.A. from Simon Fraser University. Dr. Low was chosen to serve on our Board of Directors due to his expertise in the areas of entrepreneurship and strategic management and his deep knowledge of our business.

Darryl Rawlings is our founder and has served as our Chief Executive Officer and President and as a member of our Board of Directors since January 2000. Previously, Mr. Rawlings was a founder of the Canadian Cigar Company. Mr. Rawlings holds a Diploma of Marketing Management from the British Columbia Institute of Technology. Mr. Rawlings was chosen to serve on our Board of Directors based on his experience founding high-growth companies and his experience and familiarity with our business as its Chief Executive Officer since inception.

Peter R. Beaumont has served as a member of our Board of Directors since March 2010. Dr. Beaumont has also served as the Chairman of our Veterinary Advisory Board and Panel of Independent Third Party Veterinarians since July 2007 and as a director of American Pet Insurance Company, our wholly-owned subsidiary, since May 2007. In addition, he has served as the Chairman of Medi-productions SAS, a veterinary media company, since July 2013, and as a principal of companies affiliated with Yorkshire Homes, Inc., a real property management company, since April 2006. Previously, he was a practicing veterinarian and veterinary practice owner for 25 years. He is a member of the Royal College of Veterinary Surgeons and the Association of Corporate Directors. Dr. Beaumont received an M.B.A. from New York University's Stern Business School and earned an M.R.C.V.S. and a B.V.M.S. from the University of Edinburgh, Scotland. Dr. Beaumont was chosen to serve on our Board of Directors based on his significant experience as a board member of several veterinary organizations and pet services companies, his deep understanding of our industry as a practicing veterinarian and his continuing involvement in various aspects of the veterinary profession.

Michael Doak has served as a member of our Board of Directors since February 2014. Mr. Doak has served in various leadership roles at entities affiliated with RenaissanceRe Holdings Ltd., a global provider of reinsurance and insurance services, most recently as Senior Vice President of RenaissanceRe Ventures Ltd. and Renaissance Underwriting Managers, Ltd., and as a Director of DaVinci Reinsurance Ltd. since June 2010. Prior to that, he served as an investment banker in the Financial Institutions Group at Morgan Stanley & Co. LLC, an investment bank, from September 2005 to May 2010. Mr. Doak holds a J.D. from the University of Pennsylvania Law School and a B.A. from the University of Virginia. Mr. Doak was chosen to serve on our Board of Directors based upon his experience

advising insurance and high-growth companies and his financial and investment expertise.

Dan Levitan has served as a member of our Board of Directors since April 2007. In 1998, Mr. Levitan co-founded Maveron LLC, a venture capital firm that invests in consumer companies. From 1983 to 1997, Mr. Levitan was employed by Wertheim Schroder & Co., an investment banking firm acquired by Salomon Smith Barney Inc. in 2000, most recently serving as a managing director. Mr. Levitan also currently serves on the boards of directors of Potbelly Corp. (NASDAQ:PBPB), a national quick-service restaurant chain, and numerous private companies and non-profit organizations. In addition, Mr. Levitan is also on the advisory board of the Arthur Rock Center for Entrepreneurship at Harvard Business School and the board of trustees of Seattle Children's Hospital Foundation. Mr. Levitan holds an M.B.A. from Harvard Business School and a B.A. from Duke University. Mr. Levitan was chosen to serve on our Board of

Directors due to his extensive experience with a wide range of consumer companies and the venture capital industry and his operational and financial expertise..

Howard Rubin has served as a member of our Board of Directors since March 2010. Mr. Rubin also served as our Chief Operating Officer from March 2010 to May 2014, and as our Secretary from July 2012 to August 2013. Mr. Rubin founded and served as the Chief Executive Officer at BrightHeart Veterinary Centers, a company operating specialty and emergency veterinary hospitals, from November 2007 to October 2009 and as the Chief Executive Officer of the National Commission on Veterinary Economic Issues, a non-profit association supporting the animal health and veterinary industry, from January 2001 to October 2007. Previously, he served as the Chief Executive Officer of Cardiopet, Inc. and as a Divisional Vice President of IDEXX Laboratories, Inc. Mr. Rubin also founded the Veterinary Referral Centre, a comprehensive, multi-specialty veterinary hospital. Mr. Rubin holds an M.B.A. from Washington University in St. Louis' Olin Business School and a B.A. from Ohio Wesleyan University. Mr. Rubin was chosen to serve on our Board of Directors based on his extensive experience in the veterinary care and animal health industries.

There are no familial relationships among our directors and officers.

#### Non-Employee Director Compensation

The following table presents the total compensation for each person who served as a non-employee member of our Board of Directors in the year ended December 31, 2014. Other than as set forth in the table, in the year ended December 31, 2014, we did not pay any fees to, make any equity awards or non-equity awards to, or pay any other compensation to the non-employee members of our Board of Directors, with the exception of reimbursement of expenses related to attendance at quarterly Board meetings. Mr. Rawlings, our Chief Executive Officer, and Mr. Rubin, our former Chief Operating Officer, received no compensation for their service as directors in the year ended December 31, 2014. The compensation provided to Mr. Rawlings and Mr. Rubin is discussed in the section entitled "Executive Compensation."

Name <sup>(1)</sup>	All Other Compensation	Total
Peter R. Beaumont <sup>(2)</sup>	\$72,000	<sup>(3)</sup> \$72,000

Michael Doak, Dan Levitan, H. Hays Lindsley, Murray Low, Glenn Novotny and Robin Ferracone also served as non-employee members of our Board of Directors in 2014. None of these directors were paid any compensation during 2014, nor did they hold any outstanding options to purchase shares of our common stock as of

- (1) December 31, 2014, except for Dr. Low, who held options to purchase 8,750 shares of common stock at an exercise price of \$4.05 per share, and Mr. Novotny, who held options to purchase 50,000 shares of common stock at an exercise price of \$1.04 per share. In February 2015, in connection with her December 2014 appointment to the Board of Directors, Ms. Ferracone was granted an option to purchase 23,360 shares of common stock at an exercise of \$7.73 per share.
- (2) As of December 31, 2014, Dr. Beaumont held options outstanding to purchase 56,303 shares of common stock at an exercise price of \$1.04 per share.
- (3) Represents compensation paid to Dr. Beaumont for consulting services.

**OUR BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" ELECTION OF EACH OF THE THREE NOMINATED CLASS I DIRECTORS.**

**PROPOSAL NO. 2**

**RATIFICATION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**



Our Audit Committee has selected Ernst & Young LLP as our principal independent registered public accounting firm to perform the audit of our consolidated financial statements for the fiscal year ending December 31, 2015. Ernst & Young LLP audited our financial statements for the fiscal years ended December 31, 2013 and 2014. We expect that representatives of Ernst & Young LLP will be present at the annual meeting, will be able to make a statement if they so desire and will be available to respond to appropriate questions.

