

Higher One Holdings, Inc.
Form DEF 14A
April 12, 2013

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

SCHEDULE 14A

(Rule 14a-101)
INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION

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

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

Check the appropriate box:

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

HIGHER ONE HOLDINGS, 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):

- No fee required
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth (3) the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

HIGHER ONE HOLDINGS, INC.
115 Munson Street
New Haven, Connecticut 06511

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON MAY 23, 2013

To the Stockholders of Higher One Holdings, Inc.:

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders ("Annual Meeting") of Higher One Holdings, Inc., a Delaware corporation (the "Company"), will be held on May 23, 2013 at 9:00 a.m. local time at 115 Munson Street, New Haven, CT for the following purposes:

1. To elect three directors to hold office until the 2016 meeting of stockholders or until their successors are elected;
2. To ratify the selection, by the Audit Committee of the Board of Directors, of PricewaterhouseCoopers LLP as the independent registered public accounting firm of the Company for its fiscal year ending December 31, 2013;
3. To approve the Company's Amended and Restated 2010 Equity Incentive Plan; and
3. To transact such other business as may properly come before the Annual Meeting or any adjournment or postponement thereof.

The foregoing items of business are more fully described in the Proxy Statement accompanying this Notice. Only stockholders who owned our common stock at the close of business on March 28, 2013 can vote at this meeting or any adjournments that take place.

Our board of directors recommends that you vote FOR the election of director nominees named in Proposal One of the proxy statement; FOR the ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm; and FOR the approval of the Company's Amended and Restated 2010 Equity Incentive Plan.

For our Annual Meeting, we have elected to use the Internet as our primary means of providing our proxy materials to stockholders. Consequently, most stockholders will not receive paper copies of our proxy materials. We will instead send to these stockholders a Notice of Internet Availability of Proxy Materials with instructions for accessing the proxy materials, including our proxy statement and annual report on Form 10-K, and for voting via the Internet. The Notice of Internet Availability of Proxy Materials also provides information on how stockholders may obtain paper copies of our proxy materials free of charge, if they so choose. The electronic delivery of our proxy materials will significantly reduce our printing and mailing costs and the environmental impact of the proxy materials.

The Notice of Internet Availability of Proxy Materials will also provide the date, time and location of the Annual Meeting; the matters to be acted upon at the meeting and the Board of Directors' recommendation with regard to each matter; a toll-free number, an e-mail address and a website where stockholders can request a paper or e-mail copy of the proxy statement, our annual report on Form 10-K and a form of proxy relating to the Annual Meeting; information on how to access the form of proxy; and information on how to attend the meeting and vote in person.

Edgar Filing: Higher One Holdings, Inc. - Form DEF 14A

You are cordially invited to attend the Annual Meeting, but whether or not you expect to attend in person, you are urged to mark, date and sign your proxy card and return it by mail or follow the alternative voting procedures described in the Notice of Internet Availability of Proxy Materials or the proxy card.

By Order of the Board of Directors

Thomas D. Kavanaugh
Corporate Secretary
April 12, 2013

HIGHER ONE HOLDINGS, INC.
115 Munson Street
New Haven, Connecticut 06511

PROXY STATEMENT
FOR THE 2013 ANNUAL MEETING OF STOCKHOLDERS
MAY 23, 2013

The Board of Directors of Higher One Holdings, Inc. is soliciting your proxy to vote at the Annual Meeting of Stockholders to be held on May 23, 2013 at 9:00 a.m., local time, and any adjournment or postponement of that meeting (the "Annual Meeting"). The Annual Meeting will be held at 115 Munson Street, New Haven, Connecticut. We intend to mail the Notice of Internet Availability of Proxy Materials on or about April 12, 2013 to stockholders of record as of the March 28, 2013 (the "Record Date"). The only voting securities of the Company are shares of common stock, \$0.001 par value per share (the "common stock"), of which there were 46,429,297 shares outstanding as of the Record Date. We need the holders of a majority in voting power of the shares of common stock issued and outstanding and entitled to vote present in person or represented by proxy to hold the Annual Meeting.

In this proxy statement, we refer to Higher One Holdings, Inc. as the "Company," "Higher One," "we" or "us" and the Board of Directors as the "Board." When we refer to the Company's fiscal year, we mean the twelve-month period ending December 31 of the stated year.

The Company's annual report on Form 10-K for fiscal year 2012, which contains consolidated financial statements for fiscal 2012, is available in the "Investor Relations" section of our website at <http://ir.higherone.com/>. You also may obtain a copy of the Company's annual report on Form 10-K for fiscal 2012 without charge by writing to Investor Relations at the Company's address above.

We are first making this proxy statement and accompanying materials available to stockholders on or about April 12, 2013.

THE PROXY PROCESS AND STOCKHOLDER VOTING

QUESTIONS AND ANSWERS ABOUT THIS PROXY MATERIAL AND VOTING

Who can vote at the Annual Meeting?

Only stockholders of record at the close of business on March 28, 2013 will be entitled to vote at the Annual Meeting. At the close of business on the Record Date, there were 46,429,297 shares of common stock issued and outstanding and entitled to vote.

Stockholder of Record: Shares Registered in Your Name

If, on March 28, 2013, your shares were registered directly in your name with Higher One's transfer agent, Computershare, then you are a stockholder of record. As a stockholder of record, you may vote in person at the Annual Meeting or vote by proxy. Whether or not you plan to attend the Annual Meeting, we urge you to vote by proxy over the telephone, on the Internet, or, if you received a paper copy of the proxy materials, by mail, as instructed below to ensure your vote is counted.

Beneficial Owner: Shares Registered in the Name of a Broker, Bank or Other Agent

If, on March 28, 2013, your shares were held in an account at a brokerage firm, bank, dealer or other similar organization, then you are the beneficial owner of shares held in "street name" and these proxy materials are being forwarded to you by that organization. The organization holding your account is considered the stockholder of record for purposes of voting at the Annual Meeting. As a beneficial owner, you have the right to direct your broker or other agent on how to vote the shares in your account. You are also invited to attend the Annual Meeting. However, since you are not the stockholder of record, you may not vote your shares in person at the Annual Meeting unless you request and obtain a valid proxy card from your broker or other agent.

What am I being asked to vote on?

You are being asked to vote

FOR:

- The election of three Class III directors to hold office until our 2016 annual meeting of stockholders;
- The ratification of the selection by the Audit Committee of our Board of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2013; and
- The approval of the Company's Amended and Restated 2010 Equity Incentive Plan.

In addition, you are entitled to vote on any other matters that are properly brought before the Annual Meeting.

How do I vote?

You may vote by mail or follow any alternative voting procedure described on the proxy card. To use an alternative voting procedure, follow the instructions on each proxy card that you receive or on the Notice of Internet Availability of Proxy Materials.

For Proposal One, you may either vote "For" the three nominees, "Withhold All" of the nominees or "For All Except" any nominee you specify. For Proposal Two, you may either vote "For" or "Against" or "Abstain." For Proposal Three, you may either vote "For" or "Against" or "Abstain." The procedures for voting are as follows:

Stockholder of Record: Shares Registered in Your Name

If you are a stockholder of record, you may vote in person at the Annual Meeting. Alternatively, you may vote by proxy by mail, over the Internet or by telephone. Whether or not you plan to attend the Annual Meeting, we urge you to vote by proxy to ensure your vote is counted. Even if you have submitted a proxy before the Annual Meeting, you may still attend the Annual Meeting and vote in person. In such case, your previously submitted proxy will be disregarded.

Edgar Filing: Higher One Holdings, Inc. - Form DEF 14A

- To vote in person, come to the Annual Meeting and we will give you a ballot when you arrive.
- To vote using a proxy card, simply complete, sign and date the proxy card and return it promptly in the envelope provided. If you return your signed proxy card to us before the Annual Meeting, we will vote your shares as you direct.
- To vote by proxy over the Internet, follow the instructions provided on the proxy card or the Notice of Internet Availability of Proxy Materials.
- To vote by telephone if you request printed copies of the proxy materials by mail, you may vote by proxy by calling the toll free number found on the proxy card.

Beneficial Owner: Shares Registered in the Name of Broker, Bank or Other Agent

If you are a beneficial owner of shares registered in the name of your broker, bank or other agent, you should have received a voting instruction card and voting instructions with these proxy materials from that organization rather than from us. Simply follow the instructions on the voting instruction card to ensure that your vote is counted. To vote in person at the Annual Meeting, you must obtain a valid proxy from your broker, bank or other agent. Follow the instructions from your broker, bank or other agent, or contact your broker, bank or other agent to request a proxy form.

Who counts the votes?

Broadridge Financial Solutions, Inc. ("Broadridge") has been engaged as our independent agent to tabulate stockholder votes. Any executed proxy card will be returned directly to Broadridge for tabulation.

What is the quorum requirement?

A quorum of stockholders is necessary to hold a valid meeting. A quorum will be present if the holders of a majority in voting power of the shares of common stock issued and outstanding and entitled to vote are present in person or represented by proxy at the Annual Meeting. On the Record Date, there were 46,429,297 shares outstanding and entitled to vote. Accordingly, 23,214,649 shares must be represented by stockholders present at the Annual Meeting or by proxy to have a quorum.

