U.S. Auto Parts Network, Inc.
Form DEF 14A
May 02, 2011

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 x Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement

¨ Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

x Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material Pursuant to §240.14a-12

U.S. AUTO PARTS NETWORK, INC.

(Name of Registrant as Specified in Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

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NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD JUNE 2, 2011

To the Stockholders of U.S. Auto Parts Network, Inc.:

NOTICE IS HEREBY GIVEN that the 2011 Annual Meeting of Stockholders (the Annual Meeting) of U.S. Auto Parts Network, Inc., a Delaware corporation (the Company), will be held on Thursday, June 2, 2011 at 10:00 a.m. Pacific Time at the offices of the Company located at 17150 Margay Avenue, Carson, CA 90746 (Building 3), for the following purposes:

1. To elect the following three Class II directors to hold office for a term of three years or until their respective successors are elected and qualified: Joshua L. Berman, Sol Khazani and Robert J. Majteles.

2. The ratification of the appointment of Deloitte & Touche LLP, an independent registered public accounting firm, as independent auditors of our Company for fiscal 2011;

3. To approve an advisory (non-binding) resolution regarding the compensation of our named executive officers, or the Say-on-Pay Proposal;

4. To approve an advisory (non-binding) resolution regarding whether an advisory vote on the compensation of our named executive officers should be held once every one, two or three years, or the Say-on-Pay Frequency Proposal; and

5. Such other business, if any, as may properly come before the Annual Meeting, or any adjournment, postponement or extension thereof.

Only stockholders of record at the close of business on April 13, 2011 are entitled to notice of and to vote at the Annual Meeting and any adjournment or postponement thereof. A list of stockholders entitled to vote at the Annual Meeting will be available for inspection at our principal executive offices and at the Annual Meeting.

All stockholders are cordially invited to attend the meeting in person. Whether or not you plan to attend, please sign, date and return the enclosed proxy card in the enclosed postage-paid and addressed envelope. If your shares are held in street name (i.e., your shares are held in the name of a brokerage firm, bank or other nominee), you should receive from that institution an instruction form for voting in lieu of a proxy card. Should you receive more than one proxy card or voting instruction form because your shares are held in multiple accounts or registered in different names or addresses, please sign, date and return each proxy card or voting instruction form to ensure that all of your shares are voted. You may revoke your proxy at any time prior to the Annual Meeting. If you attend the Annual Meeting and vote by ballot, your proxy will be revoked automatically and only your vote at the Annual Meeting will be counted.

By Order of the Board of Directors

May 2, 2011

Shane Evangelist
Chief Executive Officer

YOUR VOTE IS VERY IMPORTANT REGARDLESS OF THE NUMBER OF SHARES YOU OWN. PLEASE READ THE ATTACHED PROXY STATEMENT CAREFULLY, COMPLETE, SIGN AND DATE THE ENCLOSED PROXY CARD AS PROMPTLY AS POSSIBLE AND RETURN IT IN THE ENCLOSED ENVELOPE.

U.S. AUTO PARTS NETWORK, INC.

17150 South Margay Avenue

Carson, California 90746

PROXY STATEMENT

These proxy materials and the enclosed proxy card are being furnished to holders of the common stock, par value $.001 per share, of U.S. Auto Parts Network, Inc., a Delaware Corporation (the Company) in connection with the solicitation of proxies by the Board of Directors of the Company (the Board of Directors or the Board), to be voted at the 2011 Annual Meeting of Stockholders to be held on June 2, 2011 and at any adjournment or postponement of the meeting (the Annual Meeting). The Annual Meeting will be held at 10:00 a.m. Pacific Time at the offices of the Company located at 17150 Margay Avenue, Carson CA 90746 (Building 3). These proxy solicitation materials are expected to be mailed on or about May 2, 2011 to all stockholders entitled to vote at the Annual Meeting.

Purpose of Meeting

The specific proposals to be considered and acted upon at the Annual Meeting are summarized in the accompanying Notice of the Annual Meeting of Stockholders (the Notice) and are described in more detail in this proxy statement.

Voting; Quorum

The record date for determining those stockholders who are entitled to notice of, and to vote at, the Annual Meeting has been fixed as April 13, 2011. Only stockholders of record at the close of business on the record date are entitled to notice of and to vote at the Annual Meeting. Each share of our common stock entitles its record holder to one vote on all matters subject to a stockholder vote. As of the record date 30,524,994 shares of our common stock were outstanding and no shares of our preferred stock were outstanding.

The presence at the Annual Meeting, either in person or by proxy, of holders of a majority of the outstanding shares of our common stock entitled to vote will constitute a quorum for the transaction of business at the Annual Meeting. If a quorum is not present, the Annual Meeting will be adjourned until a quorum is obtained.

In the election of directors under Proposal One, the three nominees receiving the highest number of affirmative votes of our common stock, present or represented by proxy and entitled to vote at the Annual Meeting, will be elected. There are no cumulative voting rights with respect to the election of directors. With regard to Proposal Two, the affirmative vote of the holders of a majority of our common stock present or represented by proxy and entitled to vote at the Annual Meeting is being sought.

All votes will be tabulated by the inspector of election appointed for the Annual Meeting, who will separately tabulate affirmative and negative votes, abstentions and broker non-votes (i.e., shares held by a broker or nominee that are represented at the Annual Meeting, but with respect to which such broker or nominee is not instructed to vote on a particular proposal and does not have discretionary voting power). Under Delaware law, abstentions and broker non-votes will be counted for purposes of establishing a quorum at the Annual Meeting, but will not be counted towards the vote total for the election of directors or the Say-on-Pay Proposal and the Say-on-Pay Frequency Proposal (Proposals Three and Four, respectively). Abstentions will not be counted towards the vote total for Proposal Two; however because brokers will have discretion to vote shares of the Company s common stock in their discretion without the direction of their clients on Proposal Two, there will not be any broker non-votes with respect to Proposal Two. **Please note that abstentions will have the same effect as voting AGAINST a proposal.**

Proxies

Please use the enclosed proxy card to vote by mail. If your shares are held in street name, then in lieu of a proxy card you should receive from that institution an instruction form for voting. Should you receive more than one proxy card or voting instruction form because your shares are held in multiple accounts or registered in different names or addresses, please be sure to complete, sign, date and return each proxy card or voting instruction form to ensure that all of your shares will be voted. Only proxy cards that have been signed, dated and timely returned will be counted in the quorum and voted. **Please note that if you hold your shares held in street name they can only be voted by your broker on non-routine matters, such as Proposal Two, if you provide instructions on how to vote. Accordingly, you should provide voting instructions to your broker.**

If the enclosed proxy card is properly signed and returned to us, the shares represented thereby will be voted at the Annual Meeting in accordance with the instructions specified thereon. If the proxy does not specify how the shares represented thereby are to be voted, the proxy will be voted FOR the election of the three nominees for director proposed by the Board under Proposal One, FOR Proposals Two and Three and FOR EVERY THREE YEARS under Proposal Four.

The enclosed proxy also grants the proxy holders discretionary authority to vote on any other business that may properly come before the Annual Meeting. We have not been notified by any stockholder of his or her intent to present a stockholder proposal at the Annual Meeting.

If your shares are held in your name, you may revoke or change your vote at any time before the Annual Meeting by filing a notice of revocation or another signed proxy card with a later date with our corporate Secretary at our principal executive offices at 17150 South Margay Avenue, Carson, California 90746. If your shares are held in street name, you should contact the record holder to obtain instructions if you wish to revoke or change your vote before the Annual Meeting. If you attend the Annual Meeting and vote by ballot, any proxy that you submitted previously to vote the same shares will be revoked automatically and only your vote at the Annual Meeting will be counted. Please note, however, that if your shares are held in street name, your vote in person at the Annual Meeting will not be effective unless you have obtained and present a proxy issued in your name from the record holder. Attendance at the Annual Meeting will not, by itself, revoke a proxy.

Voting by Telephone or through the Internet

If your shares are registered in the name of a bank or brokerage firm, you may be eligible to vote your shares by telephone or through the Internet. A large number of banks and brokerage firms provide eligible stockholders the opportunity to vote in this manner. If your bank or brokerage firm allows for this, your voting form will provide instructions for such alternative method of voting.

Solicitation

We will bear the entire cost of proxy solicitation, including the costs of preparing, assembling, printing and mailing this proxy statement, the proxy card and any additional solicitation material furnished to the stockholders. Copies of the solicitation materials will be furnished to brokerage houses, fiduciaries and custodians holding shares in their names that are beneficially owned by others so that they may forward this solicitation material to such beneficial owners. In addition, although there is no formal agreement to do so, we may reimburse such persons for their reasonable expenses in forwarding the solicitation materials to the beneficial owners. The original solicitation of proxies by mail may be supplemented by a solicitation by personal contact, telephone, facsimile, email or any other means by our directors, officers or employees. No additional compensation will be paid to these individuals for any such services. In the discretion of management, we reserve the right to retain a proxy solicitation firm to assist in the solicitation of proxies. Although we do not currently expect to retain such a firm, we estimate that the fees of such firm would range from $5,000 to $10,000 plus out-of-pocket expenses, all of which would be paid by us.