At the Annual Meeting, the stockholders are being asked to ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2015. Our Audit Committee is submitting the selection of Ernst & Young LLP to our stockholders because we value our stockholders' views on our independent registered public accounting firm and as a matter of good corporate governance. If this proposal does not receive the affirmative approval of a majority of the votes cast on the proposal, the Audit Committee would reconsider the appointment. Notwithstanding its selection and even if our

stockholders ratify the selection, our Audit Committee, in its discretion, may appoint another independent registered public accounting firm at any time during the year if the Audit Committee believes that such a change would be in our best interests and the interests of our stockholders.

The following table presents fees for professional audit services for the fiscal years ended December 31, 2014 and December 31, 2013, by Ernst & Young LLP, our principal accountant for the audit of our annual financial statements for the years ended December 31, 2013 and 2014.

Principal Accountant Fees and Services

	Fiscal Year 2014 (\$)	Fiscal Year 2013 (\$)
Audit fees <sup>(1)</sup>	1,373,000	90,500
Audit related fees <sup>(2)</sup>	—	—
Tax fees <sup>(3)</sup>	—	—
All other fees <sup>(4)</sup>	2,000	2,000
Total fees	1,375,000	92,500

Audit fees consist of fees for professional services provided in connection with the audit of our annual consolidated financial statements, the review of our quarterly consolidated financial statements, and audit services that are normally provided by independent registered public accounting firm in connection with statutory and regulatory filings or engagements for those fiscal years, such as statutory audits. The audit fees also include fees for professional services provided in connection with our initial public offering, incurred during the fiscal year ended December 31, 2014, including comfort letters, consents and review of documents filed with the SEC.

<sup>(2)</sup> Audit related fees include fees billed for assurance and related services reasonably related to the performance of the audit.

<sup>(3)</sup> Tax fees include fees for tax compliance and advice.

<sup>(4)</sup> All other fees consist of fees for access to online accounting and tax research software.

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

Our Audit Committee generally pre-approves 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 periodically report 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. Our Audit Committee may also pre-approve particular services on a case-by-case basis. 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

REPORT OF THE AUDIT COMMITTEE

The information contained in the following report of the Audit Committee is not considered to be “soliciting material,” “filed” or incorporated by reference in any past or future filing by us under the Securities Exchange Act of 1934 or the Securities Act of 1933 unless and only to the extent that we specifically incorporate it by reference.

The Audit Committee has reviewed and discussed with our management and Ernst & Young LLP our audited consolidated financial statements as of and for the year ended December 31, 2014. The Audit Committee has also discussed with Ernst & Young LLP the matters required to be discussed by Public Company Accounting Oversight Board (PCAOB) Auditing Standard No. 16, Communications with Audit Committees.

The Audit Committee has received and reviewed the written disclosures and the letter from Ernst & Young LLP required by PCAOB Rule No. 3526 regarding the independent accountant’s independence, and has discussed with Ernst & Young LLP its independence.

Based on the review and discussions referred to above, the Audit Committee recommended to our Board of Directors that the audited consolidated financial statements as of and for the year ended December 31, 2014 be included in our annual report on Form 10-K for the year ended December 31, 2014 for filing with the Securities and Exchange Commission.

Submitted by the Audit Committee

Glenn Novotny, Chair

H. Hays Lindsley

Michael Doak

## 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 April 1, 2015, by:

- each stockholder known by us to be the beneficial owner of more than 5% of our common stock;
- each of our directors or director nominees;
- each of our named executive officers; and
- all of our directors and executive officers as a group.

Percentage ownership of our common stock is based on 28,089,121 shares of our common stock outstanding on April 1, 2015. We have determined beneficial ownership in accordance with the rules of the SEC, and thus it represents sole or shared voting or investment power with respect to our securities. Unless otherwise indicated below, to our knowledge, the persons and entities named in the table have sole voting and sole investment power with respect to all shares that they beneficially owned, subject to community property laws where applicable. We have deemed all shares of common stock subject to options, restricted stock units (RSUs) or other convertible securities held by that person or entity that are currently exercisable or releasable or that will become exercisable or releasable within 60 days of April 1, 2015 to be outstanding and to be beneficially owned by the person or entity holding the option for the purpose of computing the percentage ownership of that person or entity but have not treated them as outstanding for the purpose of computing the percentage ownership of any other person or entity.

Unless otherwise indicated, the address of each of the individuals and entities named below is c/o Trupanion, Inc., 907 NW Ballard Way, Seattle, Washington 98107.

Name of Beneficial Owner	Number of Shares Beneficially Owned	Percentage
<i>5% or greater stockholders:</i>		
Entities affiliated with Maveron <sup>(1)</sup>	6,553,586	23.3%
Entities affiliated with Highland Consumer Fund <sup>(2)</sup>	2,783,619	9.9%
RenaissanceRe Ventures Ltd. <sup>(3)</sup>	2,755,000	9.8%
Entities affiliated with Deerfield <sup>(4)</sup>	2,678,176	9.5%
Wasatch Advisors, Inc. <sup>(5)</sup>	1,538,360	5.5%
<i>Directors and Named Executive Officers:</i>		
Darryl Rawlings <sup>(6)</sup>	2,519,129	8.7%
Michael Banks <sup>(7)</sup>	199,923	*
Timothy Graff <sup>(8)</sup>	33,053	*
Peter Beaumont <sup>(9)</sup>	311,343	1.1%
Michael Doak	0	*
Robin Ferracone <sup>(10)</sup>	20,106	*
Dan Levitan <sup>(1)</sup>	6,553,586	23.3%
H. Hays Lindsley <sup>(11)</sup>	66,670	*
Murray Low <sup>(12)</sup>	254,880	*
Glenn Novotny <sup>(13)</sup>	118,665	*
Howard Rubin <sup>(14)</sup>	788,079	2.7%
All officers and directors as a group (14 persons) <sup>(15)</sup>	10,865,434	36.2%

\* Represents beneficial ownership of less than 1% of our outstanding shares of common stock.

<sup>(1)</sup> Based solely on the Schedule 13G filed by Maveron Equity Partners III, L.P. (Maveron Equity) on February 17, 2015. Consists of (i) 5,556,046 shares held by Maveron Equity, (ii) 235,731 shares held by Maveron III Entrepreneurs' Fund L.P. (Maveron Entrepreneurs) and (iii) 761,809 shares held by MEP Associates III, L.P.

(together with Maveron Equity and Maveron Entrepreneurs, the Maveron Entities). Maveron General Partner III LLC (Maveron LLC) is the general partner of each of the

Maveron Entities. Dan Levitan, a member of our Board of Directors, Clayton Lewis, Peter McCormick and Jason Stoffer are the managing members of Maveron LLC and, as such, share voting and investment power over the shares held by the Maveron Entities. The principal business address of each of the Maveron Entities is 411 First Avenue South, Suite 600, Seattle, Washington 98104.

