INNERWORKINGS INC
Form DEF 14A
April 24, 2014

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

SCHEDULE 14A

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

Filed by the Registrant þ
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Check the appropriate box:

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

InnerWorkings, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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InnerWorkings, Inc.
600 West Chicago Avenue, Suite 850
Chicago, Illinois 60654

April 24, 2014

To Our Stockholders:

On behalf of the Board of Directors and management, we cordially invite you to attend the annual meeting of stockholders to be held on Friday, June 13, 2014, at 11:00 a.m., Central Time, at our corporate headquarters, 600 West Chicago Avenue, Suite 850, Chicago, Illinois 60654.

The following pages contain the formal notice of the annual meeting, the proxy statement and the proxy card. Please review this material for information concerning the business to be conducted at the meeting and the nominees for election as directors.

The purpose of the meeting is to consider and vote upon proposals to (i) elect eight directors who have been nominated for election, (ii) ratify the appointment of our independent registered accounting firm for 2014, (iii) approve (on an advisory, non-binding basis) the compensation of executives, (iv) approve our amended and restated 2006 Stock Incentive Plan, and (v) transact such other business as may properly come before the meeting. In addition to the specific items to be acted upon, there will be a report on the progress of the Company and an opportunity for questions of general interest to the stockholders.

We are pleased to again take advantage of the Securities and Exchange Commission rules that allow issuers to furnish proxy materials to their stockholders on the Internet. We believe these rules allow us to provide you with the information you need while lowering the costs of delivery and reducing the environmental impact of our annual meeting. The proxy statement contains instructions on how you can request a paper copy of the proxy statement and annual report.

Whether or not you plan to attend the meeting, your vote is important and we encourage you to vote promptly. You may vote your shares via a toll-free telephone number, over the Internet or by mail if you request a proxy card in writing. Instructions regarding these methods of voting are contained on the notice regarding the availability of proxy materials for the annual meeting of stockholders to be held on June 13, 2014.

We look forward to seeing you at the meeting.

Sincerely yours,

Jack M. Greenberg
Chairman of the Board

Eric D. Belcher
Chief Executive Officer, President and Director

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Notice of 2014 Annual Meeting of Stockholders
600 West Chicago Avenue, Suite 850
Chicago, Illinois 60654
June 13, 2014, 11:00 a.m., Central Time

April 24, 2014

Fellow stockholders:

Notice is hereby given that the annual meeting of the stockholders of InnerWorkings, Inc. (the Company), a Delaware corporation, will be held on Friday, June 13, 2014 at 11:00 a.m., Central Time, at our corporate headquarters, 600 West Chicago Avenue, Suite 850, Chicago, Illinois 60654 for the following purposes:

to elect eight members of the Board of Directors to serve until the 2015 annual meeting of stockholders or until their respective successors are elected and qualified;
to ratify the appointment of Ernst & Young LLP as the independent registered public accounting firm for the Company for the fiscal year ending December 31, 2014;
to approve, on an advisory, non-binding basis, the compensation of executives as disclosed in the proxy statement;
to approve the amended and restated 2006 Stock Incentive Plan; and
to transact such other business as may properly come before the meeting.

These items of business, including the nominees for director, are more fully described in the proxy statement accompanying this notice. The Board of Directors has fixed the close of business on April 15, 2014 as the record date for determining the stockholders entitled to notice of and to vote at the annual meeting and any adjournment or postponement thereof.

All stockholders are cordially invited to attend the annual meeting in person. However, whether or not you plan to attend the annual meeting in person, we urge you to vote your shares via the toll-free telephone number or over the Internet, as described in the enclosed materials. If you submit your proxy and then decide to attend the annual meeting to vote your shares in person, you may still do so. Your proxy is revocable in accordance with the procedures set forth in the proxy statement. Only stockholders of record as of the close of business on April 15, 2014 are entitled to receive notice of, and to attend and to vote at, the meeting. We look forward to seeing you at the annual meeting.

By Order of the Board of Directors,

Joseph M. Busky
Chief Financial Officer and Secretary

Important Notice Regarding the Availability of Proxy Materials
for the Annual Meeting of Stockholders to be Held on

June 13, 2014

Our Proxy Statement and 2013 Annual Report are available at *http://www.proxyvote.com.*

You may also request hard copies of these documents free of charge by writing to:
Investor Relations, InnerWorkings, Inc., 600 West Chicago Avenue, Suite 850, Chicago, Illinois 60654

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PROXY SUMMARY

This summary highlights information contained elsewhere in this proxy statement. This summary does not contain all of the information you should consider, and you should read the entire proxy statement carefully before voting.

Annual Meeting and Voting Information

Date and Time:	Friday, June 13, 2014 at 11:00 a.m., Central Time
Location:	600 West Chicago Avenue, Suite 850, Chicago, Illinois 60654
Admission:	When you arrive at the annual meeting, you must present photo identification, such as a driver s license. Beneficial owners must also provide evidence of stock holdings, such as a recent brokerage account or bank statement.
Record Date:	April 15, 2014
Voting:	Each share of common stock entitles you to one vote on each matter to be voted on at the annual meeting. Cumulative voting is not permitted.

Items to be Voted on at the 2014 Annual Meeting of Stockholders

Proposal	Board of Directors Recommendation
Elect eight members of the Board of Directors to serve until the 2015 annual meeting of stockholders or until their respective successors are elected and qualified.	FOR
Ratify the appointment of Ernst & Young LLP as the independent registered public accounting firm for the Company for the fiscal year ending December 31, 2014.	FOR
Approve, on an advisory, non-binding basis, the compensation of executives as disclosed in the proxy statement.	FOR
Approve the amended and restated 2006 Stock Incentive Plan.	FOR

Director Nominees

Name	*Director Since*	*Independent*	*Other Public Boards*	*Committee Memberships*		
				AC	*CC*	*NCG*
Jack M. Greenberg (Chairman of the Board)	2005	Yes	5		M	M
Eric D. Belcher (Chief Executive Officer)	2009	No	0			
Charles K. Bobrinskoy	2008	Yes	0	C, F	M	
David Fisher	2011	Yes	1	M	M	
Daniel M. Friedberg	2014	Yes	1			
J. Patrick Gallagher, Jr.	2011	Yes	1		C	M
Julie M. Howard	2012	Yes	1	M	M	M

Linda S. Wolf	2006	Yes	1	M	M	C

AC	Audit Committee	C	Chair
CC	Compensation Committee	M	Member
NCG	Nominating and Corporate Governance Committee	F	Financial expert

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Corporate Governance

We are committed to high standards of ethical and business conduct and strong corporate governance practices. This commitment is highlighted by the practices described below. In addition, we engage in shareholder outreach activities, which have informed our Board of Directors (the Board) decisions concerning governance and related practices, such as our adoption of majority voting in uncontested director elections this year, as described below.

Annual Elections: Our directors are elected annually for one year terms.

Majority Voting for Election of Directors: In the past, the vote of a plurality of all votes cast was required to elect directors; however, on April 21, 2014, our Board approved a Bylaw amendment to implement a majority voting standard in uncontested director elections.

Board Leadership Structure: We currently separate the roles of Chairman of the Board and Chief Executive Officer.

Director Independence: Seven of our eight director nominees are independent, and our key Board committees (Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee) are comprised entirely of independent directors.

No Shareholder Rights Plan. We do not currently have in place, nor have we ever had, a shareholder rights plan, commonly known as a poison pill.

Executive Compensation

Our Compensation Committee designs and maintains our compensation program to attract, motivate, and retain talented and dedicated executive officers who are essential to our long-term success. Key features of our executive compensation program and process are summarized below.

Pay for Performance Approach: A significant amount of our executive officers compensation is variable and tied to our financial and stock price performance. Our annual incentives may be earned based on Company performance, which is measured by our achievement of certain levels of adjusted EBITDA and revenue growth, and qualitative factors as more thoroughly described in EXECUTIVE AND DIRECTOR COMPENSATION Compensation Discussion and Analysis. For 2013, our executives earned 55% to 60% of the target annual incentive awards. Our long-term incentives for 2013 were in the form of restricted stock and stock options, each vesting over a four-year period.

Long-Term Focus and Shareholder Alignment: We reward long-term strategic management and growth in the value of the Company through long-term equity incentives, which make up a significant portion of compensation. We have stock ownership guidelines that apply to our executive officers and our directors.

Independent Compensation Committee and Consultant: Our Compensation Committee is comprised solely of directors who are independent under applicable SEC and stock exchange standards, including the specific NASDAQ Stock Market (NASDAQ) independence requirements newly applicable to Compensation Committee members. Our Compensation Committee has retained Towers Watson as its independent compensation consultant to review our executive compensation program and advise on compensation best practices. Towers Watson performs no other services for the Company.

Other Executive Compensation Best Practices: We have a policy that prohibits directors and executive officers from pledging our stock or entering into hedging transactions designed to offset any decline in the value of our stock. In addition, we have no single-trigger change in control severance arrangements, no excise tax gross-up provisions and no modified single-trigger severance benefits for our executives.

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2006 Stock Incentive Plan

We are asking our stockholders to approve, in Proposal 4 herein, our amended and restated 2006 Stock Incentive Plan. The 2006 Stock Incentive Plan is the key vehicle that we use in awarding long-term incentive compensation to executives and other employees. The proposed changes include increasing the number of shares of our common stock that we can issue pursuant to awards under the plan by 2,200,000 shares.

Share Usage: As described more fully in Proposal 4, we have maintained a reasonable level of share usage as demonstrated by our modest burn rate and equity dilution. In addition, our 2006 Stock Incentive Plan has a fixed term and finite share pool (i.e. is not evergreen) and does not allow for recycling of shares used to satisfy the exercise price and tax withholding obligations upon the exercise of options.

Key Terms: The 2006 Stock Incentive Plan requires that stock options be granted with an exercise price equal to or greater than the fair market value of our common stock on the grant date and prohibits the repricing of stock options without stockholder approval.

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INNERWORKINGS, INC.

To Be Held on Friday, June 13, 2014

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600 West Chicago Avenue, Suite 850
Chicago, Illinois 60654

PROXY STATEMENT

This proxy statement and enclosed proxy card are being furnished commencing on or about May 2, 2014 in connection with the solicitation by the Board of Directors of InnerWorkings, Inc., a Delaware corporation. In this proxy statement, we refer to InnerWorkings, Inc. as the Company, we, our or us and the Board of Directors as th Board. We are sending the proxy materials because the Board is seeking your permission (or proxy) to vote your shares at the annual meeting of stockholders on your behalf. This proxy statement presents information that is intended to help you in reaching a decision on voting your shares of common stock. Only stockholders of record at the close of business on April 15, 2014, the record date, are entitled to vote at the meeting, with each share entitled to one vote. We have no other voting securities.

Annual Meeting Information

Date and Location. We will hold the annual meeting on Friday, June 13, 2014 at 11:00 a.m., Central Time, at our corporate headquarters at 600 West Chicago Avenue, Suite 850, Chicago, Illinois, 60654.

Admission. Only record or beneficial owners of the Company's common stock or their proxies may attend the annual meeting in person. When you arrive at the annual meeting, you must present photo identification, such as a driver s license. Beneficial owners must also provide evidence of stock holdings, such as a recent brokerage account or bank statement.

Voting Information

Record Date. The record date for the annual meeting is April 15, 2014. You may vote all shares of the Company s common stock that you owned as of the close of business on that date. Each share of common stock entitles you to one vote on each item to be voted on at the annual meeting. Cumulative voting is not permitted. On the record date, 52,312,577 shares of our common stock were outstanding. We need a majority of the shares of common stock outstanding on the record date, represented in person or by proxy, to hold the annual meeting.

Confidential Voting. Our Amended and Restated Bylaws (the Bylaws) provide that your vote is confidential and will not be disclosed to any officer, director or employee, except in certain limited circumstances, such as when you request or consent to disclosure.

Vote by Proxy. If your shares of common stock are held in your name, you can vote your shares on items presented at the annual meeting or by proxy. There are three ways to vote by proxy:

1. By Telephone Stockholders can vote by telephone by calling 1-800-690-6903 and following the instructions on the proxy card;
2. By Internet You can vote over the Internet at *www.proxyvote.com* by following the instructions on the proxy card; or

3. By Mail You can vote by mail by signing, dating and mailing a proxy card that you request in writing.

Submitting Voting Instructions for Shares Held Through a Broker. If your shares are held in a stock brokerage account or by a bank or other nominee, you are considered the beneficial owner of shares held in street name, and your broker, bank or nominee is considered the stockholder of record with respect to those shares. As the beneficial owner, you have the right to direct your broker, bank or nominee on how to

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vote and are also invited to attend the annual meeting with proper evidence of stock holdings, such as a recent brokerage account or bank statement. Street name stockholders should check the voting instruction cards used by their brokers or nominees for specific instructions on methods of voting. If your shares are held in street name, you must contact your broker or nominee to revoke your proxy.

If you hold shares through a broker, follow the voting instructions you receive from your broker. If you want to vote in person at the annual meeting, you must obtain a legal proxy from your broker and present it at the annual meeting. If you do not submit voting instructions to your broker, your broker may still be permitted to vote your shares in certain cases. Brokers may vote your shares as described below.

Non-discretionary Items. **All items, other than the ratification of the appointment of the Company s independent auditor, are non-discretionary items. It is critically important that you submit your voting instructions if you want your shares to count for non-discretionary items, such as the election of directors.** Your shares will remain unvoted for such items if your broker does not receive instructions from you.

Discretionary Item. The ratification of the appointment of the Company s independent auditor is a discretionary item. Brokers that do not receive instructions from beneficial owners may vote uninstructed shares in their discretion.

In order to carry on the business of the meeting, we must have a quorum. This means that stockholders representing at least 50% of the common stock issued and outstanding as of the record date must be present at the annual meeting, either in person or by proxy, for there to be a quorum at the annual meeting. Abstentions and broker non-votes are counted as present for purposes of establishing a quorum but broker non-votes are not considered present for purposes of voting on non-discretionary items. A broker non-vote occurs when a broker or other nominee holding shares for a beneficial owner does not vote on a particular proposal because the broker or nominee does not have discretionary voting power and has not received instructions from the beneficial owner.

Revoking Your Proxy. You can revoke your proxy at any time before your shares are voted by (1) delivering a written revocation notice prior to the annual meeting to Joseph M. Busky, Secretary, InnerWorkings, Inc., 600 West Chicago Avenue, Suite 850, Chicago, Illinois, 60654; (2) submitting a later-dated proxy that we receive no later than the conclusion of voting at the annual meeting; or (3) voting in person at the annual meeting. Attending the annual meeting does not revoke your proxy unless you vote in person at the meeting.

Votes Required to Elect Directors. In the past, the vote of a plurality of all votes cast was required to elect directors; however, on April 21, 2014, our Board of Directors approved a Bylaw amendment to implement a majority voting standard in uncontested director elections. Accordingly, a nominee for director must receive more votes FOR his or her election than votes AGAINST such director. The size of the Board is currently set at eight members.

Votes Required to Adopt Other Proposals. The ratification of Ernst & Young LLP s appointment as independent auditor, the approval of our amended and restated 2006 Stock Incentive Plan, and the non-binding advisory vote to approve executive compensation as disclosed in this proxy statement each require the affirmative vote of a majority of the shares of common stock represented at the annual meeting and entitled to vote thereon.

Abstaining and Broker Non-Votes. You may abstain from voting for any nominee in the election of directors and on the other proposals. Shares abstaining from voting on any proposal will be counted as present at the annual meeting for purposes of establishing the presence of a quorum. Your abstention will have no effect on the election of directors and will have the effect of a vote against the ratification of the appointment of Ernst & Young LLP as independent auditor, the amended and restated 2006 Stock Incentive Plan, and the approval of the non-binding advisory vote to approve executive compensation. Broker non-votes will have no effect on the election of directors, the approval of the amended and restated 2006 Stock Incentive Plan and the approval of the non-binding advisory vote to approve executive compensation. There are no broker non-votes with respect to the ratification of Ernst & Young LLP s

appointment as independent auditor as it is a discretionary item.

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PROPOSALS TO BE VOTED ON

Proposal 1: Election of Directors

Nominees

The size of the Board is currently eight members. At the annual meeting, the stockholders will elect eight directors to serve until the 2015 annual meeting of stockholders or until their respective successors are elected and qualified. Any director vacancy occurring after the election may be filled by a majority vote of the remaining directors. In accordance with the Company s Bylaws, a director appointed to fill a vacancy will be appointed to serve until the next annual meeting of stockholders.

In the past, the vote of a plurality of all votes cast was required to elect directors; however, on April 21, 2014, our Board approved a Bylaw amendment to implement a majority voting standard in uncontested director elections. The date for determining if an election is contested or uncontested has been set at 14 days before the Company files its definitive proxy statement. This procedure is intended to clarify whether directors will be elected under a majority or plurality standard prior to soliciting proxies. Accordingly, assuming a quorum is present, a nominee for director in an uncontested election such as this one must receive more votes FOR his or her election than votes AGAINST such director. Our Corporate Governance Guidelines requires that prior to each annual stockholder meeting, incumbent directors submit a contingent resignation in writing to the Chairman of the Nominating and Corporate Governance Committee to become effective only if the director receives a greater number of votes AGAINST his or her election than votes FOR his or her election. Following the stockholder vote, the Nominating and Corporate Governance Committee will promptly consider the resignation submitted by such director and will recommend to the Board whether to accept or reject the tendered resignation. In considering whether to accept or reject the tendered resignation, the Committee will consider all factors deemed relevant by its members. The Board will act on the Committee s recommendation no later than 90 days following the date of the stockholders meeting where the election occurred. In considering the Committee s recommendation, the Board will consider the factors considered by the Committee and such additional information and factors the Board deems to be relevant. Any director who tenders his or her resignation pursuant to our Corporate Governance Guidelines will not participate in the Committee recommendation or Board consideration regarding whether or not to accept the tendered resignation.

On April 18, 2014, we entered into a letter agreement (the Letter Agreement) with Sagard Capital Partners, L.P. (Sagard) and Daniel Friedberg in connection with the Board s decision to nominate and elect Mr. Friedberg to the Board. As of April 15, 2014, Sagard owned approximately 14.2% of our outstanding common stock.

All nominees have consented to serve as directors, if elected. If any nominee is unable or unwilling to serve as a director at the time of the annual meeting, the persons who are designated as proxies intend to vote, in their discretion, for such other persons, if any, as may be designated by the Board. As of the date of this proxy statement, the Board has no reason to believe that any of the director nominees named herein will be unable or unwilling to serve as a director if elected.

The Company believes that its Board, as a whole, should encompass a range of talent, skill, diversity, experience and expertise enabling it to provide sound guidance with respect to the Company s operations and interests. In addition to considering a candidate s background, experience and accomplishments, candidates are reviewed in the context of the current composition of the Board and the evolving needs of our business. Although the Company does not have a formal policy with regard to the consideration of diversity in identifying candidates, the Nominating and Corporate

Governance Committee strives to nominate candidates with a variety of complementary skills so that, as a group, the Board will possess the appropriate level of talent, skills and expertise to oversee the Company s business. The Company regularly assesses the size of the Board, whether any vacancies are expected due to retirement or otherwise, and the need for particular expertise on the Board. The Company s policy is to have at least a majority of our directors qualify as independent directors as defined in the rules of NASDAQ. Currently, seven of our eight directors are independent.

The Nominating and Corporate Governance Committee seeks candidates with strong reputations and experience in areas relevant to the strategy and operations of the Company, particularly in industries and

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growth segments that the Company serves, as well as key geographic markets where it operates. Each of the director nominees holds or has held senior positions in complex organizations and has operating experience that meets this objective, as described below. In these positions, they have also gained experience in core management skills, such as strategic and financial planning, financial reporting, corporate governance, risk management and leadership development. Each of our directors also has experience serving on boards of directors and committees of other organizations.

The Nominating and Corporate Governance Committee also believes that each of the nominees and current directors has the experience, expertise, integrity, sound judgment and ability to engage management in a collaborative fashion to collectively comprise an effective Board. In addition, the Nominating and Corporate Governance Committee believes that each of the nominees and current directors are committed to devoting significant time and energy to service on the Board and its committees.

The Company s Bylaws provide that the number of directors that shall constitute the Board shall not be less than three nor more than fifteen. The size of the Board is currently set at eight members.

The names of the director nominees, their ages as of April 24, 2014, their recent employment or principal occupation, the names of other public companies for which they currently serve as a director or have served as a director within the past five years, and their period of service as an InnerWorkings director are set forth below.

Name	Age	Position
Jack M. Greenberg[2][3]	71	Chairman of the Board
Eric D. Belcher	45	Chief Executive Officer, President and Director
Charles K. Bobrinskoy[1][2]	54	Director
David Fisher[1][2]	45	Director
Daniel M. Friedberg	54	Director
J. Patrick Gallagher, Jr.[2][3]	62	Director
Julie M. Howard[1][2][3]	51	Director
Linda S. Wolf[1][2][3]	66	Director

(1) Current member of our Audit Committee.
(2) Current member of our Compensation Committee.
(3) Current member of our Nominating and Corporate Governance Committee.

DIRECTOR NOMINEES

Jack M. Greenberg has served on our Board since October 2005 and has served as the non-executive Chairman of the Board since June 2010. Mr. Greenberg currently serves as the Chairman of The Western Union Company. Mr. Greenberg retired as Chairman and Chief Executive Officer of McDonald's Corporation, a publicly-traded global food service retailer, at the end of 2002. He had served as McDonald's Chairman since May 1999 and as its Chief Executive Officer since August 1998. Mr. Greenberg served as McDonald's President from August 1998 to May 1999, and as its Vice-Chairman from December 1991 to August 1998. Mr. Greenberg also served as Chairman, from October 1996, and Chief Executive Officer, from July 1997, of McDonald's USA until August 1998. Before joining McDonald s, Mr. Greenberg was a partner and Director of Tax Services for both the Midwest Region and Chicago office of Arthur Young & Company, and served on the firm s management committee. He is a member of the American Institute of Certified Public Accountants, the Illinois CPA Society and the Chicago Bar Association. Mr. Greenberg is a director of The Allstate Corporation, The Western Union Company, Hasbro, Inc., Quintiles

Transactional and Manpower Inc. Mr. Greenberg s civic involvement includes service as the Chairman of the Metropolitan Pier 6 Exposition Authority (MPEA), the public agency which owns McCormick Place and Navy Pier, and service on the board of Choose Chicago, DePaul University, where he previously served as Chairman, The Institute of International Education, Metropolis Strategies, an affiliate of the Chicago Community Trust, the Field Museum and Navy Pier, Inc. Mr. Greenberg is a graduate of DePaul University's School of Commerce and School of Law. Mr. Greenberg s various leadership positions, including Chief Executive Officer of a major global corporation, brings to the Board extensive management experience and economics expertise and strengthens the Board s

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global perspective. In addition to Mr. Greenberg s significant public company experience, he is a certified public accountant and an attorney, which provides additional value and perspective to the Board.

Eric D. Belcher has served on our Board and as our Chief Executive Officer since January 2009. Prior to his appointment as Chief Executive Officer, Mr. Belcher served as our President since April 2008 and our Chief Operating Officer from December 2006 to December 2008. From May 2005 to December 2006, Mr. Belcher served as our Executive Vice President of Operations. Mr. Belcher served as Chief Operating Officer from March 2003 to June 2005 and as Chief Financial Officer from April 2001 to March 2003 of MAN Roland Inc., a printing equipment manufacturer and distributor. From 1995 to 2000, he led project teams at Marakon Associates, an international management consulting firm. Mr. Belcher holds a bachelor's degree from Bucknell University and a Masters in Business Administration from the University of Chicago Booth School of Business. He currently serves on the Advisory Board for the Polsky Center for Entrepreneurship at Chicago Booth. As Chief Executive Officer of the Company, Mr. Belcher brings to the Board the critical link to management's perspective in Board discussions regarding the business and strategic direction of the Company and an extensive understanding of InnerWorkings business through his nine years of service to the Company.