Your shares will be counted towards the quorum only if you submit a valid proxy vote or vote at the Annual Meeting. Abstentions and broker non-votes will be counted towards the quorum requirement. If there is no quorum, either the chairperson of the Annual Meeting or a majority in voting power of the stockholders entitled to vote at the Annual Meeting, present in person or represented by proxy, may adjourn the Annual Meeting to another time or place.

How are votes counted?

Broadridge will separately count "For," "Withhold All" or "For All Except" votes and broker non-votes with respect to Proposal One, "For" and "Against" votes and abstentions with respect to Proposal Two and "For" and "Against" votes, abstentions and broker non-votes with respect to Proposal Three. For Proposal One, directors will be elected by a plurality of the votes cast, which means that the three nominees receiving the highest number of "For" votes will be elected. To be approved, Proposals Two and Three require the affirmative vote of the holders of a majority in voting power of the shares of common stock which are present in person or by proxy and entitled to vote on the proposal. If stockholders abstain from voting, including brokers holding their clients' shares of record who cause abstentions to be recorded, these shares will be considered present and entitled to vote at the Annual Meeting and will be counted towards determining whether or not a quorum is present. Abstentions will have no effect with regard to Proposal One, because approval of a percentage of shares present or outstanding is not required for this proposal, and with regard to Proposals Two and Three, will have the same effect as an "Against" vote.

Brokers who hold shares for the accounts of their clients may vote such shares either as directed by their clients or in the absence of such direction, in their own discretion if permitted by the stock exchange or other organization of which they are members. Members of the New York Stock Exchange are permitted to vote their clients' proxies in their own discretion as to certain "routine" proposals, such as the ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2013. If a broker votes shares that are not voted by its clients for or against a "routine" proposal, those shares are considered present and entitled to vote at the Annual Meeting. Those shares will be counted towards determining whether or not a quorum is present. Those shares will also be taken into account in determining the outcome of all of the proposals. However, where a proposal is not "routine," a broker who has received no instructions from its client generally does not have discretion to vote its clients' uninstructed shares on that proposal. When a broker indicates on a proxy that it does not have discretionary authority to vote certain shares on a particular proposal, the missing votes are referred to as "broker non-votes." Those shares would be considered present for purpose of determining whether or not a quorum is present, but would not be considered entitled to vote on the proposal. Those shares generally are not taken into account in determining the outcome of the non-routine proposal. Proposal One is considered a "non-routine" proposal and broker non-votes will have no effect on the outcome of the proposal.

Proposal Three is also considered a "non-routine" proposal and broker non-votes will not be counted in determining whether the holders of a majority in voting power of the shares of common stock which are present in person or by proxy and entitled to vote on the proposal have voted affirmatively. However, in order to be approved for purposes of the New York Stock Exchange vote requirements, in addition to the affirmative vote mentioned in the previous sentence, 50% of the shares outstanding must have voted. Votes "For" and "Against" and abstentions will be counted as having voted but broker non-votes will not. As a result, broker non-votes could have a negative effect on the approval of Proposal Three.

Because brokers cannot vote "uninstructed" shares on behalf of their customers for "non-routine" matters, it is important that stockholders vote their shares.

How many votes do I have?

On each matter to be voted upon, you have one vote for each share of common stock you own as of March 28, 2013.

Why did I receive a one-page notice in the mail regarding the Internet availability of proxy materials instead of a full set of proxy materials?

Pursuant to rules adopted by the Securities and Exchange Commission (the "SEC"), we have elected to provide access to our proxy materials over the Internet. Accordingly, we are sending a Notice of Internet Availability of Proxy Materials to our stockholders. All stockholders will have the ability to access the proxy materials on the website referred to in the Notice of Internet Availability of Proxy Materials or request to receive a printed set of the proxy materials. Instructions on how to access the proxy materials over the Internet or to request a printed copy may be found in the Notice of Internet Availability of Proxy Materials. In addition, stockholders may request to receive proxy materials in printed form by mail or electronically by email on an ongoing basis. We encourage stockholders to take advantage of the availability of the proxy materials on the Internet to help reduce the environmental impact of the Annual Meeting.

How do I vote via Internet or telephone?

You may vote by proxy via the Internet by following the instructions provided on the proxy card or the Notice of Internet Availability of Proxy Materials. If you request printed copies of the proxy materials by mail, you may vote by proxy by calling the toll free number found on the proxy card. Please be aware that if you vote over the Internet, you may incur costs such as telephone and Internet access charges for which you will be responsible. The Internet and telephone voting facilities for eligible stockholders of record will close at 11:59 p.m. Eastern Time on May 22, 2013. The giving of such a telephonic or Internet proxy will not affect your right to vote in person should you decide to

attend the Annual Meeting.

2

Edgar Filing: Higher One Holdings, Inc. - Form DEF 14A

The telephone and Internet voting procedures are designed to authenticate stockholders' identities, to allow stockholders to give their voting instructions and to confirm that stockholders' instructions have been recorded properly.

What if I return a proxy card but do not make specific choices?

If we receive a signed and dated proxy card and the proxy card does not specify how your shares are to be voted, your shares will be voted "For" each of the nominees under Proposal One and "For" Proposals Two and Three. If any other matter is properly presented at the Annual Meeting, your proxy (one of the individuals named on your proxy card) will vote your shares using his or her best judgment.

Who is paying for this proxy solicitation?

We will pay for the entire cost of soliciting proxies. In addition to these mailed proxy materials, our directors, officers and employees may also solicit proxies in person, by telephone or by other means of communication. Directors, officers and employees will not be paid any additional compensation for soliciting proxies. We may also reimburse brokerage firms, banks and other agents for the cost of forwarding proxy materials to beneficial owners.

What does it mean if I receive more than one set of materials?

If you receive more than one set of materials, your shares are registered in more than one name or are registered in different accounts. In order to vote all the shares you own, you must either sign and return all of the proxy cards or follow the instructions for any alternative voting procedure on each of the proxy cards or Notice of Internet Availability of Proxy Materials you receive.

Can I change my vote after submitting my proxy?

Yes. You can revoke your proxy at any time before the final vote at the Annual Meeting. If you are the record holder of your shares, you may revoke your proxy in any one of three ways:

- You may submit another properly completed proxy with a later date.

- You may send a written notice that you are revoking your proxy to Higher One Holdings, Inc., 115 Munson Street, New Haven, Connecticut 06511, Attention: General Counsel and Secretary.

- You may attend the Annual Meeting and vote in person. Simply attending the Annual Meeting will not, by itself, revoke your proxy.

If your shares are held by your broker, bank or other agent, you should follow the instructions provided by them.

When are stockholder proposals due for next year's Annual Meeting?

To be considered for inclusion in next year's proxy materials, your proposal must be submitted in writing no later than December 12, 2014 to Higher One Holdings, Inc., 115 Munson Street, New Haven, Connecticut 06511, Attention: General Counsel and Secretary. If you wish to submit a proposal to be voted on at next year's meeting that is not to be included in next year's proxy materials pursuant to the SEC's shareholder proposal procedures or to nominate a director, you must do so between December 12, 2013 and January 13, 2014. You are also advised to review our bylaws, which contain additional requirements about advance notice of stockholder proposals and director nominations.

How can I find out the results of the voting at the Annual Meeting?

Voting results will be announced by the filing of a current report on Form 8-K within four business days after the Annual Meeting. If final voting results are unavailable at that time, we will file an amended current report on Form 8-K within four business days of the day the final results are available.

PROPOSAL ONE

ELECTION OF DIRECTORS

We currently have nine directors. Our Board has determined all of our current directors (other than Messrs. Volchek, Lasater and Hatton) meet the independence requirements of the New York Stock Exchange and the federal securities laws, although Stewart Gross may not meet certain independence requirements for service on our audit and compensation committees. Mr. Lasater, our president and chief operations officer, is currently chairman of the Board. Mr. Gross is our lead independent director.

Our Board is divided into three classes, denominated as classes I, II and III. Members of each class hold office for staggered three-year terms. At each annual meeting of stockholders, successors to the directors in the class whose term expires at that annual meeting are elected for three-year terms. Messrs. Volchek, Gross and Cromwell serve as class I directors with terms expiring at the annual meeting of stockholders to be held in 2014. Messrs. Hartheimer, Lasater and McFadden serve as class II directors with terms expiring at the annual meeting of stockholders to be held in 2015. Messrs. Biddelman, Hatton and Moran serve as class III directors with terms expiring at this Annual Meeting.

Shares represented by executed proxies will be voted, if authority to do so is not withheld, for the election of the three nominees named below. In the event that any nominee should be unavailable for election as a result of an unexpected occurrence, such shares will be voted for the election of such substitute nominee as the Board may propose. Each person nominated for election has agreed to serve if elected, and management has no reason to believe that any nominee will be unable to serve. Directors are elected by a plurality of the votes cast at the meeting.