Note with Respect to Forward-Looking Statements

We have made certain forward-looking statements in this proxy statement that relate to expectations concerning matters that are not historical or current facts. These statements are forward looking statements for the purposes of the safe harbor provided by Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act), and Section 27A of the Securities Act of 1933 as amended (the Securities Act). In some cases, you can identify forward-looking statements by terms such as anticipates, believes, could, estimates, expects, intends, may, pla potential, predicts, projects, should, will, would and similar expressions intended to identify forward-looking statements. We cannot assur that such expectations will prove to be correct. Forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from such expectations, and you should not place undue reliance on these forward-looking statements. All forward-looking statements attributable to us are expressly qualified in their entirety by such language. Important risk factors that could contribute to such differences are discussed in our Annual Report on Form 10-K, subsequent Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and other filings with the Securities and Exchange Commission. The forward-looking statements contained herein speak only as of the date of this proxy statement. Except as required by law, we do not undertake any obligation to update any forward-looking statements contained herein, whether as a result of new information, future events or otherwise.

MATTERS TO BE CONSIDERED AT THE ANNUAL MEETING

PROPOSAL ONE:

ELECTION OF DIRECTORS

Our certificate of incorporation provides for a classified board of directors consisting of three classes of directors, each serving staggered three-year terms and each as nearly equal in number as possible as determined by our Board of Directors. As a result, a portion of our Board of Directors will be elected each year. Our Board of Directors currently consists of eight persons. Messrs. Berman, Khazani and Majteles have been designated Class II directors whose terms expire at the Annual Meeting. Messrs. Harman, Phelps and Schwartz have been designated Class III directors whose terms expire at the 2012 Annual Meeting of Stockholders. Mr. Evangelist and Ms. Siminoff have been designated Class I directors whose terms expire at the 2013 Annual Meeting of Stockholders.

The class whose term of office expires at the Annual Meeting currently consists of three directors. On the recommendation of the Nominating and Corporate Governance Committee, our Board of Directors selected and approved Joshua L. Berman, Sol Khazani and Robert J. Majteles as nominees for election in the class being elected at the Annual Meeting to serve for a term of three years, expiring at the 2014 Annual Meeting of Stockholders, or until their successors are duly elected and qualified or until their earlier resignation or removal. Each nominee for election is currently a member of our Board of Directors and has agreed to serve if elected. Management has no reason to believe that any of the nominees will be unavailable to serve. In the event any of the nominees named herein is unable to serve or declines to serve at the time of the Annual Meeting, the persons named in the enclosed proxy will exercise discretionary authority to vote for substitutes. Unless otherwise instructed, the proxy holders will vote the proxies received by them FOR the nominees named below.

Stockholder Approval

The three nominees receiving the highest number of affirmative votes of the outstanding shares of our common stock present or represented by proxy and entitled to vote at the Annual Meeting shall be elected.

Recommendation of Our Board of Directors

Our Board of Directors recommends a vote FOR the Class II director nominees listed below.

Information About Directors and Nominees

We believe that our Board as a whole should encompass a range of talent, skill, diversity and expertise enabling it to provide sound guidance with respect to our operations and interests. In addition to considering a candidate s background and accomplishments, the Nominating and Corporate Governance Committee reviews candidates in the context of the current composition of the Board and the evolving needs of our business. In accordance with the listing standards of The NASDAQ Stock Market (the NASDAQ Rules) we have charged our Nominating and Corporate Governance committee with ensuring that at least a majority of the directors qualify as independent under the NASDAQ Rules. See Board Committees and Meetings - The Nominating and Corporate Governance Committee for a discussion of the factors that are considered in selecting our director nominees.

The table and narrative below set forth information regarding each director nominee and each director who is continuing in office, including his or her age as of the date of the Annual Meeting, the year they first became directors, business experience during at least the past five years, public company boards they currently serve on or have served on since January 1, 2006, and certain other biographical information and attributes that the Nominating and Corporate Governance Committee determined qualify them to serve as directors. The Nominating and Corporate Governance Committee believes that the director nominees and the other current directors have the following other key attributes that are important to an effective board of directors: integrity and demonstrated high ethical standards; sound judgment; analytical skills; the ability to engage management and each other in a constructive and collaborative fashion; diversity of origin, background, experience and thought; and the commitment to devote significant time and energy to service on the Board and its committees.

					Committee		
Name	Age	Current Position(s)	Independent	Director Since	Audit	Compensation	Nominating and Corporate Governance
Robert J. Majteles	46	Chairman of the Board	X	2006	X	X	
Joshua L. Berman	41	Director	X	2007		Chairman	
Shane Evangelist	37	Chief Executive Officer and Director		2007			
Fredric W. Harman	50	Director		2006			
Sol Khazani	53	Director		2001			
Warren B. Phelps III	64	Director	X	2007	Chairman		X
Jeffrey A. Schwartz	45	Director	X	2007	X		X
Ellen F. Siminoff	43	Director	X	2006	X	X	Chairman

Class II Director Nominees

Joshua L. Berman has been a director since October 2007. Mr. Berman co-founded and serves as President of BeachMint, a next generation eCommerce company focused on building brands and delivering a personalized user experience, since April 2010. Mr. Berman served as President of Slingshot Labs, an incubator dedicated to building and developing new web ventures for News Corporation, from February 2008 through April 2010. Mr. Berman was a co-founder of MySpace.com, a leading online lifestyle portal, and served as its Chief Operating Officer from January 2003 until April 2010. Prior to 2003, Mr. Berman co-founded and managed two Internet companies: Response Base Marketing, where he held positions as the Chief Operating Officer and Chief Financial Officer from 2001 through 2003, and Xdrive Technologies from 1999 through November 2001, where he served as Chief Financial Officer and Senior Vice President of Corporate Development. Mr. Berman also worked from 1997 through 1999 as a management consultant at PricewaterhouseCoopers and as an international marketing manager and a senior financial analyst at Twentieth Century Fox. Mr. Berman was actively licensed as a certified public accountant from 1991 through 2002, and holds a B.A. degree in economics from the University of California, Santa Barbara and an M.B.A. from the University of Southern California. We believe that Mr. Berman is qualified to serve as a director due to his industry knowledge and operational experience with, and service as COO or President of internet companies, including internet marketing and social networking, combined with his strong accounting and financial background and management experience.

Sol Khazani is a co-founder of U.S. Auto Parts and has been a director since January 2001. Mr. Khazani also served as our Chairman of the Board from January 2001 to March 2007, as our Chief Financial Officer from January 2001 to April 2005 and as a Vice President from October 1995 to January 2001. From 1995 through December 2008, Mr. Khazani served as the Vice President of American Condenser, Inc., a company that he co-founded which manufactures air-conditioning condensers for automotive and industrial applications. Mr. Khazani also serves as financial director of the non-profit organization Women for World Health. Mr. Khazani holds a B.S. degree in accounting and an M.B.A. from National University in San Diego. We believe Mr. Khazani s extensive background in the auto parts and industrial manufacturing and distribution industries provides a valuable juxtaposition with the e-commerce experience of many our other directors. We also believe that his historical insight into the Company s operations and strategic relationships, combined with his foresight and creativity in driving the growth of the Company from a small, local operation delivering parts to an international internet organization qualifies him to serve as a director.

Robert J. Majteles has been a director since November 2006 and has been our Chairman of the Board since March 2007. Mr. Majteles is the managing partner of Treehouse Capital, LLC (www.treehousecapital.com) LLC, an investment firm he launched in 2000. Mr. Majteles serves as an active and involved board member for the companies in Treehouse s portfolio. Prior to launching Treehouse, Mr. Majteles was the Chief Executive Officer of three different technology companies. Mr. Majteles has also been an investment banker and a mergers and acquisitions attorney. Mr. Majteles serves on several public company boards. Mr. Majteles serves on the boards of directors of Adept Technology, Inc., from 2003 through the present, where he is also a member of the Compensation Committee; iPass, Inc., from 2004 through the present, where he also serves as chairman of the Audit Committee; and Unify Corporation, from 2004 to the present, where he also serves on the Compensation Committee. Mr. Majteles was previously a board member of several additional public company boards: Rovi Corporation (formerly Macrovision Corporation) from 2006 through 2010; Merriman, Curhan, & Ford Group, Inc. from 2008 through 2009; Phoenix Technologies Ltd. from 2007 through 2008; World Heart Corporation from 2003 through 2008; Vertical Communications, Inc from 2002 through 2007; Superconductor Technologies, Inc from 2002 through 2004; and Comarco Inc, from 2008 through 2011. Mr. Majteles obtained his B.A. from Columbia University in 1986 and his J.D. from Stanford University in 1989. We believe that Mr. Majteles is qualified to serve as a member of the Board due to his combined business, investment, and financial expertise and experience. His management experience in leading companies, including serving as CEO of 3 technology companies, and his prior and current service on multiple boards of directors of innovative technology companies makes Mr. Majteles effective at leading the Board on behalf of our stockholders.

Directors Whose Terms Continue

Class III Directors Terms Expiring at the 2013 Annual Meeting

Fredric W. Harman has been a director since March 2006. Mr. Harman is a Managing Partner of Oak Investment Partners, a venture capital firm, which he joined as a General Partner in 1994. From 1991 to 1994, Mr. Harman served as a General Partner of Morgan Stanley Venture Capital. Mr. Harman currently serves as a director of Demand Media, Inc., an online media company, Limelight Networks, Inc., a leading provider of online content delivery network services, and several privately held companies. Mr. Harman holds B.S. and M.S. degrees in electrical engineering from Stanford University and an M.B.A. from the Harvard Business School. We believe that Mr. Harman is qualified to serve as a director due to his broad financial and industry experience, combined with his operational oversight gained through his investment in and extensive board service since 1991 with a broad range of technology and internet companies.