Charles K. Bobrinskoy has served on our Board since August 2008. Mr. Bobrinskoy is currently Vice Chairman, Director of Research at Ariel Investments, a global financial institution. Additionally, he is a Portfolio Manager of Ariel Focus Fund, a concentrated portfolio investing in mid-to-large cap companies. Prior to Ariel, Mr. Bobrinskoy spent 21 years as an investment banker at Salomon Brothers, a global financial institution, and its successor company, Citigroup, a global financial institution, where he held many leadership positions, most recently Managing Director and Head of North American Investment Banking Branch Offices. In addition to his work at Ariel, Mr. Bobrinskoy serves on the boards of the Museum of Science and Industry, La Rabida Children's Foundation, the Big Shoulders Fund, and Lakeshore Athletic Club. He is also a member of the Executive Committee of the Commercial Club of Chicago, a member of the Economic Club of Chicago, and Harry Crown Fellow of the Aspen Institute. In addition, Mr. Bobrinskoy serves on the Duke University Trinity Board of Visitors. He holds a bachelor's degree from Duke University and a Masters in Business Administration from the University of Chicago Booth School of Business. Mr. Bobrinskoy s extensive financial knowledge obtained through his various leadership positions within global financial institutions brings valuable perspectives to the Company in connection with its financial strategies and reporting, particularly in his role as Chairman and financial expert of the Board s Audit Committee.

David Fisher has served on our Board since November 2011. Mr. Fisher is currently Chief Executive Officer of Enova International, Inc., a global consumer lending company. He has served as Enova s Chief Executive Officer since January 2013. From September 2011 through February 2012, Mr. Fisher served as both President of optionsXpress online brokerage, which was acquired by The Charles Schwab Corporation, a leading provider of financial services, in September 2011, and as Senior Vice President of Derivatives at The Charles Schwab Corporation. From 2007 until the acquisition, Mr. Fisher served as Chief Executive Officer and a member of the optionsXpress Board of Directors. Mr. Fisher is a member of the Board of Directors of GrubHub, Inc. and serves as chairman of its audit committee and a member of its compensation committee. From January 2008 through October 2011, Mr. Fisher served as a member of the Board of Directors of CBOE Holdings, Inc. From 2001 through 2004, Mr. Fisher served as Chief Financial Officer at Potbelly Sandwich Works. Mr. Fisher also served as Chief Financial Officer of RBC Mortgage from 2000 through 2001 and of Prism Financial from December 1998 through January 2001. Mr. Fisher received his bachelor's degree in Finance from the University of Illinois at Champaign and his Juris Doctor from Northwestern University School of Law. Mr. Fisher s experience as Chief Executive Officer of a public company and his previous years of service as the Chief Financial Officer of several organizations provides valuable financial knowledge and valuable insight on reporting to the Board as well as to the Company s Audit Committee on which he serves.

Daniel M. Friedberg has served on our Board since April 2014. Mr. Friedberg has been President and Chief Executive Officer of Sagard Capital Partners Management Corporation, the investment manager of Sagard, since its founding in 2005. Since 2005, he has also served as a Vice President of Power Corporation of Canada, a diversified international management and holding company. Prior to that, he was a Partner at Bain & Company. Mr. Friedberg joined Bain & Company in 1987 in the London office, and was a founder of

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the Toronto office in 1989 and the New York office in 2000. Mr. Friedberg served as a director of X-Rite, Incorporated from 2008 to 2012 and has served on the Board of Directors of GP Strategies since December 2009. Mr. Friedberg brings to the Board experience in investment management, which provides perspective into organizational and operational management as well as strategic planning matters.

J. Patrick Gallagher, Jr. has served on our Board since August 2011. Mr. Gallagher is currently Chairman, President and Chief Executive Officer of Arthur J. Gallagher & Co., an international insurance brokerage and risk management services firm. He began his career with Gallagher in 1974. In addition to his corporate responsibilities, Mr. Gallagher serves on the boards of the American Institute for Chartered Property Casualty Underwriters and the International Insurance Foundation. He also serves on the Advisory Council for Boys Hope/Girls Hope and the Board of Advisors for Catholic Charities. He is an Advisory Cabinet Member of the American Cancer Society s CEO s Against Cancer, and is a member of the Economic Club of Chicago, the Executive Club of Chicago and the Commercial Club of Chicago. Mr. Gallagher holds a Bachelor of Arts in Government from Cornell University. Mr. Gallagher s 17 years as the Chief Executive Officer of a publicly-listed services business provides valuable insight and perspective to the Company.

Julie M. Howard has served on our Board since October 2012. Ms. Howard is currently the Chief Executive Officer and member of the Board of Directors of Navigant Consulting, Inc. Prior to becoming Chief Executive Officer of Navigant Consulting in March 2012, Ms. Howard served as President beginning in 2006 and Chief Operating Officer beginning in 2003. Ms. Howard is a member of the Board of Directors for Kemper Corporation and serves on its Audit, Compensation and Nominating and Governance Committees. She also serves on the Foundation Board for Lurie Children s Hospital. Ms. Howard is a founding member of the Women s Leadership and Mentoring Alliance. Ms. Howard holds a Bachelor of Science in Finance from the University of Wisconsin. She has also participated in Harvard Business School Executive Education programs and completed the Corporate Governance program at Stanford University. Ms. Howard s business experience and involvement with strategic and operational programs, development of growth and profitability initiatives and regular interaction with a wide range of corporate constituents contributes unique perspectives and skill sets to the Board in its oversight of the Company s business and its respective strategic initiatives.

Linda S. Wolf has served on our Board since November 2006. Ms. Wolf retired as Chairman and Chief Executive Officer of Leo Burnett Worldwide, a global advertising agency, in April 2005. She had served as Leo Burnett Worldwide s Chairman and Chief Executive Officer since January 2001 and as President of Leo Burnett USA from July 1996 to December 2000. From March 1992 to June 1996, she was an Executive Vice President responsible for Business Development at Leo Burnett USA. Ms. Wolf joined the Board of Directors of Wal-Mart Stores Inc. in 2005. She is the Chairperson on its Compensation, Nominating and Governance Committee and also serves on its Technology and eCommerce Committee. Ms. Wolf joined the Board of Wrapports LLC in 2012. She is a trustee for investment funds advised by the Janus Capital Group Inc. She is also a member of the Board of Trustees of the Field Museum, and a director of Lurie Children's Hospital, The Chicago Council on Global Affairs, the Chicago Community Trust and the Rehabilitation Institute of Chicago. Ms. Wolf holds a bachelor's degree from Ohio Wesleyan University. As a former senior executive of a global advertising agency, Ms. Wolf brings to the Board extensive senior executive and global leadership experience, including business development, operations and strategic planning. Ms. Wolf also strengthens the Board s global perspective.

Required Vote

In the past, the vote of a plurality of all votes cast was required to elect directors; however, on April 21, 2014, our Board approved a Bylaw amendment to implement a majority voting standard in uncontested director elections.

Accordingly, a nominee for director must receive more votes FOR his or her election than votes AGAINST such director.

Recommendation of the Board of Directors

THE BOARD RECOMMENDS A VOTE FOR THE ELECTION OF ALL NOMINEES NAMED ABOVE.

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Proposal 2: Ratification of Appointment of Independent Registered Public Accounting Firm

Ernst & Young LLP has served as the Company s independent registered public accounting firm since March 2006 and has been appointed by the Audit Committee to continue as the Company s independent registered public accounting firm for the fiscal year ending December 31, 2014. In the event that ratification of this selection is not approved by the affirmative vote of the holders of a majority of the shares of common stock of the Company represented at the annual meeting in person or by proxy and entitled to vote on the item, the Audit Committee and the Board of Directors will review the Audit Committee s future selection of an independent registered public accounting firm.

Representatives of Ernst & Young LLP will be present at the annual meeting. The representatives will have an opportunity to make a statement and will be available to respond to appropriate questions.

Required Vote

The affirmative vote of the holders of a majority of the Company s common stock present at the annual meeting in person or by proxy and entitled to vote on this proposal is required to approve the ratification of the appointment of Ernst & Young LLP as the Company s independent registered public accounting firm for the current fiscal year.

Recommendation of the Board of Directors

THE BOARD RECOMMENDS A VOTE FOR RATIFICATION OF THE APPOINTMENT OF ERNST & YOUNG LLP AS THE COMPANY S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE FISCAL YEAR ENDING DECEMBER 31, 2014.

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Proposal 3: Advisory Approval of Executive Compensation

Under Section 14A of the Securities Exchange Act of 1934, enacted pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, the Company is providing a stockholder advisory vote to approve the Company s executive compensation, as disclosed in our Compensation Discussion and Analysis, related compensation tables, and other related material under the compensation disclosure rules of the Securities and Exchange Commission, as set forth in this proxy statement. At our 2011 annual meeting, a majority of votes cast by stockholders approved a three-year frequency for the stockholder advisory vote to approve executive compensation. Our last stockholder advisory vote on executive compensation was held at our 2011 annual meeting, and holders of approximately 99% of our shares voted at that meeting approved our executive compensation. After the 2014 annual meeting, the next stockholder advisory vote to approve our executive compensation is scheduled to be held at our 2017 annual meeting.

The Company maintains executive compensation and governance best practices and a long-term, pay-for-performance approach, as described more fully in the Compensation Discussion and Analysis section of this proxy statement. These practices include eliminating all single trigger or modified single trigger change in control severance benefits, the Compensation Committee s retention of an independent compensation consultant, stock ownership guidelines for our executive officers and directors, no excise tax gross-up provisions, and prohibition of hedging transactions and pledging of our stock by our executive officers and directors.

This vote will not be binding on or overrule any decisions by our Board of Directors, will not create or imply any additional fiduciary duty on the part of the Board, and will not restrict or limit the ability of our stockholders to make proposals related to executive compensation for inclusion in proxy materials. However, our Compensation Committee will take into account the outcome of the vote when considering future executive compensation arrangements. Our Board of Directors has determined to ask our stockholders to vote on the Company s executive pay programs and policies through the following resolution:

RESOLVED, that the stockholders approve the Company s compensation of executives as disclosed in this proxy statement pursuant to the compensation disclosure rules of the Securities and Exchange Commission (which includes the Compensation Discussion and Analysis, the compensation tables, and related material).

Required Vote

The affirmative vote of the holders of a majority of the Company s common stock present at the annual meeting in person or by proxy and entitled to vote on this proposal is required to approve this proposal.

Recommendation of the Board of Directors

THE BOARD RECOMMENDS A VOTE FOR ADVISORY APPROVAL OF THE COMPANY S COMPENSATION OF EXECUTIVES AS DISCLOSED IN THIS PROXY STATEMENT.

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Proposal 4: Approval of the Amended and Restated 2006 Stock Incentive Plan

A proposal will be presented at the annual meeting to approve the amended and restated InnerWorkings, Inc. 2006 Stock Incentive Plan, which we refer to as the Plan. The Plan was originally adopted by the Board of Directors effective July 31, 2006 and was amended and restated on June 19, 2008, June 18, 2009, June 16, 2011, and June 21, 2012. On April 21, 2014, our Compensation Committee approved the further amendment and restatement of the Plan, subject to stockholder approval. The Plan, as proposed to be amended and restated effective June 13, 2014, (i) increases the maximum number of shares of common stock that may be issued under the Plan by 2,200,000, from 5,650,000 (a majority of which have been previously granted as set forth in our *Equity Compensation Plan Information* table on page 16) to 7,850,000, plus any shares that are or become available for grant under our prior unit option plans (a majority of which have been previously granted as set forth in our *Equity Compensation Plan Information* table on page 16), (ii) extends the term of the Plan to June 13, 2024; (iii) reiterates and amends the performance goals used in granting performance-based awards under the Plan to be approved by stockholders for purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended (the Code), (iv) limits the Plan s share recycling provisions with respect to options and stock appreciation rights; and (v) implements certain other minor clarifying and technical changes to the Plan.

The Plan is an integral component of the Company s executive compensation program, which enhances and implements our pay for performance philosophy in order to continue to attract, retain, and appropriately motivate the Company s key employees who drive long-term value creation. In determining to approve the amended and restated Plan, the Compensation Committee took into consideration the Company s effective management of share usage under the Plan to avoid excessive stockholder dilution. Our burn rates for the fiscal years 2011, 2012, and 2013 were 4.09%, 2.36%, and 2.19%, respectively, which represents a three-year average burn rate of 2.88%. These burn rates were calculated using an assumption that each full value award is equivalent to an award of two stock options, which is the assumption used by the proxy advisory firm, ISS. Our unadjusted burn rates for the fiscal years 2011, 2012 and 2013 were 3.03%, 1.73% and 1.33%, respectively, which represents a three-year unadjusted average burn rate of 2.03%. In addition, our potential equity dilution is approximately 11.8% on a fully diluted basis (determined based on the number of shares subject to outstanding awards that are unvested or unexercised and shares remaining available under our plans for future awards as of December 31, 2013, including the additional 2,200,000 shares of our common stock that we are requesting under the amendment and restatement of the Plan, relative to our fully diluted issued and outstanding shares of common stock as of the record date). Based on our historically judicious use of available shares under the Plan and the fact that continuing to offer equity-based awards is important to our ability to continue to attract, retain and motivate talented executive officers and employees, the Compensation Committee has determined that the increase in the number of shares reserved for issuance under the Plan is reasonable and appropriate.

As of December 31, 2013, without taking into account the proposed amendment, there were stock option awards outstanding under the Plan with respect to 3,553,534 shares of our common stock, unvested restricted stock awards (with full voting rights) outstanding under the Plan with respect to 734,550 shares of our common stock, and 424,983 shares available for issuance pursuant to future awards under the Plan.

A summary of the material provisions of the Plan, as amended and restated, is set forth below. This summary is qualified in its entirety by reference to the provisions of the Plan, which is attached as Appendix A. Unless otherwise indicated, terms used in this summary shall have the meanings set forth in the Plan.

Description of the Plan

Purpose of the Plan

The Plan was established by the Company to:

promote the success and enhance the value of the Company by linking the personal interests of participants to those of Company stockholders and by providing participants with an incentive for outstanding performance; and

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provide flexibility to the Company in its ability to motivate, attract, and retain the services of participants upon whose judgment, interest and special effort the successful conduct of its business is largely dependent.

The Plan permits the Company to grant stock options, stock appreciation rights, restricted stock, restricted stock units, performance shares, and other stock awards and forms of incentive compensation to all participants in the Plan. Any option granted under the Plan may be either an incentive stock option, which we refer to as an ISO, or a non-qualified stock option, which we refer to as an NQSO.

Eligibility and Limits on Awards

Any employee, consultant or director of the Company or an affiliate is eligible to receive awards under the Plan. As of December 31, 2013, the Company and its affiliates had approximately 1,500 employees and independent contractors and six non-employee directors. The specific employees, consultants and directors who will be granted awards under the Plan and the type and amount of any such awards will be determined by the Compensation Committee of the Board (which we refer to in this proposal as the Committee) or such person or persons to whom the Committee has delegated this authority under the Plan.

The Plan limits the maximum amount of awards that may be granted to participants. The maximum number of shares of our common stock that may be delivered to participants and their beneficiaries under the Plan is 7,850,000 (plus any shares that are or become available for grant under our prior unit plan), which includes the 2,200,000 shares added pursuant to the proposed amendment and restatement and would leave approximately 2,624,983 shares available for grants under the Plan on and after December 31, 2013 (consisting of 424,983 shares available for issuance as of December 31, 2013, plus the 2,200,000 proposed additional shares). The maximum number of shares of common stock that may be delivered to participants and their beneficiaries with respect to ISOs under the Plan is 1,000,000 shares. The maximum number of shares and share equivalent units that may be granted to any one participant during any one calendar year is 1,000,000 shares.

Administration

The authority to control and manage the operation and administration of the Plan is vested in the Committee. To the extent not prohibited by applicable law or the applicable rules of any stock exchange, the Board in its discretion may determine that the Plan will be administered by another committee appointed by the Board whose composition satisfies the nonemployee director requirements of Rule 16b-3 under the Securities Exchange Act of 1934, the independent director requirements of NASDAQ and the outside director provisions of Section 162(m) of the Code or any successor regulations or provisions.

The Committee has the authority and discretion to select employees, directors and consultants to participate in the Plan, determine the sizes and types of awards, determine the terms and conditions of awards in a manner consistent with the Plan, construe and interpret the Plan and any agreement or instrument entered into under the Plan, establish, amend or waive rules and regulations for the Plan s administration, amend the terms and conditions of any outstanding award to the extent they are within the discretion of the Committee as provided in the Plan, and make all other determinations that may be necessary or advisable for the administration of the Plan.

Except to the extent prohibited by applicable law or the applicable rules of a stock exchange, the Committee may delegate some or all of its authority under the Plan to any person or persons selected by it.

Shares Reserved for Awards

Subject to the stockholders approval of this amendment and restatement, the maximum number of shares of our common stock that may be delivered under the Plan is 7,850,000 shares (plus shares that are or become available for grant under our prior unit option plans) of which approximately 2,624,983 will be available for future grants under the Plan on or after December 31, 2013 (consisting of 424,983 shares available for issuance as of December 31, 2013, plus the 2,200,000 proposed additional shares). The closing price of the Company s common stock on the NASDAQ Global Market on April 15, 2014 was $7.32 per share.

As of December 31, 2013, without taking into account the proposed amendment, there were stock option awards outstanding under the Plan with respect to 3,553,534 shares of our common stock, unvested restricted

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stock awards (with full voting rights) outstanding under the Plan with respect to 734,550 shares of our common stock, and 424,983 shares available for issuance pursuant to future awards under the Plan. If approved, the amendment would increase the available share pool by 2,200,000.

To the extent any shares of our common stock covered by an award are not delivered because the award is forfeited, canceled, or otherwise terminated, such shares shall not be deemed to have been delivered for purposes of determining the number of shares of our common stock available for delivery under the Plan. As amended and restated, the Plan provides that, to the extent shares are not delivered by reason of their being withheld to cover taxes (other than with respect to options or stock appreciation rights), such shares shall be not be deemed to have been delivered and shall be available for issuance under the Plan, and to the extent (i) shares are not delivered by reason of their being withheld to cover taxes or the exercise price of an award of options or stock appreciation rights or (ii) share-settled stock appreciation rights are exercised, such shares shall be deemed to have been delivered and shall not be available for issuance under the Plan.

In the event of a corporate transaction involving the Company (including, without limitation, any merger, reorganization, consolidation, recapitalization, separation, liquidation, split-up, or share combination), the Committee shall adjust awards in any manner determined by the Committee to be an appropriate and equitable means to prevent dilution or enlargement of rights.

Stock Options

The Plan permits the granting of stock options. The grant of an option entitles the participant to purchase shares of our common stock at an exercise price established by the Committee. Any option granted under the Plan may be either an ISO or an NQSO, as determined in the discretion of the Committee.

An option shall become vested and exercisable in accordance with such terms and conditions and during such periods as may be established by the Committee and set forth in the applicable award agreement. In no event, however, shall an option expire later than ten years after the date of its grant. The exercise price of each option shall be established by the Committee; provided, however, that the exercise price shall not be less than 100% of the fair market value of a share of our common stock on the date of grant.

The full exercise price for shares of our common stock purchased upon the exercise of any option shall be paid at the time of such exercise:

in cash;

by tendering previously acquired shares (provided that the shares that are tendered must have been held by the participant for at least six months prior to the payment date) duly endorsed for transfer to the Company or shares issuable to the participant upon exercise of the option;

by a combination of the above-mentioned payment methods; or

by any other means the Committee determines to be consistent with the Plan's purposes and applicable law (including through broker-assisted cashless exercises)

Except for either adjustments in connection with a corporate transaction for the purpose of preserving the benefits or potential benefits of the awards, or reductions of the exercise price approved by the Company s stockholders, the exercise price for any outstanding option may not be decreased after the date of grant. This prohibition on repricing without stockholder approval also applies to canceling an option and issuing an option with a lower exercise price, or canceling an underwater option and issuing a substitute award.

Stock Appreciation Rights

The Plan permits the granting of stock appreciation rights (SARs). The exercise price of a SAR is determined by the Committee, but must be equal to or greater than the fair market value of a share of our common stock on the date of grant. The term of a SAR may not exceed ten years. A SAR may be exercised upon the terms and conditions imposed by the Committee. Upon exercise of a SAR, a participant will receive payment equal to the number of SARs exercised multiplied by the excess of the fair market value of a share of our common stock on the date of exercise over the exercise price. Payment of a SAR may be made in cash, shares of our common stock, or a combination of cash and shares, as determined by the Committee.

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Except in certain recapitalization events, a SAR award may not be modified to specify a lower exercise price without the approval of our stockholders. This prohibition on repricing without stockholder approval also applies to canceling a SAR and issuing a SAR with a lower exercise price or canceling an underwater SAR and issuing a substitute award. The Plan does not permit grants of dividend equivalent rights with respect to SARs.

Restricted Stock and Restricted Stock Units

The Plan permits the granting of restricted stock and restricted stock units. The grant of a share of restricted stock entitles the participant to receive a share of our common stock upon completing a specified period of service with the Company or its affiliates and/or the achievement of specific performance objectives. The grant of a restricted stock unit entitles the participant to receive a payment of a share of our common stock, which vests upon completing a specified period of service with the Company or its affiliates and/or the achievement of specific performance objectives.

Grants of restricted stock and restricted stock units become vested in accordance with such terms and conditions and during such periods as may be established by the Committee and set forth in the applicable award agreement. Selected participants may elect (or be required, as to bonuses) to defer a portion of their salary and/or bonus in exchange for restricted stock units. Each participant who elects to make a deferral will be credited under the Plan with a number of restricted stock units equal to no less than the amount of the deferral divided by the fair market value of a share of our common stock on the date of the grant of the restricted stock units.

Participants holding shares of restricted stock during the restriction period may exercise full voting rights with respect to those shares, unless otherwise determined by the Committee. In addition, during the restriction period a participant will receive regular cash dividends that are paid with respect to underlying shares of restricted stock, unless otherwise determined by the Committee. If the award agreement governing the restricted stock units permits it, during the restriction period a participant may receive regular cash dividend equivalents paid with respect to restricted stock units.

Performance Shares; Performance Criteria

The Plan permits the granting of performance shares. Each performance share must have an initial value equal to the fair market value of a share of our common stock on the date of grant. The Committee will set the performance periods and performance objectives that, depending on the extent to which they are met, will determine the number of performance shares payable in cash, shares or a combination of cash and shares, as applicable.

The performance measures used for purposes of awards designed to qualify for the performance-based exception from the tax deductibility limitations of Section 162(m) of the Code and any regulations promulgated thereunder will be chosen by the Committee from among the following alternatives:

earnings before interest and taxes;
earnings before interest, taxes, depreciation and amortization;
net earnings;
operating earnings or income;
earnings growth;
net income (absolute or competitive growth rates comparative);
net income applicable to shares of common stock;

cash flow, including operating cash flow, free cash flow, discounted cash flow return on investment, and cash flow in excess of cost of capital;

earnings per share of common stock;

return on stockholders equity (absolute or peer-group comparative);

stock price (absolute or peer-group comparative);

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absolute and/or relative return on common stockholders equity;
absolute and/or relative return on capital;
absolute and/or relative return on assets;
economic value added (income in excess of cost of capital);
customer satisfaction;
expense reduction;
ratio of operating expenses to operating revenues;
gross revenue or revenue by pre-defined business segment (absolute or competitive growth rates comparative);
revenue backlog;
margins realized on delivered services; and
total stockholder return (absolute or relative to a peer group).

The Committee will have the discretion to adjust targets set for pre-established performance objectives; however, awards designed to qualify for the performance-based exception may not be adjusted upward, except to the extent permitted under Section 162(m) of the Code, to reflect accounting changes or other events. Additional provisions relating to the setting of the performance goal and certifying achievement of performance against the goal and the amount earned apply to awards made to executive officers that are intended to meet the performance-based exception from the tax deductibility limitations of Section 162(m) of the Code.

We have generally attempted to structure the Plan so that remuneration attributable to stock options and other awards will not be subject to a deduction limitation contained in Section 162(m) of the Code, however, nothing in this proposal or in the Plan precludes granting awards that are not intended to qualify for tax deductibility under Section 162(m) of the Code.

Other Stock Awards

Subject to the terms of the Plan, other stock awards may be granted to participants in such amounts and upon such terms, and at any time from time to time, as the Committee determines.

Transfers

Except as otherwise provided by the Committee and except as designated by the participant by will or by the laws of descent and distribution, awards under the Plan are not transferable. However, subject to the conditions of the Plan and the applicable award agreement and any such additional conditions as the Committee may impose, a participant may transfer NQSOs as a gift to certain trusts maintained solely for the benefit of the participant s spouse or children or designate the trusts to which the Company may issue NQSOs.