The following table sets forth, for the class III nominees and our other current directors who will continue in office after the Annual Meeting, information with respect to their ages and positions/offices held with the Company:

Name	Age	Title
Mark Volchek	35	Chief Executive Officer and Director
Miles Lasater	35	Chairman of the Board of Directors, President and Chief Operations Officer
Paul Biddelman	67	Director
David Cromwell	68	Director
Stewart Gross	53	Director
Robert Hartheimer	55	Director
Dean Hatton	53	Director
Patrick McFadden	75	Director
Charles Moran	58	Director

Set forth below is certain biographical information for each of these individuals.

Nominees for Election to a Three-Year Term Expiring at the 2016 Annual Meeting of Stockholders

Paul Biddelman has been a director of Higher One since 2002. Mr. Biddelman has been president of Hanseatic Corporation, a private investment company and the manager of our investor, Hanseatic Americas LDC, since 1997, where he has primary private investment responsibilities. He is also a director of Blue Ridge Real Estate Company and SystemOne Technologies, Inc. Mr. Biddelman served as a director of Celadon Group, Inc. from 1992 to 2006, Insituform Technologies, Inc. from 1988 to 2005, Six Flags, Inc. from 1992 to 2006, Star Gas LP from 1999 to 2006, ApplyYourself, Inc. from 2001 to 2007, DocuSys, Inc. from 2001 to 2009 and Passlogix, Inc. from 2000 to 2009. Mr. Biddelman is also currently the chairman of the Lehigh University College of Arts & Sciences Dean's Advisory Board. Mr. Biddelman holds a BS from Lehigh University, a JD from Columbia Law School and an MBA from Harvard Business School. We believe that Mr. Biddelman's service on the boards of numerous public companies has provided him with valuable experience and insight into the issues faced by such companies which, together with the deep knowledge of our company derived from his long-standing relationship with us, leads us to believe he should serve on our Board.

Dean Hatton has been a director since March 2002. From 2002 to June 2012, he served as our President and Chief Executive Officer. From 2001 to 2002, Mr. Hatton was chief executive officer and president of Yclip, Inc., a direct marketing promotion company that was sold to First Data Corporation. From 1999 to 2001, Mr. Hatton was executive vice president and chief operations officer of Carlson Wagonlit Travel, a corporate travel and expense management company, and from 1997 to 1999, he was senior vice president at Citigroup, where he was chief executive officer of Travelers Property Casualty Direct Response. Mr. Hatton holds a BA in Economics from Franklin and Marshall College and a graduate degree in bank management from the Stonier Graduate School of Banking. As a result of his service as our president and chief executive officer for over 10 years, we believe Mr. Hatton provides the Board with a deep understanding of all aspects of our business, and therefore should serve on our Board.

Charles Moran has been a director of Higher One since 2009. Mr. Moran is the founder of SkillSoft PLC where since 1998 he has held various positions, including member of the board of directors, president, chief executive officer and, since November 2006, chairman of the board. SkillSoft PLC is a leading software-as-a-service provider of on demand e-learning and performance solutions for global enterprises, government, educational institutions and small-to-medium size businesses. Mr. Moran holds a BS in General Management from Boston College and an MBA from Suffolk University. We believe Mr. Moran is qualified to serve on our Board because of the skills and experience he has gained in his role as chairman and chief executive officer of a leading, formerly publicly traded technology company.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE ELECTION OF EACH NOMINEE NAMED ABOVE.

Directors Continuing in Office until the 2014 Annual Meeting of Stockholders

Mark Volchek is one of our founders and currently serves as Chief Executive Officer. From 2002 until May 2012, he served as chairman of our board, and from 2002 until June 2012, he served as our chief financial officer. From 2000 to 2002, he served as our chief executive officer. Mr. Volchek is a founding officer of the Yale Entrepreneurial Society, a not-for-profit organization that promotes entrepreneurship among Yale students, faculty and alumni and served on its board from 1999 to 2010. Since 2007, Mr. Volchek has been the chairman of the board of the Tweed New Haven Airport Authority. Other past civic roles have included positions on the New Haven Economic Development Commission and the Regional Growth Partnership strategic planning committee. Mr. Volchek holds a BA and an MA in economics from Yale University. We believe that Mr. Volchek, having cofounded and led the company as an executive over the course of the last 13 years, brings institutional knowledge to the Board, especially in regard to our finances and strategy, and therefore should serve on our Board.

David Cromwell has been a director of Higher One since 2001. Mr. Cromwell has been an adjunct professor of entrepreneurship at the Yale School of Management since 1996. Prior to that, he worked for 30 years in various positions at JPMorgan & Company in New York and London. From 2000 to 2009, Mr. Cromwell was chairman of the board and co-founder of CE University, Inc., an online provider of continuing education for insurance professionals. He helped found and serves as a faculty advisor to one of our early investors, Sachem Ventures, a student-run venture capital fund at the Yale School of Management. Mr. Cromwell has served as an advisor to numerous venture-backed and growth companies in Connecticut. Mr. Cromwell holds a BA in Economics from Ohio Wesleyan University and an MBA from New York University, Stern School of Business. We believe that Mr. Cromwell should serve on our Board as he brings to it substantial experience as an advisor to high-growth companies such as ours.

Stewart Gross has been a director of Higher One since 2008. Mr. Gross is a managing director and member of the investment committee of one of our investors, Lightyear Capital, a private equity firm. Prior to joining Lightyear Capital in 2005, Mr. Gross spent 17 years at Warburg Pincus, where he was a managing director and member of the executive management group. Mr. Gross is currently a director of Alegeus Technologies and Cetera Financial Group, a trustee of Boys & Girls Harbor and the chairman of Civic Capital Corporation, an affiliate of the NYC Investment Fund. Mr. Gross holds an AB in Government from Harvard University and an MBA from Columbia Business School. The knowledge and skills Mr. Gross has acquired as an investor in, and director of, public and private companies focused on financial services and financial technology makes him a valuable source with respect to regulatory and other issues specific to such companies, leading us to conclude that he should serve on our Board.

Directors Continuing in Office until the 2015 Annual Meeting of Stockholders

Miles Lasater is one of our founders and has been our chief operations officer since 2000. Since July 2012, he has also served as our president. He has served as chairman of our board since May 2012. Mr. Lasater serves on the boards of Yale-New Haven Hospital and SeeClickFix, Inc., a software-as-a-service company that provides a platform for governments and citizens to interact. Mr. Lasater has been a board member of the New Haven Port Authority and a member of Yale University's Advisory Committee on Investor Responsibility. He was a founding officer and board member of the Yale Entrepreneurial Society and has been a board member of the Yale Entrepreneurial Institute since 2008. Both are organizations at Yale University that promote entrepreneurship among Yale students, faculty and alumni. Mr. Lasater holds a BA in computer science from Yale University. Having served as our chief operations officer over the past 13 years and now also as president and chairman, Mr. Lasater is involved with every aspect of our business, including our marketing strategies and operations, and therefore we believe should serve on our Board.

Robert Hartheimer has been a director of Higher One since his appointment in January 2012. Mr. Hartheimer is the founder and CEO of Hartheimer LLC, based in Washington, D.C., which provides senior-level consulting services to banks, investment firms and financial services companies on financial, regulatory, strategic and governance matters. From 2002 to 2008, Mr. Hartheimer was a Managing Director at Promontory Financial Group, a preeminent regulatory consulting firm. In 1991, Mr. Hartheimer joined the Federal Deposit Insurance Corporation, where he and a small team created the Division of Resolutions to analyze and sell failed banks. He went on to serve as the director of that division. Mr. Hartheimer's other past positions include senior roles at investment banks, including Merrill Lynch, Smith Barney and Friedman Billings Ramsey. Mr. Hartheimer currently serves as a director of Sterling Financial Corporation and Sterling Bank and was previously a director of E*Trade Bank, E*Trade Savings Bank and United Medical Bank. Mr. Hartheimer received a Bachelor's degree from Hamilton College and a Master's of Business Administration from The Wharton School of the University of Pennsylvania. We believe that Mr. Hartheimer should serve on our board because he brings to it his extensive experience in the financial services industry, the bank regulatory community and investment banking.

Patrick McFadden has been a director of Higher One since 2008. From 1987 to 2010, Mr. McFadden was the non-executive chairman and director of UIL Holdings Corporation and the United Illuminating Company, a regional utility company. Mr. McFadden has also been a director of Godspeed Opera in Haddam, Connecticut since 2007 and a director and the vice-chairman of the Yale-New Haven Health Services Corporation since 1984. Mr. McFadden is also

a director of Connecticut River Museum in Essex, Connecticut. Previously, Mr. McFadden served as a director of Citizen's Bank of Connecticut in New Haven and the South Central Connecticut Regional Water Authority. Mr. McFadden has also held executive positions at the Bank of New Haven, which was sold to Citizens Bank of Connecticut, the Connecticut National Bank and First National Bank. Mr. McFadden holds a BS in management from the University of Notre Dame and a graduate degree from the Stonier Graduate School of Banking. We believe that Mr. McFadden should serve on our Board due to the experience in executive management, corporate governance and risk management he has acquired through his service as an executive at numerous financial institutions and as the chairman of a public company.