Warren B. Phelps III has been a director since September 2007. Since October 2009 he has served as Chairman and CEO of Empower RF Systems, a developer and manufacturer of high power RF amplifiers for the defense and commercial markets. From 2000 until his retirement in September 2006, Mr. Phelps served in several executive positions for Spirent Communications plc, a leading communications technology company, most recently as President of the Performance Analysis Broadband division. From 1996 to 2000, Mr. Phelps was at Netcom Systems, a provider of network test and measurement equipment, most recently as President and Chief Executive Officer. Prior to that, Mr. Phelps held executive positions, including Chairman and Chief Executive Officer, at MICOM Communications and in various financial management roles at Burroughs/Unisys Corporation. Mr. Phelps currently serves on the boards of directors of two privately held companies and on the Board of Trustees of St. Lawrence University. Mr. Phelps holds a B.S. degree in mathematics from St. Lawrence University in Canton, New York and an M.B.A. from the University of Rochester in Rochester, New York. We believe that Mr. Phelps is qualified to serve as both a Board member and as the financial expert of our Audit Committee due to his extensive experience as a President or a Chief Executive Officer of a variety of companies in the technology industry, as well as his experience in financial management roles, including the creation and oversight of internal controls, preparation of the financial statements and coordination of the audit for public companies.

Jeffrey A. Schwartz has been a director since October 2007. Since June 2007, Mr. Schwartz has served as founder, Chairman, and CEO of Vertical Passion Media, a media and marketing company focused on classified listings, content, and community in the motors category. From December 2008 until October 2009, he served as Chairman and CEO of public company Lateral Media, Inc., a web publishing and performance marketing company. From February 2010 until June 2010 he served as CEO of Atrinsic Inc., an internet marketing company where he served as interim CEO beginning October 2009 and served as a Director from 2008 until June 2010. From May 2006 through May 2007, Mr. Schwartz served as Chairman and CEO of AutoCentro, an automotive dealership group. From 2001 to April 2006, Mr. Schwartz served in various senior executive positions at public company Autobytel, Inc., including Vice Chairman, President, and CEO. Prior to Autobytel, Mr. Schwartz was President and CEO of Autoweb.com, Inc., another NASDAQ listed company, and Vice President, Corporate Affairs at The Walt Disney Company. Mr. Schwartz holds B.A., M.A. and Ph.D. degrees in Political Science from the University of Southern California. We believe Mr. Schwartz is qualified to serve as a director due to his extensive experience in the media, e-commerce and auto industries, his significant management and leadership capabilities, as well as his experience in managing and working with boards of directors of other public companies.

Class I Directors Terms Expiring at the 2014 Annual Meeting

Shane Evangelist has been our CEO and a director since October 2007. From August 2004 to September 2007, Mr. Evangelist served as Senior Vice President and General Manager of BLOCKBUSTER Online, a division of Blockbuster Inc., which he joined in 2001, where he was responsible for leading the creation, development and launch of Blockbuster s online movie rental service. Prior to that, from January 2001 to July 2004, Mr. Evangelist served as Vice President of Strategic Planning for Blockbuster Inc., with responsibility for strategy development, mergers and acquisitions, marketing and capital deployment. Prior to Blockbuster, Mr. Evangelist began his career at IBM where he served from 1997 to 2001 as a business executive responsible for media and entertainment accounts. Mr. Evangelist holds a B.A. degree in Business Administration from the University of New Mexico and an M.B.A. from Southern Methodist University. We believe that Mr. Evangelist s valuable business and leadership experience, particularly in the e-commerce industry, his experience running an industry-transforming business, combined with his intimate knowledge of our financial and operational status gained in his role as our Chief Executive Officer, qualifies Mr. Evangelist to serve as a director.

Ellen F. Siminoff has been a director since November 2006. Ms. Siminoff is President and CEO of Shmoop University, Inc., an educational publishing company which aims to reduce the friction in learning. Ms. Siminoff also serves as Director of Journal Communications, Inc., a newspaper publisher that also owns radio and television stations. From March 2004 to October 2008, Ms. Siminoff served as the President and Chief Executive Officer of Efficient Frontier, Inc., a provider of paid search engine marketing solutions, and she served as Chairman from February 2008 to mid-2009. Prior to that, from 1996 to February 2004, Ms. Siminoff served in various capacities at Yahoo!, including as Senior Vice-President of Entertainment and Small Business and Senior Vice President of Corporate Development and Vice President, Business Development and Planning. Ms. Siminoff also serves on the boards of directors of public companies Journal Communications, Inc., and SolarWinds, Inc., has served on the board of Glu Mobile from June 2008 through the end of her term in June 2011, and additionally serves on the boards of private companies. Ms. Siminoff holds an A.B. degree in Economics from Princeton University and an M.B.A. from Stanford University. We believe that Ms. Siminoff is qualified to serve as a director due to her breadth and depth of experience in the online marketplace; especially in the arena of marketing and traffic optimization, as well as her prior board experience and management skills. Her breadth of experience in emerging growth companies and success in a variety of industries also adds expertise and diversity to our Board of Directors.

Family Relationships

There are no family relationships among any of our directors, executive officers and director nominees.

CORPORATE GOVERNANCE

Code of Ethics and Business Conduct

Our Board of Directors has adopted a Code of Ethics and Business Conduct which applies to all directors, officers (including our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) and employees. The full text of our Code of Ethics and Business Conduct is available on the Investor Relations section of our website at *www.usautoparts.net* which can be directly accessed at *http://investor.usautoparts.net/*. We intend to disclose future amendments to certain provisions of the Code of Ethics and Business Conduct, and any waivers of provisions of the Code of Ethics and Business Conduct required to be disclosed under the rules of the Securities and Exchange Commission (SEC), at the same location on our website. The information contained in, or that can be accessed through, our website does not constitute a part of this proxy statement.

Director Independence

The Board reviewed the independence of each of our directors on the basis of the standards adopted by NASDAQ. During this review, the Board considered transactions and relationships between the Company, on the one hand, and each director, members of his or her immediate family, and other entities with which he or she is affiliated, on the other hand. The purpose of this review was to determine which of such transactions or relationships were inconsistent with a determination that the director is independent under the NASDAQ Rules. After the review, the Board of Directors has determined that Messrs. Berman, Majteles, Phelps and Schwartz and Ms. Siminoff each satisfies the requirements for independence under the listing standards of the NASDAQ Rules.

The Board has, additionally, maintained a separation between the seats of Chairman and CEO since we went public in 2007 in recognition of the different demands and responsibilities of the roles and to emphasize the independence of the role of Chairman. The Board also meets regularly in executive session.

Board Oversight of Risk

The Board is responsible for overseeing our risk management but its duties in this regard are supplemented by the Audit Committee, which is responsible for discussing with management and our independent auditors policies with respect to risk assessment and risk management, including the process by which we undertake major financial and accounting risk assessment and management. The Audit Committee also oversees our corporate compliance programs, as well as the internal audit function. In addition to the Audit Committee s work in overseeing risk management, our full Board periodically engages in discussions of the most significant risks that the Company is facing and how these risks are being managed, and the Board receives reports on risk management from senior officers of the Company and from the Chairman of the Audit Committee. The Audit Committee additionally meets privately with representatives of our management team in order to assess the overall climate and tone at the top and to provide the Audit Committee with direct feedback as to any control or oversight issues. Other committees, including the Compensation Committee, review risks relevant to their particular areas of responsibility, such as whether the compensation of executive management encourages them to take undue risk. These matters are reviewed at Board meetings as well and, if deemed necessary and appropriate, in executive session with only the independent directors present. Our management team has the primary responsibility for identifying and managing the known, material risks which could affect our operating and financial performance. At least annually, upon reviewing and establishing the financial and operating targets for the next fiscal year, the management team reviews with the full board the key risks facing the Company during the upcoming year and the plans the Company has put in place to mitigate those risks, and the management team reviews subsets of risk on a more frequent basis with the Board.

Board Committees and Meetings

Our Board of Directors has an Audit Committee, a Compensation Committee, and a Nominating and Corporate Governance Committee. Each committee has a written charter that is reviewed annually and revised as appropriate. A copy of each committee s charter is available on the Investor Relations section of our website at *www.usautoparts.net*.

During fiscal 2010, the Board of Directors and the various committees of the Board held the following number of meetings: Board of Directors 6; Audit Committee 6; Compensation Committee 5; and Nominating and Corporate Governance Committee 1. There were also 3 actions taken by the Board and 4 actions taken by the Compensation Committee via Unanimous Written Consent. During fiscal 2010, no director attended fewer than 75% of the aggregate of the total number of meetings of the Board of Directors and total number of meetings of any committees of the Board, which he or she was required to attend. We do not have a formal policy regarding attendance by members of our Board of Directors at annual meetings of stockholders; however, directors are encouraged to attend all such meetings. All of our directors attended our 2010 Annual Meeting of Stockholders.