Based on: (i) the Schedule 13G filed by Highland Consumer GP GP LLC (HC LLC) on February 13, 2015, and (ii) the Form 4 filed by HC LLC on February 26, 2015, and (iii) the Form 4 filed by HC LLC March 3, 2015 pursuant to the Stock Purchase Agreement by and between Highland Consumer Fund I Limited Partnership (Highland Consumer I), Highland Consumer Fund 1-B Limited Partnership (Highland Consumer IB) and Highland Consumer Entrepreneurs' Fund I, Limited Partnership (Highland Consumer Entrepreneurs and together with Highland Consumer I and Highland Consumer IB, the Highland Consumer Entities) and RenaissanceRe Ventures Ltd, dated February 26, 2015. Consists of (i) 2,723,620 shares and (ii) 59,999 shares underlying warrants to purchase  
(2) common stock that are exercisable within 60 days of April 1, 2015, held directly by Highland Consumer Entities and held indirectly held by Highland Consumer GP Limited Partnership (HC LP), the general partner of the Highland Consumer Entities. HC LLC is the general partner of HC LP. Peter Cornetta, Daniel Nova and Thomas Stemberg are the managers of HC LLC. Each of HC LP and HC LLC, as the general partner of the general partner of the Highland Consumer Entities, respectively, is deemed to have beneficial ownership of the shares held by the Highland Consumer Entities. Voting and investment decisions of HC LLC are made by the managers of HC LLC. The principal business address for the Highland Consumer Entities is One Broadway, 16th Floor, Cambridge, Massachusetts 02142.

Based on: (i) the Schedule 13G filed by RenaissanceRe Ventures Ltd. (Ventures) on February 17, 2015, and (ii) Stock Purchase Agreement by and between Highland Consumer Entities and Ventures, dated February 26, 2015. Ventures is a wholly owned subsidiary of Renaissance Other Investments Holdings II Ltd. (Holdings), which in  
(3) turn is a wholly owned subsidiary of RenaissanceRe Holdings Ltd. (RenaissanceRe). By virtue of these relationships, RenaissanceRe and Holdings may be deemed to have voting and dispositive power over the shares held by Ventures. The principal business address of RenaissanceRe is Renaissance House, 12 Crow Lane, Pembroke HM19, Bermuda.

Based solely on the Schedule 13G filed by Deerfield Mgmt, L.P. (Deerfield) on February 17, 2015. Consists of (i) 1,462,284 shares held by Deerfield Special Situations Fund, L.P. (Special Fund), and (ii) 1,215,892 shares held by Deerfield Special Situations International Master Fund, L.P. (Special International Fund, and together with  
(4) Special Fund, the Deerfield Funds). Deerfield is the general partner of each of the Deerfield Funds. Deerfield Management Company, L.P. is the investment advisor to each of the Deerfield Funds. James E. Flynn, a United States citizen, is identified as a reporting person for each of the Deerfield Funds. The principal mailing address for the Deerfield Entities is 780 Third Avenue, 37<sup>th</sup> Floor, New York, NY 10017.

(5) Based solely on the Schedule 13G filed by Wasatch Advisors, Inc. on February 17, 2015. The principal business address of Wasatch Advisors, Inc. is 505 Wakara Way, 3<sup>rd</sup> Floor, Salt Lake City, UT 84108.

Consists of (i) 1,690,665 shares held by Mr. Rawlings, of which 584,385 are shares of unvested restricted stock subject to our right of repurchase and (ii) 828,464 shares underlying options to purchase common stock that are  
(6) exercisable within 60 days of April 1, 2015. Mr. Rawlings holdings exclude 120,481 shares held by Rawlings GST Trust dated March 1, 2012, of which Murray Low, a member of our Board of Directors, is the trustee and the Rawlings GST Exempt Trust FBO and Rawlings GST Non-Exempt Trust FBO are the beneficiaries, of which Mr. Rawlings' children are beneficiaries.

(7) Consists of (i) 6,175 shares held by Mr. Banks and (ii) 193,748 shares underlying options to purchase common stock that are exercisable within 60 days of April 1, 2015.

(8) Consists of 33,053 shares held by Mr. Graff.

Consists of (i) 55,366 shares held by Peter R. Beaumont, (ii) 169,674 shares held by Mary Ruth Beaumont, Dr. Beaumont's spouse, (iii) 56,303 shares underlying options to purchase common stock that are exercisable within 60  
(9) days of April 1, 2015, and (iv) 30,000 shares underlying warrants to purchase common stock, held by Meryt43 LLC, of which Dr. Beaumont and Dr. Beaumont's spouse are beneficiaries, that are exercisable within 60 days.

(10) Consists of 20,106 shares held by Robin A. Ferracone TTEE of the Robin A. Ferracone Living Trust dtd 6/3/2002.

- (11) Consists of 66,670 shares held by Lindsley Partners, L.P. (Lindsley Partners). The HHL09 Trust is the sole member of Zoida LLC, which is the general partner of Lindsley Partners. H. Hays Lindsley, a member of our Board of Directors, is the sole trustee of the HHL09 Trust and, as such, holds sole voting and investment power over the shares.
- (12) Consists of (i) 178,630 shares held by Murray Low, (ii) 67,500 shares held by Murray R. Low ROTH IRA #90GK49015 and (iii) 8,750 shares underlying options to purchase common stock that are exercisable within 60 days of April 1, 2015.
- (13) Consists of (i) 5,000 shares held by Glenn Novotny, (i) 3,004 shares held by Glenn and Linda Novotny 1996 Living Trust, of which Mr. and Mrs. Novotny are beneficiaries, (ii) 64,828 shares held by Linda K. Novotny Irrevocable Trust dated December 27, 2012, of which Scott Kerr is trustee and Christina Kerr, Teresa Novotny-Micheal, Angela Ovalle and Glenn Novotny are beneficiaries and (iii) 45,833 shares underlying options to purchase common stock that are exercisable within 60 days of April 1, 2015.
- (14) Consists of 788,079 shares underlying options to purchase common stock that are exercisable within 60 days of April 1, 2015.
- (15) Consists of (i) 8,914,257 shares held by our directors and executive officers as a group and (ii) 1,921,177 shares underlying options to purchase common stock that are exercisable within 60 days of April 1, 2015 held by our directors and executive officers as a group.

## EXECUTIVE OFFICERS

Our executive officers and their respective ages and positions as of April 23, 2015, are as follows:

Name	Age	Position
Executive Officers		
Darryl Rawlings	46	Chief Executive Officer, President and Director
Michael Banks	55	Chief Financial Officer
Alison Andrew	42	Chief Marketing Officer
Tim Graff	53	President of American Pet Insurance Company
Ian Moffat	39	Vice President of Operations
Craig Susen	39	Chief Technology Officer

Darryl Rawlings is our founder and has served as our Chief Executive Officer and President and as a member of our Board of Directors since January 2000. Previously, Mr. Rawlings was a founder of the Canadian Cigar Company. Mr. Rawlings holds a Diploma of Marketing Management from the British Columbia Institute of Technology. Mr. Rawlings was chosen to serve on our Board of Directors based on his experience founding high-growth companies and his experience and familiarity with our business as its Chief Executive Officer since inception. Michael Banks has served as our Chief Financial Officer since June 2012. Previously, Mr. Banks served as the Chief Financial Officer at Penn Millers Holding Corporation, a provider of property casualty insurance, from August 2002 to May 2012. Prior to that, Mr. Banks served as the Vice President, Treasurer and Comptroller at Atlantic Mutual Insurance Company, Inc. and as the Vice President and Assistant Controller at AMBAC Indemnity Corporation. Mr. Banks holds a B.S. from the University of Delaware.