4

Executive Officers

The following is biographical information for our executive officers not discussed above.

Name	Age	Title
Casey McGuane	38	Chief Service Officer
Robert Reach	56	Chief Sales Officer
Christopher Wolf	51	Chief Financial Officer

Casey McGuane has been our chief service officer since January 2009. From 2005 to 2008, Mr. McGuane was our senior vice president of client operations and, from 2000 to 2005, he was our vice president of client operations. Prior to joining Higher One in 2000, Mr. McGuane was a business manager for SPS, Inc., where he managed sales and operations in his region for commercial contracting projects. Since July 2009, Mr. McGuane has served as a director of the Connecticut Association of Human Services, a not-for-profit organization in Hartford, Connecticut, and has served as vice president of the board since 2012. Mr. McGuane holds a BA in psychology from the University of Rhode Island.

Robert Reach has been our chief sales officer since 2009 and our vice president of sales from 2004 to 2009. From 1985 to 1990, Mr. Reach was the branch manager and national sales manager in the Financial Services Group for CompuServe and, from 1990 to 1995, he was the national sales manager in Lotus Development Corporations' One Source division. He also served as the vice president of sales for Metatec Corporation from 1995 to 1997. Additionally, from 2000 to 2001, Mr. Reach served as director of partner relations for HNC Software, an industry leader in credit card fraud prevention and analytic software. Mr. Reach holds a BA in English from Franklin and Marshall College.

Christopher Wolf serves as our chief financial officer. He was appointed to this position by our Board on February 15, 2013, effective March 5, 2013. From 2007 to 2011, Mr. Wolf served as executive vice president and chief financial officer of publicly-traded Acxiom Corporation, where he had full responsibility for leadership of the corporate finance organization of this multinational marketing services and information management company. From 2011 to 2012, he served as executive vice president and chief financial officer of First Advantage Background Services, a privately held talent acquisition enterprise. Over the last two decades, he has held executive and senior advisory positions with Catalina Marketing Corporation and Boulder Brands Inc., among other companies. Mr. Wolf holds a BS in Accounting from Florida State University and a Master of Accounting degree from the University of North Carolina.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information as of March 28, 2013 (unless otherwise indicated) regarding the beneficial ownership of our common stock by:

- each person or group who is known by us to beneficially own more than 5% of our outstanding shares of common stock;
- each of our named executive officers;
- each of our current directors and each director nominee; and
- all of our current executive officers, directors and each director nominee as a group.

"Beneficial ownership" for the purposes of the following table is determined in accordance with the rules and regulations of the SEC. These rules generally provide that a person is the beneficial owner of securities if such person

Edgar Filing: Higher One Holdings, Inc. - Form DEF 14A

has or shares the power to vote or direct the voting of securities, or to dispose or direct the disposition of securities or has the right to acquire such powers within 60 days. The information does not necessarily indicate beneficial ownership for any other purpose, including economic interest. Except as disclosed in the footnotes to this table and subject to applicable community property laws, we believe that each stockholder identified in the table possesses sole voting and investment power over all shares of common stock shown as beneficially owned by the stockholder. For purposes of the calculations in the table below, the number of shares of common stock deemed outstanding includes shares issuable upon exercise of options held by the respective person which may be exercised within 60 days after March 28, 2013. For purposes of calculating each person's percentage ownership, shares of common stock issuable pursuant to stock options exercisable within 60 days after March 28, 2013 are included as outstanding and beneficially owned for that person or group, but are not deemed outstanding for the purposes of computing the percentage ownership of any other person.

Applicable percentage ownership is based on 46,429,297 shares of common stock outstanding on March 28, 2013.

Name and Address of Beneficial Owner(1)	Shares of Common Stock Beneficially Owned as of March 28, 2013	
	Number(2)	Percentage
5% Stockholders		
Lightyear Capital	8,797,846 (3)	18.9%
Brave Warrior Capital, Inc.	6,892,222 (4)	14.8%
Wellington Management Company, LLP	4,856,344 (5)	10.5%
Wasatch Advisors, Inc.	3,959,164 (6)	8.5%
Club Circle Partners	2,788,624 (7)	6.0
Named Executive Officers and Directors		
Mark Volchek	2,617,243 (8)	5.6%
Miles Lasater	2,294,738 (9)	4.9%
Casey McGuane	332,253 (10)	*
Robert Reach	163,333 (11)	*
Christopher Wolf	50,000 (12)	*
Jeffrey Wallace	14,500 (13)	*
Paul Biddelman	99,481 (14)	*
David Cromwell	133,754 (15)	*
Stewart Gross	40,681 (16)	*
Robert Hartheimer	29,847 (17)	*
Dean Hatton	281,471 (18)	*
Patrick McFadden	168,844 (19)	*
Charles Moran	283,681 (20)	*
All current executive officers and directors as a group (12 persons)	6,495,326 (8)(9)(10) (11)(12)(14) (15)(16)(17) (18)(19)(20)	13.3%

*Less than one percent (1%)

The addresses for the listed beneficial owners are as follows: for Lightyear Capital, 9 West 57th Street, 31st Floor, New York, New York 10019; for Brave Warrior Capital, Inc., 12 East 49th Street, New York, NY 10017; for Wellington Management Company, LLP, 280 Congress Street, Boston, MA 02210; for Wasatch Advisors, Inc., 150 Social Hall Avenue, Salt Lake City, UT 84111; for Club Circle Partners, 780 N. Water Street, Milwaukee, Wisconsin 53202; and for each director and executive officer, c/o Higher One Holdings, Inc., 115 Munson Street, New Haven, Connecticut 06511.

- (1)
- (2) Includes options held by each

shareholder, if any, that are currently exercisable or will become exercisable within 60 days of March 28, 2013.

- (3) Includes 8,767,846 shares of common stock and 30,000 options to purchase common stock exercisable within 60 days of March 28, 2013 of which the following entities may be deemed in the aggregate, to possess the sole power to direct the voting and disposition:
- Lightyear Fund II, L.P. ("Lightyear Fund II"), (i)
 - Lightyear Co-Invest Partnership II, L.P. ("Lightyear Co-Invest II"), (ii)
 - Lightyear Fund II GP, L.P., the sole general partner of Lightyear Fund II, (iii)
 - Lightyear Fund II GP Holdings, LLC, the general partner of

Lightyear Fund II GP, L.P. and Lightyear Co-Invest II, (v) Marron & Associates, LLC, the managing member of Lightyear Fund II GP Holdings, LLC, (vi) Chestnut Venture Holdings, LLC, the sole member of Marron & Associates, LLC, and (vii) Mr. Donald B. Marron, as the managing member of Chestnut Venture Holdings, LLC and through his control over additional entities. Each of Mr. Donald B. Marron and the entities named above disclaims beneficial ownership of the shares and options described above except to the extent of their respective pecuniary interest in such securities.

- (4) Reference is hereby made to the Schedule 13G filed by

Brave Warrior
Advisors, LLC
on February
14, 2013 for
information
about the
number of
shares held by
such reporting
person and the
nature of its
beneficial
ownership.

Brave Warrior
Advisors,
LLC's
beneficial
ownership
percentage was
calculated
using the total
number of
shares of
common stock
outstanding as
of March 28,
2013.

- (5) Reference is
hereby made to
the Schedule
13G filed by
Wellington
Management
Company, LLP
filed on March
11, 2013 for
information
about the
number of
shares held by
such reporting
person and the
nature of its
beneficial
ownership.
Wellington
Management
Company,
LLP's
beneficial
ownership

percentage was calculated using the total number of shares of common stock outstanding as of March 28, 2013.

Reference is hereby made to the Schedule 13G filed by Wasatch Advisors, Inc. filed on February 14, 2013 for information about the number of shares held by such reporting person and the

- (6) nature of its beneficial ownership. Wasatch Advisors, Inc.'s beneficial ownership percentage was calculated using the total number of shares of common stock outstanding as of March 28, 2013.

- (7) Henry G. "Gus" Fuldner, a partner and the manager of Club Circle Partners, holds sole voting and dispositive power over the securities held by Club Circle

Partners.
Mr. Fuldner disclaims beneficial ownership of the securities held by Club Circle Partners, except to the extent of his pecuniary interest therein.

Mr. Fuldner had observer rights on our board for part of 2012.

Reference is hereby made to the Schedule 13G/A filed by Club Circle Partners on February 11, 2013 for information about the number of shares held by such reporting person and the nature of its beneficial ownership.

Club Circle Partners' beneficial ownership percentage was calculated using the total number of shares of common stock outstanding as of March 28, 2013.

- (8) Includes 1,985,243 shares of common stock

and 632,000 options to purchase common stock exercisable within 60 days after March 28, 2013.