Change of Control

In the event of a change in control (defined in the Plan attached hereto as Appendix A), the Committee shall have the discretion to accelerate the vesting of awards, eliminate any restrictions applicable to awards, deem the performance measures to be satisfied, or take such other action as it deems appropriate, in its sole discretion.

Federal Income Tax Consequences

Nonqualified Stock Options

Under the current tax rules, NQSOs granted under the Plan will not be taxable to a participant at grant, but generally will result in taxation at exercise, at which time the participant will recognize ordinary income in an amount equal to the difference between the option s exercise price and the fair market value of the shares on the exercise date. The Company will be entitled to deduct a corresponding amount as a business expense in the year the participant recognizes this income.

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Incentive Stock Options

Under the current tax rules, an employee will generally not recognize ordinary income on receipt or exercise of an ISO so long as he or she has been an employee of the Company or its subsidiaries from the date the ISO was granted until three months before the date of exercise; however, the amount by which the fair market value of the shares on the exercise date exceeds the exercise price is generally an adjustment in computing the employee s alternative minimum tax in the year of exercise. If the employee holds the shares of our common stock received on exercise of the ISO for one year after the date of exercise (and for two years from the date of grant of the ISO), any difference between the amount realized upon the disposition of the shares and the amount paid for the shares will be treated as long-term capital gain (or loss, if applicable) to the employee. If the employee exercises an ISO and satisfies these holding period requirements, the Company may not deduct any amount in connection with the ISO. If an employee exercises an ISO but engages in a disqualifying disposition by selling the shares acquired on exercise before the expiration of the one- and two-year holding periods described above, the employee generally will recognize ordinary income (for regular income tax purposes only) in the year of the disqualifying disposition equal to the excess, if any, of the fair market value of the shares on the date of exercise over the exercise price; and any excess of the amount realized on the disposition over the fair market value on the date of exercise will be taxed as long- or short-term capital gain (as applicable). If, however, the fair market value of the shares on the date of disqualifying disposition is less than on the date of exercise, the employee will recognize ordinary income equal only to the difference between the amount realized on the disqualifying disposition and the exercise price. In either event, the Company will be entitled to deduct an amount equal to the amount constituting ordinary income to the employee in the year of the disqualifying disposition.

Stock Appreciation Rights

Under the current tax rules, a participant will generally not recognize income, and we will not be entitled to a deduction from income, at the time of grant of a SAR. When the SAR is exercised, the participant will recognize ordinary income equal to the difference between the aggregate exercise price and the fair market value, as of the date the SAR is exercised, of our common stock. The participant s tax basis in shares acquired upon exercise of a stock-settled SAR will equal the amount recognized by the participant as ordinary income. We will generally be entitled to a federal income tax deduction, in the tax year in which the SAR is exercised, equal to the ordinary income recognized by the participant as described above. If the participant holds shares acquired through exercise of a stock-settled SAR for more than one year after the exercise of the SAR, the capital gain or loss realized upon the sale of those shares will be a long-term capital gain or loss. The participant s holding period for shares acquired upon the exercise of a stock-settled SAR will begin on the date of exercise.

Restricted Stock and Restricted Stock Units

The Company is required to withhold taxes to comply with federal and state laws applicable to the value of shares of restricted stock when they vest. Upon the lapse of the applicable restrictions, the value of the restricted stock generally will be taxable to the participant as ordinary income and deductible by the Company. Restricted stock units generally are subject to tax at the time of payment and the Company will generally have a corresponding deduction when the participant recognizes income.

Performance Shares

Performance shares generally are subject to tax at the time of payment and we generally will have a corresponding deduction when the participant recognizes income.

Section 409A

To the extent that Section 409A of the Code is applicable, we intend to administer the Plan and any grants made thereunder in a manner consistent with the requirements of Section 409A, and any regulations and other guidance promulgated with respect to Section 409A by the U.S. Department of Treasury or Internal Revenue Service. The Committee may permit or require a participant to defer receipt of cash or shares of common stock that would otherwise be due to the participant under the Plan or otherwise create a deferred compensation arrangement (as defined in Section 409A of Code) in accordance with the terms of the Plan.

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The deferral of an award under the Plan or compensation otherwise payable to the participant will be set forth in the terms of the award agreement or as elected by the participant pursuant to such rules and procedures as the Committee may establish. Any such initial deferral election by a participant will designate a time and form of payment and will be made at such time as required by and in accordance with Section 409A. Any deferred compensation arrangement created under the Plan will be distributed at such times as provided in an award agreement or a separate election form and in accordance with Section 409A. No distribution of a deferral will be made pursuant to the Plan if the Committee determines that a distribution would (i) violate applicable law; (ii) be nondeductible pursuant to Section 162(m) of the Code; or (iii) violate a loan covenant or similar contractual requirement of the Company causing material harm to the Company. In any such case, a distribution will be made at the earliest date at which the Committee determines such distribution would not trigger clause (i), (ii) or (iii) above. All awards under the Plan are intended either (i) to be exempt from Section 409A or (ii) to comply with Section 409A, and will be administered in a manner consistent with that intent.

Withholding

The Company has the right to deduct or withhold, or require the participant to remit to the Company, the amount the Company determines is necessary to satisfy federal, state and local taxes, domestic or foreign, required by applicable law or regulation to be withheld with respect to any taxable event arising under the Plan. The Company may withhold shares of our common stock to satisfy the minimum withholding tax required upon a taxable event arising under the Plan, but the participant may elect, subject to the approval of the Committee, to deliver to the Company the necessary funds to satisfy the withholding obligation, in which case there will be no reduction in the shares of our common stock otherwise distributable to the participant.

Tax Advice

The preceding discussion is based on U.S. income tax laws and regulations presently in effect, which are subject to change, and the discussion does not purport to be a complete description of the U.S. income tax aspects of the Plan. A participant may also be subject to state and local income taxes in connection with the grant of awards under the Plan. The Company suggests that participants consult with their individual tax advisors to determine the applicability of the tax rules to the awards granted to them in their personal circumstances.

Other Information

The Plan was originally effective on July 31, 2006. The amendment and restatement of the Plan will be effective June 13, 2014, subject to stockholder approval, and, subject to the right of the Committee to amend or terminate the Plan, will remain in effect as long as any awards under it are outstanding; provided, however, that no awards may be granted under the Plan after June 13, 2024.

The Committee may, at any time, amend, suspend or terminate the Plan, and the Committee may amend any award agreement; provided that no amendment may, in the absence of written consent to the change by the affected participant, materially alter or impair any rights or obligations under an award already granted under the Plan.

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New Plan Benefits and Other Matters

The Committee has discretion to determine the type, terms and conditions and recipients of awards granted under the Plan. Other than certain awards of restricted stock and stock options granted subject to our stockholders approval of this amendment and restatement, it is not possible to determine the amount of the awards that will be received by any director, officer, consultant or employee of the Company under the Plan if the amendment and restatement of the Plan is approved. The dollar value of equity awards granted subject to our stockholders approval of this amendment and restatement are set forth below.

Name or Group	Total Dollar Value[1]
Eric D. Belcher	$ 1,194,244
Joseph M. Busky	n/a
John D. Eisel	$ 383,861
Ronald C. Provenzano	$ 331,000
All executive officers as a group	$ 1,909,105
All non-employee directors as a group	$ 700,000
All non-executive employees as a group	$ 5,000,000 [2]

(1) For all grant recipients who are executive officers, amounts reflect the total grant value approved by the Compensation Committee, which will be awarded 50% in the form of stock options and 50% in the form of restricted stock. For the non-employee directors, amounts are equal to the total value of all restricted stock awards that will be issued to our non-employee directors for 2014. For the non-executive employees, amounts reflect the total grant value approved by the Compensation Committee, which will be awarded in the form of stock options and/or restricted stock. The number of shares of restricted stock and stock options granted will depend on the value of a share of stock on the grant date.

(2) The total dollar value of equity awards to be granted to all non-executive employees as a group, subject to approval of the Plan s amendment and restatement, is an estimate; the actual total dollar value of equity awards may differ from the amount disclosed.

Equity Compensation Plan Information

On April 15, 2014, the NASDAQ Global Market reported a closing price of $7.32 for our common stock. The following table sets forth information regarding securities authorized for issuance under our equity compensation plans as of December 31, 2013.

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options	Weighted-Average Exercise Price of Outstanding Options	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding

			Securities Reflected in the First Column)	
Equity Compensation Plans Approved by Security Holders[1]	3,553,534	$ 8.52	424,983	[2]
Equity Compensation Plans Not Approved by Security Holders[3]				
Total	3,553,534	$ 8.52	424,983	

(1) Includes our 2004 Unit Option Plan, which was merged with our 2006 Stock Incentive Plan.

(2) Includes shares remaining available for future issuance under our 2006 Stock Incentive Plan.

(3) There are no equity compensation plans in place not approved by our stockholders.

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Required Vote

The affirmative vote of the holders of a majority of the Company s common stock present at the annual meeting in person or by proxy and entitled to vote on this proposal is required to approve this proposal to amend and restate our 2006 Stock Incentive Plan.

Recommendation of the Board of Directors

THE BOARD RECOMMENDS A VOTE FOR APPROVAL OF THE AMENDED AND RESTATED 2006 STOCK INCENTIVE PLAN.

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BOARD OF DIRECTORS AND CORPORATE GOVERNANCE

Summary of Corporate Governance Practices

We are committed to high standards of ethical and business conduct and strong corporate governance practices. This commitment is highlighted by the practices described below as well as the information contained on our website at *www.inwk.com* on the Investor page under the link Corporate Governance. In addition, we engage in shareholder outreach activities, which have informed our Board s decisions concerning governance and related practices, such as our adoption of majority voting in uncontested director elections this year, as described below.

Our directors are elected annually for one year terms.

In the past, the vote of a plurality of all votes cast was required to elect directors; however, on April 21, 2014, the Board approved a Bylaw amendment to implement a majority voting standard in uncontested director elections.

We currently separate the roles of Chairman of the Board and Chief Executive Officer.

Our Board and its committees have an advisory role in risk oversight for the Company.

Seven of our eight director nominees are independent.

Each of our key Board committees (Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee) are comprised entirely of independent directors and operate under a written charter.

We do not currently have in place, nor have we ever had, a shareholder rights plan, commonly known as a poison pill.

Board Leadership Structure

Our Board is led by an independent Chairman, Jack M. Greenberg. We believe that the current Board leadership structure for the Company is appropriate in light of the differences between the roles of Chairman of the Board and Chief Executive Officer. The Chief Executive Officer is responsible for setting the strategic direction of the Company and for the day-to-day leadership and performance of the Company, whereas the Chairman of the Board provides guidance to the Chief Executive Officer, is responsible for chairing Board meetings, including executive sessions with Board members, advising on agenda topics and advising on corporate governance matters. We have had this leadership structure since our inception; however, the Board recognizes that other leadership structures could be appropriate depending on the circumstances and, therefore, regularly re-evaluates this structure.

Board of Directors Role in Risk Oversight

Our Board and its committees have an advisory role in risk oversight for the Company. Company management maintains primary responsibility for the risk management of the Company, however, the Audit Committee and the Board review a risk assessment of the Company on a regular basis. While it is not possible to identify and mitigate all potential risks, the Board relies on the representations of management, the external audit of the financial information, the Company s systems of internal controls and the historically conservative practices of the Company to provide comfort on the Company s ability to manage its risks. Management s discussion of current risk factors are set forth in the Company s Annual Report on Form 10-K for the fiscal year ended December 31, 2013, as amended.

Meetings and Committees of the Board of Directors

During 2013, the Board held six meetings. During 2013, each director attended at least 75% of the aggregate of the total number of meetings of the Board held during the period in which he or she was a director and the total number of meetings held by all of the committees of the Board on which he or she served. The Board has an Audit Committee, a Compensation Committee, a Nominating and Corporate Governance Committee and an Executive Committee. The Audit, Compensation and Nominating and Corporate Governance Committees were formally established in August 2006 in connection with the Company s initial public offering and operate under written charters adopted by the Board. The Executive Committee was established in April 2010.

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Audit Committee. Charles K. Bobrinskoy, David Fisher, Julie M. Howard and Linda S. Wolf serve on the Audit Committee. Mr. Bobrinskoy serves as the chairman of our Audit Committee and, subject to his re-election to serve an additional one-year term, the Board has elected Mr. Bobrinskoy to continue as chairman of the Audit Committee in 2014. The Audit Committee is composed of independent non-employee directors and is responsible for, among other things, supervising internal audit and reviewing internal financial controls and accounting principles to be employed in the preparation and review of our financial statements. In addition, the Audit Committee has authority to engage public accountants to audit our annual financial statements and determine the scope of the audit to be undertaken by such accountants. Charles K. Bobrinskoy is our Audit Committee financial expert under the SEC rule implementing Section 404 of the Sarbanes-Oxley Act of 2002. During 2013, the Audit Committee held six meetings.

Compensation Committee. Charles K. Bobrinskoy, David Fisher, J. Patrick Gallagher, Jr., Jack M. Greenberg, Julie M. Howard and Linda S. Wolf served on the Compensation Committee during 2013. Mr. Gallagher serves as the chairman of our Compensation Committee and, subject to his re-election to serve an additional one-year term, the Board has elected Mr. Gallagher to continue as chairman of the Compensation Committee. The Compensation Committee is composed of independent non-employee directors, each of whom is an independent director as required by the applicable listing standards of NASDAQ (including the specific independence requirements for compensation committee members), and is responsible for, among other things, reviewing and approving compensation of our Chief Executive Officer and our other executive officers. Additionally, the Compensation Committee reviews and recommends to our Chief Executive Officer and the Board policies, practices and procedures relating to the compensation of managerial employees and the establishment and administration of certain employee benefit plans for managerial employees. The Compensation Committee has the authority to administer our Stock Incentive Plan, and to advise and consult with our officers regarding managerial personnel policies. In 2013, the Compensation Committee engaged Towers Watson (which acquired the Company s previously-retained independent compensation consultant, The Delves Group, in 2013) to perform certain compensation consulting services related to benchmarking the Company s executive compensation. In connection with this engagement, the Compensation Committee requested that Towers Watson:

review the appropriateness of our proxy peer group based on an evaluation of our size and operations;
provide advice on executive compensation issues; and
assess the extent to which our executive compensation is aligned with performance and market practices.

Towers Watson provided compensation consulting services to the Compensation Committee only on matters for which the Compensation Committee is responsible. Towers Watson did not provide us with any additional services. While the Compensation Committee sought input from Towers Watson on the matters described above, the Compensation Committee is solely responsible for determining the final amount and form of compensation and the level of performance targets. Towers Watson is directly engaged by and reports to the Compensation Committee and does not perform any work for the Company or its executive officers, although it does interact with Company management at the Compensation Committee s direction. In accordance with the requirements of Regulation S-K, the Company has determined that no conflict has risen in connection with the work of Towers Watson as compensation consultant to the Compensation Committee. See EXECUTIVE AND DIRECTOR COMPENSATION Compensation Discussion and Analysis section of this proxy statement for discussion of the Company s processes and procedures for considering and determining executive and director compensation. During 2013, the Compensation Committee held six meetings.

Executive Committee. On April 9, 2010, the Board of Directors voted to create an Executive Committee effective June 24, 2010. The Executive Committee is appointed by the Board of Directors and is authorized to exercise the powers and duties of the Board between regularly scheduled Board meetings and while the Board is not in session. The Executive Committee consists of Eric D. Belcher, Charles K. Bobrinskoy and Jack M. Greenberg. Mr. Belcher serves as the chairman of our Executive Committee. During 2013, the Executive Committee did not meet.

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Nominating and Corporate Governance Committee. J. Patrick Gallagher, Jr., Jack M. Greenberg, Julie M. Howard and Linda S. Wolf serve on the Nominating and Corporate Governance Committee. Ms. Wolf serves as the chairman of our Nominating and Corporate Governance Committee and, subject to her re-election to serve an additional one-year term, the Board has elected Ms. Wolf to continue as chairman of the Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee is composed of independent non-employee directors and is responsible for, among other things, assisting the Board with its responsibilities regarding:

the identification of individuals qualified to become directors;
the selection of the director nominees for the next annual meeting of stockholders;
the selection of director candidates to fill any vacancies on the Board;
the performance, composition, duties and responsibilities of the Board and the committees of the Board;
succession planning for the Chief Executive Officer; and
the operation of the Board with respect to corporate governance matters.

In evaluating and determining whether to nominate a candidate for a position on the Company s Board, the Nominating and Corporate Governance Committee will consider the candidate s professional ethics and values, relevant management experience and a commitment to enhancing stockholder value. The Company regularly assesses the size of the Board, whether any vacancies are expected due to retirement or otherwise, and the need for particular expertise on the Board. Candidates may come to the attention of the Nominating and Corporate Governance Committee from current Board members, stockholders, professional search firms, officers or other persons. The Nominating and Corporate Governance Committee will review all candidates in the same manner regardless of the source of recommendation. During 2013, the Nominating and Corporate Governance Committee held five meetings.

The Nominating and Corporate Governance Committee will consider stockholder recommendations of candidates when the recommendations are properly submitted. Any stockholder recommendations which are submitted under the criteria summarized above should include the candidate s name and qualifications for Board membership and should be addressed to Joseph M. Busky, Corporate Secretary, InnerWorkings, Inc., 600 West Chicago Avenue, Suite 850, Chicago, Illinois 60654.

For purposes of potential nominees to be considered at the 2015 annual stockholders meeting, the Corporate Secretary must receive this information no earlier than March 19, 2015 and no later than the close of business on April 18, 2015, in accordance with the procedures in the Bylaws. The notice must set forth the candidate s name, age, business address, residence address, principal occupation or employment, the number of shares beneficially owned by the candidate and information that would be required to solicit a proxy under federal securities law. In addition, the notice must include the stockholder s name, address and the number of shares beneficially owned (and the period they have been held).

In 2013, the Company did not engage a third party to identify, evaluate or assist in identifying potential nominees for director.

Director Independence

There are no family relationships among any of the directors or executive officers of the Company. Our Board of Directors has affirmatively determined that the following seven of our eight director nominees are independent directors as defined in the rules of NASDAQ: Jack M. Greenberg, Charles K. Bobrinskoy, David Fisher, Daniel M. Friedberg, J. Patrick Gallagher, Jr., Julie M. Howard and Linda S. Wolf. In making the independence determination, the Board considered the current and prior relationships that each non-employee director has with the Company and all other facts and circumstances that the Board deemed relevant, including the beneficial ownership of the Company s

capital stock by each non-employee director and the transactions involving them as described in the section titled CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS.

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In particular, the Board considered the Company s business relationship with Arthur J. Gallagher & Co., of which Mr. Gallagher serves as Chairman, President and Chief Executive Officer. The Board noted that:

The relationship between the companies preceded Mr. Gallagher s appointment as director.

Mr. Gallagher is not involved in the transactions or ongoing discussions or negotiations between the parties.

The transactions between the companies are on terms and conditions no more favorable than what is to be expected of an arm s length transaction.

The relationship between the companies is transactional in nature and does not involve sensitive professional services such as legal or accounting services. Arthur J. Gallagher & Co. s services to the Company are insurance brokerage and risk management services and Arthur J. Gallagher & Co. is not an insurer of the Company. The Company s services to Arthur J. Gallagher & Co. are print procurement services.

Amounts involved represent less than 0.1% of each company s revenues.

After assessing the relationship, the Board concluded that such relationship was not material, would not interfere with Mr. Gallagher s ability to exercise independent judgment as a director and would not give rise to any undue influence. Therefore, the Board concluded that Mr. Gallagher continues to be an independent director.

Governance Documents

The Company s Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee charters are available at *www.inwk.com* on the Investor page under the link Corporate Governance. In addition, the Board has adopted corporate governance guidelines, which are available at *www.inwk.com* on the Investor page under the link Corporate Governance. Information on, or accessible through, our website is not a part of, or incorporated by reference into, this proxy statement. For a further discussion of compensation and governance updates, see EXECUTIVE AND DIRECTOR COMPENSATION Compensation Discussion and Analysis Executive Summary.

Compensation Committee Interlocks and Insider Participation

None of the members of our Compensation Committee serves, or has at any time served, as an officer or employee of us or any of our subsidiaries. None of our executive officers has served as a member of the Compensation Committee, or other committee serving an equivalent function, of any other entity, one of whose executive officers served as a member of our Compensation Committee.

Communications with Directors

We engage in shareholder outreach activities, which have informed our Board s decisions concerning governance and related practices, such as our adoption of majority voting in uncontested director elections this year.

The Board has also established a process to receive communications from stockholders. Stockholders and other interested parties may contact any member (or all members) of the Board, or the non-management directors as a group, any Board committee or any chair of any such committee by mail. To communicate with the Board, any individual directors or any group or committee of directors, correspondence should be addressed to the Board or any such individual directors or group or committee of directors by either name or title. All such correspondence should be sent c/o Joseph M. Busky, Corporate Secretary at 600 West Chicago Avenue, Suite 850, Chicago, Illinois 60654.

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All communications received as set forth in the preceding paragraph will be opened by the Corporate Secretary for the sole purpose of determining whether the contents represent a message to our directors. The Corporate Secretary will forward copies of all correspondence that, in the opinion of the Corporate Secretary, deals with the functions of the Board or its committees or that he otherwise determines requires the attention of any member, group or committee of the Board.

Attendance at Annual Meeting

Directors are encouraged, but not required, to attend our annual stockholders meeting. Messrs. Belcher, Bobrinskoy and Greenberg attended the 2013 annual meeting of stockholders.

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STOCK OWNERSHIP

Security Ownership of Certain Beneficial Owners and Management

The following table sets forth certain information regarding the beneficial ownership of our common stock as of April 15, 2014 (except as indicated below) by:

- all persons known by us to own beneficially 5% or more of our outstanding common stock;
- each of our directors and director nominees;
- each of the named executive officers listed in the EXECUTIVE AND DIRECTOR COMPENSATION Executive Compensation Summary Compensation Table section of this proxy statement; and
- all of our directors and executive officers as a group.

Unless otherwise indicated, the address of each beneficial owner listed below is c/o InnerWorkings, Inc., 600 West Chicago Avenue, Suite 850, Chicago, Illinois 60654.

Name and Address	Number of Shares Beneficially Owned[1]	Approximate Percent of Class[1]
CERTAIN BENEFICIAL OWNERS (not including directors and executive officers):		
Sagard Capital Partners Management Corp. 325 Greenwich Avenue Greenwich, CT 06830	7,452,125 [2]	14.2 %
Richard A. Heise, Jr. 2221 Old Willow Road Northfield, IL 60093	6,344,907 [3]	12.1 %
Riverbridge Partners LLC 801 Nicollet Mall, Suite 600 Minneapolis, MN 55402	4,978,652 [4]	9.5 %
Wasatch Advisors, Inc. 150 Social Hall Avenue Salt Lake City, UT 84111	3,715,670 [5]	7.1 %
FMR LLC 245 Summer Street Boston, MA 02210	3,524,180 [6]	6.7 %
DIRECTORS, DIRECTOR NOMINEES AND NAMED EXECUTIVE OFFICERS:		
Eric D. Belcher	1,388,307 [7]	2.6 %
Joseph M. Busky	624,991 [8]	1.2 %
John D. Eisel	146,630 [9]	*
Ronald C. Provenzano	63,265 [10]	
Jack M. Greenberg	194,434 [11]	*
Linda S. Wolf	140,232 [12]	*

Charles K. Bobrinskoy	160,448	(12)	*	
J. Patrick Gallagher, Jr.	75,297	(13)	*	
David Fisher	37,305	(14)	*	
Julie M. Howard	28,196	(15)	*	
Daniel M. Friedberg	7,452,125	(2)	14.2	%
All directors and executive officers as a group (11 persons)	10,279,230		19.1	%

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* = less than 1%

(1) Beneficial ownership means any person who, directly or indirectly, has or shares voting or investment power with respect to a security or has the right to acquire such power within 60 days. Shares of common stock subject to options that are currently exercisable or exercisable within 60 days of April 15, 2014 are deemed outstanding for computing the ownership percentage of the person holding such options, but are not deemed outstanding for computing the ownership percentage of any other person. The number of shares beneficially owned is determined as of April 15, 2014, and the percentages are based upon 52,312,577 shares of our common stock outstanding as of April 15, 2014. Unless otherwise indicated, each stockholder listed below has sole voting and investment power with respect to the shares of common stock beneficially owned by such stockholder.