Alison Andrew has served as our Chief Marketing Officer since February 2014 and previously served as our Vice President of Marketing from October 2012 to February 2014. Previously, Ms. Andrew served as the Head of Marketing of Allianz Insurance plc, a global insurance and financial services company, from July 2007 to July 2011. Prior to that, Ms. Andrew served as the Account Director at RSM Ltd., a provider of marketing and public relations solutions. Ms. Andrew holds a B.A. from Heriot-Watt University.

Tim Graff has served as the President of American Pet Insurance Company (APIC), our insurance company subsidiary, since October 2012. Previously, Mr. Graff served as Senior Vice President at QBE North America, a division of the QBE Insurance Group Ltd., an insurance company, from March 2011 to May 2012. Prior to that, Mr. Graff served in various leadership roles, including most recently as Senior Vice President, at U.S. subsidiaries of RenaissanceRe Holdings Ltd., a global catastrophe reinsurer, from December 2003 to March 2011.

Ian Moffat has served as our Vice President of Operations since October 2012. Previously, Mr. Moffat served as the Operations Manager and in various other roles at Allianz Insurance plc from June 1997 to August 2012.

Craig Susen has served as our Chief Technology Officer since September 2013, and previously served as our Acting Chief Technology Officer from March 2013 to September 2013 and as Architect from October 2012 to March 2013. Mr. Susen also served as an Architect at Hitachi Consulting, a global business and IT consulting company of Hitachi, Ltd., from December 2007 to October 2012. Mr. Susen holds a B.S. from the University of Hawaii at Manoa. Our executive officers are appointed by, and serve at the discretion of, our Board of Directors. There are no family relationships among any of our directors or executive officers.

## EXECUTIVE COMPENSATION

The following tables and accompanying narrative disclosure set forth information about the compensation provided to our Chief Executive Officer, Chief Financial Officer, President of American Pet Insurance Company and former Chief



Operating Officer during the fiscal year ended December 31, 2014. We refer to these individuals in this section as our “named executive officers.”

15

---

## Summary Compensation Table

The following table provides information regarding all compensation awarded to, earned by or paid to our named executive officers for all services rendered in all capacities to us during 2014 and 2013.

Name and principal position	Year	Salary (\$)	Option Awards <sup>(1)</sup> (\$)	Stock Awards <sup>(1)</sup> (\$)	Non-equity incentive plan compensation (\$)	All other compensation (\$)	Total (\$)
Darryl Rawlings Chief Executive Officer	2014	300,000	--	--	182,550	--	482,550
	2013	320,960	--	3,345,020	203,119	--	3,869,099
Michael Banks Chief Financial Officer	2014	275,000	--	--	84,627	--	359,627
	2013	250,723	260,286	--	87,520	--	598,529
Timothy Graff President of American Pet Insurance Company <sup>(2)</sup>	2014	72,355	556,000	--	17,315 <sup>(2)</sup>	--	795,987
Howard Rubin Former Chief Operating Officer <sup>(3)</sup>	2014	100,000	--	--	--	199,500 <sup>(4)</sup>	299,500
	2013	300,722	--	--	147,393	--	448,115

The amounts reported in this column represent the aggregate grant date fair value of the stock options and restricted stock granted to our named executive officers during the years ended December 31, 2014 and 2013, as computed in accordance with Accounting Standards Codification Topic 718. The assumptions used in calculating the aggregate grant date fair value of the stock options and restricted stock reported in this column are set forth in Note 11 to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2014. The amounts reported in this column reflect the accounting cost for these stock options and restricted stock, and do not correspond to the actual economic value that may be received by our named executive officers from the stock options and restricted stock.

<sup>(1)</sup> Mr. Graff was not an executive officer in 2013. Mr. Graff was granted fully-vested restricted stock under the 2014 Plan in lieu of a cash bonus for 2014.

<sup>(2)</sup> Mr. Rubin's employment with our company ended in May 2014.

Mr. Rubin was paid \$199,500 in consulting fees in connection with a consulting agreement entered into on May 5,

<sup>(3)</sup> 2014 pursuant to which Mr. Rubin's employment ended effective May 1, 2014. From May 1, 2014 through July 1, 2015, Mr. Rubin was and will be paid a monthly fee of \$28,500 for his consulting services.

## Non-Equity Incentive Plan Awards

Annual bonuses for our executive officers are based on the achievement of quarterly corporate performance objectives, which in 2014 included Messrs. Rawlings, Banks and Graff. The annual bonus awarded to Messrs. Banks and Graff was also based on individual performance objectives. In February 2015, based on the achievement of these quarterly corporate performance and individual objectives, our Chief Executive Officer, except with respect to his own compensation, and our compensation committee determined that approximately 61%, 62% and 59% of Messrs. Rawlings', Banks' and Graff's target bonuses, respectively, should be awarded. For 2014, Messrs. Rawlings, Banks and Graff had target bonuses equal to 100%, 50% and 40% of their annual base salaries. Accordingly, Mr. Rawlings and Banks were awarded the annual bonuses reflected in the table above. Mr. Graff's bonus was awarded in the form of a fully-vested restricted stock award and is reflected in the table above. Mr. Rubin's employment with us ended in May 2014 and, therefore, he was not eligible to receive an annual bonus under our non-equity incentive plan.



2014 Equity Awards

Until our initial public offering, equity awards were granted to our executive officers at the discretion of our Board of Directors. After our initial public offering in July 2014, equity awards are granted to our executive officers at the discretion of our compensation committee. In 2014, our Board of Directors and Compensation Committee determined not to grant any equity awards to Mr. Rawlings and Banks due to their prior equity grants, which continued to vest throughout 2014. In 2014, our Compensation Committee granted Mr. Graff stock options to acquire 100,000 shares of our common stock in connection with the commencement of his employment with us.

Outstanding Equity Awards at December 31, 2014

The following table presents, for each of our named executive officers, information regarding outstanding stock options and other equity awards held as of December 31, 2014.