- (9) Includes 1,116,064 shares of common stock held by Miles Lasater, 154,674 shares of common stock held by the Miles Hanson Lasater 2009 GRAT, 196,000 shares of common stock held by the Miles Lasater 2012 Spray Trust, 196,000 shares of common stock held by the Glyn Elizabeth Lasater 2012 Spray Trust and 632,000 options to purchase common stock exercisable within 60 days after March 28, 2013 held by Miles Lasater. Miles Lasater is married to Glyn Elizabeth Lasater, who is the trustee of the Miles Hanson Lasater 2009 GRAT. Mr. Lasater

may be deemed to be the beneficial owner of shares owned by the Miles Hanson Lasater 2009 GRAT, the Miles Lasater 2012 Spray Trust and the Glyn Elizabeth Lasater 2012 Spray Trust. Mr. Lasater disclaims beneficial ownership of any securities owned by the Miles Hanson Lasater 2009 GRAT, the Miles Lasater 2012 Spray Trust and the Glyn Elizabeth Lasater 2012 Spray Trust, except to the extent of his pecuniary interest therein.

Includes 30,878 shares of common stock and 301,375 options to purchase common stock exercisable within 60 days after March 28, 2013.

(11) Includes 2,279 shares of common stock and 161,054 options to

purchase
common stock
exercisable
within 60 days
after March 28,
2013.

Consists of
50,000 shares
of restricted

(12) stock that were
awarded to Mr.
Wolf on March
8, 2013.

Consists of
14,500 options
to purchase

(13) common stock
exercisable
within 60 days
after March 28,
2013.

Includes
94,491 options
to purchase
common stock
exercisable
within 60 days
after March 28,
2013 and 4,990
restricted stock

(14) units, each of
which
represents the
right to receive
one share of
common stock
at the time of
termination
from the Board
other than for
cause.

(15) Includes
34,273 shares
of common
stock held by
Hillhouse
Advisors, Inc.,
28,800 options
to purchase
common stock
exercisable

within 60 days
after March 28,
2013 held by
Sachem
Ventures, LLC,
65,691 options
to purchase
common stock
exercisable
within 60 days
after March 20,
2012 held by
David
Cromwell and
4,990 restricted
stock units held
by David
Cromwell,
each of which
represents the
right to receive
one share of
common stock
at the time of
termination
from the Board
other than for
cause. David
Cromwell is
the president of
Hillhouse
Advisors, Inc.,
which is the
Managing
Member of
Sachem
Ventures, LLC,
and
Mr. Cromwell
controls the
voting of
shares held by
Sachem
Ventures, LLC.
and by
Hillhouse
Advisors, Inc.
Mr. Cromwell
may be deemed
to be the
beneficial

owner of
shares owned
by Sachem
Ventures, LLC.
and Hillhouse
Advisors, Inc..
Mr. Cromwell
disclaims
beneficial
ownership of
any securities
owned by
Sachem
Ventures, LLC
and Hillhouse
Advisors, Inc.

(16) Includes
35,691 options
to purchase
common stock
exercisable
within 60 days
after March 28,
2013 and 4,990
restricted stock
units, each of
which
represents the
right to receive
one share of
common stock
at the time of
termination
from the Board
other than for
cause. Mr.
Gross is a
managing
director and
member of the
investment
committee of
Lightyear
Capital. Mr.
Gross does not
have voting or
dispositive
power over
shares
referenced in
the table above

for Lightyear
Capital and, as
a result, Mr.

Gross's
beneficial
ownership in
the table above
does not reflect
these shares.

Includes
24,857 options
to purchase
common stock
exercisable
within 60 days
after March 28,
2013 and 4,990
restricted stock

(17) units, each of
which
represents the
right to receive
one share of
common stock
at the time of
termination
from the Board
other than for
cause.

(18) Includes
50,000 shares
of common
stock held by
Dean Hatton,
215,790 shares
of common
stock held by
the 2012
Irrevocable
Trust of Dean
Hatton, 10,691
options to
purchase
common stock
exercisable
within 60 days
after March 28,
2013 and 4,990
restricted stock
units, each of
which

represents the right to receive one share of common stock at the time of termination from the Board other than for cause.

Includes

163,854

options to

purchase

common stock

exercisable

within 60 days

after March 28,

2013 and 4,990

restricted stock

(19) units, each of

which

represents the

right to receive

one share of

common stock

at the time of

termination

from the Board

other than for

cause.

(20) Includes

142,998 shares

of common

stock, 135,693

options to

purchase

common stock

exercisable

within 60 days

after March 28,

2013 and 4,990

restricted stock

units, each of

which

represents the

right to receive

one share of

common stock

at the time of

termination

from the Board

other than for
cause.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our directors, executive officers and persons who beneficially own more than 10% of our common stock, to file initial reports of beneficial ownership of our stock and reports of changes in beneficial ownership of our stock with the SEC. Executive officers, directors and greater than 10% beneficial owners are required by the SEC to furnish us with copies of all Section 16(a) forms they file.

To our knowledge, based solely upon a review of the copies of such forms furnished to us and written representations from our directors and executive officers, we believe that during the year ended December 31, 2012 all Section 16(a) filing requirements applicable to our directors, executive officers and greater than 10% beneficial owners were complied with on a timely basis except as follows: Robert Hartheimer filed a late Form 3; Dean Hatton filed two late Form 4s representing three transactions.

Committees of the Board of Directors

Our Board has established standing committees in connection with the discharge of its responsibilities. These committees include an audit committee, a compensation committee and a nominating and corporate governance committee. The Board may also establish such other committees as it deems appropriate, in accordance with applicable law and regulations and our certificate of incorporation and bylaws.

Audit Committee

The audit committee of our Board, which consists of Messrs. McFadden (chair), Biddelman and Hartheimer, assists our Board in overseeing the preparation of our financial statements, the independent registered public accounting firm's qualifications and independence, the performance of our internal audit function and independent registered public accounting firm and our compliance with legal and regulatory requirements. Each of the members of the audit committee qualifies as an "audit committee financial expert" as such term is defined in the regulations under the Securities Exchange Act of 1934, as amended, or the Exchange Act. Mr. Moran served on the audit committee prior to Mr. Hartheimer's election to our Board. All of the members of the audit committee are independent, as determined in accordance with the rules of the New York Stock Exchange and any relevant federal securities laws and regulations. From August 2, 2011 to February 15, 2012, Mr. Moran was also a member of the audit committee. A copy of the audit committee charter is available on the Company's website at <http://ir.higherone.com/>.

Compensation Committee

The compensation committee of our Board consists of Messrs. Biddelman (chair) and Cromwell and McFadden. All of the members of the compensation committee are independent, as determined in accordance with the rules of the New York Stock Exchange and any relevant federal securities laws and regulations. The compensation committee has overall responsibility for evaluating and approving our executive officer incentive compensation, benefit, equity-based or other compensation plans, policies and programs. The compensation committee reviewed the Compensation Discussion and Analysis and recommended its inclusion in our annual report on Form 10-K and proxy statement. A copy of the compensation committee charter is available on the Company's website at <http://ir.higherone.com/>.

Nominating and Corporate Governance Committee

The nominating and corporate governance committee consists of Messrs. Gross (chair), Cromwell and Moran. All of the members of the nominating and corporate governance committee are independent, as determined in accordance with the rules of the New York Stock Exchange and any relevant federal securities laws and regulations. Copies of the nominating and corporate governance committee charter and the Company's corporate governance guidelines are available on the Company's website at <http://ir.higherone.com/>.

The nominating and corporate governance committee assists our Board in implementing sound corporate governance principles and practices. Our nominating and corporate governance committee identifies individuals qualified to become board members and recommends to our Board the director nominees for the next annual meeting of shareholders. It also reviews the qualifications and independence of the members of our Board and its various committees on a regular basis and makes any recommendations the committee members may deem appropriate from time to time concerning any recommended changes in the composition of our Board.

We have no formal policy regarding Board diversity. Our nominating and corporate governance committee and Board may therefore consider a broad range of factors relating to the qualifications and background of nominees, which may include diversity. Our nominating and corporate governance committee's and Board's priority in selecting board members is identification of persons who will further the interests of our stockholders through his or her established record of professional accomplishment, the ability to contribute positively to the collaborative culture among board members and the person's strength of character and judgment, professional and personal experiences and expertise relevant to our growth strategy.

The nominating and corporate governance committee reviews the qualifications of any candidate recommended by shareholders of the Company when seeking to fill positions on the Board. As a shareholder, you may recommend a person for consideration as a nominee for director by writing to the nominating and corporate governance committee of the Board, c/o Higher One Holdings, Inc., 115 Munson Street, New Haven, Connecticut 06511, Attention: General Counsel and Secretary. Recommendations must include the name and address of the shareholder making the recommendation, a representation setting forth the number of shares of our common stock beneficially owned by the recommending shareholder, a statement from the recommended nominee that expresses his or her intent to serve on the Board if elected, biographical information about the recommended nominee, any other information the stockholder believes would be helpful to the nominating and corporate governance committee in evaluating the recommended nominee and a description of all arrangements or understandings between the recommending shareholder and each nominee and any other person concerning the nomination. The evaluation process for nominees recommended by stockholders is the same as for candidates recommended by any other source.