(2) Includes 7,452,125 shares of common stock held by Sagard Capital Partners, L.P., a Delaware limited partnership (Sagard). Sagard Capital Partners GP, Inc., a Delaware corporation (GP), and Sagard Capital Partners Management Corp., a Delaware corporation (Sagard Management, and together with Sagard and GP, the Reporting Persons) may be deemed to be indirect beneficial owners of such reported shares of common stock. Each of the Reporting Persons disclaims beneficial ownership (as defined in Rule 16a-1(a)(2)) of the securities reported herein except to the extent of its pecuniary interest therein. Mr. Friedberg is the President of Sagard and each of the Reporting Persons.

(3) Includes 4,013,316 shares owned by Old Willow Partners, LLC and 1,897,418 shares of common stock held by the Heise Family Dynasty Trust, both of which are controlled by Richard A. Heise, Jr. Based solely on a Schedule 13G/A filed with the Securities and Exchange Commission (the SEC) on February 14, 2013.

(4) Based solely on a Schedule 13G/A filed with the SEC on February 4, 2014.

(5) Based solely on a Schedule 13G/A filed with the SEC on February 13, 2014.

(6) Based solely on a Schedule 13G filed with the SEC on February 14, 2014.

(7) Includes options to purchase 1,130,380 shares of common stock which are exercisable within sixty days of April 15, 2014.

(8) Includes options to purchase 211,106 shares of common stock, which are exercisable within sixty days of April 15, 2014.

(9) Includes options to purchase 76,045 shares of common stock, which are exercisable within sixty days of April 15, 2014.

(10) Includes options to purchase 15,836 shares of common stock, which are exercisable within sixty days of April 15, 2014.

(11) Includes options to purchase 117,622 shares of common stock which are exercisable within sixty days of April 15, 2014. Of these options, an option to purchase 30,000 shares is held for the benefit of Mr. Greenberg s family. Mr. Greenberg may be deemed to have voting and dispositive power over the securities held for the benefit of members of his family. Mr. Greenberg disclaims beneficial ownership of these securities except to the extent of his pecuniary interest.

(12) Includes options to purchase 87,622 shares of common stock which are exercisable within sixty days of April 15, 2014.

(13) Includes 15,620 shares of common stock held by the J. Patrick Gallagher Trust, of which Mr. Gallagher is trustee. Includes options to purchase 5,082 shares of common stock which are exercisable within sixty days of April 15, 2014.

(14) Includes options to purchase 1,499 shares of common stock which are exercisable within sixty days of April 15, 2014.

(15) Includes 14,800 shares of common stock held by the Julie M. Howard Trust, of which Ms. Howard is trustee.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires our directors, executive officers and holders of more than 10% of our common stock to file with the SEC reports regarding their ownership and changes in ownership of our common stock. They are also required to provide us with copies of any forms they file.

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Based solely on our review of the reports furnished to us, we believe that during the last fiscal year, all reports filed by our directors and executive officers under Section 16(a) were made timely, except for Form 4 filings with respect to grants of restricted stock made to Linda S. Wolf, J. Patrick Gallagher, Jr., Julie Howard, David Fisher, Charles Bobrinskoy and Jack Greenberg on June 20, 2013, which were reported on Form 4 on September 6, 2013.

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CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

In the ordinary course of our business, we have entered into transactions with our directors, officers and 5% or greater stockholders or companies in which they have a material interest. We entered into the transactions set forth below in 2013, which were approved by our Audit Committee. We believe that we executed these transactions on terms no less favorable to us than we could have obtained from unrelated third parties. Our Audit Committee is responsible for approving related party transactions, as defined in applicable rules promulgated by the SEC. Our Audit Committee operates under a written charter pursuant to which all related party transactions are reviewed for potential conflicts of interest situations. Such transactions must be approved by our Audit Committee.

Relationship with Arthur J. Gallagher & Co.

During 2013, the Company provided print procurement services to Arthur J. Gallagher & Co. J. Patrick Gallagher, Jr., a member of our Board, is the Chairman, President and Chief Executive Officer of Arthur J. Gallagher & Co. and has a direct ownership interest in Arthur J. Gallagher & Co. The Company billed Arthur J. Gallagher & Co. $0.7 million for these services in 2013. Additionally, Arthur J. Gallagher & Co. provided insurance brokerage and risk management services to the Company. Arthur J. Gallagher & Co. billed the Company $0.5 million for such services in 2013. See BOARD OF DIRECTORS AND CORPORATE GOVERNANCE Director Independence.

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EXECUTIVE AND DIRECTOR COMPENSATION

Executive Officers

The following table sets forth certain information concerning each of our executive officers:

Name	Age	Position
Eric D. Belcher	45	Chief Executive Officer, President and Director
Joseph M. Busky	46	Chief Financial Officer and Secretary
John D. Eisel	37	Chief Operating Officer
Ronald C. Provenzano	48	General Counsel

Eric D. Belcher. For more information on Mr. Belcher, please see the section of this proxy statement entitled PROPOSALS TO BE VOTED ON Proposal No. 1 Election of Directors.

Joseph M. Busky has served as our Chief Financial Officer since July 2008. From November 2006 to November 2007, Mr. Busky served as Corporate Vice President, Chief Accounting Officer at Dade Behring, Inc., a clinical diagnostics company. Upon the purchase of Dade Behring by Siemens Healthcare in November 2007 and until June 2008, Mr. Busky assumed the role of Vice President, Corporate Controller for the Siemens Healthcare Diagnostics division. Previously, Mr. Busky served in various roles of increasing responsibility at Dade Behring, including Vice President, Treasurer, Vice President, Corporate Controller and Vice President, Corporate Planning. Before joining Dade Behring in 1997, Mr. Busky worked in the audit function of Price Waterhouse, a global accounting firm, for nine years. Mr. Busky is a Certified Public Accountant and holds a Bachelor of Business Administration in Accounting and a Masters in Business Administration from Loyola University in Baltimore.

John D. Eisel has served as Chief Operating Officer of InnerWorkings since September 2011. Previously, Mr. Eisel was the Divisional Vice President of Pharmaceutical Strategic Operations for Walgreens Corporation. From 2004 to 2010, Mr. Eisel worked at McKinsey & Company, where he rose to the position of Associate Principal. He began his career in PricewaterhouseCoopers' Advisory Practice. Mr. Eisel is a Certified Public Accountant, earned a Masters in Business Administration from Northwestern University and graduated with a Bachelor of Science in Accountancy from the University of Illinois, Urbana-Champaign.

Ronald C. Provenzano has served as General Counsel of InnerWorkings since September 2012. From January 2005 to August 2012, Mr. Provenzano served as Senior Vice President, Deputy General Counsel for R.R. Donnelley & Sons Company, a global print services company. Previously, Mr. Provenzano served in senior legal executive roles for Huron Consulting Group and True North Communications. Before joining True North in 1999, Mr. Provenzano was a partner at Kirkland & Ellis, a large global law firm. Mr. Provenzano holds a Juris Doctor from University of Illinois College of Law and a Bachelor of Science in Accountancy from the University of Illinois, Urbana-Champaign.

Compensation Discussion and Analysis

This compensation discussion describes the material elements of compensation awarded to, earned by, or paid to each of the individuals who served as our named executive officers during the last completed fiscal year: Eric D. Belcher, Joseph M. Busky, John D. Eisel, and Ronald C. Provenzano. This compensation discussion focuses on the last completed fiscal year, but we also describe compensation actions taken before or after the last completed fiscal year to the extent it enhances the understanding of our executive compensation disclosure.

Executive Summary

Overview. Our Compensation Committee designs and maintains our compensation programs to attract, motivate and retain talented and dedicated executive officers who are essential to our long-term success. To that end, our executive compensation programs focus on the principles summarized below.

Pay for Performance Approach: The majority of our total direct compensation is variable and directly or indirectly tied to Company performance.

Long-Term Focus and Shareholder Alignment: We reward long-term strategic management and

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growth in the value of the Company through long-term equity incentives, which make up a significant portion of our incentive opportunity.

Stock Ownership Requirements: We have stock ownership requirements that apply to our executive officers.

Highlights of Company Performance in 2013. We had another year of record revenue growth in 2013; however, our earnings did not meet our expectations.

We had record revenue of $891.0 million in 2013, an increase of 12.8% compared to revenue of $789.6 million in 2012.

We continued our rapid international growth, with revenue of $89.3 million in 2013 for our Latin America segment, an increase of 50.8% compared to $59.2 million in 2012, and with revenue of $145.0 million in 2013 for our EMEA segment, an increase of 74.1% compared to $83.3 million in 2012.

Adjusted EBITDA (as defined below under Determining 2013 Executive Compensation) was $26.9 million in 2013, which fell short of our 2013 goal.

We hired new leadership in France to address the performance and leadership issues within Production Graphics, a France-based business we acquired in 2011.

We re-engineered our approach to the middle market through our entry into a strategic alliance with a Fortune 500 company with retail locations across the United States.

Impact of Company Performance on Compensation. Our Company s results in 2013 had a direct impact on annual incentive compensation earned by our executive officers, as more thoroughly described later in this Compensation Discussion and Analysis. For 2013, our executive officers earned 55% to 60% of their target annual incentive awards. In addition, the value of the executive officers equity holdings declined over the course of 2013 due to the decline in the Company s stock price during that period. The table below illustrates the total grant date fair value of equity awards our executive officers received in 2011, 2012 and 2013 compared to their realizable value as of December 31, 2013. Realizable value is defined as the value of equity awards which would be received upon exercise as of a given date after grant.

Advisory Approval of Executive Compensation. The Company s executive compensation as disclosed in the Company s 2011 Proxy Statement (filed on April 29, 2011) was approved on an advisory basis by holders of approximately 99% of the shares voted at the Company s June 16, 2011 annual meeting. The Compensation Committee s current compensation programs, objectives and philosophy remain consistent with the compensation programs in existence since 2010, and the Compensation Committee believes that the compensation of our named executives is competitive with the market and aligns with the best interest of our stockholders. As such, we have not made any specific changes to our executive compensation program with respect to 2013 or 2014 in connection with the results of the 2011 stockholder advisory vote. Further, at the

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2011 annual meeting, a majority of votes cast by stockholders approved a three-year frequency for the stockholder advisory vote to approve executive compensation. Therefore, we intend to offer our stockholders the opportunity to vote to approve, on an advisory basis, our executive compensation programs at least once every three years. Accordingly, we are providing our stockholders the opportunity to approve our executive compensation at the 2014 annual meeting.

Summary of Executive Compensation Practices. We adhere to executive compensation best practices, as summarized below.

We have a pay for performance approach

We have no single trigger or modified single trigger change in control severance benefits

Our Compensation Committee is comprised solely of independent directors under SEC and NASDAQ requirements

Our Compensation Committee retains an independent compensation consultant

We maintain stock ownership and stock holding guidelines for our executive officers and directors

Our 2006 Stock Incentive Plan has a fixed term and a finite share pool (i.e., it is not evergreen), prohibits repricing of stock options, and does not permit recycling of shares used to pay the exercise price or withholding obligations upon the exercise of stock options

We have no excise tax gross-up provisions

We prohibit hedging transactions and pledging of our stock by executive officers and directors

We provide modest perquisites and reasonable severance arrangements

Components and Objectives of Compensation Program. The principal elements of our executive compensation program are base salary, annual cash incentives, and long-term equity incentives in the form of stock options and restricted stock awards. The objectives and benefit to stockholders of each component and its relative percentage of total compensation are described below.

Component	Objective	Benefit to Stockholders
Base Salary	Provides a measure of stable fixed compensation. Amount reflects individual s performance, responsibilities, and competitive market for executive talent.	Enables us to attract and retain top talent for position.
Annual Cash Incentives	Provides motivation for achievement of annual company and individual performance goals.	Focuses executives on meetingkey company and individual performance goals.
Long-Term Equity Incentives	Provides long-term incentive to focus on stockholder value creation.	Value opportunity for executivesis directly tied to long-term improvement of Company stock price.

2013 Compensation Allocation Relative to Total Compensation*

Name	Base Salary (%)	Annual Bonus Earned (%)	Long-Term Equity Incentives (%)
Eric D. Belcher	27.1 %	17.3 %	54.2 %
Joseph M. Busky	36.1	13.0	48.1

John D. Eisel	46.5	16.7	33.2
Ronald C. Provenzano	56.9	17.1	21.3

* Based on data in the Summary Compensation Table.

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Determining Executive Compensation

Role of the Compensation Committee. We define our competitive market for executive talent to be the business and technology services industries. For each of our named executive officers, the Compensation Committee reviews and approves all elements of compensation taking into consideration recommendations from our Chief Executive Officer (for compensation other than his own). The Compensation Committee meets in executive session to determine the compensation of our Chief Executive Officer and to approve the compensation of the other named executive officers.

Role of Executive Officers. The Compensation Committee meets at least annually with our Chief Executive Officer to review the performance of our other named executive officers and receive the Chief Executive Officer s recommendations regarding the compensation of those named executive officers. Neither the Chief Executive Officer nor any other named executive officer plays any role in the discussion or setting of his own compensation by the Compensation Committee.

Role of the Compensation Consultant. In late 2012, the Compensation Committee retained an external independent consultant, The Delves Group, to advise the Compensation Committee on executive compensation matters, including the composition of the Company s peer group and competitive pay practices for 2013. Our independent advisors from The Delves Group joined Towers Watson during 2013. After evaluating the ability of Towers Watson to provide objective executive compensation consulting services, the Committee elected to engage Towers Watson as its advisor. The Compensation Committee also retained Towers Watson to provide guidance with respect to executive compensation decisions for 2014.

For 2013, the Compensation Committee worked with Delves to review and update the peer group that had been used to advise executive compensation determinations for 2012. In October 2012, the peer group was revised to include companies that reflect the Company s continued growth in sales and business complexity. The peer group was selected from a pool of U.S. public companies primarily within the Company s industry (GICS code) and a comparable revenue range. The Committee determined that the revised peer group of 18 companies (which includes the addition of certain new companies as identified below) provided a robust statistical set of compensation data to serve as a basis for 2013 compensation decisions. In addition to the compensation data disclosed by the companies in the peer group, Delves utilized compensation data from nationally recognized compensation surveys to advise the Committee on competitive compensation levels.

The companies included in the revised peer group used to benchmark the 2013 compensation levels of the executive officers are listed below:

Cenveo, Inc.
IHS, Inc.*
Sykes Enterprises, Inc.*
VistaPrint N.V.
MAXIMUS, Inc.*
Consolidated Graphics, Inc.*
Accretive Health, Inc.*
ICF International, Inc.*
Navigant Consulting, Inc.
Huron Consulting Group, Inc.
Multi-Color Corp.*
Standard Register Company*

Corporate Executive Board Company*
Resources Connection, Inc.
Ennis, Inc.
Schawk, Inc.
TRC Companies, Inc.*
CRA International, Inc.*

* These companies are new to the peer group for 2013.

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For 2013, the Compensation Committee considered the 25th percentile, median and 75th percentile base salaries, bonus targets, long term incentives and total compensation for the relevant executive officers included in the Delves report to evaluate each executive s compensation. The Compensation Committee primarily looks at the 50th percentile of the peer group companies as a benchmark when determining the named executive officers total compensation, but also considers other factors such as prior experience, tenure with the Company and overall performance of the Company and the executive officer.

Determining 2013 Executive Compensation

2013 Base Salary. We provide the opportunity for our named executive officers and other executives to earn a competitive annual base salary. We believe that to attract and retain an appropriate caliber of talent for the position, a portion of our executives compensation should be fixed and predictable. The Compensation Committee looks at the 50th percentile of the peer group companies as a benchmark when considering and determining the executive officer s base salaries, but also considers other factors such as prior experience, tenure with the Company, overall performance of the Company, and the named executive officer s total compensation package.

Based on these considerations, the 2013 salaries of our Chief Executive Officer, our Chief Financial Officer, and our Chief Operating Officer remained unchanged from 2012 levels of $700,000, $450,000 and $350,00 per year, respectively. Our General Counsel s 2013 base salary was increased by $50,000, from $250,000 to $300,000, in accordance with the terms of his 2012 employment agreement.

The Summary Compensation Table sets forth the actual base salary earned by each of our named executive officers during 2013. The table below sets forth our named executive officers base salary rates as in effect in 2012, the changes that went into effect on January 1, 2013, and the percentage of increase, if any.

	Comparative Information for 2013 Base Salary Rates			
Name	Base Salary Rate in 2012 ($)	Base Salary Rate Effective January 1, 2013 ($)	Percentage Increase (%)	
Eric D. Belcher	$ 700,000	$ 700,000	0	%
Joseph M. Busky	450,000	450,000	0	
John D. Eisel	350,000	350,000	0	
Ronald C. Provenzano(1)	250,000	300,000	20	

(1) Mr. Provenzano was hired in September 2012.

2013 Annual Cash Incentives. We provide the opportunity for our named executive officers and other executives to earn an annual cash incentive award. We provide this opportunity to attract and retain an appropriate caliber of talent for the position and to motivate executives to achieve our annual business goals. We review annual cash incentive awards for our named executive officers and other executives annually in January or February to determine award payments for the last completed fiscal year, as well as to establish award opportunities for the current fiscal year. Annual cash incentive awards for 2013 were administered under our Annual Incentive Plan.

The 2013 target opportunities under the Annual Incentive Plan were approved by the Compensation Committee on February 5, 2013. The 2013 management bonus award opportunities were based on the following criteria: 40% on

Adjusted EBITDA performance (50% to 200% pay-out based on reaching 90% to 110% of target Adjusted EBITDA of $58.3 million), 40% on revenue growth (50% to 200% pay-out based on reaching 90% to 110% of target revenue of $940 million) and 20% based on qualitative Company performance, which includes goals such as client retention, middle market growth, international expansion and improved ROIC results).

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The following table sets forth the Company s 2013 results with respect to the quantitative criteria components of our Annual Incentive Plan:

	2013 Target	2013 Actual	Percentage of Target Reached	Weighting
Revenue	$940.0 million	$891.0 million	95 %	40 %
Adjusted EBITDA*	$58.3 million	$26.9 million	46 %	40 %

* Adjusted EBITDA, which represents income from operations with the addition of depreciation and amortization, stock-based compensation expense, change in the fair value of contingent consideration liabilities and certain legal settlements, is considered a non-GAAP financial measure under SEC regulations. Income from operations is the most directly comparable financial measure calculated in accordance with GAAP. Our management team uses Adjusted EBITDA to evaluate the performance of our business. Adjusted EBITDA is not equivalent to any measure of performance required to be reported under GAAP, nor should this data be considered an indicator of our overall financial performance and liquidity. Moreover, the Adjusted EBITDA definition we use may not be comparable to similarly titled measures reported by other companies.

Based on the Compensation Committee s assessment of the qualitative Company performance factors listed above, the Compensation Committee awarded the named executive officers a payout of approximately 100% of the target established for the qualitative component of the annual incentive award for the named executive officers of the Company.

Based on the Compensation Committee s assessment of the quantitative and qualitative targets, the Compensation Committee approved 2013 incentive bonuses earned by our named executive officers as set forth in the table below. The table sets forth the fiscal 2013 target and maximum annual incentive compensation opportunities for our named executive officers and the actual incentive bonus earned by each named executive officer in dollar amounts and as a percentage of the target.

	2013 Annual Cash Incentive Awards					
	Target Incentive		Maximum Incentive		Actual Incentive Earned	
Name	% of Salary	Amount ($)	% of Target	Amount ($)	% of Target	Amount ($)
Eric D. Belcher	115 %	$ 805,000	200 %	$ 1,610,000	55 %	$ 446,000
Joseph M. Busky	60	270,000	200	540,000	60	162,000
John D. Eisel	60	210,000	200	420,000	60	126,000
Ronald C. Provenzano	50	150,000	200	300,000	60	90,000

There were no specific individual performance goals for 2013 incentive awards, but the Compensation Committee or the Board could exercise discretion and take into account individual performance in determining awards.

Under the Annual Incentive Plan, the Compensation Committee may define performance measures to allow for reasonable adjustments to our overall corporate performance goals and our actual performance results that may cause differences between the numbers used for our performance goals and the numbers reported in our financial statements. These adjustments may exclude all or a portion of both the positive or negative effect of external events that are outside the control of our executives, such as natural disasters, litigation, or regulatory changes in accounting or taxation standards. These adjustments may also exclude all or a portion of both the positive or negative effect of

unusual or significant strategic events that are within the control of our executives but that are undertaken with an expectation of improving our long-term financial performance, such as restructurings, acquisitions, or divestitures.

2013 Long-Term Equity Incentives. We provide the opportunity for our named executive officers and other executives to earn a long-term equity incentive award. Long-term incentive awards provide employees with the incentive to stay with us for longer periods of time, which in turn provides us with greater stability during a period of rapid growth. In addition, we believe that these awards are the best way to align the interests of the executives with those of our stockholders.

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In determining the amounts of equity compensation awarded, our Compensation Committee generally considers a variety of factors including: individual performance, scope of responsibility within the organization and demonstrated leadership competencies. The table below sets forth the grant date value of our stock option and restricted stock awards to our named executive officers. These awards vest in four equal annual installments beginning one year after the grant date. Additional details regarding our equity grants, including vesting schedules for awards, are set forth in the Summary Compensation Table and the Grants of Plan-Based Awards table.

	2013 Long-Term Equity Incentives		
Name	Grant Date Value of Options ($)	Grant Date Value of Restricted Stock ($)	Total Value ($)
Eric D. Belcher	$ 700,000	$ 700,000	$ 1,400,000
Joseph M. Busky	300,000	300,000	600,000
John D. Eisel	125,000	125,000	250,000
Ronald C. Provenzano	0	112,500	112,500

Stock Options. For our named executive officers, our stock option program was initially based on grants individually negotiated in connection with employment agreements, and now consists of annual grants to our executives. Our stock options are granted under the terms and conditions of the amended and restated 2006 Stock Incentive Plan, which we refer to as the 2006 Plan, and generally have a 10-year contractual exercise term. We have traditionally used stock options as a form of equity compensation because stock options provide a relatively straightforward incentive for our executives, and result in less immediate dilution of existing stockholders interests. All grants of stock options to our employees are granted with exercise prices equal to or greater than the fair market value of our common stock on the respective grant dates. For a discussion of the determination of the fair market value of these grants, see Management s Discussion and Analysis of Financial Condition and Results of Operations Critical Accounting Policies Stock-Based Compensation in our Annual Report on Form 10-K, as amended.

Restricted Stock Awards. Subject to the terms and conditions of the 2006 Plan, our Compensation Committee may, at any time and from time to time, grant restricted stock to participants in such amounts as it determines. The grant of a share of restricted stock entitles the participant to receive a share of our common stock that becomes transferable upon completing a specified period of service and/or the achievement of specific performance objectives. Grants of restricted stock become vested in accordance with such terms and conditions and during such periods as may be established by the Compensation Committee and set forth in the applicable award agreement.

Determining 2014 Executive Compensation

2014 Base Salary. Taking into consideration the Company s performance in 2013, the individual performance of our named executive officers, and the competitive benchmarking results from our annual executive compensation review, on February 3, 2014, the Compensation Committee determined that the annual base salaries of our Chief Executive Officer and Chief Operating Officer would remain at current levels (i.e., $700,000 for Mr. Belcher and $350,000 for Mr. Eisel); the annual base salary of our Chief Financial Officer, Mr. Busky, was increased to $460,000 for 2014 from $450,000 in 2013; and the annual base salary of our General Counsel was increased to $320,000 for 2014 from $300,000 in 2013.

Name	Comparative Information for 2014 Base Salary Rates		
	Base Salary Rate in 2013 ($)	Base Salary Rate Effective April 1, 2014 ($)	Percentage Increase (%)
Eric D. Belcher	$ 700,000	$ 700,000	0 %
Joseph M. Busky	450,000	460,000	2
John D. Eisel	350,000	350,000	0
Ronald C. Provenzano	300,000	320,000	7

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2014 Annual Cash Incentives. The 2014 target opportunities under the Annual Incentive Plan were approved by the Compensation Committee on February 3, 2014. For the named executive officers, the target bonus award is 115% of the base salary for the Chief Executive Officer, 60% of the base salary for the Chief Financial Officer, 60% of the base salary for the Chief Operating Officer, and 50% of the base salary for the General Counsel. The maximum bonus awards payable to the named executive officers are 200% of such target amounts.