Audit Committee. Our Audit Committee consists of Messrs. Majteles, Phelps and Schwartz and Ms. Siminoff. Mr. Phelps is the Chairman of the Audit Committee. Our Board of Directors has determined that each member of the Audit Committee is independent under the NASDAQ Rules and Rule 10A-3 under the Securities Exchange Act of 1934, as amended (the Exchange Act). Mr. Phelps qualifies as an audit committee financial expert as that term is defined in the rules and regulations established by the SEC. The primary functions of this committee include the following:

- meeting with our management periodically to consider the adequacy of our internal controls and the objectivity of our financial reporting;
- meeting with our independent auditors and with internal financial personnel regarding these matters;
- pre-approving audit and non-audit services to be rendered by our independent auditors;
- appointing from time to time, engaging, determining the compensation of, evaluating, providing oversight of the work of and, when appropriate, replacing our independent auditors;

reviewing our financial statements and periodic reports and discussing the statements and reports with our management and independent auditors, including any significant adjustments, management judgments and estimates, new accounting policies and disagreements with management;

establishing procedures for the receipt, retention and treatment of complaints received by us regarding accounting, internal accounting controls and auditing matters;

reviewing our financing plans and reporting recommendations to our full Board of Directors for approval and to authorize action; and

administering and discussing with management and our independent auditors our Code of Ethics and Business Conduct.

Our internal financial personnel regularly meet privately with the Audit Committee and have unrestricted access to this committee. Our independent auditors report directly to the Audit Committee and they also have unrestricted access to this committee.

Compensation Committee. Our Compensation Committee consists of Messrs. Berman and Majteles, and Ms. Siminoff. Mr. Berman is the Chairman of our Compensation Committee. Our Board of Directors has determined that each member of the Compensation Committee is independent under the NASDAQ Rules. The primary functions of this committee include the following:

reviewing and, as it deems appropriate, recommending to our Board of Directors, policies, practices and procedures relating to the compensation of our directors, officers and other managerial employees and the establishment and administration of our employee benefit plans;

- exercising authority under our employee benefit plans;
- reviewing and approving executive officer and director indemnification and insurance matters; and
- advising and consulting with our officers regarding managerial personnel and development and succession planning.

A more detailed description of the role of the committee, including the role of executive officers and consultants in compensation decisions, can be found under Executive Compensation and Other Information-Compensation Discussion and Analysis below.

Nominating and Corporate Governance Committee. Our Nominating and Corporate Governance Committee consists of Ms. Siminoff and Messrs. Phelps and Schwartz. Ms. Siminoff is the Chair of our Nominating and Corporate Governance Committee. Our Board of Directors has determined that each member of the Nominating and Corporate Governance Committee is independent under the NASDAQ Rules. The primary functions of this committee include the following:

- identifying qualified candidates to become members of our Board of Directors;
- selecting nominees for election of directors at the next annual meeting of stockholders (or special meeting of stockholders at which directors are to be elected);
- selecting candidates to fill vacancies of our Board of Directors;
- developing and recommending to our Board of Directors our corporate governance guidelines; and
- overseeing the evaluation of our Board of Directors.

The Nominating and Corporate Governance Committee generally seeks directors with strong reputations and experience in areas relevant to the operations and strategies of the Company s business. In connection with their recommendations regarding the size and composition of the Board, the Nominating and Corporate Governance Committee reviews the appropriate qualities and skills required of directors in the context of the then current make-up of the Board and the needs of the Company. The Nominating and Corporate Governance Committee generally identifies candidates for election to the Board of Directors; reviews their skills, characteristics and experiences; and recommends director nominees to the Board for approval. While we do not have a formal policy with regard to the consideration of diversity in identifying director nominees, the Nominating and Corporate Governance Committee strives to nominate directors with a variety of complementary skills and backgrounds so that as a group, the Board will possess the appropriate talent, skills, insight and expertise to oversee our business. The Nominating and Corporate Governance Committee assesses each candidate s independence, personal and professional integrity, financial literacy or other professional or business experience relevant to an understanding of our business, his or her ability to think and act independently and with sound judgment, and ability and commitment to serve our and its stockholders long-term interests. All factors considered by the Nominating and Corporate Governance Committee are reviewed in the context of an assessment of the perceived needs of the Board at a particular point in time. As a result, the priorities and emphasis of the Nominating and Corporate Governance Committee and of the Board may change from time to time to take into account changes in our business, our future opportunities and strategic plans, and other trends, as well as the portfolio of skills and experience of current and prospective directors.

The Nominating and Corporate Governance Committee generally leads the search for and selects, or recommends that the Board select, candidates for election to the Board. Consideration of new director candidates typically involves a series of committee discussions, review of information concerning candidates and interviews with selected candidates. The Nominating and Corporate Governance Committee may in the future engage the services of a third-party search firm to identify director candidates.

The Nominating and Corporate Governance Committee will consider candidates for directors recommended by our stockholders who meet the eligibility requirements for submitting stockholder proposals for inclusion in our next proxy statement. This committee will evaluate such recommendations applying its regular nominee criteria. Eligible stockholders wishing to recommend a director nominee must submit such recommendation in writing to the Chair, Nominating and Corporate Governance Committee, care of the corporate Secretary, at the Company s address set forth on the first page of this proxy statement by the deadline for stockholder proposals set forth in the prior year s proxy statement, specifying the following information: (a) the name and address of the nominee, (b) the name, address and phone number of the stockholder making the nomination and of the director nominee, (c) a representation that the nominating stockholder is a stockholder of record of our stock entitled to vote at the next annual meeting and intends to appear in person or by proxy at such meeting to nominate the person specified in the notice, (d) the nominee s qualifications for membership on the Board, (e) a resume of the candidate s business experience and educational background as well as all of the information that would be required in a proxy statement soliciting proxies for the election of the nominee as a director, (f) a description of all direct or indirect arrangements or understandings between the nominating stockholder and the nominee and any other person or persons (naming such person or persons) pursuant to whose request the nomination is being made by the stockholder, (g) all other companies to which the nominee is being recommended as a nominee for director, and (h) a signed consent of the nominee to cooperate with reasonable background checks and personal interviews, and to serve as a director, if elected. In connection with its evaluation, the Nominating and Corporate Governance Committee may request additional information from the candidate or the recommending stockholder, and may request an interview with the candidate. The Nominating and Corporate Governance Committee has the discretion to decide which individuals to recommend for nomination as directors.

No candidates for director nominations were submitted to the Nominating and Corporate Governance Committee by any stockholder in connection with the election of directors at the Annual Meeting. Each of the director nominees standing for election at this Annual Meeting is a current director of the company.

Stockholder Communications to the Board

Our Board of Directors has implemented a process by which stockholders may send written communications directly to the attention of the Board, any committee of the Board or any individual Board member, care of our corporate Secretary at 17150 South Margay Avenue, Carson, California 90746. The name of any specific intended Board recipient should be noted in the communication. Our corporate Secretary will be primarily responsible for collecting, organizing and monitoring communications from stockholders and, where appropriate depending on the facts and circumstances outlined in the communication, providing copies of such communications to the intended recipients. Communications will be forwarded to directors if they relate to appropriate and substantive corporate or Board matters. Communications that are of a commercial or frivolous nature or otherwise inappropriate for the Board s consideration will not be forwarded to the Board.

PROPOSAL TWO:

RATIFICATION OF SELECTION OF INDEPENDENT AUDITORS

In June 2010, as disclosed in a Current Report on Form 8-K filed with the SEC on June 23, 2010, we engaged the accounting firm of Deloitte & Touche LLP to serve as our independent auditors for the fiscal year ended January 1, 2011. The Audit Committee of our Board of Directors has selected that firm to continue in this capacity for the fiscal year ending December 31, 2011. We are asking our stockholders to ratify the selection by the Audit Committee of Deloitte & Touche LLP as our independent auditors to audit our consolidated financial statements for the fiscal year ending December 31, 2011 and to perform other appropriate services. Stockholder ratification of the selection of Deloitte & Touche LLP as our independent auditors is not required by our bylaws or otherwise. In the event that the stockholders fail to ratify the appointment, the Audit Committee will reconsider its selection. Even if the selection is ratified, the Audit Committee, in its sole discretion, may direct the appointment of a different independent accounting firm at any time if the committee feels that such a change would be in our best interests and our stockholders.

A representative of Deloitte & Touche LLP is expected to be present at the Annual Meeting, and that representative will have the opportunity to make a brief presentation to the stockholders if he or she so desires and is expected to be available to respond to appropriate questions from stockholders.

Stockholder Approval

The affirmative vote of the holders of a majority of the shares of our common stock present or represented by proxy and entitled to vote at the Annual Meeting is being sought to ratify the selection of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2011.

Recommendation of Our Board of Directors

Our Board of Directors recommends that the stockholders vote FOR the ratification of the selection of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2011.

FEES PAID TO INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Principal Accountant Fees

The following table sets forth the fees billed to us for the fiscal year ended January 2, 2010 (fiscal 2009) by Ernst & Young LLP (E&Y), and for the fiscal year ended January 1, 2011 (fiscal 2010) by E&Y and by Deloitte & Touche LLP (D&T) our current independent registered public accounting firm:

	Fiscal 2009 E&Y	Fiscal 2010 E&Y	Fiscal 2010 D&T	Fiscal 2010 Other
Audit Fees	$ 516,291	$ 32,800	$ 857,295	$
Audit Related Fees			256,800	
Tax Fees	65,105	5,000	55,025	53,435
All Other Fees	35,000	0	95,350	89,608
Total Fees	$ 616,396	$ 37,800	$ 1,264,470	$ 143,043

Audit Fees. Audit fees consisted of fees billed by E&Y or D&T for professional services rendered in connection with the audit and quarterly reviews of our consolidated financial statements. For each of fiscal 2009 and fiscal 2010, such fees included fees associated with the review of a registration statement on Form S-8.

Audit Related Fees. Audit Related fees consisted of fees related to the valuation and review of our acquisition of Automotive Specialty Accessories and Parts (WAG) in August 2010, and review of Current Reports on Form 8-K filed with the SEC disclosing the acquisition and the pro forma financial statements prepared and included in the filing.