Board Leadership Structure

The Company is focused on its corporate governance practices and values independent Board oversight as an essential component of strong corporate performance to enhance stockholder value. Our commitment to independent oversight is demonstrated by the fact that a majority of our directors is independent. Mr. Lasater, president, chief operations

officer and a co-founder of the Company, currently serves as chairman of the Board. The Board believes that this leadership structure is appropriate given that the size of the Board permits regular communication among all of the independent directors, and between the independent directors and the Company's senior management. The Company also has a lead independent director, Mr. Gross, who acts as the principal interface between the Company's independent directors and senior management and presides over meetings of non-management and independent directors, or meetings held in executive session. Our Board believes that the current Board leadership structure is best for the Company and its stockholders at this time.

Role of the Board of Directors in Risk Oversight

The primary function of our Board is oversight, which includes defining and enforcing standards of accountability that enable senior management to execute their responsibilities fully and in the interests of stockholders. Consistent with that function, the following are the primary responsibilities of the Board: reviewing the Company's strategic plans and objectives, including, among other considerations, the principal risk exposures of the Company; evaluating the performance of the Company and its senior management, which includes (i) overseeing the conduct of the Company's business to evaluate whether it is being effectively managed, and (ii) selecting, regularly evaluating and planning for the succession of the chief executive officer, president and other members of senior management as the Board deems appropriate, including fixing the compensation of such individuals; providing advice and counsel to the chief executive officer, president and other senior management of the Company; overseeing compliance by the Company with applicable laws and regulations; monitoring the Company's accounting and financial reporting practices and reviewing the Company's financial and other controls; and overseeing management with a goal of ensuring that the assets of the Company are safeguarded through the maintenance of appropriate accounting, financial and other controls.

The audit committee, which is comprised solely of independent directors, assists the Board in fulfilling its oversight responsibilities relating to (i) the integrity of the Company's financial statements internal control system (including the implementation and effectiveness of internal control over financial reporting); (ii) the performance of the internal audit services function; (iii) the annual independent audit of the Company's financial statements, the engagement of the independent auditors and the evaluation of the independent auditors' qualifications, independence and performance; (iv) the compliance by the Company with legal and regulatory requirements; (v) the implementation and effectiveness of the Company's disclosure controls and procedures; (vi) the evaluation of enterprise risk issues; and (vii) the fulfillment of the other responsibilities set out in the audit committee's charter.

Audit Committee Report

The audit committee has reviewed and discussed the audited financial statements included within the annual report on Form 10-K with management. The audit committee has discussed with our independent auditors the matters required to be discussed by the statement on Auditing Standards No. 61 as amended. The audit committee has received the written disclosures and the letter from our independent auditor required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with the audit committee concerning independence, and has discussed with the independent accountant the independent accountant's independence. Based on the foregoing review and discussion, the audit committee recommended to the Board that the audited financial statements be included in our annual report on Form 10-K for fiscal year 2012.

Patrick McFadden
Paul Biddelman
Robert Hartheimer

Meetings of the Board of Directors, Board and Committee Member Attendance and Annual Meeting Attendance

Our Board met fifteen (15) times during the last fiscal year, and the non-management and independent directors met in executive session six (6) times. The audit committee of the Board met six (6) times; the compensation committee of the Board met seven (7) times; and the nominating and corporate governance committee of the Board met three (3) times during the last fiscal year. During 2012, each Board member attended 75% or more of the aggregate of the meetings of the Board and of the committees on which he served.

We encourage all of our directors and nominees for director to attend our Annual Meeting. Seven (7) of our directors attended last year's Annual Meeting held on May 14, 2012.

7

Code of Ethics

We have adopted a written code of ethics, which we refer to as our Code of Business Conduct, that applies to directors, executive officers and all employees of the Company, including our principal executive officer and principal financial officer. The Code of Business Conduct is posted on our website at <http://ir.higherone.com>. Any updates or amendments to the Code of Business Conduct, and any waiver that applies to a director or executive officer, will also be posted on the website.

Stockholder and Interested Party Communications with the Board of Directors

Should stockholders or other interested parties wish to communicate with the Board or any specified individual directors, such correspondence should be sent to Higher One Holdings, Inc., 115 Munson Street, New Haven, Connecticut 06511, Attention: General Counsel and Secretary. The Company's General Counsel and Secretary will forward the communication to the Board members.

PROPOSAL TWO

RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The audit committee of our Board has engaged PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2013, and is seeking ratification of such selection by our stockholders at the Annual Meeting. PricewaterhouseCoopers LLP has audited our financial statements since the fiscal year ending December 31, 2000. Representatives of PricewaterhouseCoopers LLP are expected to be present at the Annual Meeting. They will have an opportunity to make a statement if they so desire and will be available to respond to appropriate questions.

Neither our bylaws nor other governing documents or law require stockholder ratification of the selection of PricewaterhouseCoopers LLP as our independent registered public accounting firm. However, the audit committee is submitting the selection of PricewaterhouseCoopers LLP to our stockholders for ratification as a matter of good corporate practice. If our stockholders fail to ratify the selection, the audit committee will reconsider whether or not to retain PricewaterhouseCoopers LLP. Even if the selection is ratified, the audit committee in its discretion may direct the appointment of a different independent registered public accounting firm at any time during the year if they determine that such a change would be in the best interests of the Company and our stockholders.

Principal Accountant Fees and Services

The following table sets forth the aggregate fees paid or accrued for professional services rendered by PricewaterhouseCoopers LLP for the audit of our annual financial statements for fiscal years 2012 and 2011 and the aggregate fees paid or accrued for audit-related services and all other services rendered by PricewaterhouseCoopers LLP for fiscal years 2012 and 2011 (in thousands of dollars).

	Fiscal Year 2012	Fiscal Year 2011
Audit fees	\$769	\$879
Audit-related fees	398	38
Tax fees	92	102
All other fees	2	2
Total	\$1,261	\$1,021

The category of "Audit fees" includes fees for our annual audit, quarterly reviews and services rendered in connection with regulatory filings with the SEC.

The category of "Audit-related fees" includes compliance audits, internal control evaluations and services associated with acquired businesses.

The category of "Tax fees" includes fees for tax compliance, tax advice and tax planning services.

The category of "All other fees" includes the licensing of accounting and finance research technology owned by PricewaterhouseCoopers LLP.

All above audit services, audit-related services and tax services were pre-approved by the audit committee, which concluded that the provision of such services by PricewaterhouseCoopers LLP was compatible with the maintenance of that firm's independence in the conduct of its auditing functions. The audit committee's outside auditor independence policy provides for pre-approval of all services performed by the outside auditors.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE RATIFICATION OF THE SELECTION OF PRICEWATERHOUSECOOPERS LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE FISCAL YEAR ENDING DECEMBER 31, 2013.

COMPENSATION DISCUSSION AND ANALYSIS

Executive Summary

The purpose of this compensation discussion and analysis section is to provide information about the material elements of compensation that are paid, awarded to, or earned by our "named executive officers," who consist of each person who served as our principal executive officer and principal financial officer during fiscal year 2012, and the three other most highly compensated executive officers at the end of fiscal year 2012. For fiscal year 2012, our named executive officers were:

- Dean Hatton, President and Chief Executive Officer until June 30, 2012
- Mark Volchek, Chief Financial Officer until June 30, 2012 and thereafter Chief Executive Officer
- Miles Lasater, Chief Operations Officer until June 30, 2012 and thereafter President and Chief Operations Officer
- Casey McGuane, Chief Service Officer
- Robert Reach, Chief Sales Officer
- Jeffrey Wallace, Vice President, Finance⁽¹⁾

Mr. Wallace is not considered part of our executive team; however, he may be deemed to have served as principal financial officer for part of fiscal year 2012 and is therefore being included in this Compensation Discussion and Analysis. Mr. Wallace's compensation for fiscal year 2012 was set by Mr. Volchek and not the compensation committee.

Although 2012 was a challenging year with numerous headwinds, including lower student enrollment than expected, difficult news cycles about the industry and regulatory uncertainty, we managed to make meaningful progress toward positioning the Company for future growth by further developing our consumer brand, increasing and enhancing our product offerings and diversifying into new lines of business. For fiscal year 2012:

Total revenue was approximately \$197.7 million, representing three-year compounded annual growth of approximately 37%;

Net income was approximately \$36.9 million, representing three-year compounded annual growth of approximately 37%;

Adjusted EBITDA was approximately \$68.3 million, representing three-year compounded annual growth of approximately 31%; and

Adjusted net income was approximately \$38.8 million, representing three-year compounded annual growth of approximately 29%.

Please refer to the Company's annual report on Form 10-K (Management Discussion and Analysis—Supplemental Non-GAAP Financial and Operating Information) for definitions of EBITDA and adjusted EBITDA (each of which are non-GAAP measures) and their reconciliations to net income.

In addition, as of December 31, 2012, the number of OneAccounts had increased by a compounded annual growth rate of 26% compared to December 31, 2009. We also maintained 100% client retention on our OneDisburse® service.

We expect our growth to continue in the future and that our strategy will continue to offer significant opportunity for expansion. Key elements of our growth strategy include:

- Expanding the number of contracted higher education institutions;
- Increasing OneAccount adoption and usage rates;
- Cross-selling our products to existing clients to increase the number of institutions using each product;
- Enhancing our products and services to create new sources of revenue; and
- Pursuing strategic partnerships and opportunistic acquisitions.