2014 Long-Term Equity Incentives. The 2014 target long-term equity incentive opportunities were approved by the Compensation Committee on February 3, 2014 and will be granted to our named executive officers (other than Mr. Busky, as explained below) the day after our annual meeting, subject to our stockholders approval of our amended and restated 2006 Stock Incentive Plan. The target long-term incentive grant value is $1,194,244 for the Chief Executive Officer, $383,861 for the Chief Operating Officer, and $331,000 for the General Counsel, in each case divided equally between options and restricted stock grants with substantially similar terms as the 2013 grants, including vesting in four equal annual installments beginning one year after the grant date.

With respect to Mr. Busky, on March 18, 2014, the Compensation Committee approved a special retention equity grant valued at $2,000,000, issued in the form of restricted stock on March 21, 2014. This special retention equity grant was issued in lieu of any ordinary long-term equity incentive opportunities that Mr. Busky would otherwise have been eligible to receive in 2014, 2015, and 2016. The restricted stock will vest in full on March 21, 2017, subject to Mr. Busky s continued employment through such date, and vesting will be accelerated in the event of a change in control or if Mr. Busky s employment is terminated by the Company without cause or by Mr. Busky for good reason. This special retention equity grant was designed and approved by the Compensation Committee, as advised by its independent compensation consultant, in view of the desire to retain Mr. Busky s services, which the Compensation Committee determined was in the best interests of the Company and its shareholders. The Compensation Committee believes that the total cost of this award is not significantly greater than the aggregate cost of the awards Mr. Busky would otherwise likely have received in 2014, 2015, and 2016.

Other Executive Compensation Practices, Arrangements and Policies

Executive Benefits and Perquisites. We provide the opportunity for our named executive officers and other executives to receive certain perquisites and general health and welfare benefits. We also offer participation in our defined contribution 401(k) plan. In 2013, we provided a 401(k) matching contribution equal to 12.5% of an employee s contributions under our 401(k) plan, capped at the lesser of 5% of the employee s salary, or $1,500. Mr. Belcher, Mr. Busky, Mr. Eisel, and Mr. Provenzano received matching contributions of $1,500 each for 2013. In 2013, we provided reimbursements for automobile lease payments and medical insurance premiums to our named executive officers. We offer these benefits, at relatively low cost, to remain competitive in the marketplace for executive talent.

Change in Control and Severance Benefits. We provide the opportunity for certain of our named executive officers to be protected under the severance and change in control provisions contained in their employment agreements. We provide this opportunity to attract and retain an appropriate caliber of talent for the position. Our severance and change in control provisions for the named executive officers are summarized in Employment Agreements and Potential Payments upon Termination or Change in Control. We believe our arrangements are reasonable and consistent with market practices. Cash severance is limited to one year of salary continuation for Messrs. Busky, Eisel, and Provenzano (at a rate equal to their then current base salary) and two years of salary continuation (at a rate equal to his then current base salary) plus one year s target annual bonus for Mr. Belcher; there is no severance increase with a change in control. Further, the employment agreements of Mr. Belcher and Mr. Eisel were amended, effective February 22, 2013, to eliminate the modified single-trigger severance provisions that (1) required the executive to continue employment for nine months following a change in control and (2) provided that the executive s resignation

for any reason during the ninety days following such nine month period would constitute good reason entitling the executive to severance benefits. In addition, Mr. Belcher s unvested options and restricted stock, Mr. Busky s 2014 special retention equity grant, and Mr. Eisel s 2011 options and restricted stock will all vest upon a change in control.

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Regulatory Considerations. We have designed our incentive plans so that certain awards paid thereunder may qualify as performance-based compensation under Section 162(m) of the Code to the extent that Section 162(m) applies to us. However, we reserve the right to award compensation that is not deductible under Section 162(m). We will consider the size and frequency of any future stock option and restricted stock awards under our long-term equity incentive program based on Company and individual performance and other market factors.

Stock Ownership Guidelines. On May 26, 2011, the Compensation Committee approved stock ownership guidelines for the named executive officers of the Company. Under the stock ownership guidelines, the named executive officers are expected to hold common stock with a value equal to a designated multiple of annual base salary. The Chief Executive Officer must hold stock with a value equal to four times annual base salary and the other named executive officers must hold stock with a value equal to three times annual base salary. The named executive officers are required to meet these guidelines within three years of becoming subject to them. Shares that count toward satisfaction of the stock ownership guidelines include:

shares owned outright by the executive officer or his or her immediate family members residing in the same household;

shares held in trust for the benefit of the executive officer or his or her immediate family members;

shares acquired upon stock option exercise;

shares purchased in the open market;

restricted stock granted under our equity incentive plan; and

shares subject to stock options that are fully vested, after deducting shares that would be required to be sold or surrendered to cover the applicable exercise price.

In the event the stock ownership guidelines place a severe hardship on an executive officer, our Compensation Committee will make the final decision as to developing an alternative stock ownership guideline for such executive officer that reflects the intention of the stock ownership guidelines and his or her personal circumstances. As of December 31, 2013, our Chief Executive Officer and Chief Financial Officer have met and exceeded the stock ownership guidelines, and our other named executive officers are on track to meet them within three years of becoming subject to the guidelines.

Stock Holding Policy. On April 21, 2014, as an enhancement to our stock ownership guidelines, our Compensation Committee adopted a holding policy requiring our executive officers and directors to hold and refrain from selling any shares of our common stock acquired through equity awards (net of shares withheld or sold in order to satisfy tax obligations or exercise prices) until the executive officer or director has satisfied the ownership requirements in the applicable stock ownership guidelines.

Hedging/Pledging Policy. Under the Company s long-standing trading policy, short sales are prohibited and margin accounts and pledging are discouraged, and there are various restrictions on trading in the Company s stock, including during blackout periods. As an enhancement to the trading policy, on April 21, 2014, the Board adopted an additional policy prohibiting executive officers and directors from (i) entering into hedging, short sale or monetization transactions involving Company stock and (ii) holding Company stock in a margin account or pledging Company stock as collateral for a loan. Limited exceptions to the margin account/pledging prohibition may be granted by the Company s General Counsel.

Shareholder Outreach. Beginning in 2013, we initiated a shareholder governance outreach program, in order to obtain input from our large shareholders on governance and related practices, including executive compensation. From June 2013 through February 2014, our General Counsel, on behalf of the Board, held telephonic meetings with representatives of institutional shareholders representing more than 30% of shares outstanding based on shares owned on the applicable meeting date. The feedback received in these meetings has informed our Board s and Compensation

Committee s decisions concerning governance and executive compensation matters. Our Board and Compensation Committee intend to continue this outreach program.

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Executive Compensation

The following table sets forth the information regarding 2013 compensation for each of our named executive officers. 2012 and 2011 information is presented for executives who were also named executive officers during those years.

2013 SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary ($)	Bonus ($)	Option Awards[1] ($)	Stock Awards[1] ($)	Non-Equity Incentive Plan Compensation ($)	All Other Compensation ($)	Total ($)[2]
Eric D. Belcher	2013	700,000		700,000	700,000	446,000	35,846	2,581,846
Chief Executive Officer	2012	687,500		550,000	550,000	675,000	37,646	2,500,146
and President	2011	612,500	34,000	425,000	425,000	716,000	34,874	2,253,374
Joseph M. Busky Chief	2013	450,000		300,000	300,000	162,000	33,446	1,245,446
Financial Officer	2012	443,750		200,000	200,000	215,000	35,246	1,093,996
	2011	413,750		165,000	165,000	250,000	31,474	1,031,224
John D. Eisel	2013	350,000		125,000	125,000	126,000	26,499	752,499
Chief Operating Officer	2012	312,692		100,000	100,000	200,000	28,299	740,991
	2011	80,770	100,000[3]	500,000	500,000		9,493	1,190,263
Ronald C. Provenzano General Counsel	2013	300,000			112,500	90,000	23,846	526,346

(1) Amounts represent the full grant date fair value of the stock option awards and restricted stock awards granted in 2013, 2012 and 2011 calculated in accordance with FASB ASC Topic 718. For a discussion of the assumptions and methodologies used in calculating the grant date fair value of the stock option awards and restricted stock awards, please see Note 2 to the Company s consolidated financial statements in the Company s Annual Report on Form 10-K for the fiscal year ended December 31, 2013, as amended.

(2) Consists of 401(k) matching contributions, reimbursed car payments and medical insurance premiums.

(3) John D. Eisel joined the Company as its Chief Operating Officer in September of 2011 and was not eligible for a 2011 incentive bonus award. However, Mr. Eisel did receive a $100,000 signing bonus upon joining the Company. A pro-rata share of this signing bonus is recoverable should Mr. Eisel leave the company prior to the fourth anniversary of his start date with the Company.

For a description of the material terms of employment agreements with our named executive officers, see Employment Agreements.

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2013 GRANTS OF PLAN-BASED AWARDS

The following table provides information for each of the Company s named executive officers regarding 2013 plan-based awards.

(1) These represent potential incentive opportunities for 2013 annual incentive awards. Actual amounts earned for 2013 performance are reported in the Summary Compensation Table.

(2) Values based on the closing price of a share of our common stock on the date of grant. The exercise price for options granted to Messrs. Belcher, Busky, and Eisel is $15.05. Values for restricted stock awards are based on the closing price of a share of our common stock on the date of grant. Values for option grants are based on the grant date value calculated in accordance with FASB ASC Topic 718. For a discussion of the assumptions and methodologies used in calculating the grant date fair value of the option awards and restricted stock awards, please see Notes 2 and 14 to the Company s consolidated financial statements in the Company s Annual Report on Form 10-K for the fiscal year ended December 31, 2013, as amended.

Employee Benefit Plan

2004 Unit Option Plan

Effective January 1, 2004, we adopted the InnerWorkings, LLC 2004 Unit Option Plan. The principal purpose of the Unit Option Plan has been to attract, retain and reward selected employees, consultants and directors through the granting of non-qualified stock options.

Upon adoption of our 2006 Stock Incentive Plan, the Unit Option Plan was merged into the 2006 Stock Incentive Plan and ceased to separately exist. Except with respect to rights that may be protected under prior award agreements, outstanding awards under the Unit Option Plan are now subject to the 2006 Stock Incentive Plan. The awards remaining under the Unit Option Plan were rolled into the 2006 Stock Incentive Plan. No additional awards may be made under the Unit Option Plan on or after the effective date of the 2006 Stock Incentive Plan.

2006 Stock Incentive Plan

We maintain the InnerWorkings, Inc. 2006 Stock Incentive Plan. The principal purpose of the 2006 Stock Incentive Plan is to attract, motivate, reward and retain selected employees, consultants and directors through the granting of stock-based compensation awards. The 2006 Stock Incentive Plan provides for a variety of awards, including non-qualified stock options, incentive stock options (within the meaning of Section 422 of the Code), stock appreciation rights, restricted stock awards, performance-based awards and other stock-based awards. On April 21, 2014, our Compensation Committee approved the amended and restated 2006 Stock Incentive Plan, subject to stockholder approval, which amendment and restatement (i) increases the maximum

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number of shares of common stock that may be issued under the plan by 2,200,000, from 5,650,000 to 7,850,000, and (ii) reiterates the performance based goals used in granting performance based awards under the 2006 Stock Incentive Plan to be approved by stockholders for purposes of Section 162(m) of the Code.

Annual Incentive Plan

We maintain the InnerWorkings Annual Incentive Plan that rewards employees for meeting and exceeding annual performance goals established by the Compensation Committee based on one or more criteria set forth in the Annual Incentive Plan.

Eligibility to participate in the Annual Incentive Plan is limited to substantially all regular full-time and part-time employees. Temporary employees, any independent contractors, and certain other specified classifications are not eligible to participate in the Annual Incentive Plan.

Employees are eligible to receive bonuses based on meeting operational and financial goals that may be stated (a) as goals of the company, a subsidiary, or a portion thereof, (b) on an absolute basis and/or relative to other companies, or (c) separately for one or more participants or business units. The objective performance goals for the Annual Incentive Plan are established by our Compensation Committee at the beginning of the year. Bonus payouts are determined within a reasonable time after the end of the performance period.

Our Compensation Committee administers the Annual Incentive Plan and has the authority to construe, interpret and implement the Annual Incentive Plan and prescribe, amend and rescind rules and regulations relating to the Annual Incentive Plan. The determination of the Compensation Committee on all matters relating to the Annual Incentive Plan or any award agreement will be final, binding and conclusive. The Annual Incentive Plan may be amended or terminated by the Compensation Committee or our Board. However, the Annual Incentive Plan may not be amended without the prior approval of our stockholders, if such approval is necessary to qualify bonuses as performance-based compensation under Section 162(m) of the Code.

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OUTSTANDING EQUITY AWARDS AT 2013 FISCAL YEAR-END

The following table summarizes the number of securities underlying outstanding plan awards for each named executive officer as of December 31, 2013.

	Option Awards				Stock Awards		
Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested ($)[1]
Eric D. Belcher	25,845		0.65	9/14/2015	12,500[8]	97,375
	100,000		1.00	10/1/2015	25,790[3]	200,904
	161,031		14.36	1/22/2018	34,464[3]	268,475
	575,000		6.00	11/14/2018	46,512[4]	362,328
	50,476	50,476 [2]	8.24	6/23/2021		
	22,917	68,751 [3]	11.97	3/15/2022		
		120,898 [4]	15.05	3/15/2023		
Joseph M. Busky	152,091		12.54	7/16/2018	10,500[8]	81,795
	19,596	19,596 [2]	8.24	6/23/2021	10,012[2]	77,993
	8,334	25,002 [3]	11.97	3/15/2022	12,531[3]	97,616
		51,813 [4]	15.05	3/15/2023	19,934[4]	155,286
John D. Eisel	66,488	66,491 [5]	7.58	9/20/2021	32,982[5]	256,930
	4,159	12,480 [6]	12.24	9/14/2022	6,128 [6]	47,737
		21,589 [4]	15.05	3/15/2023	8,306 [4]	60,704
Ronald C. Provenzano	12,669	50,676 [7]	12.10	9/4/2022	18,433[9]	140,671
					24,794[7]	193,145

(1) The market value of unvested stock awards is calculated by multiplying the number of shares or units of stock that have not vested by $7.79, the Company s closing stock price on December 31, 2013, the last trading day of the 2013 fiscal year.

(2) Vests in two equal annual installments beginning on June 23, 2014.

(3) Vests in three equal annual installments beginning on March 15, 2014.

(4) Vests in four equal annual installments beginning on March 15, 2014.

(5) Vests in two equal annual installments beginning on September 20, 2014.

(6) Vests in three equal annual installments beginning on September 14, 2014.

(7) Vests in four equal annual installments beginning on September 4, 2014.

(8) Vested on March 10, 2014.

(9) Vests in four equal annual installments beginning on November 12, 2014.

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2013 OPTION EXERCISES AND STOCK VESTED TABLE

The following table sets forth the number of shares acquired and the value realized by our named executive officers upon the exercise of option awards and the vesting of restricted stock awards during the fiscal year ended December 31, 2013.

	Option Awards		Stock Awards	
Name	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise ($)[1]	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting ($)[2]
Eric D. Belcher	142,092	1,574,248	36,883	517,074
Joseph M. Busky			18,532	195,860
John D. Eisel			19,683	284,803
Ronald C. Provenzano			6,198	68,550

(1) Value realized upon the exercise of option awards is based on: (i) if the exercise involves a sale of some or all of the exercised shares, the difference between the actual price at which the exercised shares were sold and the exercise price of the options, or (ii) in all other cases, the difference between the closing market price of our common stock as reported on the NASDAQ Global Market on the date of exercise and the exercise price of the options.

(2) Value based on the closing market price of our common stock as reported on NASDAQ Global Market on the date of vesting.

2013 PENSION BENEFITS

We do not maintain any qualified or non-qualified defined benefit plans.

2013 NONQUALIFIED DEFERRED COMPENSATION

We do not maintain any non-qualified deferred compensation plans.

Employment Agreements

Employment Agreement with Eric D. Belcher

We entered into an amended and restated employment agreement with Eric D. Belcher, our Chief Executive Officer, effective January 1, 2014, upon the expiration of his prior employment agreement effective December 31, 2013. Mr. Belcher s original employment agreement was entered into in June 2005, and was subsequently amended and restated effective January 1, 2009. The employment agreement provides that the amount of Mr. Belcher s base salary will be determined annually by our Board, but will not be less than $700,000 per annum. Additionally, Mr. Belcher will

receive a target annual bonus under the Company s Annual Incentive Plan of no less than 115% of his base salary if the Company meets its annual targets, with a maximum bonus eligibility not to exceed 200% of his bonus target. Mr. Belcher will also be eligible to receive long-term incentive awards with a targeted grant date value of 200% of his base salary, subject to adjustment by the Compensation Committee in its sole discretion.

In connection with the execution of his original employment agreement in June 2005, Mr. Belcher received options to purchase 105,000 shares of common stock at an exercise price of $1.00 per share. These options vested upon the completion of our initial public offering and all have been exercised. Also in connection with his original employment agreement, Mr. Belcher was granted options to purchase 120,000 and 100,000 shares of common stock in September 2005 and October 2005, respectively. These grants have exercise prices of $0.65 and $1.00, respectively, which were the fair market values of our stock at the time of the grant, based on an independent valuation. These option grants are fully vested with 25,845 and 100,000 shares remaining unexercised, respectively, as of December 31, 2013.

In January 2008, in connection with an amendment of Mr. Belcher s employment agreement, he was granted 69,638 shares of restricted stock which vest ratably over four years and are all fully vested as of December 31, 2012. Vesting of these shares would have accelerated in the event of a change in control of the Company.

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In November 2008, in connection with Mr. Belcher s appointment as Chief Executive Officer effective January 1, 2009, Mr. Belcher was granted options to purchase 575,000 shares of common stock at an exercise price of $6.00 per share, which vest ratably over five years. Vesting of these options will accelerate in the event of a change in control of the Company.

Upon execution of his 2009 amended and restated employment agreement, Mr. Belcher was paid a long term cash incentive bonus of $400,000, which was repayable on a pro rata basis if Mr. Belcher s employment had terminated under certain circumstances up to January 1, 2012.

Pursuant to his amended and restated employment agreement, Mr. Belcher s employment may be terminated, with or without cause, by our Board. If we terminate Mr. Belcher s employment for cause (as described below) or on account of death or disability, or if Mr. Belcher terminates his employment for any reason other than a good reason (as described below), Mr. Belcher is entitled to no further compensation or benefits other than those earned through the date of termination. If we terminate Mr. Belcher s employment for any reason other than for cause, death or disability, or if Mr. Belcher terminates his employment for good reason, we will provide the following severance benefits:

continued payment of base salary at his rate then in effect for twenty-four months following termination, his target annual bonus for the fiscal year in which the date of termination occurs, plus his pro-rated annual bonus based on actual performance for the year in which the date of termination occurs,
immediate vesting of all outstanding equity-based awards which would otherwise have vested based solely on the passage of time if his employment had continued for a period of 24 months following the termination,
immediate vesting of a portion of all outstanding equity-based awards which would otherwise vested based on performance (which shall not exceed 100% of such award) as if he had remained employed until the last day of the performance period, pro rated based on the number of full calendar months elapsed during the performance period through the date of termination plus an additional 24 months, and
if the qualifying termination occurs within 90 days before or 24 months after a change in control, immediate vesting of all outstanding equity-based awards (including immediate vesting at the target level of performance for equity-based awards), and
any outstanding accrued obligations.

Cause is defined in Mr. Belcher s employment agreement as the occurrence of any of the following:

theft, dishonesty, or falsification of employment or Company records by Mr. Belcher;
the Board s determination that Mr. Belcher has committed a felony or any act involving moral turpitude;
the Board s determination that Mr. Belcher has engaged in willful misconduct or gross negligence that has had a material adverse effect on the Company s reputation or business; or
Mr. Belcher s continuing material breach of his employment agreement following his receipt of written notice of the breach and a reasonable opportunity to cure it.

Good reason is defined in Mr. Belcher s employment agreement as the occurrence of any of the following:

a material reduction of Mr. Belcher s duties or authority under, or assignment of duties that are materially inconsistent with, the terms of his employment agreement, or the Company s failure to appoint or reelect Mr. Belcher to his positions under his employment agreement (however, such an event in and of itself shall not constitute good reason during the nine month period following a change in control);

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a relocation of Mr. Belcher s office to more than 100 miles from the Company s current office without his consent; or
the Company s breach of his employment agreement that continues for more than 30 days after the Company s receipt of notice thereof.

Mr. Belcher s employment agreement expires December 31, 2014, and shall renew automatically beginning on such date for successive one-year periods unless either party delivers a notice of non-renewal.

Employment Agreement with Joseph M. Busky

We entered into an amended and restated employment agreement with Joseph M. Busky, our Chief Financial Officer, effective April 30, 2012. Mr. Busky s original employment agreement was entered into in July of 2008. Mr. Busky s amended and restated employment agreement extends through December 31, 2016.

The employment agreement provides that the amount of Mr. Busky s base salary will be determined annually by our Board, but will not be less than $450,000 per annum. Additionally, Mr. Busky will receive a target annual bonus of 50% of his base salary if the Company meets its annual targets, with a maximum bonus eligibility not to exceed 200% of his bonus target. The actual amount of the annual bonus is discretionary and determined based upon Mr. Busky s performance, our performance and certain performance targets approved by our Board (and by the Compensation Committee under our Annual Incentive Plan). The agreement also contains customary non-competition and non-solicitation provisions.

Mr. Busky s employment may be terminated, with or without cause, by the Company. If we terminate Mr. Busky s employment for cause (as described below) or on account of death or disability, or if Mr. Busky terminates his own employment for any reason other than for good reason (as described below), Mr. Busky is generally entitled to no further compensation or benefits other than those earned through the date of termination. If we terminate Mr. Busky s employment for any reason other than for cause, death or disability, or if Mr. Busky terminates his own employment for good reason, we will continue to pay base salary for 12 months following termination. Mr. Busky would also have been entitled to immediate vesting of all equity awards granted on or about July 16, 2008. These awards are fully vested as of December 31, 2012.

Cause is defined in Mr. Busky s employment agreement as the occurrence of any of the following:

Mr. Busky s failure to perform reasonably assigned duties following his receipt of written notice of the failure and a reasonable opportunity to remedy it;
theft, dishonesty, or falsification of employment or Company records by Mr. Busky;
the Company s determination that Mr. Busky has committed a felony or any act involving moral turpitude;
the Company s determination that Mr. Busky has engaged in willful misconduct or gross negligence that has had a material adverse effect on the Company s reputation or business; or
Mr. Busky s material breach of his employment agreement following his receipt of written notice of the breach and a reasonable opportunity to cure it.

Good reason is defined in Mr. Busky s employment agreement as the occurrence of any of the following:

a material reduction in Mr. Busky s duties or responsibilities below what is customary for a chief financial officer at a similar company without his consent;
a relocation of Mr. Busky s office to more than 100 miles from the Company s current office without his consent; or
the Company s breach of his employment agreement that continues for more than 30 days after the Company s receipt of notice thereof.

If, during the three months prior to the public announcement of a proposed change of control or at any time following

a change of control, the executive s employment is terminated by us for any reason other than

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cause, or terminated by the executive for good reason, Mr. Busky is entitled to full vesting of all equity awards granted on or about July 16, 2008. Change of Control has the same definition as set forth in our 2006 Stock Incentive Plan.

Employment Agreement with John D. Eisel

We entered into an employment agreement with John D. Eisel, our Chief Operating Officer, effective September 20, 2011. Under the employment agreement, Mr. Eisel will receive a base salary of not less than $300,000 per annum and, after the one year anniversary of his start date, not less than $350,000 per annum. The Company also agreed to grant Mr. Eisel a $100,000 cash signing bonus, which is repayable on a pro rata basis under certain circumstances. In addition, the Company agreed to grant Mr. Eisel $1,000,000 in stock-based compensation, consisting of 50% in common stock options, which vest ratably over a four-year period, and 50% in restricted shares of common stock, which vest ratably over a four-year period. These awards are subject to the Company s standard terms and conditions for stock option and restricted stock grants. The employment agreement was amended, effective January 1, 2014, to provide that, instead of an annual bonus under the Company s Annual Incentive Plan, Mr. Eisel will be eligible to receive 5% of gross profit up to $2,000,000 and 15% of gross profit over $2,000,000 relative to orders invoiced on specified accounts for the 2014 bonus plan year, and for the 2015 and 2016 bonus plan years, Mr. Eisel will be eligible to receive 10% of gross profit relative to orders invoiced on specified accounts. The amendment also provides that Mr. Eisel is eligible to receive commissions on new business, as described in the amendment.