Tax Fees. Tax fees consisted of tax advice and tax planning services.

All Other Fees. All other fees for fiscal 2009 and fiscal 2010 consisted principally of an accounting research subscription and services relating to our compliance with Section 404 of the Sarbanes-Oxley Act of 2002.

The Audit Committee of the Board of Directors has determined that the provision by E&Y and D&T of the non-audit services described above is compatible with maintaining the independence of E&Y and D&T during their respective periods of service.

Policy on Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services

All engagements for services by D&T or other independent registered public accountants are subject to prior approval by the Audit Committee; however, de minimis non-audit services may instead be approved in accordance with applicable SEC rules. The Audit Committee approved all services provided by E&Y for fiscal 2009 and by E&Y and D&T for fiscal 2010.

AUDIT COMMITTEE REPORT

The following is the report of the Audit Committee with respect to the Company s audited consolidated financial statements for the fiscal year ended January 1, 2011 included in the Company s Annual Report on Form 10-K for that year.

In carrying out its responsibilities under the Audit Committee Charter dated January 19, 2007, which is available by accessing the investor relations section of our website at *http://investor.usautoparts.net/*, the Audit Committee, among other things, supervises the relationship between the Company and its independent auditors, including making decisions with respect to their appointment or removal, reviewing the scope of their audit services, pre-approving audit engagement fees and non-audit services and evaluating their independence. The audit committee oversees and evaluates the adequacy and effectiveness of the Company s systems of internal and disclosure controls and internal audit function. The Audit Committee has the authority to investigate any matter brought to its attention and may engage outside counsel for such purpose.

The Company s management is responsible, among other things, for preparing the financial statements and for the overall financial reporting process, including the Company s system of internal controls. The independent auditor s responsibilities include (i) auditing the financial statements and expressing an opinion on the conformity of the audited financial statements with U.S. generally accepted accounting principles and (ii) auditing the financial statements and expressing an opinion on management s assessment of, and the effective operation of, the Company s internal control over financial reporting.

The Audit Committee met six times during fiscal year 2010. The Audit Committee schedules its meetings with a view to ensuring that it devotes appropriate attention to all of its tasks. The Audit Committee s meetings include sessions with the Company s independent auditor and management present and regular sessions without the presence of the Company s management.

As part of its oversight of the Company s financial statements, the Audit Committee reviewed and discussed with management and Deloitte & Touche LLP, the Company s independent auditor, the audited financial statements of the Company for the fiscal year ended January 1, 2011. The Audit Committee discussed with Deloitte & Touche LLP, such matters as are required to be discussed by Statement on Auditing Standards No. 61, as amended (Communication with Audit Committees), relating to the conduct of the audit. The audit committee also discussed with Deloitte & Touche LLP, the auditor s independence from the Company and its management, including the matters in the written disclosures the audit committee received from the independent auditor as required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant s communications with the Audit Committee concerning independence, and considered the compatibility of non-audit services with the auditor s independence.

Based on its review and discussions referred to above, the Audit Committee recommended to the Board of Directors that the audited financial statements be included in the Company s Annual Report on Form 10-K for the fiscal year ended January 1, 2011, for filing with Securities and Exchange Commission. The audit committee has also selected Deloitte & Touche LLP as the Company s independent auditors for fiscal year 2011.

Submitted by the Audit Committee

of the Board of Directors:

Warren B. Phelps III, Chairman
Robert J. Majteles

Jeffrey A. Schwartz

Ellen F. Siminoff

PROPOSAL THREE:

ADVISORY RESOLUTION ON THE COMPANY S EXECUTIVE COMPENSATION

As a result of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Dodd-Frank Act), enacted in July 2010, our stockholders are enabled to approve an advisory resolution on our executive compensation as reported in this Proxy Statement. As described below in the Compensation Discussion and Analysis section of this Proxy Statement, the Compensation Committee has structured the Company s executive compensation program to achieve the following key objectives:

- Attract, retain and motivate top quality executives;
- Create economic incentives which are directly linked to the Company s financial performance and stockholder value; and
- Link the creation of stockholder value with individual goals.

Our executive compensation has a number of features designed to promote these objectives, including a base salary sufficient to ensure that the executive is not motivated to take on undue risk, bonus compensation awarded upon the Company successfully achieving certain revenue and EBITDA thresholds, and equity awards designed to align the interests of our executives with those of our stockholders.

We urge you to read the Compensation Discussion and Analysis below, which describes in more detail how our executive compensation policies and procedures operate and are designed to achieve its compensation objectives, as well as the Summary Compensation Table and related compensation tables and narrative, which provide detailed information on the compensation of our named executive officers. The Compensation Committee and the Board of Directors believe that the policies and procedures articulated in the Compensation Discussion and Analysis are effective in achieving the Company s goals and that the compensation of its named executive officers reported in this Proxy Statement has supported and contributed to the Company s success.

In accordance with recently adopted Section 14A of the Exchange Act, and as a matter of good corporate governance, the Company is asking stockholders to approve the following advisory resolution at the Annual Meeting:

RESOLVED, that the stockholders of the Company approve, on an advisory basis, the compensation of the Company s named executive officers as disclosed pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, the Summary Compensation Table and the related compensation tables, notes and narrative in the Proxy Statement for the Company s 2011 Annual Meeting of Stockholders.

This advisory resolution, commonly referred to as a say-on-pay resolution, is non-binding on the Board of Directors. Although non-binding, the Board and the Compensation Committee will carefully review and consider the voting results when evaluating the Company s executive compensation program.

Stockholder Approval

Advisory approval of this proposal requires the vote of the holders of a majority of the shares of our common stock present or represented by proxy and entitled to vote at the Annual Meeting.

Recommendation of Our Board of Directors

Our Board of Directors recommends that the stockholders vote FOR the above Say on Pay Proposal

PROPOSAL FOUR:

ADVISORY VOTE ON THE FREQUENCY OF THE FUTURE ADVISORY VOTES ON THE COMPANY S EXECUTIVE COMPENSATION

In Proposal Three above, we are asking stockholders to vote on an advisory resolution on executive compensation. Pursuant to the Dodd-Frank Act, in this Proposal Four we are asking stockholders to vote on whether future advisory votes on executive compensation should occur every year, every two years or every three years.

After careful consideration, the Board of Directors recommends that future advisory votes on executive compensation occur every three years (triennially). We believe that this frequency is appropriate for a number of reasons. Most significantly, our compensation programs are designed to reward long-term performance. Thus, we encourage our stockholders to evaluate our executive compensation programs over a multi-year horizon and to review the compensation of the named executive officers over the past three fiscal years. In addition, we believe that a triennial advisory vote on executive compensation reflects the appropriate time frame to enable the Compensation Committee and the Board of Directors to evaluate the results of the most recent advisory vote on executive compensation, to discuss the implications of that vote with stockholders to the extent needed, to develop and implement any adjustments to our executive compensation programs that may be appropriate in light of a past advisory vote on executive compensation, and for stockholders to see and evaluate any such adjustments to our executive compensation programs.

The Board of Directors is aware of and took into account views that some have expressed in support of conducting an annual advisory vote on executive compensation, and in fact, as more fully described in the Compensation Discussion and Analysis section of this Proxy Statement, the Compensation Committee performs annual benchmarking in order to ensure that we are in-line with our peers in compensating our named executive officers. We are aware that some stockholders believe that annual advisory votes will enhance or reinforce accountability. We believe that, because our executive compensation programs have typically not changed materially from year-to-year and are designed to operate over the long-term and to enhance long-term performance, we are concerned that an annual advisory vote on executive compensation could lead to a near-term perspective inappropriately bearing on our executive compensation programs. Additionally, we currently believe that holding an advisory vote on executive compensation every three years will reflect the right balance of considerations in the normal course, and we will periodically reassess that view and can provide for an advisory vote on executive compensation on a more frequent basis if changes in our compensation programs or other circumstances suggest that such a vote would be appropriate.

We understand that our stockholders may have different views as to what is an appropriate frequency for advisory votes on executive compensation, and we will carefully review the voting results on this proposal. Stockholders will be able to specify one of four choices for this proposal on the proxy card: one year, two years, three years, or abstain. Stockholders are not voting to approve or disapprove the Board s recommendation. This advisory vote on the frequency of future advisory votes on executive compensation is non-binding on the Board of Directors. Notwithstanding the Board s recommendation and the outcome of the stockholder vote, the Board may in the future decide to conduct advisory votes on a more or less frequent basis and may vary its practice based on factors such as discussions with stockholders and the adoption of material changes to compensation programs.

Stockholder Approval

The frequency that receives the vote of the holders of a majority of the shares of our common stock present or represented by proxy and entitled to vote at the Annual Meeting will be deemed to be the frequency selected by the stockholders.

Recommendation of our Board of Directors

Our Board of Directors recommends that the stockholders vote to conduct future advisory votes on the Company s executive compensation EVERY THREE YEARS.

EXECUTIVE COMPENSATION AND OTHER INFORMATION

Executive Officers

The table below sets forth certain information regarding our executive officers who are not directors as of April 20, 2011.

Name	Age	Current Position(s)
Theodore R. Sanders	56	Chief Financial Officer
Aaron E. Coleman	36	Chief Operating Officer
Houman Akhavan	33	Vice President of Marketing
Charles Fischer	53	Senior Vice President of Global Sourcing and Procurement

The following is certain biographical information describing the business experience of each of our executive officers who is not a director. The biography of Mr. Evangelist appears earlier in this proxy statement. See Proposal One: Election of Directors.

