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Compensation Overview

Our overall compensation program is structured to attract, motivate and retain highly qualified executives by paying them competitively, consistent with our success and their contribution to that success. We believe compensation should be structured to ensure that a significant portion of an executive's compensation opportunity will be related to factors that directly and indirectly influence stockholder value. Our pay practices are focused on providing our executives with a significant amount of their compensation in the form of upfront equity grants, which we believe attracts and retains the highest caliber employees and aligns our employees' long-term interests with our stockholders' interests. In addition, a NEO's compensation may include additional equity grants based on performance or promotions. Our NEOs, who are all employed on an at-will basis, receive limited perquisites and, except for our Co-Founders who currently do not receive bonuses, moderate annual cash bonuses based on personal performance, rather than short-term corporate goals. We offer a qualified 401(k) retirement plan with employer matching, but do not offer nonqualified deferred compensation plans, supplemental executive retirement plan benefits or formal cash severance programs.

Determination of Compensation

The compensation committee has the primary authority to determine and approve compensation paid to our NEOs. The compensation committee is charged with, among other things, reviewing compensation policies and practices to ensure adherence to our compensation philosophies and that the total compensation paid to our NEOs is fair, reasonable and competitive, taking into account our position within our industry, including our comparative performance, and our NEOs' level of expertise and experience in their respective positions. In furtherance of the considerations described above, the compensation committee is primarily responsible for determining NEO base salaries, assessing the performance of the Chief Executive Officer and other NEOs for each applicable performance period and approving the equity awards and cash bonuses to be paid to our Chief Executive Officer and other NEOs for each year. To aid the compensation committee in making its determinations, the Co-Founders provide recommendations at least annually to the compensation committee regarding the compensation of all NEOs, excluding themselves and they also provide individual performance assessments that are used in determining awards under our annual cash bonus program. The performance of our NEOs is reviewed at least annually by the compensation committee, and the compensation committee approves each NEO's compensation at least annually.

In determining compensation for our NEOs, the compensation committee considers each NEO's particular position and responsibility and relies upon the judgment and industry experience of its members, including their knowledge of competitive compensation levels in our industry. We believe that compensation should be competitive with compensation for executive officers in similar positions and with similar responsibilities in our marketplace. Neither we nor the compensation committee used a compensation consultant to determine NEO compensation in 2018 or benchmarked the compensation for our NEOs against the compensation of our peers.

In 2017, we asked our stockholders, through an advisory vote, to approve the compensation of our NEOs. The 2017 advisory vote received the approval of 99.9% of the votes cast on the proposal. Although the results of the say on pay vote are advisory and not binding on the company, the board of directors or the compensation committee, we value the opinions of our stockholders and take the results of the say on pay vote into account when making decisions regarding the compensation of our NEOs. In 2016, our stockholders approved, on an advisory basis, a frequency of every three (3) years for casting advisory votes to approve executive compensation. Due to the vote of stockholders on the matter, as well as the long-term focus of our compensation philosophy, we adopted a three-year interval for the advisory vote on executive compensation. Accordingly, our next such stockholder advisory vote will occur at our 2020 Annual Meeting of Stockholders.

Elements of Our Executive Compensation Program

Base Salary

Base salary represents annual fixed compensation and is a standard element of compensation necessary to attract and retain talent. The compensation committee reviews base salaries of our NEOs in the first quarter of each year, which is the same cycle on which annual base salaries are reviewed for other employees generally. Base salary is set at the compensation committee's discretion after taking into account the recommendations of our Co-Founders regarding NEOs, excluding themselves, our company-wide target for base salary increases for all employees, the competitive landscape, inflation, changes in the scope of an executive officer's job responsibilities, and other components of compensation and other relevant factors. Currently, the maximum NEO base salary is \$200,000 and none of our NEOs received an increase in base salary during 2018. The base salaries for our NEOs for 2018 were as follows:

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NEO	Base Salary (\$)
Niraj Shah	80,000
Steven Conine	80,000
Michael Fleisher	200,000
Edmond Macri	200,000
John Mulliken	200,000
Stephen Oblak	200,000
James Savarese	200,000

Annual Cash Bonuses

All of our NEOs are eligible to participate in a discretionary annual cash bonus program which provides the opportunity to earn a cash bonus award that ranges from 0% to 25% of base salary. The compensation committee determines NEO bonuses after the completion of the applicable fiscal year based on the overall personal performance of the NEOs, and such bonuses are then typically paid in the first quarter of the following year. Each of Messrs. Fleisher, Macri, Mulliken, Oblak and Savarese received a cash bonus award of 25% of his base salary, or \$50,000, for 2018. Messrs. Shah and Conine do not participate in our cash bonus program.

Equity Awards

A large portion of our NEOs' total compensation is stock-based compensation in furtherance of our focus on long-term performance, which we believe is tied to retention and increasing stockholder value. Our NEOs receive sizable equity awards at the time of hire and are eligible to receive additional awards at the time of a promotion or at other times at the discretion of our compensation committee. NEOs do not necessarily receive equity awards on an annual basis. Therefore, an NEO's compensation may fluctuate materially from year to year depending on whether a grant was made in a particular year. To support our retention strategy and align the interests of our NEOs with those of our stockholders, we generally grant Restricted Stock Units, or RSUs, that vest over a longer period of four (4) or five (5) years, subject to the NEO's continued employment on each applicable vesting date. NEO equity awards (including grant amounts and vesting schedules), whether for new hires or follow-on grants, are determined at the compensation committee's discretion after taking into account other direct compensation elements, the recommendations of our Co-Founders regarding NEOs, excluding themselves, and the landscape in which we compete for executive talent.

In 2018, the compensation committee granted the following time-based RSU awards to our NEOs:

NEO	Shares of Class A Common Stock Subject to RSU (#)
Niraj Shah	—
Steven Conine	—
Michael Fleisher	275,000
Edmond Macri	60,000
John Mulliken	60,000
Stephen Oblak	60,000
James Savarese	80,000

These RSUs vest over a period of five years, with 20% of the RSUs vesting on the first anniversary of the vesting commencement date and in substantially equal quarterly installments thereafter, subject to the NEO's continued employment on each applicable vesting date and potential accelerated vesting as discussed below under the heading "Employment and Change in Control Arrangements." For more information on these awards, see the "Grants of Plan-Based Awards in 2018" table below.

Defined Contribution Plans

We maintain a defined contribution plan that is tax-qualified under Section 401(a) of the Internal Revenue Code, or the "Code", which we refer to as the 401(k) Plan. The 401(k) Plan permits our eligible salaried employees to defer receipt of portions of their eligible salaries, subject to certain limitations imposed by the Code, by making contributions to the 401(k) Plan, including flexible compensation contributions, Roth contributions, catch-up contributions and after-tax contributions.