Mr. Eisel s employment may be terminated, with or without cause, by the Company. If the Company terminates Mr. Eisel s employment for cause (as described below) or on account of death or disability, or if Mr. Eisel terminates his own employment for any reason other than for good reason (as described below), Mr. Eisel is generally entitled to no further compensation or benefits other than those earned through the date of termination, plus continued commissions on new business for a period of one year following termination. If we terminate Mr. Eisel s employment for any reason other than for cause, death or disability, or if Mr. Eisel terminates his own employment for good reason, we will continue to pay base salary for 12 months following termination. Mr. Eisel is also entitled to immediate vesting of all equity awards granted on or about September 20, 2011 for a period of 24 months after his termination as if Mr. Eisel had remained an employee of the Company.

Cause is defined in Mr. Eisel s employment agreement as the occurrence of any of the following:

Mr. Eisel s failure to perform reasonably assigned duties following his receipt of written notice of the failure and a reasonable opportunity to remedy it;

theft, dishonesty, or falsification of employment or Company records by Mr. Eisel;

the Company s determination that Mr. Eisel has committed a felony or any act involving moral turpitude;

the Company s determination that Mr. Eisel has engaged in willful misconduct or gross negligence that has had a material adverse effect on the Company s reputation or business; or

Mr. Eisel s material breach of his employment agreement following his receipt of written notice of the breach and a reasonable opportunity to cure it.

Good Reason is defined in Mr. Eisel s employment agreement as the occurrence of any of the following:

a material reduction in Mr. Eisel s duties or responsibilities below what is customary for a chief operating officer at a similar company without his consent;

a relocation of Mr. Eisel s office to more than 100 miles from the Company s current office without his consent; or

the Company s breach of his employment agreement that continues for more than 30 days after the Company s receipt of notice thereof.

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Mr. Eisel s employment agreement was amended, effective February 22, 2013, to eliminate the modified single-trigger severance provisions that (1) required him to continue employment for 9 months following a change in control and (2) provided that Mr. Eisel s resignation for any reason during the 90 days following such 9 month period would constitute good reason entitling him to severance benefits.

Employment Agreement with Ronald C. Provenzano

We entered into an employment agreement with Ronald C. Provenzano, our General Counsel, effective August 23, 2012. Under the employment agreement, Mr. Provenzano received a base salary of $250,000 per annum for 2012, and will receive a base salary of $300,000 per annum starting in 2013. The employment agreement also provides that Mr. Provenzano will be eligible for an annual performance bonus, with an annual target bonus amount equal to not less than 50% of his base salary. The Company also agreed to grant Mr. Provenzano an equity grant upon signing equal in value to $750,000, consisting of 50% in common stock options, which vest ratably over a five-year period, and 50% in restricted shares of common stock, which vest ratably over a five-year period. These awards are subject to the Company s standard terms and conditions for stock option and restricted stock grants.

Mr. Provenzano s employment may be terminated, with or without cause, by the Company. If the Company terminates Mr. Provenzano s employment for cause (as described below) or on account of death or disability, or if Mr. Provenzano terminates his own employment for any reason other than for good reason (as described below), Mr. Provenzano is generally entitled to no further compensation or benefits other than those earned through the date of termination. If we terminate Mr. Provenzano s employment for any reason other than for cause, death or disability, or if Mr. Provenzano terminates his own employment for good reason, we will continue to pay base salary for 12 months following termination. Mr. Provenzano is also entitled to immediate vesting of all equity awards granted on or about August 23, 2012 for a period of 24 months after his termination as if Mr. Provenzano had remained an employee of the Company.

Cause is defined in Mr. Provenzano s employment agreement as the occurrence of any of the following:

theft, dishonesty, or falsification of employment or Company records by Mr. Provenzano;
the Company s determination that Mr. Provenzano has committed a felony or any act involving moral turpitude;
the Company s determination that Mr. Provenzano has engaged in willful misconduct or gross negligence that has had a material adverse effect on the Company s reputation or business; or
Mr. Provenzano s material breach of his employment agreement following his receipt of written notice of the breach and a reasonable opportunity to cure it.

Good Reason is defined in Mr. Provenzano s employment agreement as the occurrence of any of the following:

a material reduction in Mr. Provenzano s duties or responsibilities below, or assignment of duties that are materially inconsistent with, the duties and authority set forth in his employment agreement;
a relocation of Mr. Provenzano s office to more than 100 miles from the Company s current office without his consent; or
the Company s breach of his employment agreement that continues for more than 30 days after the Company s receipt of notice thereof.

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POTENTIAL PAYMENTS UPON TERMINATION AND/OR CHANGE IN CONTROL

Assuming the employment of our named executive officers were to be terminated without cause or for good reason, each as of December 31, 2013, the following individuals would be entitled to payments in the amounts set forth opposite to their name in the below table:

Named Executive Officer	Cash Severance
Eric D. Belcher	$91,875 per month for 24 months
Joseph M. Busky	$37,500 per month for 12 months
John D. Eisel	$29,167 per month for 12 months
Ronald C. Provenzano	$25,000 per month for 12 months

We are not obligated to make any cash payments to these executives if their employment is terminated by us for cause or by the executive without good reason. No severance or benefits are provided for any of the executive officers in the event of death or disability. A change in control does not affect the amount or timing of these cash severance payments.

Assuming the employment of our named executive officers were to be terminated without cause or for good reason, each as of December 31, 2013, the following individuals would be entitled to accelerated vesting of their outstanding stock options and restricted stock awards described in the table below:

Named Executive Officer	Value of Equity Awards: Termination Without Cause or for Good Reason[1]	Value of Equity Awards: In Connection With a Change in Control[1]
Eric D. Belcher	Additional vesting of all qualified equity awards that would have otherwise occurred if employed during 24 months after termination: 84,522 restricted stock awards with a value of $658,426 and 156,759 options with a value of $0. All other awards which would have become immediately vested had already vested as of December 31, 2013.	Immediate vesting of all qualified unvested options and restricted stock awards: 119,266 restricted stock awards with a value of $929,082 and 240,125 options with a value of $0. All other awards which would have become immediately vested had already vested as of December 31, 2013.
Joseph M. Busky[2]	All awards which would have become immediately vested had already vested as of December 31, 2013.	All awards which would have become immediately vested had already vested as of December 31, 2013.
John D. Eisel	Additional vesting of qualified equity from September 2011 equity grants that would have otherwise occurred if employed during 24 months after termination: 32,983 restricted stock awards with a value of $256,938 and 66,491 options with a value of	Immediate vesting of all qualified unvested options and restricted stock awards granted in September of 2011: 32,983 restricted stock awards with a value of $256,938 and 66,491 options with a value of $13,963.

	$13,963.	
Ronald C. Provenzano	Additional vesting of qualified equity from September 2012 equity grants that would have otherwise occurred if employed during 24 months after termination: 12,397 restricted stock awards with a value of $96,571 and 25,338 options with a value of $0.	Not applicable.

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(1) Option award values are based on the aggregate difference between the respective exercise prices and the closing sale price of our common stock on December 31, 2013. Stock award values are based on the closing sale price of our common stock on December 31, 2013. Our closing stock price on December 31, 2013 was $7.79 per share.

(2) Does not include Mr. Busky s special retention grant awarded in 2014 (and described above in Compensation Discussion and Analysis) for which vesting is accelerated in full upon (i) a change in control or (ii) his termination of employment by the Company without cause or by him for good reason.

In connection with a termination without cause or a termination for good reason, no payments are due unless the executive executes a general release and waiver of claims against us. During the executive s employment and for a specified period following a termination for any reason, the executive generally is subject to certain restrictive covenants, including non-competition and non-solicitation of customers and employees of the Company.

COMPENSATION AND RISK

Effects of our Compensation Programs on Risk. All significant transactions are reviewed, and must be approved, by our senior corporate management. Therefore, even though associates in our sales offices may have performance targets that will be affected by growth or short term profitability of their divisions, they are not in a position to cause us to undertake transactions that might expose us to risks that are material to us as a company without the concurrence of our senior corporate management.

Our senior executives and other members of our senior corporate management may participate in bonus programs that are based upon achievement of performance targets that may benefit from our growth or short term profits. However, the incentives for our senior executives and other members of our senior corporate management team are balanced between short term and long term Company results, do not result in additional financial exposure to the Company, and are consistent with established industry practice. Accordingly, we do not believe that our incentive bonus programs create material incentives for our senior executives, or any other of our associates, to expose us to significant risk.

The Compensation Committee reviewed our compensation programs and policies for features that may give rise to risks that have a material adverse effect on the Company, and found that the compensation programs operate with strong governance features and do not encourage unnecessary or excessive risk taking.

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Summary of Director Compensation

For 2013, non-employee directors earned $100,000 in equity (awarded in restricted shares). The stock awards granted to the Board during 2013 will vest on June 20, 2014. In addition, our directors were reimbursed for reasonable travel and other expenses incurred in connection with attending meetings of the Board and its committees. Under our 2006 Stock Incentive Plan, directors are eligible to receive stock option and other equity grants at the discretion of the Compensation Committee or other administrator of the plan.

Directors who are employees of the Company receive no additional compensation for serving on the Board or its Committees. The following table summarizes compensation that our non-employee directors earned during 2013 for services as members of our Board, which was paid in the form of restricted stock awards:

2013 DIRECTOR COMPENSATION

Name	Stock Awards ($)[1]	Total ($)
Charles K. Bobrinskoy	100,000	100,000
David Fisher	100,000	100,000
J. Patrick Gallagher, Jr.	100,000	100,000
Jack M. Greenberg	100,000	100,000
Julie M. Howard	100,000	100,000
Linda S. Wolf	100,000	100,000

(1) Represents grant date fair value of restricted stock awards calculated in accordance with FASB ASC Topic 718.

The aggregate option and stock awards outstanding for each person in the table set forth above as of December 31, 2013 are as follows:

	Option Awards				Stock Awards	
Name	Vested	Unvested	Exercise Price	Expiration Date	Vested	Unvested
Charles K. Bobrinskoy	50,000		$ 11.86	9/2/2018	43,799	8,811
	13,441		$ 2.36	2/25/2019		
	13,021		$ 6.86	6/19/2019		
	11,160		$ 8.66	7/1/2021		
David Fisher	1,499		$ 8.41	11/17/2021	8,995	8,811
J. Patrick Gallagher, Jr.	5,082		$ 7.40	8/16/2021	10,784	8,811
Jack M. Greenberg	90,000		$ 0.65	10/1/2015	43,799	8,811
	13,441		$ 2.36	2/25/2019		
	13,021		$ 6.86	6/19/2019		
	11,160		$ 8.66	7/1/2021		
Julie M. Howard			$		4,585	8,811
Linda S. Wolf	50,000		$ 16.41	11/15/2016	43,799	8,811
	13,441		$ 2.36	2/25/2019		
	13,021		$ 6.86	6/19/2019		

11,160	$ 8.66	7/1/2021

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Director Stock Ownership Guidelines. On February 5, 2013, the Compensation Committee and Board approved stock ownership guidelines for directors of the Company. Under the guidelines, non-employee directors are expected to hold common stock with a value equal to two times total annual director compensation. Directors are required to meet these guidelines within five years of becoming a member of the Board. Shares that count toward satisfaction of the stock ownership guidelines include:

shares owned outright by the director or his or her immediate family members residing in the same household;
shares held in trust for the benefit of the director or his or her immediate family members;
shares acquired upon stock option exercise;
shares purchased in the open market;
restricted stock granted under our equity incentive plan; and
shares subject to stock options that are fully vested, after deducting shares that would be required to be sold or surrendered to cover the applicable exercise price.

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Notwithstanding anything to the contrary set forth in any of the Company s filings under the Securities Act of 1933, as amended (the Securities Act), or the Securities Exchange Act of 1934 (the Exchange Act) that might incorporate future filings, including this proxy statement, in whole or in part, the following Report of the Compensation Committee and the Audit Committee Report shall not be deemed to be Soliciting Material, are not deemed filed with the SEC and shall not be incorporated by reference into any filings under the Securities Act or Exchange Act whether made before or after the date hereof and irrespective of any general incorporation language in such filing except to the extent that the Company specifically requests that the information be treated as soliciting material or specifically incorporates it by reference into a document filed under the Securities Act or the Exchange Act.

REPORT OF THE COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS ON EXECUTIVE COMPENSATION

The Compensation Committee of the Board of Directors has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management and, based on such review and discussions, the Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included in this proxy statement and in the Company s Annual Report on Form 10-K for the year ended December 31, 2013, as amended.

By the Compensation Committee
of the Board of Directors,

J. Patrick Gallagher, Jr. (Chairman)
Charles K. Bobrinskoy
David Fisher
Jack M. Greenberg
Julie M. Howard
Linda S. Wolf

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AUDIT COMMITTEE REPORT

The Audit Committee of the Board of Directors consists of four non-employee directors, Charles K. Bobrinskoy, David Fisher, Julie M. Howard and Linda S. Wolf, each of whom the Board of Directors has determined to be an independent director as defined in the rules of NASDAQ. The Audit Committee is a standing committee of the Board of Directors and operates under a written charter adopted by the Board of Directors. The Board approved charter is available at *www.inwk.com* on the Investor page under the link Corporate Governance. Among its other functions, the Audit Committee has the authority and responsibility to retain and terminate the engagement of the Company s independent registered public accounting firm (the independent auditors).

Management is responsible for the Company s internal controls and the financial reporting process. The independent auditors are responsible for performing an independent audit of the Company s consolidated financial statements and internal control over financial reporting in accordance with the auditing standards of the Public Company Accounting Oversight Board (United States) and to issue a report thereon. The Audit Committee s responsibility is to monitor and oversee these processes.

During 2013, at each of its meetings, the Audit Committee met with the senior members of the Company s financial management team and the independent auditors. The Audit Committee s agenda is established by the Audit Committee s chairman and senior members of the Company s financial management team. The Audit Committee met in private sessions with the Company s independent auditors at certain of its meetings, and also separately with the Company s head of internal audit, without management representation, to discuss financial management, accounting and internal control issues. The Audit Committee has reviewed and discussed with management and the independent auditors the audited consolidated financial statements in the Company s Annual Report on Form 10-K for the year ended December 31, 2013, as amended, including a discussion of the quality, not just the acceptability, of the accounting principles, the reasonableness of significant judgments and the clarity of disclosures in the consolidated financial statements. Management represented to the Audit Committee that the Company s consolidated financial statements were prepared in accordance with generally accepted accounting principles. The Audit Committee discussed with the independent auditors matters required to be discussed by the Statement on Auditing Standards No. 61, Communication with Audit Committees, as amended, as adopted by the Public Company Accounting Oversight Board in Rule 3200T.

The Company s independent auditors also provided to the Audit Committee the written disclosures and the letter required by the applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant s communications with the Audit Committee concerning independence. The Committee discussed with the independent auditors that firm s independence and considered whether the non-audit services provided by the independent auditors are compatible with maintaining their independence.

Based on the Audit Committee s discussion with management and the independent auditors, and the Audit Committee s review of the representation of management and the report of the independent auditors to the Audit Committee, the Audit Committee recommended that the Board of Directors include the audited consolidated financial statements in the Company s Annual Report on Form 10-K for the year ended December 31, 2013, as amended, filed with the Securities and Exchange Commission.

Submitted by the Audit Committee
of the Board of Directors,

Charles K. Bobrinskoy (Chairman)

David Fisher
Julie M. Howard
Linda S. Wolf

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FEES BILLED FOR SERVICES RENDERED BY PRINCIPAL REGISTERED PUBLIC ACCOUNTING FIRM

For the fiscal years ended December 31, 2012 and 2013, Ernst & Young LLP, our independent registered public accounting firm, billed the approximate fees set forth below:

Fees	Fiscal Year Ended December 31, 2012	Fiscal Year Ended December 31, 2013
Audit Fees[1]	$ 1,109,993	$ 1,862,736
Audit-Related Fees[2]	20,250	45,000
Tax Fees		
All Other Fees		
Total	$ 1,130,243	$ 1,907,736

(1) Audit fees include fees billed for professional services rendered for the integrated audit of our annual consolidated financial statements, the review of the interim consolidated financial statements included in our quarterly reports, and other related services that are normally provided in connection with statutory and regulatory filings.

(2) Audit-related fees consist of fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the Company s consolidated financial statements and are not reported under Audit Fees. These services include accounting consultations and due diligence in connection with mergers and acquisitions, attest services related to financial reporting that are not required by statute or regulation and consultations concerning financial accounting and reporting standards.

The Audit Committee has adopted certain policies and procedures regarding permitted audit and non-audit services and the annual pre-approval of such services. Each year, the Audit Committee will ratify the types of audit and non-audit services of which management may wish to avail itself, subject to pre-approval of specific services. Each year, management and the independent registered public accounting firm will jointly submit a pre-approval request, which will list each known and/or anticipated audit and non-audit services for the upcoming calendar year and which will include associated budgeted fees. The Audit Committee will review the requests and approve a list of annual pre-approved non-audit services. Any additional interim requests for additional non-audit services that were not contained in the annual pre-approval request will be approved during quarterly Audit Committee meetings.

All services provided by Ernst & Young LLP during the fiscal year ended December 31, 2013 were approved by the Audit Committee.

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OTHER INFORMATION

Stockholder Proposals for the 2015 Annual Meeting

If any stockholder intends to present a proposal to be considered for inclusion in the Company s proxy materials in connection with the 2015 annual meeting of stockholders, the proposal must be in proper form (per SEC Regulation 14A, Rule 14a-8) and received by the Secretary of the Company on or before December 29, 2014. Stockholder proposals to be presented at the 2015 annual meeting of stockholders which are not to be included in the Company s proxy materials must be received by the Company no earlier than March 19, 2015 and no later than April 18, 2015, in accordance with the procedures in the Company s Bylaws.

Expenses of Solicitation

The Company pays the cost of preparing, assembling and mailing this proxy-soliciting material. The Company pays all costs of solicitation, including certain expenses of brokers and nominees who mail proxy materials to their customers or principals.

Householding of Proxy Materials

The SEC has adopted rules that permit companies and intermediaries (e.g., brokers) to satisfy the delivery requirements for proxy statements with respect to two or more stockholders sharing the same address by delivering a single proxy statement addressed to those stockholders. This process, which is commonly referred to as householding, potentially provides convenience for stockholders and cost savings for companies.

We have delivered only one notice to multiple stockholders who share an address, unless we received contrary instructions from the impacted stockholders prior to the mailing date. We agree to deliver promptly, upon written or oral request, a separate copy of the notice and, if applicable, proxy materials, as requested, to any stockholder at the shared address to which a single copy of these documents was delivered. Stockholders should contact their broker or, if a stockholder is a direct holder of shares of our common stock, they should submit their request to our transfer agent in writing addressed to: American Stock Transfer and Trust Company, 6201 15th Avenue, Brooklyn, New York 11219. In addition, stockholders who currently receive multiple copies of the notice at their address and would like to request householding of their communications should contact their broker or, if a stockholder is a direct holder of shares of our common stock, they should submit a request to our transfer agent in writing at the address above.

Upon request by any stockholder entitled to vote at the annual meeting, we will promptly furnish without charge a separate copy of our proxy statement or annual report to you upon written or oral request to: Investor Relations, InnerWorkings, Inc., 600 West Chicago Avenue, Suite 850, Chicago, Illinois 60654, or by telephone at 1-312-642-3700.

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APPENDIX A

INNERWORKINGS, INC.
2006 STOCK INCENTIVE PLAN

(as amended and restated effective June 13, 2014)

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INNERWORKINGS, INC. 2006 STOCK INCENTIVE PLAN

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INNERWORKINGS, INC. 2006 STOCK INCENTIVE PLAN

Article 1. Establishment, Objectives and Duration

1.1 Establishment of the Plan. InnerWorkings, Inc., a Delaware corporation, hereby establishes this InnerWorkings, Inc. 2006 Stock Incentive Plan (the Plan) as set forth herein. Capitalized terms used but not otherwise defined herein will have the meanings given to them in Article 2. The Plan permits the grant of Nonstatutory Stock Options, Incentive Stock Options, Stock Appreciation Rights, Restricted Stock, Restricted Stock Units, Performance Shares, and other Stock Awards. In addition, the Plan provides the opportunity for the deferral of the payment of salary, bonuses and other forms of incentive compensation in accordance with Section 409A.

The Plan became originally effective on July 31, 2006 and will remain in effect as provided in Section 1.3 hereof. The Plan was amended and restated effective June 19, 2008, subject to approval by the Company s stockholders at the 2008 annual meeting. The Plan was further amended and restated effective June 18, 2009, subject to approval by the Company s stockholders at the 2009 annual meeting. The Plan was further amended and restated June 16, 2011, subject to approval by the Company s stockholders at the 2011 annual meeting. The Plan was further amended and restated effective June 21, 2012, subject to approval by the Company s stockholders at the 2012 annual meeting. The Plan was further amended and restated June 13, 2014, subject to approval by the Company s stockholders at the 2014 annual meeting.

1.2 Purpose of the Plan. The purpose of the Plan is to promote the success and enhance the value of the Company by linking the personal interests of Participants to those of Company stockholders, and by providing Participants with an incentive for outstanding performance. The Plan is further intended to provide flexibility to the Company in its ability to motivate, attract and retain the services of Participants upon whose judgment, interest, and special effort the successful conduct of its business is largely dependent.

1.3 Duration of the Plan. The Plan will commence on the Effective Date, as described in Article 2, and will remain in effect, subject to the right of the Committee to amend or terminate the Plan at any time pursuant to Article 15, until all Shares subject to it pursuant to Article 4 have been issued or transferred according to the Plan s provisions. In no event may an Award be granted under the Plan on or after the tenth annual anniversary of the Effective Date.

1.4 Plan Merger. The Company s 2004 Unit Option Plan was merged into this Plan as of July 31, 2006. Except with respect to rights that may be protected under prior award agreements, stock options or unit options awarded and equity interests authorized for awards under the Prior Plan shall be governed by, and available under, the terms of this Plan.

Article 2. Definitions

Whenever used in the Plan, the following terms have the meanings set forth below, and when the meaning is intended, the initial letter of the word is capitalized:

Affiliate means (a) for purposes of Incentive Stock Options, any corporation that is a Parent or Subsidiary of the Company, and (b) for all other purposes hereunder, an entity that is (directly or indirectly) controlled by, or controls, the Company.

Award means, individually or collectively, a grant under this Plan to a Participant of Nonstatutory Stock Options, Incentive Stock Options, Stock Appreciation Rights, Restricted Stock, Restricted Stock Units, Performance Shares and other Stock Awards.

Award Agreement means an agreement entered into by the Company and a Participant setting forth the terms and provisions applicable to an Award or Awards granted to the Participant or the terms and provisions applicable to an election to defer compensation under Section 8.2.

Board or **Board of Directors** means the Board of Directors of the Company.

Cause shall have the meaning set forth in any employment, consulting, or other written agreement between the Participant and the Company or an Affiliate. If there is no employment, consulting, or other written agreement between the Participant and the Company or an Affiliate, or if such agreement does not

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define Cause, then Cause shall have the meaning specified by the Committee in connection with the grant of any Award; provided, that if the Committee does not so specify, Cause shall mean the Participant s:

(a) willful neglect of or continued failure to substantially perform his or her duties with or obligations for the Company or an Affiliate in any material respect (other than any such failure resulting from his or her incapacity due to physical or mental illness);

(b) commission of a willful or grossly negligent act or the willful or grossly negligent omission to act that causes or is reasonably likely to cause material harm to the Company or an Affiliate; or

(c) commission or conviction of, or plea of *nolo contendere* to, any felony or any crime materially injurious to the Company or an Affiliate.