NAME	GRANT DATE <sup>(1)</sup>		NUMBER OF UNDERLYING UNEXERCISED OPTIONS EXERCISABLE (#)	NUMBER OF UNDERLYING UNEXERCISED OPTIONS (#)	OPTION EXERCISE PRICE (\$)	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 (\$) <sup>(2)</sup>
Darryl Rawlings	12/4/2008	<sup>(3)</sup>	544,592	—	\$0.90	12/4/2018	—	—
	9/23/2011	<sup>(4)</sup>	251,614	58,065	\$1.04	9/23/2021	—	—
	8/2/2013	<sup>(5)</sup>	—	—	—	—	584,385	\$ 4,049,788
Michael Banks	6/21/2012	<sup>(6)</sup>	125,000	75,000	\$4.05	6/21/2022	—	—
	8/2/2013	<sup>(7)</sup>	37,500	62,500	\$4.77	8/2/2023	—	—
Timothy Graff	8/1/2014	<sup>(8)</sup>	—	100,000	\$9.9	8/1/2024	—	—
Howard Rubin	3/16/2010	<sup>(9)</sup>	788,079	—	\$1.04	3/16/2020	—	—

(1) All of the outstanding equity awards were granted under our 2007 Equity Compensation Plan except for the award granted to Mr. Graff on August 1, 2014.

(2) Calculated based on the closing stock price reported on the New York Stock Exchange on December 31, 2014 of \$6.93 per share.

(3) Twenty-five percent of the shares underlying this option vested on April 25, 2008 and approximately 2% vested monthly thereafter.

(4) Twenty-five percent of the shares underlying this option vested on September 23, 2012 and approximately 2% vests monthly thereafter.

(5) Of the 701,262 restricted shares, 116,877 vested on August 2, 2014 and approximately 17% vests on each annual anniversary of that date thereafter.

(6) Twenty-five percent of the shares underlying this option vested on June 13, 2013 and approximately 2% vests monthly thereafter.

(7) Twenty-five percent of the shares underlying this option vested on June 28, 2014 and approximately 2% vests monthly thereafter.

(8) Twenty-five percent of the shares underlying this option vest on August 1, 2015 and approximately 2% vests monthly thereafter.

(9) Twenty percent of the shares underlying this option vested on February 1, 2011 and 20% vested annually thereafter. Pursuant to the terms of an amended and restated stock option agreement entered into in May 2014 in connection with Mr. Rubin's departure as Chief Operating Officer, the final 20% of the shares underlying this option vested on July 1, 2014.

## Employment, Severance and Change of Control Agreements

### Darryl Rawlings

We entered into an employment agreement with Mr. Rawlings, our Chief Executive Officer, on June 30, 2006, which was amended and restated on April 20, 2007. Pursuant to the amended and restated employment agreement, Mr. Rawlings is entitled to an initial base salary and annual bonus based on the achievement of objectives determined by our compensation committee. If we terminate Mr. Rawlings' employment without "cause," he is entitled to receive continued payment of his base salary for a period equal to the lesser of six months or through the end of the current term of his employment agreement, in addition to standard entitlements such as earned but unpaid wages, including any bonus he is otherwise entitled to, reimbursement for unpaid expenses incurred and payment of other vested benefits.

If, on or within nine months of a "change of control," we or our successor in interest terminate Mr. Rawlings' employment without "cause" or Mr. Rawlings voluntarily resigns for "good reason," he is entitled to receive accelerated vesting of 100% of his then-unvested interests in all of our equity securities.

Under Mr. Rawlings' amended and restated employment agreement, "cause" means his (i) conviction of an offence that is related to his employment; (ii) commission of a fraudulent, illegal or dishonest act in respect of us or any of our affiliates or subsidiaries; (iii) willful misconduct or gross negligence that reasonably could be expected to be injurious (in our reasonable discretion) to our business, operations or reputation or to any of our affiliates or subsidiaries (monetarily or otherwise); (iv) violation of our policies or procedures in effect from time to time; provided, however, to the extent that such violation is subject to cure, Mr. Rawlings shall have an opportunity to cure such violation within ten days following written notice of such violation; (v) after a written warning and a 10-day opportunity to cure non-performance, failure to perform his duties as assigned to him from time to time; or (vi) other material breach of his amended and restated employment agreement.

Under Mr. Rawlings' restricted stock agreement, "change of control" means (i) our dissolution or liquidation; (ii) the sale or exclusive license of all or substantially all of our assets to a person that is not an affiliate; (iii) a merger, reorganization or consolidation in which each outstanding share of our capital stock is converted into or exchanged for a different kind of security of the successor entity and the holders of our outstanding voting power immediately prior to such conversion or exchange do not own a majority of the outstanding voting power of the successor entity immediately upon completion of such conversion or exchange; or (iv) the sale of all or substantially all of our outstanding capital stock to a person that is not an affiliate.

Under Mr. Rawlings' restricted stock agreement, "good reason" means failure to pay any amounts owed to Mr. Rawlings within ten days of written demand therefor.

### Michael Banks

We entered into an employment agreement with Mr. Banks, our Chief Financial Officer, on June 13, 2012. Pursuant to the employment agreement, Mr. Banks is entitled to an initial base salary and annual bonus based on the achievement of objectives determined by our compensation committee. If we terminate Mr. Banks' employment without "cause," he is entitled to receive a severance payment equivalent to two months of his base salary, in addition to standard entitlements, such as earned but unpaid wages, including any bonus he is otherwise entitled to, reimbursement for unpaid expenses incurred and payment of other vested benefits.

If, on or within 12 months of a "change of control," we or our successor in interest terminate Mr. Banks' employment without cause, he is entitled to receive a severance payment equivalent to one year of his then-current base salary.

Under Mr. Banks' employment agreement, "cause" means (i) acts or omissions constituting gross negligence, recklessness or willful misconduct on the part of Mr. Banks with respect to his obligations or otherwise relating to our business; (ii) any acts or conduct by Mr. Banks that are materially adverse to our interests; (iii) Mr. Banks' material breach of his employment agreement; (iv) Mr. Banks' breach of our confidential information, inventions, nonsolicitation and noncompetition agreement; (v) Mr. Banks' conviction or entry of a plea of nolo contendere for fraud, misappropriation or embezzlement, or any felony or crime of moral turpitude or that otherwise negatively impacts his ability to effectively perform his duties under his employment agreement; (vi) Mr. Banks' willful neglect of duties as determined in the sole and exclusive discretion of our Board of Directors; (vii) Mr. Banks' inability to perform the essential functions of his position, with or without reasonable accommodation, due to a mental or physical

disability; (viii) Mr. Banks' death; or (ix) Mr. Banks' failure to relocate his primary residence to Seattle, Washington within three months of the effective date of his employment agreement.

Under Mr. Banks' employment agreement, "change of control" means (i) any person, other than a trustee or other fiduciary holding our securities under one of our employee benefit plans, becoming the beneficial owner, directly or indirectly, of our securities representing more than 50% of (A) our outstanding shares of common stock or (B) the combined voting power of our then-outstanding securities; (ii) the sale or disposition of all or substantially all of our assets (or any transaction having similar effect); (iii) us becoming party to a merger or consolidation that results in the holders of our voting securities outstanding immediately prior to such merger or consolidation failing to continue to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than 50% of the combined voting power of our voting securities or such surviving entity outstanding immediately after such merger or consolidation; or (iv) our dissolution or liquidation.