When designing our executive compensation program each year, we strive to implement good corporate governance practices and align executive interests with those of our shareholders. Our compensation program in fiscal 2012 reflects our belief that executive compensation should be incentive-driven, and thus contains a mix of short-term and long-term incentives to appropriately motivate our executives. Consistent with our "pay-for-performance" philosophy, we also believe that a portion of executive pay should be performance-based. Our executive compensation practices reflect this philosophy in the following ways:

Our short-term annual cash bonus plan is based on individual and Company performance. If actual performance does not meet the threshold specified for each performance measure, no amount will be earned in respect of such measure.

Our long-term equity plan allows us to grant a variety of incentive awards, including options, stock appreciation rights, restricted stock, restricted stock units and other stock awards. Options granted to our executives generally vest over a five-year period to ensure that our executives are appropriately incentivized to create stockholder value.

Our compensation committee recently made grants of performance-based options to our named executive officers, which may only be earned if certain performance targets are met.

We do not maintain severance or change in control agreements with our executive officers, and the change in control provisions under our 2010 Equity Incentive Plan which provide for accelerated vesting of equity awards are currently double-trigger.

Our named executive officers are not entitled to any executive perquisites, tax gross-up payments or supplemental pensions.

Compensation Philosophy and Objectives

Our compensation philosophy, objectives and structures have been very much informed by the history of our Company. Messrs. Volchek and Lasater are founders of the Company and Mr. Hatton served as president and chief executive officer from 2002 until his retirement in June 2012. Our compensation program reflects the fact that our named executive officers have long operated as a team with the shared goal of strengthening and expanding the Company. It also reflects the fact that our named executive officers have been deeply involved in all aspects of our business and work together with the Company's employees at every level. Our compensation philosophy is to provide a base salary that is competitive among comparable growth companies but to focus primarily on rewarding positive performance that encourages our named executive officers to grow the Company. As a result, our executive compensation program emphasizes incentive compensation over guaranteed base salaries. We have offered a mix of short-term and long-term incentives consisting of cash bonuses, stock options and restricted stock in order to motivate achievement of the Company's annual business plan and creation of long-term stockholder value. Our named executive officers earn an annual cash bonus based on Company performance. They also receive equity awards along with other key employees. Our named executive officers have received no benefits or perquisites in addition to those offered to all employees of the Company. We believe that our compensation program should remain focused on the essentials necessary to retain and reward our experienced named executive officers and to attract others to the Company as needed.

We held an advisory vote on our executive compensation program (commonly referred to as the "say on pay" vote) at our annual meeting held on May 18, 2011, as required under the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. Our 2011 say on pay proposal received substantial majority support from stockholders. We interpret this stockholder support as an acknowledgment that our executive compensation program and practices are reasonable and well-aligned with stockholder expectations and, taking such support into consideration, maintained our compensation structure in 2012. At our 2011 annual meeting, our stockholders also voted in favor of the proposal to hold say on pay votes every three years and the Board adopted the proposal. The next non-binding, advisory vote by stockholders on our executive compensation will be held at our annual meeting in 2014. In the future, we will continue to consider the outcome of our triennial say on pay votes when making compensation decisions regarding our named executive officers.

Role of the Compensation Committee

The compensation committee has the responsibility of evaluating, reviewing and approving the compensation plans, policies and programs of the Company, and ensuring that such plans, policies and programs provide appropriate incentives to recruit, motivate and retain employees.

The compensation committee meets from December through February in order to review the compensation from the prior year and set its compensation policy for the coming year. During these meetings, the compensation committee reviews and approves the compensation of named executive officers, including base salary, annual incentive bonus and equity compensation.

During this period, the committee confers with our chief executive officer to establish annual goals for him and the other named executive officers. The chief executive officer discusses the specific accomplishments of the management team during the prior year, as well as the team's business development plans for the upcoming year, which the committee uses to help it set the annual targets for the named executive officers' bonus opportunities. The chief executive officer also provides relevant information to the committee regarding specific challenges or opportunities facing the management team in the upcoming year, such as changes in the Company's business development plan, anticipated hiring of new employees and retention of current employees, and exploration of new avenues of business growth. The committee also obtains self-evaluations from the non-CEO named executive officers. The committee meets in executive session without the presence of the named executive officers in order to evaluate the officers' performance with respect to the goals set by the committee, market compensation data, and our performance and shareholder return during the year.

In preparation for the Company's initial public offering, the compensation committee engaged Steven Hall & Partners as its independent compensation consultant in January 2010. Steven Hall & Partners assisted the committee in examining our compensation levels and structures in the context of other similar public companies and in designing programs that would properly compensate and motivate the executive team in light of the Company's changed circumstances. The compensation committee has continued to work with Steven Hall & Partners in benchmarking executive and director compensation and setting compensation levels.

Steven Hall & Partners does not have any relationship or arrangement with the Company other than its engagement as a consultant to the compensation committee.

Compensation Benchmarking and Peer Group

As part of its engagement in 2010, the compensation committee directed Steven Hall & Partners to develop a comparative group of companies and to perform analyses of executive compensation levels and designs in that group. The comparative information provided by Steven Hall & Partners was obtained from publicly filed reports of each company in the comparative peer group, as well as from nationally recognized compensation surveys.

The committee has reviewed the peer group annually. For 2012 compensation, the compensation committee asked Steven Hall & Partners to again perform a benchmarking study. The comparative information provided by Steven Hall & Partners was obtained from publicly filed reports of each company in the comparative peer group, as well as from nationally recognized compensation surveys. The study benchmarked compensation against a new peer group. The process utilized by Steven Hall & Partners in developing a new peer group included the following: identification of companies in the business services, financial transaction and/or technology industries; review of potential peers within the Company's SIC code; review of companies in the identified industries and SIC codes that recently went public; and "peers of peers" analysis. These potential peers were then narrowed down based upon business description and through a review of 1-, 3- and 5- year revenue growth, adjusted EBITDA, net income and market cap. The new peer group consisted of the following thirteen companies:

- Blackbaud, Inc.
- Blackboard, Inc. (acquired in October 2011)
- Bottomline Technologies, Inc.
- Cardtronics, Inc.
- Ebix, Inc.
- Financial Engines, Inc.
- FleetCor Technologies, Inc.
- Green Dot Corporation
- Heartland Payment Systems, Inc.
- Moneygram International, Inc.
- Netspend Holdings, Inc.
- TNS, Inc.
- WEX, Inc.

The compensation committee discussed the report with Steven Hall & Partners and used the data therein to aid it in setting 2012 compensation. The peer group going forward is subject to alteration and, in fact, has changed with respect to executive considerations for 2013 executive compensation.

Elements of Compensation

Our executive compensation program for 2012, as set by the compensation committee, consisted of the following components:

- Base salary;
- Annual cash incentive awards linked to Company performance;
- Long-term equity-based compensation in the form of stock options; and
- Company-wide employee welfare and retirement benefits.

Base Salary

We pay an annual base salary to our named executive officers in order to provide them with a fixed rate of cash compensation during the year. The compensation committee historically has conducted an annual review of each named executive officer's salary, and considered whether the amount of that salary is appropriate. For 2010, the committee determined the named executive officers' base salaries primarily by reviewing the comparable data presented in Steven Hall & Partners' report and discussing such data with Steven Hall & Partners. The committee has also considered each executive's responsibilities, prior performance and other discretionary factors, such as the executive's business planning and development, identification of areas for Company growth, management style and effectiveness, ability to motivate and set appropriate goals for the Company's workforce, ability to cultivate and retain a productive workforce, and ability to work effectively with outside professionals and consultants.

Steven Hall & Partners' peer group data from its 2010 report indicated that the overall cash and equity compensation paid to our named executive officers prior to the Company's initial public offering was, on average, less than that paid by the peer group companies, and our named executive officers received a much lower percentage of their total compensation as base salary. Accordingly, in fiscal year 2010, our named executive officers' base salaries were increased to levels that were more in line with market practices in our peer group. For fiscal year 2011, the compensation committee determined that a modest upward adjustment should be made to recognize the Company's growth and achievement and that such adjustment remained supportable given the committee's inclusion of three new comparable companies to its peer group. Accordingly, Mr. Hatton's salary increased from \$375,000 to \$390,000; Mr. Volchek's salary increased from \$275,000 to \$290,000; Mr. Lasater's salary increased from \$275,000 to \$290,000; Mr. McGuane's salary increased from \$200,000 to \$210,000; and Mr. Reach's salary increased from \$200,000 to \$210,000.

Steven Hall & Partners' peer group data from its 2011 report indicated that our named executive officers other than Mr. Hatton remained undercompensated relative to the peer group in its updated study. At its December 2011 meeting, the committee therefore recommended that for fiscal year 2012 Messrs. Volchek and Lasater earn a base salary of \$350,000 each and Messrs. McGuane and Reach earn a base salary of \$275,000 each. Mr. Wallace is not considered part of our executive team and his base salary for 2012 of \$140,000 was therefore set by Mr. Volchek.