An act or omission is willful for this purpose if it was knowingly done, or knowingly omitted, by the Participant in bad faith and without reasonable belief that the act or omission was in the best interest of the Company or an Affiliate. Determination of Cause shall be made by the Committee in its sole discretion, and may be applied retroactively if, after the Participant terminates Service, it is discovered that Cause occurred during Participant s Service.

Change in Control means the occurrence of any one or more of the following:

(a) An effective change of control pursuant to which any person or persons acting as a group acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) beneficial ownership of stock of the Company representing more than thirty-five percent (35%) of the voting power of the Company s then outstanding stock; provided, however, that a Change in Control shall not be deemed to occur by virtue of any of the following acquisitions: (i) by the Company or any Affiliate, (ii) by any employee benefit plan (or related trust) sponsored or maintained by the Company or any Affiliate, or (iii) by any underwriter temporarily holding securities pursuant to an offering of such securities;

(b) Any person or persons acting as a group acquires beneficial ownership of Company stock that, together with Company stock already held by such person or group, constitutes more than fifty (50%) of the total fair market value or voting power of the Company s then outstanding stock. The acquisition of Company stock by the Company in exchange for property, which reduces the number of outstanding shares and increases the percentage ownership by any person or group to more than 50% of the Company s then outstanding stock will be treated as a Change in Control;

(c) Individuals who constitute the Board immediately after the Effective Date (the Incumbent Directors) cease for any reason to constitute at least a majority of the Board during any 12-month period; provided, however, that any person becoming a Director subsequent thereto whose election or nomination for election was approved by a vote of a majority of the Incumbent Directors then on the Board (either by a specific vote or by approval of the proxy statement of the Company in which such person is named as a nominee for Director, without written objection to such nomination) shall be an Incumbent Director, provided that no individual initially elected or nominated as a Director of the Company as a result of an actual or threatened election contest with respect to Directors or as a result of any other actual or threatened solicitation of proxies or consents by or on behalf of any person other than the Board shall be deemed to be an Incumbent Director; or

(d) Any person or persons acting as a group acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) assets from the Company that have a total gross fair market value of at least forty percent (40%) of the total gross fair market value of all the assets of the Company immediately prior to such acquisition. For purposes of this section, gross fair market value means the value of the assets of the Company, or the value of the assets being disposed of, without regard to any liabilities

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associated with such assets. The event described in this paragraph (d) shall not be deemed to be a Change in Control if the assets are transferred to (i) any owner of Company stock in exchange for or with respect to the Company s stock, (ii) an entity in which the Company owns, directly or indirectly, at least fifty percent (50%) of the entity s total value or total voting power, (iii) any person that owns, directly or indirectly, at least fifty percent (50%) of the Company stock, or (iv) an entity in which a person described in (d)(iii) above owns at least fifty percent (50%) of the total value or voting power. For purposes of this section, and except as otherwise provided, a person s status is determined immediately after the transfer of the assets.

In no event will a Change in Control be deemed to have occurred, with respect to the Participant, if an employee benefit plan maintained by the Company or an Affiliate or the Participant is part of a purchasing group that consummates the transaction that would otherwise result in a Change in Control. The employee benefit plan or the Participant will be deemed part of a purchasing group for purposes of the preceding sentence if the plan or the Participant is an equity participant in the purchasing company or group, except where participation is: (i) passive ownership of less than two percent (2%) of the stock of the purchasing company; or (ii) ownership of equity participation in the purchasing company or group that is otherwise not significant, as determined prior to the Change in Control by a majority of the non-employee continuing directors.

Code means the Internal Revenue Code of 1986, as amended from time to time.

Committee shall mean the Compensation Committee of the Board of Directors, the composition of which shall at all times satisfy the provisions of Code Section 162(m) and shall consist of at least two directors who are independent directors within the meaning of the NASDAQ marketplace rules, and non-employee directors within the meaning of Exchange Act Rule 16b-3.

Company means InnerWorkings, Inc., a Delaware corporation, and any successor thereto as provided in Article 19.

Consultant means any person, including an advisor, engaged by the Company or an Affiliate to render services to such entity and who is not a Director or an Employee.

Director means any individual who is a member of the Board of Directors.

Disability shall mean

(a) A physical or mental condition that would qualify a Participant for a disability benefit under the long-term disability plan of the Company applicable to him or her;

(b) If the Participant is not covered by such a long-term disability plan, disability as defined for purposes of eligibility for a disability award under the Social Security Act;

(c) When used in connection with the exercise of an Incentive Stock Option following termination of employment, disability within the meaning of Code Section 22(e)(3); or

(d) Such other condition as may be determined by the Committee to constitute disability under Section 409A.

Effective Date means June 13, 2014.

Employee means any person employed by the Company or an Affiliate in a common law employee-employer relationship. A Participant shall not cease to be an Employee for purposes of this Plan in the case of (i) any leave of absence approved by the Company or (ii) transfers between locations of the Company or among the Company, its Parent, any Subsidiary, or any successor. For purposes of Incentive Stock Options, no such leave may exceed ninety (90) days, unless reemployment upon expiration of such leave is guaranteed by statute or contract. If reemployment upon expiration of a leave of absence approved by the Company is not so guaranteed, on the one hundred and eighty-first (181st) day of such leave any Incentive Stock Option held by the Participant shall cease to be treated as an

Incentive Stock Option and shall be

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treated for tax purposes as a Nonstatutory Stock Option. Neither service as a Director nor payment of a director s fee by the Company shall be sufficient to constitute employment by the Company.

Exchange Act means the Securities Exchange Act of 1934, as amended from time to time, or any successor act thereto.

Exercise Price means the price at which a Share may be purchased by a Participant pursuant to an Option.

Fair Market Value of a Share on any given date shall be determined by the Committee as follows:

(a) If the Share is listed for trading on the National Association of Securities Dealers, Inc. (NASDAQ) National Market System or one or more national securities exchanges, the last reported sales price on the NASDAQ or such exchange on the date in question, or if such Share shall not have been traded on the NASDAQ or such exchange on such date, the last reported sales price on the NASDAQ or such exchange on the first day prior thereto on which such Share was so traded;

(b) If the Share is not listed for trading, by any means determined fair and reasonable by the Committee, which determination shall be final and binding on all parties; or

(c) Where the Participant pays the Exercise Price and/or any related withholding taxes to the Company by tendering Shares issuable to the Participant upon exercise of an Option, the actual sale price of the Shares.

Incentive Stock Option or **ISO** means an option to purchase Shares granted under Article 6 that is designated as an Incentive Stock Option and that is intended to meet the requirements of Code Section 422.

Initial Public Offering or **IPO** means an initial public offering of the Company s Shares pursuant to an effective registration statement filed with the U.S. Securities and Exchange Commission.

Nonstatutory Stock Option or **NQSO** means an option to purchase Shares granted under Article 6 that is not intended to meet the requirements of Code Section 422.

Option means an Incentive Stock Option or a Nonstatutory Stock Option, as described in Article 6.

Parent means a parent corporation, whether now or hereafter existing, as defined in Code Section 424(e).

Participant means an Employee, Consultant or Director who the Committee has selected to participate in the Plan pursuant to Section 5.2 and who has an Award outstanding under the Plan.

Performance-Based Exception means the performance-based exception from the tax deductibility limitations of Code Section 162(m) and any regulations promulgated thereunder.

Performance Period means the time period during which performance objectives must be met in order for a Participant to earn Performance Shares granted under Article 9.

Performance Share means an Award of Shares with an initial value equal to the Fair Market Value of a Share on the date of grant, which is based on the Participant s attainment of certain performance objectives specified in the Award Agreement, as described in Article 9.

Personal Leave means a leave of absence as described in Section 5.3.

Plan means the InnerWorkings, Inc. 2006 Stock Incentive Plan, as set forth in this document, and as amended from time to time.

Prior Plan means the Company s 2004 Unit Option Plan. The Prior Plan was merged into this Plan as of July 31, 2006 and stock or unit options awarded and equity interests authorized for award under the Prior Plan are governed by, and available under, the terms of this Plan.

Restriction Period means the period during which the transfer of Restricted Stock is limited in some way (based on the passage of time, the achievement of performance objectives, or the occurrence of other events as determined by the Committee, in its sole discretion) or the Restricted Stock is not vested.

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Restricted Stock means a contingent grant of Shares awarded to a Participant pursuant to Article 8. The Shares awarded to the Participant will vest over the Restriction Period and according to the time-based or performance-based criteria, specified in the Award Agreement.

Restricted Stock Unit or **RSU** means a notional account established pursuant to an Award granted to a Participant, as described in Article 8, that is (a) valued solely by reference to Shares, (b) subject to restrictions specified in the Award Agreement, and (c) payable only in Shares. The RSUs awarded to the Participant will vest according to the time-based or performance-based criteria specified in the Award Agreement.

Section 409A means Code Section 409A and any applicable regulations or interpretive authority thereunder.

Service means the provision of services to the Company or its Affiliates in the capacity of (i) an Employee, (ii) a Director, or (iii) a Consultant. For purposes of this Plan, the transfer of an Employee from the Company to an Affiliate, from an Affiliate to the Company or from an Affiliate to another Affiliate shall not be a termination of Service. However, if the Affiliate for which an Employee, Director or Consultant is providing services ceases to be an Affiliate of the Company due to a sale, transfer or other reason, and the Employee, Director or Consultant ceases to perform services for the Company or any Affiliate, the Employee, Director or Consultant shall incur a termination of Service.

Shares means the shares of common stock, $0.0001 par value of the Company, or any successor or predecessor equity interest in the Company.

Stock Appreciation Right or **SAR** means an Award of the contingent right to receive Shares or cash, as specified in the Award Agreement, in the future, based on the value, or the appreciation in the value, of Shares, pursuant to the terms of Article 7.

Stock Award means an Award of Shares pursuant to the terms of Article 10.

Subsidiary means a subsidiary corporation whether now or hereafter existing, as defined in Code Section 424(f).

Vested means, with respect to an Option, that such Option has become fully or partly exercisable; provided, however, that notwithstanding its status as a Vested Option, an Option shall cease to be exercisable pursuant to (and while exercisable shall be subject to) such terms as are set forth herein and in the relevant Award Agreement. Similarly, terms such as Vest, Vesting, and Unvested shall be interpreted accordingly.

Article 3. Administration

3.1 The Committee. The Plan will be administered by the Committee, or by any other committee appointed by the Board whose composition satisfies the nonemployee director requirements of Rule 16b-3 under the Exchange Act and the regulations of Rule 16b-3 under the Exchange Act, the independent director requirements of the NASDAQ marketplace rules, and the outside director provisions of Code Section 162(m), or any successor regulations or provisions.

3.2 Authority of the Committee. Except as limited by law and subject to the provisions of this Plan, the Committee will have full power to: select Employees, Directors and Consultants to participate in the Plan; determine the sizes and types of Awards; determine the terms and conditions of Awards in a manner consistent with the Plan; construe and interpret the Plan and any agreement or instrument entered into under the Plan; establish, amend or waive rules and

regulations for the Plan s administration; and (subject to the provisions of Article 15) amend the terms and conditions of any outstanding Award to the extent they are within the discretion of the Committee as provided in the Plan. Further, the Committee will make all other determinations that may be necessary or advisable to administer the Plan. As permitted by law and consistent with Section 3.1, the Committee may delegate some or all of its authority under the Plan, including to an officer of the Company to designate the Employees (other than such officer himself or herself) to receive Options and to determine the number of Shares subject to the Options such Employees will receive.

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The duties of the Committee or its delegatee shall also include, but shall not be limited to, making disbursements and settlements of Awards, creating trusts, and determining whether to defer or accelerate the vesting of, or the lapsing of restrictions or risk of forfeiture with respect to, Options, Restricted Stock and Restricted Stock Units, and Stock Appreciation Rights. Subject only to compliance with the express provisions of the Plan, the Committee or its delegatee may act in its sole and absolute discretion in performing the duties specifically set forth in the preceding sentence and other duties under the Plan.

3.3 Decisions Binding. All determinations and decisions made by the Committee pursuant to the provisions of the Plan will be final, conclusive and binding on all persons, including, without limitation, the Company, its Board of Directors, its stockholders, all Affiliates, Employees, Participants and their estates and beneficiaries.

3.4 Change in Control. In the event of a Change in Control, the Committee shall have the discretion to accelerate the vesting of Awards, eliminate any restrictions applicable to Awards, deem the performance measures to be satisfied, or take such other action as it deems appropriate, in its sole discretion.

Article 4. Shares Subject to the Plan and Maximum Awards

4.1 Number of Shares Available for Awards.

(a) Subject to adjustment as provided below and in Sections 4.2 and 4.3, the maximum number of Shares that may be issued or transferred to Participants under the Plan will be 7,850,000. The maximum number of Shares that may be issued or transferred to Participants as Incentive Stock Options is 1,000,000. Except during any private-to-public transition period during which Section 162(m) does not apply (such as that described in Treas. Reg. § 1.162-27(f)), the maximum number of Shares and Share equivalent units that may be granted during any calendar year to any one Participant under all types of Awards available under the Plan is 1,000,000 (on an aggregate basis); the foregoing limit will apply whether the Awards are paid in Shares or in cash. All limits described in this Section 4.1(a) are subject to adjustment as provided in Section 4.3.

(b) The Prior Plan was merged into and continued in the form of this Plan as of July 31, 2006. Awards made and Shares awarded under the Prior Plan prior to July 31, 2006, which remained outstanding on July 31, 2006, plus any Shares available for grant under the Prior Plan (including Shares subject to prior awards that expire unexercised or that are forfeited, terminated or canceled and Shares that are surrendered or withheld from any award under such Prior Plan to satisfy a participant s tax withholding) shall be governed by and available under the terms of this Plan, but shall not count against the number of Shares authorized under Section 4.1(a) above. No additional awards will be made under the Prior Plan on or after July 31, 2006.

4.2 Share Counting. Any Shares subject to an Award under the Plan that, after the Effective Date, are forfeited, canceled, settled or otherwise terminated without a distribution of Shares to a Participant will thereafter be deemed to be available for Awards. In applying the immediately preceding sentence, if (i) Shares otherwise issuable or issued in respect of, or as part of, any Award other than Options and SARs are withheld to cover taxes, such shares shall not be treated as having been issued under the Plan and shall again be available for issuance under the Plan, (ii) Shares otherwise issuable or issued in respect of, or as part of, any Award of Options or SARs are withheld to cover taxes or the Exercise Price, such Shares shall be treated as having been issued under the Plan and shall not be available for issuance under the Plan, and (iii) any Share-settled SARs are exercised, the aggregate number of Shares subject to such SARs shall be deemed issued under the Plan and shall not be available for issuance under the Plan. In addition, Shares tendered to exercise outstanding Options or other Awards or to cover applicable taxes on Awards of Options and SARs shall not be available for issuance under the Plan, but Shares tendered to cover applicable taxes on Awards other than Options and SARs shall be available for issuance under the Plan.

4.3 Adjustments in Authorized Shares.

(a) In the event of any merger, reorganization, consolidation, recapitalization, separation, liquidation, split-up, share combination, or other such change in the corporate structure of the Company affecting the Shares, such adjustment shall be made in the number and class of Shares which may be delivered under the Plan, and in the number and class of and/or price of Shares subject to

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outstanding Awards granted under the Plan, as may be determined to be appropriate and equitable by the Committee, in its sole discretion, to prevent dilution or enlargement of rights and provided that the number of Shares subject to any Award shall always be a whole number.

(b) Fractional Shares resulting from any adjustment in Awards pursuant to this section may be settled in cash or otherwise as the Committee determines. The Company will give notice of any adjustment to each Participant who holds an Award that has been adjusted and the adjustment (whether or not that notice is given) will be effective and binding for all Plan purposes.

Article 5. Eligibility and Participation

5.1 Eligibility. An Employee shall be deemed eligible for participation upon such Employee s first day of employment. Additionally, non-Employee Directors and Consultants and/or their representatives who are chosen from time to time at the sole discretion of the Committee to receive one or more Awards are also eligible to participate in the Plan.

5.2 Actual Participation. Subject to the provisions of the Plan, the Committee will, from time to time, select those Employees, non-Employee Directors and Consultants to whom Awards will be granted, and will determine the nature and amount of each Award.

5.3 Personal Leave Status.

(a) Notwithstanding anything in the Plan to the contrary, the Committee, in its sole discretion, reserves the right to designate a Participant s leave of absence as Personal Leave. No Options shall be granted to a Participant during Personal Leave. A Participant s Unvested Options shall remain Unvested during such Personal Leave and the time spent on such Personal Leave shall not count towards the Vesting of such Options. A Participant s Vested Options that may be exercised pursuant to Section 6.6 hereof shall remain exercisable upon commencement of Personal Leave until the earlier of (i) a period of one year from the date of commencement of such Personal Leave; or (ii) the remaining exercise period of such Options. Notwithstanding the foregoing, if a Participant returns to the Company from a Personal Leave of less than one year and the Participant s Options have not lapsed, the Options shall remain exercisable for the remaining exercise period as provided at the time of grant and subject to the conditions contained herein.

(b) The Committee, in its sole discretion, may waive or alter the provisions of this Section 5.3 with respect to any Participant. The waiver or alteration of such provisions with respect to any Participant shall have no effect on any other Participant.

Article 6. Options

6.1 Grant of Options. Subject to the terms and provisions of the Plan, Options may be granted to Employees, non-Employee Directors and Consultants in the number, and upon the terms, and at any time and from time to time, as determined by the Committee.

6.2 Award Agreement. Each Option grant will be evidenced by an Award Agreement that specifies the Exercise Price, the duration of the Option, the number of Shares to which the Option pertains, the manner, time and rate of exercise or Vesting of the Option, and such other provisions as the Committee determines. The Award Agreement will also specify whether the Option is intended to be an ISO or an NQSO.

6.3 Exercise Price. The Exercise Price for each Share subject to an Option will be determined by the Committee; provided, however, that the Exercise Price shall in all cases be equal or greater to the Fair Market Value on the date the Option is granted.

6.4 Duration of Options. Each Option will expire at the time determined by the Committee at the time of grant, but no later than the tenth anniversary of the date of its grant.

6.5 Dividend Equivalents. The Committee may, but will not be required to, provide under an agreement for payments in connection with Options that are equivalent to dividends declared and paid on the Shares underlying the Options prior to the date of exercise. Such dividend equivalent agreement shall be separate and apart from the Award Agreement and shall be designed to comply separately with Section 409A, and shall be subject to the same vesting conditions as the underlying Options.

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6.6 Exercise of Options. Options will be exercisable (in accordance with procedures established by the Company) at such times and be subject to such restrictions and conditions as the Committee in each instance approves, which need not be the same for each Award or for each Participant.

6.7 Payment. The holder of an Option may exercise the Option only by delivering a written notice, or if permitted by the Committee, in its discretion and in accordance with procedures adopted by it, by delivering an electronic notice of exercise to the Company setting forth the number of Shares as to which the Option is to be exercised, together with full payment at the Exercise Price for the Shares and any withholding tax relating to the exercise of the Option.

The Exercise Price and any related withholding taxes will be payable to the Company in full: (a) in cash, or its equivalent, in United States dollars; (b) if permitted in the governing Award Agreement, by tendering Shares owned by the Participant duly endorsed for transfer to the Company, or Shares issuable to the Participant upon exercise of the Option; (c) any combination of (a) and (b); or (d) by any other means the Committee determines to be consistent with the Plan s purposes and applicable law. The Committee, in its discretion, may require that no Shares may be tendered until such Shares have been owned by the Participant for at least six months (or such other period determined by the Committee).

6.8 Special Provisions for ISOs. Notwithstanding any other provision of this Article 6, the following special provisions shall apply to any Award of Incentive Stock Options:

(a) The Committee may award Incentive Stock Options only to Employees.

(b) An Option will not constitute an Incentive Stock Option under this Plan to the extent it would cause the aggregate Fair Market Value of Shares with respect to which Incentive Stock Options are exercisable by the Participant for the first time during a calendar year (under all plans of the Company and its Affiliates) to exceed $100,000. Such Fair Market Value shall be determined as of the date on which each such Incentive Stock Option is granted.

(c) If the Employee to whom the Incentive Stock Option is granted owns stock possessing more than ten (10%) percent of the total combined voting power of all classes of the Company or any Affiliate, then: (i) the Exercise Price for each Share subject to an Incentive Stock Option will be at least one hundred ten percent (110%) of the Fair Market Value of the Share on the Effective Date of the Award; and (ii) the Option will expire upon the earlier of (A) the time specified by the Committee in the Award Agreement, or (B) the fifth anniversary of the date of grant.

(d) No Option that is intended to be an Incentive Stock Option may be granted under the Plan until the Company s stockholders approve the Plan. If such stockholder approval is not obtained within 12 months after the Board s adoption of the Plan, then no Options may be granted under the Plan that are intended to be Incentive Stock Options. No Option that is intended to be an Incentive Stock Option may be granted under the Plan after the tenth anniversary of the date the Company adopted the Plan or the Company s stockholders approved the Plan, whichever is earlier.

(e) An Incentive Stock Option must be exercised, if at all, by the earliest of (i) the time specified in the Award Agreement, (ii) three months after the Participant s termination of Service for a reason other than death or Disability, or (iii) twelve months after the Participant s termination of Service for death or Disability.

(f) An Option that is intended but fails to be an ISO shall be treated as an NQSO for purposes of the Plan.

6.9 Restrictions on Share Transferability.

The Committee may impose such restrictions on any Shares acquired through exercise of an Option as it deems necessary or advisable, including, without limitation, restrictions under applicable federal securities laws, under the requirements of any stock exchange or market upon which the Shares are then listed or traded, and under any blue sky or state securities laws applicable to the Shares.

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6.10 Termination of Service. Unless the applicable Award Agreement provides otherwise and subject to Section 6.8(e):

(a) In the event that the Service of a Participant is terminated by the Company for any reason other than Cause, Disability or death, Options that are exercisable at the time of such termination shall remain exercisable until the earlier of (i) the remaining exercise period or (ii) one year from the date of such Service termination. Options that are not exercisable at the time of such termination of Service shall expire at the close of business on the date of such termination.

(b) In the event that the Service of a Participant with the Company terminates on account of the Disability or death of the Participant, Options that are exercisable at the time of such termination shall remain exercisable until the expiration of the term of the Option. Options that are not exercisable at the time of such termination shall expire at the close of business on the date of such termination.

(c) In the event of termination of a Participant s Service for Cause, all outstanding Options granted to such Participant shall expire as of the commencement of business on the date of such termination.

(d) In the event of a Participant s termination of Service for any reason other than those described in subsections (a), (b) and (c) of this Section 6.10, Options that are exercisable at the time of such termination shall remain exercisable until the earlier of (i) the remaining exercise period or (ii) 30 days from the date of such termination. Options that are not exercisable at the time of such termination shall expire at the close of business on the date of such termination.

Each Option Award Agreement will set forth the extent to which the Participant has the right to exercise the Option after his or her termination of Service. These terms will be determined by the Committee in its sole discretion, need not be uniform among all Options, and may reflect, among other things, distinctions based on the reasons for termination of Service. However, notwithstanding any other provision herein to the contrary, no additional Options will Vest after a Participant s Service ceases or has terminated for any reason, whether such cessation or termination is lawful or unlawful.

Article 7. Stock Appreciation Rights

7.1 Grant of SARs. Subject to the terms and conditions of the Plan, SARs may be granted to Participants at any time and from time to time, as determined by the Committee. Within the limits of Article 4, the Committee will have sole discretion to determine the number of SARs granted to each Participant and, consistent with the provisions of the Plan, to determine the terms and conditions pertaining to SARs.

The grant price for any SAR shall be determined by the Committee, but the grant price shall in all cases be equal or greater to the Fair Market Value on the date the SAR is granted.

7.2 Exercise of SARs. SARs may be exercised (in accordance with procedures established by the Company) upon whatever terms and conditions the Committee, in its sole discretion, imposes.

7.3 Award Agreement. Each SAR grant will be evidenced by an Award Agreement that specifies the grant price, whether settlement of the SAR will be made in cash or in Shares, the term of the SAR and such other provisions as the Committee determines.

7.4 Term of SAR. The term of a SAR will be determined by the Committee, in its sole discretion, but may not exceed ten years.