Timothy Graff

We entered into an offer letter agreement with Mr. Graff, President of American Pet Insurance Company, on July 6, 2014. The offer letter has no specific term and constitutes an at-will employment arrangement. The offer letter provides for an initial base salary and annual bonus based on the achievement of objectives determined by our compensation committee. The offer letter does not provide for any change-of-control or severance payments.

Howard Rubin

On May 5, 2014, we entered into a consulting agreement with Howard Rubin, our former Chief Operating Officer and a current member of our Board of Directors. Pursuant to the consulting agreement, Mr. Rubin's employment with us ended effective May 1, 2014. From such date through December 31, 2014, Mr. Rubin was eligible to receive health and dental insurance coverage from us. Additionally, all of Mr. Rubin's unvested stock options as of his separation date vested on July 1, 2014, and he will be permitted to exercise his stock options for a period of 12 months after the date on which he is no longer providing services to us. The consulting agreement also provides that we and Mr. Rubin intend for him to continue to serve as a member of our Board of Directors at least through the term of his consulting agreement, and, after July 1, 2015, Mr. Rubin will be eligible to receive compensation for his services as a director. Mr. Rubin also agreed to provide consulting services to us, which consist of his attendance on our behalf at trade shows and conferences. From May 1, 2014 through July 1, 2015, Mr. Rubin will be paid a monthly fee of \$28,500 for up to 100 aggregate days spent consulting. From July 1, 2015 through July 1, 2017, he will be compensated \$5,000 per day spent consulting, but will not be compensated for fewer than 40 days spent consulting during this period. The consulting agreement would, pursuant to its terms, terminate on July 1, 2017.

## Employee Benefits and Incentive Plans

### 2007 Equity Compensation Plan

Our Board of Directors and stockholders adopted our 2007 Equity Compensation Plan (2007 Plan) in December 2008. The 2007 Plan provides for the grant of both incentive stock options, which qualify for favorable tax treatment to their recipients under Section 422 of the Internal Revenue Code of 1986, as amended (Code), and nonstatutory stock options, as well as for the issuance of shares of restricted stock and stock bonuses and the award of restricted stock units. We may grant incentive stock options only to our employees. We may grant nonstatutory stock options, restricted stock, stock bonuses and restricted stock units to our employees, directors and consultants. The exercise price of each stock option must be at least equal to the fair market value of our common stock on the date of grant. The exercise price of incentive stock options granted to stockholders who, at the time of grant, own stock representing more than 10% of the voting power of all classes of our stock, must be at least equal to 110% of the fair market value of our common stock on the date of grant. The maximum permitted term of options granted under our 2007 Plan is ten years, except that the maximum permitted term of incentive stock options granted to stockholders who, at the time of grant, own stock representing more than 10% of the voting power of all classes of our stock, is five years. In the event of our merger or consolidation, the 2007 Plan provides that, unless the applicable award agreement provides otherwise, if awards are not assumed or substituted in connection with the merger or consolidation, then the vesting and exercisability of such awards will accelerate in full, followed by termination of any unexercised awards. We ceased issuing awards under the 2007 Plan upon the implementation of our 2014 Equity Incentive Plan (2014 Plan). As a result, we will not grant any additional options under the 2007 Plan, and the 2007 Plan terminated. The



outstanding options and restricted stock granted under the 2007 Plan, however, remain outstanding, subject to the terms of the 2007 Plan and stock option and restricted stock agreements, until such outstanding options are exercised or shares of restricted stock are vested or until the awards terminate or expire by their terms. Options and restricted stock granted under the 2007 Plan have similar terms to those described above with respect to such awards to be granted under our 2014 Plan.

### 2014 Equity Incentive Plan

Our Board of Directors adopted our 2014 Plan in June 2014, it became effective July 17, 2014 and serves as the successor to our 2007 Plan. We initially reserved 2,000,000 shares of our common stock to be issued under our 2014 Plan. The number of shares reserved for issuance under our 2014 Plan increased automatically on January 1, 2015 and will increase automatically for each of the calendar years 2015 through 2024 by the number of shares equal to 4% of the total outstanding shares of our common stock as of the immediately preceding December 31 of such year. Our Board of Directors or compensation committee may, however, reduce the amount of the increase in any particular year. In addition, the following shares are available for grant and issuance under our 2014 Plan:

- shares subject to options or stock appreciation rights (SARs) granted under our 2014 Plan that ceased to be subject to the option or SAR for any reason other than exercise of the option or SAR;
- shares subject to awards granted under our 2014 Plan that were subsequently forfeited or repurchased by us at the original issue price;
- shares subject to awards granted under our 2014 Plan that otherwise terminated without shares being issued;
- shares surrendered, canceled, or exchanged for cash or the same type of award or a different award (or combination thereof);
- shares reserved but not issued or subject to outstanding awards under our 2007 Plan on July 17, 2014;
- shares issuable upon the exercise of options or subject to other awards under our 2007 Plan prior to July 17, 2014 that ceased to be subject to such options or other awards by forfeiture or otherwise after July 17, 2014;
- shares issued under our 2007 Plan that were forfeited or repurchased by us after July 17, 2014; and
- shares subject to awards under our 2007 Plan that were used to pay the exercise price of an option or withheld to satisfy the tax withholding obligations related to any award.

Our 2014 Plan authorizes the award of stock options, restricted stock awards (RSAs), SARs, restricted stock units (RSUs), performance awards and stock bonuses. No person will be eligible to receive more than 1,000,000 shares in any calendar year under our 2014 Plan other than a new employee, who will be eligible to receive no more than 2,000,000 shares under the 2014 Plan in the calendar year in which the employee commences employment.

Additionally, no participant may be granted in a calendar year a performance cash award having a maximum value in excess of \$5.0 million under our 2014 Plan. Such limitations are designed to help ensure that any deductions to which we would otherwise be entitled with respect to such awards will not be subject to the \$1.0 million limitation on the income tax deductibility of compensation paid per covered executive officer imposed by Section 162(m) of the Code. Our 2014 Plan permits the grant of performance-based stock and cash awards that may qualify as performance-based compensation that is not subject to the \$1.0 million limitation on the income tax deductibility of compensation paid per covered executive officer imposed by Section 162(m) of the Code. To help ensure that the compensation attributable to performance-based awards will so qualify, our compensation committee can structure such awards so that the stock or cash will be issued or paid pursuant to such award only following the achievement of specified pre-established performance goals during a designated performance period.

Our 2014 Plan is administered by our compensation committee, all of the members of which are outside directors as defined under applicable federal tax laws, or by our Board of Directors acting in place of our compensation committee. Our compensation committee has the authority to construe and interpret our 2014 Plan, grant awards and make all other determinations necessary or advisable for the administration of our 2014 Plan.