Theodore R. Sanders has been our Chief Financial Officer since February 2009. Prior to that, from June 2007 to February 2009, he was the Chief Financial Officer of ViewSonic Corporation, a leader in providing innovative display technology, and from 1997 to June 2007 Mr. Sanders served as Chief Financial Officer of public company PC Mall, Inc., a marketer of technology products. Prior to PC Mall, Mr. Sanders served in the roles of controller, Director of Finance and Director of Internal Audit for BAX Global, a subsidiary of The Pittston Company, a global business and security services company. Mr. Sanders started his career at Deloitte & Touche LLP and is a certified public accountant. He holds a B.S. degree in Business Administration from Nichols College.

Aaron E. Coleman has been our Chief Operating Officer since September 2010, and was our Executive Vice President of Operations and Chief Information Officer from April 2008 until September 2010. From July 2007 to April 2008, Mr. Coleman served as Senior Vice President Online Systems at Blockbuster Inc., which he joined as Vice President Online Systems in March 2005. From April 2003 to March 2005, he was the Chief Technology Officer of Travelweb LLC, which is owned by priceline.com Incorporated, and was responsible for all aspects of Travelweb s technology, including the technology for Travelweb.com and over 40 affiliate websites, as well as the booking gateway for the merchant property processing for Orbitz and priceline.com. Mr. Coleman s prior experience also includes serving as Manager of the Customer Technology Infrastructure group at American Airlines. Mr. Coleman holds a B.A. degree in Business Administration from Gonzaga University.

Houman Akhavan has been our Vice President of Marketing since January 2006. Prior to that, from August 2004 to December 2005, Mr. Akhavan served as a consultant to U.S. Auto Parts, providing advice and guidance on marketing strategy and website optimization. From February 2000 to July 2004, Mr. Akhavan served as the founder and Chief Strategy Officer of Edigitalweb, Inc., an online marketing and software development firm.

Charles Fischer has been our Senior Vice President of Global Sourcing and Procurement since May 2008. Prior to that, from November 2004 to March 2008, Mr. Fischer served as Vice President, Supply Chain Management for Keystone Automotive Industries, a provider of automotive parts, and was responsible for all aspects of Keystone s supply chain, including purchasing, inventory management and inbound logistics. From November 2003 to November 2004, Mr. Fischer was Director, Business Development for Modern Engineering, where he was responsible for developing, selling and implementing logistics, packaging and engineering service projects to automotive industry clients. Mr. Fischer s experience also includes serving as Director, Automotive Consulting for Viewlocity Corporation and Vice President of Global Sourcing for Federal-Mogul Corporation.

Our executive officers are elected by our Board of Directors and serve at the discretion of our Board until their successors have been duly elected and qualified or until their earlier resignation or removal.

Compensation Discussion and Analysis

The primary objective of our compensation policies and programs with respect to executive compensation is to serve our stockholders by attracting, retaining and motivating talented and qualified executives. We believe this best serves our stockholders by providing a stable management team that is focused on long-term growth and profitability without incurring undue risk.

The three key elements of the current executive compensation program are annual base salary, cash bonuses, and long-term, equity-based incentives. We also provide certain of our executive officers with severance and change-in-control benefits as well as a limited number of perquisites and other personal benefits. Our discussion below contains an additional explanation of each of these elements. In evaluating the mix of these compensation components, as well as the short-term and long-term value of the executive compensation plans, the Compensation Committee considers both the performance and skills of each executive, as well as the compensation paid to those in similar organizations with similar responsibilities. We focus on providing a competitive compensation package which provides significant short and long-term incentives for the achievement of measurable corporate and individual performance objectives. We focus on, among other things, the following five elements in determining compensation:

Competition. Compensation should reflect the competitive marketplace, so that the Company can attract, retain, and motivate key executives of superior ability who are critical to our future success.

Accountability for Business Performance. Compensation should be tied in part to overall Company financial performance, so our executive officers are held accountable through their compensation both in salary and in long-term incentive compensation.

Accountability for Individual Performance. Compensation should be tied in part to the individual s performance to encourage and reflect individual contributions to the Company s performance.

Alignment with Stockholder Interests. Compensation should be tied in part to the Company s stock performance through the grant of equity-based awards which serve to align our executive officer s interests with those of our stockholders.

Likelihood of Compensation Structure to Encourage Excessive Risk Taking. Compensation, while tied in part to Company financial and stock performance, should not be tied in such a way as to encourage our executive officers to take excessive risk in operating the business or consummating strategic projects designed to inflate earnings or share price.

Decisions regarding executive compensation are the primary responsibility of our Compensation Committee, in consultation from time to time with the Board of Directors, management and compensation consultants. The Chief Executive Officer prepares an assessment of each individual s performance during the preceding calendar year, as well as a review of how each executive s compensation compares with the benchmark group companies provided by the independent compensation consultant engaged by the Compensation Committee, and recommends to the Compensation Committee base salary amounts, annual performance goals and annual incentive compensation for all executive officers except himself based upon those goals. The Compensation Committee reviews the report and recommendations of the independent compensation consultant as well as the CEO s review, assesses the CEO with regard to his own performance, and then establishes and makes the final determinations regarding compensation of our named executive officers based on a number of factors described above.

The components of our executive compensation program generally include (a) base salaries; (b) annual cash incentive opportunities; (c) annual equity grants, and (d) long-term equity incentive opportunities in the form of time-based stock options and, performance-based stock options. In the future, such long-term equity opportunities may also include other types of equity instruments including, but not limited to, restricted stock or restricted stock units. Executives also participate in employee benefit programs available to the broader employee population such as our 401(k) plan and health insurance. In early 2010 we implemented a deferred compensation plan for employees of the Company earning greater than $110,000 annually, in which such employees are eligible to participate and for which the Company matches 50% of contributions up to 2% of annual base salary. Our executive compensation program is intended to provide executives with overall levels of compensation that are competitive within the e-commerce industry, as well as within a broader spectrum of companies with comparable revenues and profitability.

In connection with our initial public offering in 2007, we retained an independent compensation consultant, Compensia, Inc., to assist us in establishing a compensation program which includes objective criteria and formalized policies with respect to the determination of compensation amounts for our executives. As part of our annual evaluation of executive compensation, we have engaged Compensia each year following the initial public offering in order to ensure that the Company remains competitive in attracting and retaining talented executives. The peer group identified by Compensia for 2010 includes the following companies, which were selected based upon their revenue size and their technology and retail market focus:

Actuate	Alloy	Art Technology Group
Autobytel	Bottomline Technologies	Chordiant Software
Drugstore.com	Internet Brands	Magma Design Automation
PetMed Express	QAD	Shutterfly
Stamps.com	Vitacost.com	

For 2010 the Compensation Committee set a target for total compensation for our executive officers, at approximately the 50th to 75th percentile level of comparable companies (the Target Percentile Range), subject to certain exceptions. In 2010, we paid our senior management through a mix of base salary, cash bonus, stock bonus (for the CEO, CFO and Executive Vice President / CIO) and equity compensation, with the cash compensation, including the base salaries and target bonuses, established generally at the lower end of the Target Percentile Range and the equity compensation established generally at the higher end of such range to more readily align their interests with those of stockholders.

Elements of Executive Compensation

Base Salary

We seek to provide our senior management with a base salary appropriate to their roles and responsibilities, and salaries for named executive officers (as defined below in Summary Compensation Table) are established and adjusted at the discretion of the Compensation Committee. In 2010 we established base salaries for our executive officers at the lower end of our Target Percentile Range, with the exact base salaries for our executives based on the executive s qualifications and experience, scope of responsibilities, future potential and past performance, as well as the salaries paid by other companies in our 2010 peer group for similar positions. The recommendation of our compensation consultant for 2010 was to increase salaries for the CEO (Mr. Evangelist), EVP and CIO (Mr. Coleman), and the SVP of Global Sourcing and Procurement (Mr. Fischer) to bring their base salaries closer to the Target Percentile Range. The base salary for Mr. Coleman is at the minimum Target Percentile Range and Mr. Fischer is below the Target Percentile Range; their salaries may increase over time to reach the midpoint of the Target Percentile Range. Base salaries are reviewed annually, and adjusted from time to time to realign salaries with market levels after taking into account individual responsibilities, performance and experience.