7.5 Payment of SAR Amount. Upon exercise of a SAR with respect to a Share, a Participant will be entitled to receive an amount equal to the excess, if any, of the Fair Market Value on the date of exercise of the SAR over the grant price specified in the Award Agreement. At the discretion of the Committee, the payment that may become due upon SAR exercise may be made in cash, in Shares or in any combination of the two.

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7.6 Termination of Service. Each SAR Award Agreement will set forth the extent to which the Participant has the right to exercise the SAR after his or her termination of Service. These terms will be determined by the Committee, in its sole discretion, need not be uniform among all SARs issued under the Plan, and may reflect, among other things, distinctions based on the reasons for termination of Service.

Article 8. Restricted Stock and Restricted Stock Units

8.1 Grant of Restricted Stock or Restricted Stock Units. Subject to the terms and provisions of the Plan, the Committee may, at any time and from time to time, grant Restricted Stock or Restricted Stock Units to Participants in such amounts as it determines.

8.2 Deferral of Compensation into Restricted Stock Units. Subject to the terms and provisions of the Plan, the Committee may, at any time and from time to time, allow (or require, as to bonuses) selected Employees and Directors to defer the payment of any portion of their salary or bonuses or both pursuant to this section. A Participant s deferral under this section will be credited to the Participant in the form of Restricted Stock Units. The Committee will establish rules and procedures for the deferrals, as it deems appropriate and in accordance with Article 13 of the Plan.

If a Participant s compensation is deferred under this Section 8.2, he or she will be credited, as of the date specified in the Award Agreement, with a number of Restricted Stock Units no less than the amount of the deferral divided by the Fair Market Value on that date, rounded to the nearest whole unit.

8.3 Award Agreement. Each grant of Restricted Stock or Restricted Stock Units will be evidenced by an Award Agreement that specifies the Restriction Periods, the number of Shares or Share equivalent units granted, and such other provisions as the Committee determines.

8.4 Other Restrictions. Subject to Article 12, the Committee may impose such other conditions or restrictions on any Restricted Stock or Restricted Stock Units as it deems advisable, including, without limitation, restrictions based upon the achievement of specific performance objectives (Company-wide, business unit, individual, or any combination of them), time-based restrictions on vesting, and restrictions under applicable federal or state securities laws. The Committee may provide that restrictions established under this Section 8.4 as to any given Award will lapse all at once or in installments.

The Company will retain the certificates representing Shares of Restricted Stock in its possession until all conditions and restrictions applicable to the Shares have been satisfied.

8.5 Payment of Awards. Except as otherwise provided in this Article 8, Shares covered by each Restricted Stock grant will become freely transferable by the Participant after the last day of the applicable Restriction Period, and Share equivalent units covered by a Restricted Unit will be paid out in cash or Shares to the Participant following the last day of the applicable Restriction Period, or on the date provided in the Award Agreement.

8.6 Voting Rights. Unless otherwise determined by the Committee, during the Restriction Period, Participants holding Shares of Restricted Stock may exercise full voting rights with respect to those Shares.

8.7 Dividends and Other Distributions. Unless otherwise determined by the Committee, during the Restriction Period, Participants awarded Shares of Restricted Stock hereunder will be credited with regular cash dividends paid on those Shares. Dividends on vested Shares shall be paid as soon as practicable as dividends are received by other

Company stockholders. Dividends on unvested Shares shall be subject to the same vesting conditions as the underlying Shares, and will be targeted to be paid within 2-½ months following the end of the calendar year in which the underlying Shares vest, but shall be paid no later than the end of the calendar year following the year in which the underlying Shares vest unless otherwise deferred pursuant to Article 13.

An Award Agreement may provide that, during the Restriction Period, Participants awarded Restricted Stock Units shall be credited with regular cash dividend equivalents paid with respect to those Share equivalent units. Distribution of such dividend equivalents shall be made at such time as permissible under Section 409A and shall be subject to the same vesting conditions as the underlying Restricted Stock Units.

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8.8 Termination of Service. Each Award Agreement will set forth the extent to which the Participant has the right to retain unvested Restricted Stock or Restricted Stock Units after his or her termination of Service. These terms will be determined by the Committee in its sole discretion, need not be uniform among all Awards of Restricted Stock, and may reflect, among other things, distinctions based on the reasons for termination of Service.

Article 9. Performance Shares

9.1 Grant of Performance Shares. Subject to the terms of the Plan, Performance Shares may be granted to Participants in such amounts and upon such terms, and at any time and from time to time, as the Committee determines. The Award of Performance Shares may be based on the Participant s attainment of performance objectives, or the vesting of an Award of Performance Shares may be based on the Participant s attainment of performance objectives, each as described in this Article 9.

9.2 Value of Performance Shares. Each Performance Share will have an initial value equal to the Fair Market Value on the date of grant. The Committee will set performance objectives in its discretion which, depending on the extent to which they are met, will determine the number or value (or both) of Performance Shares that will be paid out to the Participant. For purposes of this Article 9, the time period during which the performance objectives must be met will be called a Performance Period and will be set by the Committee in its discretion.

9.3 Earning of Performance Shares. Subject to the terms of this Plan, after the applicable Performance Period has ended, the holder of Performance Shares will be entitled to receive payout on the number and value of Performance Shares earned by the Participant over the Performance Period, to be determined as a function of the extent to which the corresponding performance objectives have been achieved.

9.4 Award Agreement. Each grant of Performance Shares will be evidenced by an Award Agreement specifying the material terms and conditions of the Award (including the form of payment of earned Performance Shares), and such other provisions as the Committee determines.

9.5 Form and Timing of Payment of Performance Shares. Except as provided in Article 13, the target payment date of earned Performance Shares will be within the first two and one-half (2-½) months following the end of the later of the calendar year or tax year of the Company in which the Performance Shares are earned, but in no event later than the end of the calendar year following the calendar year in which the Performance Shares are earned. The Committee will pay earned Performance Shares in the form of cash, in Shares, or in a combination of cash and Shares, as specified in the Award Agreement. Performance Shares may be paid subject to any restrictions deemed appropriate by the Committee.

9.6 Termination of Service. Each Award Agreement will set forth the extent to which the Participant has the right to retain Performance Shares after his or her termination of Service. These terms will be determined by the Committee, in its sole discretion, need not be uniform among all Awards of Performance Shares, and may reflect, among other things, distinctions based on the reasons for termination of Service.

Article 10. Other Stock Awards

Subject to the terms of the Plan, other Stock Awards may be granted to Participants in such amounts and upon such terms, and at any time and from time to time, as the Committee determines.

Article 11. Performance Measures

Unless and until the Committee proposes and the Company s stockholders approve a change in the general performance measures set forth in this Article 11, the performance measure(s) to be used for purposes of Awards (both those granted on or prior to the date of the 2014 annual meeting of the Company s stockholders and those granted after such meeting) designed to qualify for the Performance-Based Exception will be chosen from among the following alternatives (or in any combination of such alternatives):

(a) earnings before interest and taxes (EBIT);

(b) earnings before interest, taxes, depreciation and amortization (EBITDA);

(c) net earnings;

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(d) operating earnings or income;
(e) earnings growth;
(f) net income (absolute or competitive growth rates comparative);
(g) net income applicable to Shares;
(h) cash flow, including operating cash flow, free cash flow, discounted cash flow return on investment, and cash flow in excess of cost of capital;
(i) earnings per Share;
(j) return on stockholders equity (absolute or peer-group comparative);
(k) stock price (absolute or peer-group comparative);
(l) absolute and/or relative return on common stockholders equity;
(m) absolute and/or relative return on capital;
(n) absolute and/or relative return on assets;
(o) economic value added (income in excess of cost of capital);
(p) customer satisfaction;
(q) expense reduction;
(r) ratio of operating expenses to operating revenues;
(s) gross revenue or revenue by pre-defined business segment (absolute or competitive growth rates comparative);
(t) revenue backlog
(u) margins realized on delivered services; and
(v) total stockholder return (absolute or relative to a peer group).

The Committee will have the discretion to adjust targets set for preestablished performance objectives; however, Awards designed to qualify for the Performance-Based Exception may not be adjusted upward, except to the extent permitted under Code Section 162(m), to reflect accounting changes or other events.

If Code Section 162(m) or other applicable tax or securities laws change to allow the Committee discretion to change the types of performance measures without obtaining stockholder approval, the Committee will have sole discretion to make such changes without obtaining stockholder approval. In addition, if the Committee determines it is advisable to grant Awards that will not qualify for the Performance-Based Exception, the Committee may grant Awards that do not so qualify.

Article 12. Beneficiary Designation

Each Participant may, from time to time, name any beneficiary or beneficiaries (who may be named contingently or successively) to whom any benefit under the Plan is to be paid in case the Participant should die before receiving any or all of his or her Plan benefits. Each beneficiary designation will revoke all prior designations by the same Participant, must be in a form prescribed by the Committee, and must be made during the Participant s lifetime. If the Participant s designated beneficiary predeceases the Participant or no beneficiary has been designated, benefits remaining unpaid at the Participant s death will be paid to the Participant s estate or other entity described in the Participant s Award Agreement.

Article 13. Deferrals and Code Section 409A

13.1 Purpose. As provided in an Award Agreement, the Committee may permit or require a Participant to defer receipt of cash or Shares that would otherwise be due to him or her under the Plan or otherwise create a deferred compensation arrangement (as defined in Section 409A) in accordance with this Article 13.

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13.2 Initial Deferral Elections. The deferral of an Award or compensation otherwise payable to the Participant shall be set forth in the terms of the Award Agreement or as elected by the Participant pursuant to such rules and procedures as the Committee may establish. Any such initial deferral election by a Participant will designate a time and form of payment and shall be made at such time as provided below:

(a) A Participant may make a deferral election with respect to an Award (or compensation giving rise thereto) at any time in any calendar year preceding the year in which services giving rise to such compensation or Award are rendered.

(b) In the case of the first year in which a Participant becomes eligible to receive an Award or defer compensation under the Plan (aggregating other plans of its type as defined in Section 1.409A-1(c) of the applicable regulations), the Participant may make a deferral election within 30 days after the date the Participant becomes eligible to participate in the Plan; provided, that such election may apply only with respect to the portion of the Award or compensation attributable to services to be performed subsequent to the election.

(c) Where the grant of an Award or payment of compensation or the vesting is conditioned upon the satisfaction of pre-established organizational or individual performance criteria relating to a performance period of at least 12 consecutive months in which the Participant performs Service, a Participant may make a deferral election no later than six months prior to the end of the applicable performance period.

(d) Where the vesting of an Award is contingent upon the Participant s continued Service for a period of no less than 13 months, the Participant may make a deferral election within 30 days of receiving an Award.

(e) A Participant may make a deferral election in other circumstances and at such times as may be permitted under Section 409A.

13.3 Distribution Dates. Any deferred compensation arrangement created under the Plan shall be distributed at such times as provided in the Award Agreement, which may be upon the earliest or latest of one or more of the following:

(a) a fixed date as set forth in the Award Agreement or pursuant to a Participant s election;

(b) the Participant s death;

(c) the Participant s Disability;

(d) a change in control (as defined in Section 409A);

(e) an Unforeseeable Emergency, as defined in Section 409A and implemented by the Committee;

(f) a Participant s termination of Service, or in the case of a Key Employee (as defined in Section 409A) six months following the Participant s termination of Service; or

(g) such other events as permitted under Section 409A.

13.4 Restrictions on Distributions. No distribution may be made pursuant to the Plan if the Committee reasonably determines that such distribution would (i) violate federal securities laws or other applicable law; (ii) be nondeductible pursuant to Section 162(m) of the Code; or (iii) violate a loan covenant or similar contractual requirement of the Company causing material harm to the Company. In any such case, distribution shall be made at the earliest date at which the Company determines such distribution would not trigger clauses (i), (ii) or (iii) above.

13.5 Redeferrals. The Company, in its discretion, may permit the Participant to make a subsequent election to delay a distribution date, or, as applicable, to change the form distribution payments, attributable to one or more events triggering a distribution, so long as (i) such election may not take effect until at least twelve (12) months after the election is made, (ii) such election defers the distribution for a period of not less than five years from the date such distribution would otherwise have been made, and (iii) such election may not be made less than twelve (12) months prior to the date the distribution was to be made.

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13.6 Termination of Deferred Compensation Arrangements. In addition, the Company may in its discretion terminate the deferred compensation arrangements created under this Plan subject to the following:

(a) the arrangement may be terminated within the 30 days preceding, or 12 months following, a change in control (as defined in Section 409A) provided that all payments under such arrangement are distributed in full within 12 months after termination;

(b) the arrangement may be terminated in the Company s discretion at any time provided that (i) all deferred compensation arrangements of similar type maintained by the Company are terminated, (ii) all payments are made at least 12 months and no more than 24 months after the termination, and (iii) the Company does not adopt a new arrangement of similar type for a period of five years following the termination of the arrangement; or

(c) the arrangement may be terminated within 12 months of a corporate dissolution taxed under Section 331 of the Code or with the approval of a bankruptcy court pursuant to 11 U.S.C. 503(b)(1)(A) provided that the payments under the arrangement are distributed by the latest of (i) the end of the calendar year of the termination, (ii) the calendar year in which such payments are fully vested, or (iii) the first calendar year in which such payment is administratively practicable.

Article 14. Rights of Participants

14.1 Employment and Service. Nothing in the Plan will confer upon any Participant any right to continue in the employ or Service of the Company or any Affiliate, or interfere with or limit in any way the right of the Company or any Affiliate to terminate any Participant s employment or Service at any time.

14.2 Participation. No Employee, Consultant or Director will have the right to receive an Award under this Plan, or, having received any Award, to receive a future Award.

Article 15. Amendment, Modification and Termination

15.1 Amendment, Modification and Termination.

(a) General. The Committee may at any time and from time to time, alter, amend, modify or terminate the Plan in whole or in part. The Committee will not, however, increase the number of Shares that may be issued or transferred to Participants under the Plan, as described in the first sentence of Section 4.1 (and subject to adjustment as provided in Sections 4.2 and 4.3).

(b) No Repricing. Subject to the terms and conditions of the Plan, the Committee may modify, extend or renew outstanding Awards under the Plan, or accept the surrender of outstanding Awards (to the extent not already exercised) and grant new Awards in substitution of them (to the extent not already exercised). Except as provided in Sections 4.3 and 15.2, the Committee will not, however, modify any outstanding Option or SAR so as to specify a lower Exercise Price or grant price (and will not cancel an Option or SAR and substitute for it an Option or SAR with a lower Exercise Price or grant price), without the approval of the Company s stockholders. In addition, except as provided in Sections 4.3 and 15.2, the Committee may not cancel an outstanding Option or SAR whose Exercise Price or grant price is equal to or greater than the current Fair Market Value of a Share and substitute for it another Award or cash payment without the prior approval of the Company s stockholders. Notwithstanding the foregoing, no modification of an Award will materially alter or impair any rights or obligations under any Award already granted under the Plan, without the prior written consent of the Participant.

15.2 Adjustment of Awards Upon the Occurrence of Certain Unusual or Nonrecurring Events. In recognition of unusual or nonrecurring events (including, without limitation, the events described in Section 4.3) affecting the Company or its financial statements, or in recognition of changes in applicable laws, regulations, or accounting principles, and, whenever adjustments are appropriate in order to prevent dilution or enlargement of the benefits or

potential benefits intended to be made available under the Plan, the Committee shall, using reasonable care, make adjustments in the terms and conditions of, and the criteria included in, Awards, as may be determined to be appropriate and equitable by the Committee. In case of an Award designed to qualify for the Performance-Based Exception, the Committee will take care not to make an adjustment that would disqualify the Award.

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15.3 Awards Previously Granted. No termination, amendment or modification of the Plan will adversely affect in any material way any Award already granted, without the written consent of the Participant who holds the Award.

15.4 Compliance with Code Section 162(m). Awards will comply with the requirements of Code Section 162(m), if the Committee determines that such compliance is desired with respect to an Award available for grant under the Plan. In addition, if changes are made to Code Section 162(m) to permit greater flexibility as to any Award available under the Plan, the Committee may, subject to this Article 15, make any adjustments it deems appropriate.

Article 16. Nontransferability of Awards.

Except as otherwise provided in a Participant s Award Agreement, no Option, SAR, Performance Share, Restricted Stock, or Restricted Stock Unit granted under the Plan may be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, other than by will or by the laws of descent and distribution, or pursuant to a domestic relations order (as defined in Code Section 414(p)). All rights with respect to Performance Shares, Restricted Stock and Restricted Stock Units will be available during the Participant s lifetime only to the Participant or his or her guardian or legal representative. Except as otherwise provided in a Participant s Award Agreement or in paragraph (a) below, all Options and SARs will be exercisable during the Participant s lifetime only by the Participant or his or her guardian or legal representative. The Participant s beneficiary may exercise the Participant s rights to the extent they are exercisable under the Plan following the Participant s death. The Committee may, in its discretion, require a Participant s guardian, legal representative or beneficiary to supply it with the evidence the Committee deems necessary to establish the authority of the guardian, legal representative or beneficiary to act on behalf of the Participant.

(a) Notwithstanding the foregoing, with respect to any Nonstatutory Stock Options, each Participant shall be permitted at all times to transfer any or all of the Options, or, in the event the Options have not yet been issued to the Participant, the Company shall be permitted to issue any or all of the Options, to certain trusts designated by the Participant as long as such transfer or issuance is made as a gift (*i.e.*, a transfer for no consideration, with donative intent), whether during his or her lifetime or to take effect upon (or as a consequence of) his or her death, to his or her spouse or children. Gifts in trust shall be deemed gifts to every beneficiary and contingent beneficiary, and so shall not be permitted under this paragraph (a) if the beneficiaries or contingent beneficiaries shall include anyone other than such spouse or children. Transfers to a spouse or child for consideration, regardless of the amount, shall not be permitted under this Section.

(b) Any Options issued or transferred under this Article 16 shall be subject to all terms and conditions contained in the Plan and the applicable Award Agreement. If the Committee makes an Option transferable, such Option shall contain such additional terms and conditions, as the Committee deems appropriate.

Article 17. Withholding

17.1 Tax Withholding. The Company will have the power and the right to deduct or withhold, or require a Participant to remit to the Company, the minimum amount necessary to satisfy federal, state, and local taxes, domestic or foreign, required by law or regulation to be withheld with respect to any taxable event arising under this Plan.

17.2 Share Withholding. With respect to withholding required upon the exercise of Options or SARs, upon the lapse of restrictions on Restricted Stock, or upon any other taxable event arising as a result of Awards granted hereunder, the Company may satisfy the minimum withholding requirement for supplemental wages, in whole or in part, by withholding Shares having a Fair Market Value (determined on the date the Participant recognizes taxable income on the Award) equal to the minimum withholding tax required to be collected on the transaction. The Participant may elect, subject to the approval of the Committee, to deliver the necessary funds to satisfy the withholding obligation to

the Company, in which case there will be no reduction in the Shares otherwise distributable to the Participant.

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Article 18. Indemnification

Each person who is or has been a member of the Committee or the Board, and any officer or Employee to whom the Committee has delegated authority under Section 3.1 or 3.2 of the Plan, will be indemnified and held harmless by the Company from and against any loss, cost, liability, or expense that may be imposed upon or reasonably incurred by him or her in connection with or as a result of any claim, action, suit or proceeding to which he or she may be a party or in which he or she may be involved by reason of any action taken, or failure to act, under the Plan. Each such person will also be indemnified and held harmless by the Company from and against any and all amounts paid by him or her in a settlement approved by the Company, or paid by him or her in satisfaction of any judgment, of or in a claim, action, suit or proceeding against him or her and described in the previous sentence, so long as he or she gives the Company an opportunity, at its own expense, to handle and defend the claim, action, suit or proceeding before he or she undertakes to handle and defend it. The foregoing right of indemnification will not be exclusive of any other rights of indemnification to which a person who is or has been a member of the Committee or the Board may be entitled under the Company s Certificate of Incorporation or By-Laws, as a matter of law, or otherwise, or any power that the Company may have to indemnify him or her or hold him or her harmless.

Article 19. Successors

All obligations of the Company under the Plan or any Award Agreement will be binding on any successor to the Company, whether the existence of the successor results from a direct or indirect purchase of all or substantially all of the business or assets of the Company or both, or a merger, consolidation, or otherwise.

Article 20. Breach of Restrictive Covenants

An Award Agreement may provide that, notwithstanding any other provision of this Plan to the contrary, if the Participant breaches any competition, nonsolicitation or nondisclosure provisions contained in the Award Agreement, whether during or after termination of Service, the Participant will forfeit:

(a) any and all Awards granted or transferred to him or her under the Plan, including Awards that have become Vested; and

(b) the profit the Participant has realized on the exercise of any Options, which is the difference between the Exercise Price of the Options and the applicable Fair Market Value of the Shares (the Participant may be required to repay such difference to the Company).

Article 21. Legal Construction

21.1 Number. Except where otherwise indicated by the context, any plural term used in this Plan includes the singular and a singular term includes the plural.

21.2 Severability. If any provision of the Plan is held illegal or invalid for any reason, the illegality or invalidity will not affect the remaining parts of the Plan, and the Plan will be construed and enforced as if the illegal or invalid provision had not been included.

21.3 Requirements of Law. The granting of Awards and the issuance of Share or cash payouts under the Plan will be subject to all applicable laws, rules, and regulations, and to any approvals by governmental agencies or national securities exchanges as may be required.

21.4 Securities Law Compliance. As to any individual who is, on the relevant date, an officer, director or more than ten percent beneficial owner of any class of the Company s equity securities that is registered pursuant to Section 12 of the Exchange Act, all as defined under Section 16 of the Exchange Act, transactions under this Plan are intended to comply with all applicable conditions of Rule 16b-3 under the Exchange Act, or any successor rule. To the extent any provision of the Plan or action by the Committee fails to so comply, it will be deemed null and void, to the extent permitted by law and deemed advisable by the Committee.

If at any time the Committee determines that exercising an Option or SAR or issuing Shares pursuant to an Award would violate applicable securities laws, the Option or SAR will not be exercisable, and the Company will not be required to issue Shares. The Company may require a Participant to make written representations it deems necessary or desirable to comply with applicable securities laws. No person who

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acquires Shares under the Plan may sell the Shares, unless he or she makes the offer and sale pursuant to an effective registration statement under the Exchange Act, which is current and includes the Shares to be sold, or an exemption from the registration requirements of the Securities Act.

21.5 Awards to Foreign Nationals and Employees Outside the United States. To the extent the Committee deems it necessary, appropriate or desirable to comply with foreign law or practice and to further the purposes of this Plan, the Committee may, without amending the Plan, (i) establish rules applicable to Awards granted to Participants who are foreign nationals or are employed outside the United States, or both, including rules that differ from those set forth in this Plan, and (ii) grant Awards to such Participants in accordance with those rules.

21.6 Unfunded Status of the Plan. The Plan is intended to constitute an unfunded plan for incentive and deferred compensation. With respect to any payments or deliveries of Shares not yet made to a Participant by the Company, the Participant s rights are no greater than those of a general creditor of the Company. The Committee may authorize the establishment of trusts or other arrangements to meet the obligations created under the Plan, so long as the arrangement does not cause the Plan to lose its legal status as an unfunded plan.

21.7 Governing Law. To the extent not preempted by federal law, the Plan and all agreements hereunder will be construed in accordance with and governed by the laws of the State of Illinois.

21.8 Electronic Delivery and Evidence of Award. The Company may deliver by email or other electronic means (including posting on a web site maintained by the Company or by a third party) all documents relating to the Plan or any Award hereunder (including, without limitation, any Award Agreement and prospectus required by the SEC) and all other documents that the Company is required to deliver to its securities holders (including, without limitation, annual reports and proxy statements). In addition, evidence of an Award may be in electronic form, may be limited to notation on the books and records of the Company and, with the approval of the Board, need not be signed by a representative of the Company or a Participant. Any Shares that become deliverable to the Participant pursuant to the Plan may be issued in certificate form in the name of the Participant or in book entry form in the name of the Participant.

21.9 No Limitation on Rights of the Company. The grant of the Award does not and will not in any way affect the right or power of the Company to make adjustments, reclassifications or changes in its capital or business structure, or to merge, consolidate, dissolve, liquidate, sell or transfer all or any part of its business or assets.

21.10 Participant to Have No Rights as a Stockholder. Before the date as of which he or she is recorded on the books of the Company as the holder of any Shares underlying an Award, a Participant will have no rights as a stockholder with respect to those Shares.

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