Our 2014 Plan provides for the grant of awards to our employees, directors, consultants, independent contractors and advisors, provided the employees, directors, consultants, independent contractors and advisors are natural persons that render services not in connection with the offer and sale of securities in a capital-raising transaction. The exercise price of stock options must be at least equal to the fair market value of our common stock on the date of grant.

In general, options granted to employees under our 2014 Plan vest over a four-year period. Options may vest based on time or achievement of performance conditions. Our compensation committee may provide for options to be exercised only as they vest or to be immediately exercisable with any shares issued on exercise being subject to our right of repurchase that lapses as the shares vest. The maximum term of options granted under our 2014 Plan is ten years.

An RSA is an offer by us to sell shares of our common stock subject to restrictions, which may vest based on time or achievement of performance conditions. The price (if any) of an RSA will be determined by the compensation committee. Unless otherwise determined by the compensation committee at the time of award, vesting will cease on the date the participant no longer provides services to us and unvested shares will be forfeited to or repurchased by us. SARs provide for a payment, or payments, in cash or shares of our common stock, to the holder based on the difference between the fair market value of our common stock on the date of exercise and the stated exercise price, up to a maximum amount of cash or number of shares. SARs may vest based on time or the achievement of performance conditions.

RSUs represent the right to receive shares of our common stock at a specified date in the future, subject to forfeiture of that right because of termination of employment or failure to achieve the performance conditions. If an RSU has not been forfeited, then on the date specified in the RSU agreement, we will deliver to the holder of the RSU whole shares of our common stock (which may be subject to additional restrictions), cash or a combination of our common stock and cash.

Performance shares are performance awards that cover a number of shares of our common stock that may be settled upon achievement of the pre-established performance conditions in cash or by issuing the underlying shares. These awards are subject to forfeiture prior to settlement because of termination of employment or failure to achieve the performance conditions.

Stock bonuses may be granted as additional compensation for service or performance and, therefore, may not be issued in exchange for cash.

Subject to the terms of our 2014 Plan, the administrator has the authority to re-price any outstanding option or SAR, cancel and re-grant any outstanding option or SAR in exchange for new stock awards, cash or other consideration, or take any other action that is treated as a re-pricing under generally accepted accounting principles, with the consent of any adversely affected participant.

In the event there is a specified type of change in our capital structure without receipt of consideration, such as a stock split, appropriate adjustments will be made to the number of shares reserved under our 2014 Plan, the maximum number of shares that can be granted in a calendar year, and the number of shares and exercise price, if applicable, of all outstanding awards under our 2014 Plan.

Awards granted under our 2014 Plan may not be transferred in any manner other than by will or by the laws of descent and distribution or as determined by our compensation committee. Unless otherwise permitted by our compensation committee, stock options may be exercised during the lifetime of the optionee only by the optionee or the optionee's guardian or legal representative. Options granted under our 2014 Plan generally may be exercised for a period of three months after the termination of the optionee's service to us, for a period of 12 months in the case of death or disability, or such shorter or longer period as our compensation committee may provide. Options generally terminate immediately upon termination of employment for cause.

If we are party to a merger or consolidation, outstanding awards, including any vesting provisions, may be assumed, substituted or replaced by the successor company. Outstanding awards that are not assumed, substituted or replaced will accelerate in full and expire upon the merger or consolidation.

Our 2014 Plan will terminate ten years from the date our Board of Directors approved the plan, or July 16, 2024, unless it is terminated earlier by our Board of Directors. Our Board of Directors may amend or terminate our 2014 Plan at any time. If our Board of Directors amends our 2014 Plan, it does not need to ask for stockholder approval of the amendment unless required by applicable law.

#### 2014 Employee Stock Purchase Plan

Our Board of Directors adopted a 2014 Employee Stock Purchase Plan (2014 ESPP) in order to enable eligible employees to purchase shares of our common stock at a discount. If and when we elect to implement the 2014 ESPP, purchases would be accomplished through participation in discrete offering periods. Our 2014 ESPP is intended to qualify as an employee stock purchase plan under Section 423 of the Code. We initially reserved 2,000,000 shares of our common stock for issuance under our 2014 ESPP. The number of shares reserved for issuance under our 2014 ESPP increased automatically on January 1, 2015 and will increase automatically on January 1 of each of the first nine calendar years following the first offering date by the number of shares equal to the greater of 1% of the total outstanding shares of our common stock as of the immediately preceding December 31 of such year (rounded to the nearest whole share). Our Board of Directors or compensation committee may, however, reduce the amount of the increase in any particular year. The aggregate number of shares issued over the term of our 2014 ESPP will not exceed 20,000,000 shares of our common stock.

Our compensation committee administers our 2014 ESPP. If and when we elect to implement the 2014 ESPP, our U.S. employees generally would be eligible to participate in our 2014 ESPP if they are employed by us for more than 20 hours per week and more than five months in a calendar year. Employees who are 5% stockholders, or would become 5% stockholders as a result of their participation in our 2014 ESPP, are ineligible to participate in our 2014

ESPP. We may impose additional restrictions on eligibility. We will also have the right to amend or terminate our 2014 ESPP at any time. Our 2014 ESPP will terminate on the 10th anniversary of the last day of the first purchase period, unless earlier terminated by our Board of Directors or compensation committee.

When the initial purchase period commences, our employees who meet the eligibility requirements for participation in that purchase period will automatically be granted a nontransferable option to purchase shares in that purchase period. For subsequent purchase periods, new participants will be required to enroll in a timely manner. Once an employee is enrolled, participation will be automatic in subsequent purchase periods. An employee's participation automatically ends upon termination of employment for any reason.

## 401(k) Plan

We sponsor a retirement plan intended to qualify for favorable tax treatment under Section 401(k) of the Code. Eligible employees may make pre-tax contributions to the plan from their eligible earnings up to the statutorily prescribed annual limit on pre-tax contributions under the Code. Participants who are 50 years of age or older may contribute additional amounts based on the statutory limits for catch-up contributions. Pre-tax contributions by participants to the plan and the income earned on those contributions are generally not taxable to participants until withdrawn. Participant contributions are held in trust as required by law. No minimum benefit is provided under the plan.

## EQUITY COMPENSATION PLAN INFORMATION

The following table presents information as of December 31, 2014 with respect to compensation plans under which shares of our common stock may be issued.

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (#)	Weighted-average exercise price of outstanding options, warrants and rights (\$)	Number of securities remaining available for future issuance under equity compensation plans (#)
Equity compensation plans approved by security holders <sup>(1)</sup>	5,704,946	3.19	(2) 4,252,752
Equity compensation plans not approved by security holders	--	--	--
Total	5,704,946	--	4,252,752

(1) Excludes purchase rights accruing under our 2014 ESPP and includes 584,385 shares of restricted stock and 8,240 shares of restricted stock units.

(2) The weighted average exercise price relates solely to outstanding stock option shares since shares of restricted stock and restricted stock units have no exercise price.