2010 base salaries for each named executive officer were as follows:

NAME AND TITLE	2010 BASE SALARY
Shane Evangelist Chief Executive Officer	$ 367,770
Ted Sanders Chief Financial Officer	$ 307,500
Aaron Coleman Chief Operating Officer (formerly Chief Information Officer, Executive Vice President Operations)	$ 284,040
Houman Akhavan Vice President Marketing	$ 261,000
Charlie Fischer Senior Vice President Global Sourcing and Procurement	$ 220,500

Annual Incentive Bonuses

In addition to base salary, our executives are eligible to earn annual incentive bonus compensation. Our incentive bonus plan ties the level of achievement of Company annual financial performance goals to the amount of annual incentive compensation that we pay to each of our executives. These performance goals incorporate a combination of revenue and EBITDA, as well as individual performance, so as to encourage the executives to maximize the generation of profitable new business as well as optimizing the profitability and performance of existing business. As a result, a significant portion of our executives total compensation is dependent on the degree to which we achieve these performance goals. This provides an incentive for our executives to increase our performance with respect to these measures, and in turn increase stockholder value. This combination additionally limits the incentive for executives to take undue risk to maximize their incentive compensation. Incentive bonuses are established, adjusted and given final approval by the Compensation Committee, which has full discretion to award a bonus or not. While the incentive bonus has traditionally been paid in cash, in 2009 the Company initiated a program whereby the executives can each make an election to receive part of his bonus in shares of Company common stock at the time the target bonus-parameters are approved by the committee. For 2010, Messrs. Evangelist, Sanders and Coleman each elected to receive part of his bonus in shares of Company common stock as described above. For 2010, incentive bonuses were established based upon revenue and Adjusted EBITDA goals. Target incentive bonuses for our executive officers were established at approximately 36% to 80% of their respective annual base salaries in alignment with the independent compensation consultant s report, with Messrs. Evangelist, Sanders and Coleman each electing to take a portion of his incentive compensation in common stock of the Company rather than cash. The bonuses as targeted placed each executive lower than the Company s Target Percentile Range of 50% 75% of its 2010 peer group. The Compensation Committee believed that with the significant equity granted to each executive in 2009 in the form of options as well as the payout of Mr. Evangelist s 2009 bonus in shares of common stock of the Company, the lower cash compensation was appropriate. Bonuses paid were based on overall company performance as determined by the matrix of Revenue and Adjusted EBITDA as set forth below. Adjusted EBITDA reflected the impact of any capital expenditures utilized for acquisitions, and the Compensation Committee reserved the right to further adjust EBITDA with regard to legal fees spent on certain IP litigation of the Company. For example, if the combination of revenue and Adjusted EBITDA was $135 million and $10 million respectively, no bonus would be paid.

Corporate Objectives (in millions)

Employee Bonus Grid

Revenue Under $210mm

Adjusted EBITDA

50%		50%		100%		125%		175%
12	14	14	16	16	19	19	21	21+

Revenue Between $210mm - $230mm

Adjusted EBITDA

50%		75%		125%		150%		200%
12	14	14	16	16	19	19	21	21+

Revenue $230mm+

Adjusted EBITDA

50%		100%		150%		175%		225%
12	14	14	16	16	19	19	21	21+

Board will have the option to make adjustments for legal fee associated with the IP lawsuit

EBITDA will be adjusted downward for acquisition capital by the following formula:

$$\text{EBITDA} \quad \left(\left(\frac{\text{Acquisition cost}}{5}\right) + \text{Annual proprate}\right) = \text{Bonusable EBITDA}$$

Total actual bonuses paid for fiscal 2010 were as follows. Bonuses were paid in March 2011 for the 2010 fiscal year.

	TARGET BONUS		BONUS PAID	
NAME AND TITLE	CASH	STOCK	CASH	STOCK
Shane Evangelist Chief Executive Officer	$ 147,250	29,747 shares	$ 137,230	29,747 shares
Ted Sanders Chief Financial Officer	$ 76,875	15,530 shares	$ 76,875	15,530 shares
Aaron Coleman Chief Operating Officer (formerly Chief Information Officer, Executive Vice President Operations)	$ 71,000	14,343 shares	$ 71,000	14,343 shares
Houman Akhavan Vice President Marketing	$ 95,000		$ 95,000	
Charlie Fischer Senior Vice President Global Sourcing and Procurement	$ 88,200		$ 88,200	

Long-Term Equity Compensation

We believe that long-term performance of the Company is achieved through an ownership culture that encourages long-term performance by our executive officers through the use of equity-based awards, and have established equity incentive plans to provide our employees, including our executive officers, with incentives to help align those employees interests with the interests of stockholders. We do not have specific ownership percentage requirements for our executive officers, but in making additional awards take into consideration the ownership percentages of the executive officers of our peer group companies, as well as the balance between vested and unvested options held by the executive. All options grants are made at the fair market value of the Company s stock on the date of grant. Our CEO makes recommendations on awards of options to the Compensation Committee, which then considers the recommended grants at each meeting, which generally coincide with meetings of the Board of Directors. If the hire date of an employee who is not an executive officer does not occur at the time of a Compensation Committee meeting, we may credit the employee with vesting time retroactive to hire date, but the exercise price of the option is always equal to the fair value on the date of grant, no matter the vesting schedule. Executive officer options are generally granted at the time of hire, and are approved by the Compensation Committee and have an exercise price equal to the fair valuation of the option at that time.

In 2010, in light of the number and value of options granted to the named executive officers, and in light of the shares of stock granted to Mr. Evangelist as part of his bonus for 2009, no equity grants were made to the named executive officers.

Equity compensation granted to the executive officers and its fair value are presented in the compensation tables, below.

Other Compensation

The Compensation Committee may determine or the Chief Executive Officer may recommend from time to time that an executive officer has performed in a manner that should be rewarded with a spot or extraordinary bonus. No such bonuses were paid in fiscal 2010. Finally, our executive officers are eligible to receive the same benefits, including non-cash group life and health benefits, as well as a Company match of 50% of contributions to the Company s 401(k) up to 6% of salary, that are available to all employees, plus a Company match of 50% of contributions to the Company s non-qualified deferred compensation plan up to 2% of salary. Certain additional benefits may be provided to our executives such as a car allowance, but each on a case-by-case basis.

Likelihood of Compensation Structure to Encourage Excessive Risk Taking

After a thorough review of the Company s compensation policies as they apply to all employees and more specifically the executive officers, the Compensation Committee believes that the policies do not encourage unnecessary risk taking and the impact of risk that may be encouraged by the policies would not present a material adverse impact to the Company. We provide base salaries to provide stability and predictability of monthly income, and provide incentive cash or stock bonuses and long-term equity grants to encourage focus on profitability and growth of the Company over time.

Pension Benefits

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

Non-Qualified Deferred Compensation

We have a non-qualified defined contribution plan that was established in January 2010; employees earning greater than $110,000 are currently eligible to participate in the plan. The plan utilizes a rabbi trust for protection of its assets, although in the event of bankruptcy the plan would become a general creditor of the Company. Participants may contribute up to 90% of their annual base salary and up to 100% of bonus awards and the Company matches 50% of contributions up to 2% of salary.

Equity Compensation Plans

We have options granted and outstanding under three equity compensation plans, the 2006 Equity Incentive Plan, the 2007 Omnibus Incentive Plan, and the 2007 New Employee Incentive Plan.

2006 Equity Incentive Plan

Our 2006 Equity Incentive Plan (the 2006 Incentive Plan) was adopted by our board of directors and approved by our stockholders in March 2006. A total of 4,365,340 shares of our common stock were reserved for issuance under the 2006 Incentive Plan. Under the 2006 Incentive Plan, we were authorized to grant to officers and other employees options to purchase shares of our common stock intended to qualify as incentive stock options, as defined under Section 422 of the Internal Revenue Code of 1986, and to grant to employees, consultants or independent advisors options that do not qualify as incentive stock options under the Internal Revenue Code. All options granted under the 2006 Incentive Plan have terms not exceeding ten years and are immediately exercisable but vest over time. Options granted under the 2006 Incentive Plan are not transferable by the recipient except by will or by the laws of descent and distribution. As of September 30, 2006, options to purchase 4,027,560 shares of our common stock were outstanding under the 2006 Incentive Plan at a weighted average exercise price of $4.92 per share. Although no further options were granted under the 2006 Incentive Plan after September 30, 2006, all outstanding options are governed by the terms and conditions of this plan.

2007 Omnibus Incentive Plan

We adopted the 2007 Omnibus Incentive Plan (the 2007 Omnibus Plan) in January 2007, and it became effective on the effective date (February 8, 2007) of the registration statement filed in connection with our initial public offering. Under the 2007 Omnibus Plan, the Company is authorized to issue 2.4 million shares of common stock under various instruments plus an automatic annual increase on the first day of each of the Company s fiscal years beginning on January 1, 2008 and ending on January 1, 2017 equal to (i) the lesser of (A) 1,500,000 shares of Common Stock or (B) five percent (5%) of the number of shares of Common Stock outstanding on the last day of the immediately preceding fiscal year or (ii) such lesser number of shares of Common Stock as determined by the Company s board of directors. Options granted under the 2007 Omnibus Plan generally expire no later than ten years from the date of grant and generally vest over a period of four years. The exercise price of all option grants must be equal to 100% of the fair market value on the date of grant. The 2007 Omnibus Plan provides for automatic grant of options to purchase common stock to non-employee directors.

2007 New Employee Incentive Plan

We adopted the 2007 New Employee Incentive Plan (the 2007 New Employee Plan) in October 2007. Under the 2007 New Employee Plan, the Company is authorized to issue 2.0 million shares of common stock under various instruments solely to new employees. Options granted under the 2007 New Employee Plan generally expire no later than ten years from the date of grant and generally vest over a period of four years. The exercise price of all option grants must be equal to 100% of the fair market value on the date of grant.