Includes 2,000,000 shares of common stock that remain available for purchase under the 2014 ESPP and 2,252,752 shares of common stock that remain available for purchase under our 2014 Plan. Additionally, our 2014 Plan provides for automatic increases in the number of shares available for issuance under it on January 1 of each four calendar years during the term of the 2014 Plan by the lesser of 4% of the number of shares of common stock issued and outstanding on each December 31 immediately prior to the date of increase or the number determined by our Board of Directors. Similarly, on January 1 of each calendar year, the aggregate number of shares of our common stock reserved for issuance under our 2014 ESPP increases automatically by the number of shares equal to the lesser of 1% of the total number of outstanding shares of our common stock on the immediately preceding December 31 or the number determined by our Board of Directors and may never exceed 20,000,000 shares.

## CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Other than as disclosed below, from January 1, 2014 to the present, there have been no transactions, and there are currently no proposed transactions, in which the amount involved exceeds \$120,000 to which we or any of our subsidiaries was (or is to be) a party and in which any director, director nominee, executive officer, holder 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, except for payments set forth under "Proposal One" and "Executive Compensation" above.

## Consulting Arrangements

Since 2003, David Rawlings, the father of our Chief Executive Officer, has provided services to us as an independent contractor through his role as one of our Territory Partners. For the years ended December 31, 2014, we paid David Rawlings approximately \$331,223 in fees for his services as a Territory Partner and in substantially the same manner as we compensate other Territory Partners.

### Credit Agreement

In July 2014, we entered into an amended and restated credit agreement with PEPI Capital, L.P. (PEPI), entities affiliated with Highland Consumer Fund (Highland), The Robert Wood Johnson Foundation, Jodi Lane LLC and Meryt43 LLC, which amended and restated our prior credit agreement with PEPI and Highland. The amended and restated credit agreement provided for a secured subordinated term loan of \$29.0 million. In connection with the amended and restated credit agreement, we also issued to each of The Robert Wood Johnson Foundation, Jodi Lane LLC and Meryt43 LLC a warrant to purchase 366,748, 24,449 and 24,449 shares of our common stock, respectively, at an exercise price of \$12.27 per share, each of which were subsequently adjusted upon the completion of our initial public offering to become a warrant to purchase 450,000, 30,000 and 30,000 shares of common stock, respectively, at an exercise price of \$10.00 per share. Meryt43 LLC is affiliated with Peter R. Beaumont, a member of our Board of Directors. Highland beneficially owns more than 5% of our outstanding capital stock, and Edward Philip, a former member of our Board of Directors, was formerly a Managing General Partner of the Highland Consumer Fund.

Review, approval or ratification of transactions with related parties

We have adopted a written related-person transactions policy that provides that our executive officers, directors, nominees for election as a director, beneficial owners of more than 5% of our common stock, and any members of the immediate family of the foregoing persons, are not permitted to enter into a material related-person transaction with us without the review and approval of our audit committee, or a committee composed solely of independent directors in the event it is inappropriate for our audit committee to review such transaction due to a conflict of interest. The policy provides that any request for us to enter into a transaction with an executive officer, director, nominee for election as a director, beneficial owner of more than 5% of our common stock or with any of their immediate family members or affiliates, in which the amount involved exceeds \$120,000 will be presented to our audit committee for review, consideration and approval. In approving or rejecting any such proposal, we expect that our audit committee will consider the relevant facts and circumstances available and deemed relevant to the audit committee, including, but not limited to, whether the transaction is on terms no less favorable than terms generally available to an unaffiliated third party under the same or similar circumstances and the extent of the related person's interest in the transaction.



## ADDITIONAL INFORMATION

### Stockholder Proposals to be presented at Next Annual Meeting

Requirements for Stockholder Proposals to be Brought Before an Annual Meeting. Our bylaws provide that for stockholder nominations to our Board of Directors or other proposals to be considered at an annual meeting, the stockholder must give timely notice thereof in writing to the Corporate Secretary at Trupanion, Inc., 907 NW Ballard Way, Seattle, Washington 98107.

To be timely for our company's 2016 Annual Meeting of Stockholders, a stockholder's notice must be delivered to or mailed and received by our Corporate Secretary at our principal executive offices not earlier than the close of business on February 9, 2016 and not later than the close of business on March 20, 2016. A stockholder's notice to the Corporate Secretary must set forth as to each matter the stockholder proposes to bring before the annual meeting the information required by applicable law and our bylaws. In no event will the public announcement of an adjournment or a postponement of our annual meeting commence a new time period for the giving of a stockholder's notice as provided above.

Requirements for Stockholder Proposals to be Considered for Inclusion in our Proxy Materials. Stockholder proposals submitted pursuant to Rule 14a-8 under the Exchange Act and intended to be presented at our 2016 annual meeting must be received by us not later than December 25, 2015 in order to be considered for inclusion in our proxy materials for that meeting. A stockholder's notice to the Corporate Secretary must set forth as to each matter the stockholder proposes to bring before the annual meeting the information required by applicable law and our bylaws.

### Section 16(a) Beneficial Ownership Reporting Compliance

Section 16 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 2014.

### 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, 2014, including the financial statements and list of exhibits, and any exhibit specifically requested. Requests should be sent to:

Trupanion, Inc.  
907 NW Ballard Way  
Seattle, Washington 98107  
Attn: Investor Relations

The annual report on Form 10-K is also available at <http://www.trupanion.com/annual-report>.

### “Householding” — Stockholders Sharing the Same 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 on Form 10-K and proxy materials, including the Notice of Internet Availability, unless the affected stockholder has provided other instructions. This procedure reduces printing costs and postage fees, and helps protect the environment as well.

We expect that a number of brokers with account holders who are our stockholders will be “householding” our annual report on Form 10-K and proxy materials, including the Notice of Internet Availability. A single Notice of Internet Availability and, if applicable, a single set of our annual report on Form 10-K and other proxy materials will be delivered to multiple stockholders sharing an address unless contrary instructions have been received from one or more of 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 their broker.

Upon written or oral request, we will undertake to promptly deliver a separate copy of the Notice of Internet Availability and, if applicable, annual report on Form 10-K 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 on

Form 10-K and other proxy materials, you may contact our Investor Relations department by mail at 907 NW Ballard Way, Seattle, Washington 98107, Attn: Investor Relations, by phone at 424-238-6248, or by email at [InvestorRelations@Trupanion.com](mailto:InvestorRelations@Trupanion.com).

Any stockholders who share the same address and currently receive multiple copies of our Notice of Internet Availability or annual report on Form 10-K 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 using the contact information in the preceding paragraph.

#### OTHER MATTERS

Our Board of Directors does not presently intend to bring any other business before the meeting and, so far as is known to the Board of Directors, no matters are to be brought before the meeting except as specified in the notice of the meeting. As to any business that may arise and properly come before the 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.

26

30730/00502/DOCS/3626463.3

---

27

30730/00502/DOCS/3626463.3