Employment Contracts and Termination of Employment and Change of Control Arrangements

As disclosed in our 2010 Proxy Statement, in March 2010, in order to rectify certain inconsistencies and to provide more standard language regarding benefits and responsibilities of each executive in the event of a change in control, we amended the employment agreements originally entered into with Shane Evangelist, our Chief Executive Officer, Ted Sanders, our Chief Financial Officer, and Aaron Coleman, our Chief Information Officer and Executive Vice President Operations. The amendments were made after the Compensation Committee consulted with Compensia, its compensation consultant, as well as outside counsel and determined that the provisions were in accordance with the Company s benchmark peer group. The changes are primarily as follows:

Provide, for the CEO, the CFO and the CIO/EVP, that all options (those initially granted in connection with commencement of employment and those granted thereafter) will be subject to double-trigger vesting acceleration in the event the officer is terminated or resigns for good reason (as defined in the Amended Agreement) following a change in control of the Company;

Provide that the double trigger vesting acceleration protection period will commence 3 months before a change in control and end 12 months following the change in control;

Provide that a resignation with good reason must occur within two years following the event giving rise thereto;

to provide, for the CFO and the CIO/EVP, that good reason will include a change in the executive s authority, duties or responsibilities (including diminished duties resulting from no longer being an executive officer of a publicly-traded company) and a change in the authorities, duties or responsibilities of the supervisor to whom the executive is required to report;

Provide that, following a change in control, a resignation for rood reason due to a change in the executive s authority, duties or responsibility or that of his supervisor cannot be triggered prior to six months after a change in control; and

Provide that the portion of severance relating to the pro rata bonus is at the target level.

Agreements with Shane Evangelist

In March 2010, we amended the employment agreement originally entered into with Shane Evangelist, our Chief Executive Officer in October 2007. Mr. Evangelist s annual base salary shall be at least $367,770, subject to increase from time to time at the discretion of our Compensation Committee. Mr. Evangelist is also eligible to receive an annual target incentive bonus of up to 80% of his annual base salary, depending on the achievement of certain performance goals to be established by the Compensation Committee as described in the CD&A above. While Mr. Evangelist is employed on an at-will basis, his employment agreement provides that in the event of his termination for any reason other than for cause or other than as a result of his own voluntary resignation without good reason, Mr. Evangelist will be entitled to severance payments equal to one year s base salary (payable over one year in accordance with our regular pay practices), plus a prorated portion of his annual target performance bonus for the year in which he was terminated, and reimbursement for the cost of COBRA coverage for a period of up to one year following his termination of employment. If a triggering event under the severance provisions of his employment agreement had occurred on the last business day of fiscal 2010, then Mr. Evangelist would have been entitled to a payment of $505,000 plus 29,747 shares of our common stock, and approximately $12,000 of COBRA payments,.

In the event of a change in control, option grant for 750,000 shares will immediately vest and become fully exercisable. The exercise price for the options is $8.65 per share, which was the closing sales price of our common stock as reported by the NASDAQ Stock Market on the date of grant. If a triggering transaction had occurred as of the last business day of fiscal year 2010, under the amended agreement, all of the shares would have vested; 416,667 shares.

Agreements with Theodore R. Sanders

In March 2010, we amended the employment agreement originally entered into with Ted Sanders, our Chief Financial Officer in February 2009. Mr. Sanders will receive an annual base salary of at least $307,500, subject to increase from time to time at the discretion of our Compensation Committee. As part of his original employment agreement, Mr. Sanders also received a lump sum signing and retention bonus of $25,000, which bonus was repayable for a certain period of time if Mr. Sanders resigned or was terminated for cause but is no longer repayable. Mr. Sanders is also eligible to receive an annual target incentive bonus of up to 50% of his annual base salary, depending on the achievement of certain performance goals to be established by the Compensation Committee. While Mr. Sanders is employed on an at-will basis, his employment agreement provides that in the event of his termination for any reason other than for cause or other than as a result of his own voluntary resignation without good reason, Mr. Sanders will be entitled to severance payments equal to one year s base salary (payable over one year in accordance with our regular pay practices), plus a prorated portion of his annual target performance bonus for the year in which he was terminated, and reimbursement for the cost of COBRA coverage for a period of up to one year following his termination of employment. If a triggering event under the severance provisions of his employment agreement had occurred on the last business day of fiscal 2010, then Mr. Sanders would have been entitled to a payment of $384,375 plus 15,530 shares of our common stock, plus approximately $12,000 of COBRA payments.

As provided in his employment agreement, Mr. Sanders has been granted two ten year stock options under our 2007 New Employee Incentive Plan, consisting of a performance-based option to purchase up to an aggregate of 100,000 shares of our common stock, which vests based upon the attainment of certain stock price metrics, and an option to purchase up to an aggregate of 400,000 shares of our common stock, which vests over a four year period. In the event that Mr. Sanders employment with us is terminated for any reason other than for cause or if he resigns without good reason following certain changes in control of our company, all of his shares will immediately vest and become fully exercisable. The exercise price for both options is $1.15 per share, which was the closing sales price of our common stock as reported by the NASDAQ

Stock Market on the date of grant. If a triggering transaction had occurred as of the last business day of fiscal year 2010, under the amended agreement, all of the shares would have vested; 216,667 shares.

Agreements with Aaron Coleman

In March 2010, we amended the employment agreement originally entered into with Aaron Coleman, our Chief Operating Officer (formerly Chief Information Officer, Executive Vice President Operations) in April 2008. Mr. Coleman s annual base salary shall be at least $284,040, subject to increase from time to time at the discretion of our Compensation Committee. Mr. Coleman will also be eligible to receive an annual target incentive bonus of up to 50% of his annual base salary, based upon us reaching our revenue and EBITDA goals as well as his achievement of certain individual goals to be established by the Compensation Committee. While Mr. Coleman will be employed on an at-will basis, his employment agreement provides that in the event of his termination for any reason other than for cause or other than as a result of his own voluntary resignation without good reason, Mr. Coleman will be entitled to severance payments equal to one year s base salary (payable over one year in accordance with our regular pay practices), plus a pro-rated portion of his annual target performance bonus for the year in which he was terminated, and reimbursement for the cost of COBRA coverage for up to one year following his termination of employment. If a triggering transaction had occurred as of the last business day of fiscal year 2010, then Mr. Coleman would have been entitled to a payment of $355,040 plus 14,343 shares of our common stock, plus approximately $12,000 of COBRA payments.

As provided in his employment agreement, Mr. Coleman was granted one ten year stock option to purchase up to 250,000 shares of our common stock, which will vest over a four year period, with 25% vesting on the one year anniversary of the grant date and the remainder vesting in 36 equal monthly installments thereafter. In the event that Mr. Coleman s employment with us is terminated for any reason other than for cause or if he resigns without good reason following certain changes in control of our company, the option will immediately vest and become fully exercisable. If a triggering transaction had occurred as of the last business day of fiscal year 2010, under the amended agreement, all of the shares would have vested; 148,439 shares.

Agreements with Houman Akhavan

We entered into an offer letter with Houman Akhavan in January 2006, pursuant to which he agreed to serve as our Vice President of Marketing. In the event Mr. Akhavan s employment is terminated for any reason other than for cause, then we will be required to pay six months of severance to Mr. Akhavan based on his average pay for the six month preceding the termination date. If a triggering event under the severance provisions of his agreement had occurred on the last business day of fiscal year 2010, then Mr. Akhavan would have been entitled to a payment of approximately $130,500.

In 2006, we granted to Mr. Akhavan options to purchase an aggregate of 231,000 shares of our common stock. This stock option agreement provides that in the event of an involuntary termination of the applicable officer s service with us within 12 months after a change in control of U.S. Auto Parts, then all unvested option shares will immediately vest and will remain exercisable until the earlier of (i) the expiration of such options, or (ii) the one year anniversary of the involuntary termination. If a triggering transaction had occurred as of the last business day of fiscal year 2010, 58,334 shares would have vested.

Tax and Accounting Impact of Executive Compensation

Section 162(m) of the Internal Revenue Code limits the deductibility of executive compensation paid to the chief executive officer and to each of the three other most highly compensated officers of a public company (other than the chief financial officer) to $1 million per year. However, compensation that is considered qualified performance-based compensation generally does not count toward the $1 million deduction limit.

The Company annually reviews the compensation paid to its Chief Executive Officer and each of the three other most highly compensated officers to determine the deductibility of compensation under Section 162(m). Base salary, by its nature, does not qualify as performance-based under Section 162(m). The Company s grants of performance-based stock and annual cash bonus payments may qualify as performance-based compensation.

For 2010, the Company believes all compensation paid to its executives is fully deductible by the Company without regard to Code Section 162(m).

Summary Compensation Table

The following table shows information regarding the compensation earned or awarded during the fiscal years ended December 31, 2008, January 2, 2010 and January 1, 2011 by our Chief Executive Officer and our other executive officers who were employed by us as of January 2, 2010. The officers listed below will be collectively referred to as the named executive officers in this proxy statement.

Name	Fiscal Year	Salary	Bonus	Stock Awards(1)	Option Awards(1)	All Other Compensation	Total
Shane Evangelist	2010	$ 367,770	$ 137,230	$ 147,250	$ 735,331	$ 30,676(2)	$ 1,418,257
Chief Executive Officer	2009	358,758	317,000	338,100	921,337	14,062(2)	1,949,257
	2008	350,000			1,081,507	93,090(2)	1,524,597
Ted Sanders(3)	2010	307,500	76,875	76,875	85,495	37,888(2)	584,633

Chief Financial Officer	2009	295,116	326,875(4)		48,414	29,477(2)		699,882
	2008							
Aaron Coleman(5)	2010	284,040	71,000	71,000	114,950	64,008(2)	$	604,998
Chief Operating Officer (formerly Chief Information Officer, Executive Vice President Operations)	2009	260,000	301,300		117,834	37,592(2)		716,726
	2008	175,000	50,000(6)		53,611	68,783(2)		347,394
Houman Akhavan	2010	261,000	95,000		92,387	41,762(2)		