Annual Bonus

We pay our named executive officers an annual bonus as an incentive to achieve the short-term goals of the Company as reflected in its annual business plan. All of our named executive officers, except Mr. Wallace, are eligible to receive an annual cash bonus based on the achievement of certain pre-determined targets set by the compensation committee, which, in addition to its own analysis, utilizes Steven Hall & Partners' peer group data.

At its meetings in January and February 2012, the compensation committee established the following individual targets and maximum bonus opportunities as a percent of base salaries:

	Target	Maximum Opportunity		
Mark Volchek	100 %	200 %		
Miles Lasater	100 %	200 %		
Casey McGuane	50 %	100 %		
Robert Reach(1)	15 %	25 %		

(1) As in previous years, Mr. Reach received commissions for sales of the OneDisburse® and CASHNet® modules during 2012.

The measures, targets and weightings were set under the Short Term Incentive Plan as follows:

Performance Criteria	Weighting	Threshold	Target
Revenues	25%	\$208 million	\$215 million
Adjusted EPS(1)	50%	\$0.874	\$0.90
Management Objectives(2)	25%	(2)	(2)

Adjusted EPS is computed by dividing the Company's adjusted net income by the Company's weighted average shares outstanding for the period. We prepare adjusted net income to eliminate the effect of items that we do not consider indicative of our core operating performance. For example, during the year ended December 31, 2012, the Company defined adjusted net income as net income, adjusted to eliminate (a) stock-based compensation expense related to incentive stock option grants and (b) after giving effect to tax adjustments, stock-based compensation expense related to non-qualified stock option grants, merger and acquisition charges related to our acquisition of (1) the Campus Labs business in 2012 and amortization expenses related to intangible assets and financing costs. Adjusted EPS should not be considered as an alternative to diluted earnings per share or any other measure of financial performance calculated and presented in accordance with GAAP. The Company's adjusted EPS may not be comparable to similarly titled measures of other organizations because other organizations may not calculate such a measure in the same manner as we do. You are encouraged to evaluate our adjustments and the reasons the Company considers them appropriate.

(2) The 2012 management objectives included (i) more revenue per signed student enrollment; (ii) increasing the number of OneAccount Premier accounts; (iii) increasing new OneDisburse SSE; (iv) signing and implementing more bank partners; (v) more employee satisfaction; and (vi) more overhead efficiency.

For each performance measure, if actual performance did not meet the threshold for such performance measure, no amount was earned in respect of such measure. To the extent actual performance exceeded the threshold, the portion of the target bonus attributable to such performance measure (based upon the weighting given to such measure) was determined by interpolation between threshold and target levels and target and maximum levels, respectively. The final individual bonuses were subject to adjustment at the discretion of the compensation committee.

The compensation committee, during its meetings in January and February 2013, determined that each of the named executive officers, except Mr. Wallace, earned a bonus equal to approximately 8% of the target bonus amounts based on achievement of certain performance measures. The low bonus result was due to the fact that the Company failed to achieve the threshold performance in all categories of performance measures except adding and implementing additional bank partners. The compensation committee determined, however, that in light of the accomplishments of our named executive officers in overcoming significant unanticipated business issues during 2012, including increased regulatory scrutiny and proceedings, difficult political and publicity related developments, challenging bank transitions, a significant acquisition and key management vacancies, provision of a discretionary bonus outside of the short term incentive plan was warranted. The committee approved for each named executive officer, except Mr. Wallace, a discretionary bonus in an amount equal to 50% of his target bonus amount, net of the award made pursuant to the terms of the Company's Short Term Incentive Plan. The compensation committee further determined that the bonus awards for the named executive officers be paid predominantly in the form of stock. The committee decided that the discretionary portion of the bonus awards be comprised of 40% cash to be paid in the ordinary course together with the non-discretionary cash bonuses and 60% in restricted shares of common stock which would be granted on the first Friday following the Company's release of its 2012 earnings (with the number of shares being valued based on the average of the previous day's high and low trading prices, in accordance with the Company's 2010 Equity Incentive Plan) and which would become fully vested on January 1, 2014, subject to each executive's continued employment. The value of the 2012 bonus awards for each named executive officer, excluding Mr. Wallace, was therefore as follows:

	Cash	Stock	Total
Mark Volchek	\$87,500	\$87,500	\$175,000
Miles Lasater	\$87,500	\$87,500	\$175,000
Casey McGuane	\$34,375	\$34,375	\$68,750
Robert Reach	\$10,312	\$10,312	\$20,625

The cash portions were paid on February 20, 2013, and the shares of restricted stock were granted on February 15, 2013 in the following amounts: Messrs. Volchek and Lasater each received 8,317 shares of restricted stock; Mr. McGuane received 3,268 shares of restricted stock; and Mr. Reach received 980 shares of restricted stock. These shares of restricted stock were granted under the Company's 2010 Equity Incentive Plan. The non-discretionary portions of the 2012 bonuses were paid under the Company's Short Term Incentive Plan. For fiscal year 2012, Mr. Wallace earned a cash bonus of \$22,500, which amount was based on his individual performance for the year and was determined by Mr. Volchek in consultation with the Company's Human Resources department.

Equity-Based Compensation

Our compensation committee believes that equity-based compensation is an important component of our executive compensation program, based on its own analysis and the study provided by Steven Hall & Partners, and that providing equity-based awards to our named executive officers aligns the incentives of our executives with the long-term interests of our shareholders and with our long-term corporate success and provides our executives with a powerful retention incentive.

Generally, each named executive officer has received a stock option grant when he joined the Company, and has then received periodic awards thereafter in the discretion of the compensation committee and Board. Until 2010, awards were made under the 2000 Stock Option Plan with varying vesting schedules ranging from one to five years, as set out in the respective stock option agreements. Stock option grants have typically been split between incentive stock options (within the meaning of Section 422 of the Code) and nonqualified stock options.

The 2000 Stock Option Plan terminated by its terms in April 2010. The Company adopted the 2010 Equity Incentive Plan on March 26, 2010. Since the Company's initial public offering, it has been the practice of the compensation committee to make annual equity grants at its first meeting following the release of the Company's year-end financial results. Such annual grants have been approximately equal in value to the cash bonuses that were paid for the previous fiscal year. In accordance with this practice, in February 2012, the compensation committee made annual grants under the 2010 Equity Incentive Plan to each of our named executive officers except Mr. Hatton, who was scheduled to retire from his position as president and chief executive officer on or before June 30, 2012, and Mr. Wallace, who was not considered by the committee to be a member of the executive team. Messrs. Volchek and Lasater each received 38,000 stock options and Messrs. McGuane and Reach each received 18,500 stock options. The amount of each grant was determined according to the cash bonus that was paid to each named executive officer in respect of fiscal year 2011 and the value of the option in accordance with FASB ASC Topic 718, although the grants are considered part of the named executive officers' 2012 compensation. Separately, but on the same date, Mr. Wallace was granted 5,000 stock options in the same manner that certain other senior employees below the executive committee were granted options on such date. The stock options granted in February 2012 have an exercise price of \$15.28, vest over five years beginning on the first anniversary of the grant date and have a term of ten years.

In February 2013, the compensation committee determined that in light of the fact that no significant equity grants have been made since 2008 and that the committee felt it an appropriate time to provide for the possibility of a meaningful equity participation on an earned basis, it would make a one-time special grant of options to be earned based on growth in the Company's earnings to the named executive officers, excluding Mr. Wallace, of an aggregate of 1,650,000 performance-based options, which number was approximately equal to 3% of the total shares of common stock that were outstanding at the time of the grant. Based on the committee's consultation with Steven Hall & Partners, the committee determined that an option grant of this design and size earned over three years was reasonable and an appropriate method for aligning the interests of shareholders and management. Such performance-based options were granted on February 15, 2013 and have an exercise price of \$10.52. The performance-based options will vest in three equal annual installments and may be earned in each year starting at the end of 2014 based on the increase of adjusted EBITDA (as defined in the Company's annual report on Form 10-K) over the prior year, subject to the executive's continued employment. Each year's installment will be earned or forfeited based on the growth in adjusted EBITDA from the preceding year starting at the end of 2014. The performance-based options also have a provision for a true up at the end of the third vesting period, which provides that the Committee will measure the average annual rate of growth for the three year period and apply that rate to the vesting schedule for all performance-based options. If the resulting number of earned performance-based options is higher than the sum of the annually earned performance-based options, the higher number will be considered earned and vested. The performance-based option pool is divided among the named executive officers, excluding Mr. Wallace, as follows: Messrs. Volchek and Lasater: 525,000 each; Mr. McGuane: 300,000; and Messrs. Reach and Wolf: 150,000 each. A portion of the grants made to Messrs. Volchek, Lasater and McGuane are subject to our stockholders' approval of the Company's Amended and Restated 2010 Equity Incentive Plan (see Proposal Three below). In the event that the Amended and Restated 2010 Equity Incentive Plan is not approved by our stockholders, the grants of performance-based options to Messrs. Volchek and Lasater will be reduced by 308,317 shares and the grant of such options to Mr. McGuane will be reduced by 78,268 shares. The performance-based option grants are not considered part of the named executive officers' 2012 compensation and will be disclosed in the Grant of Plan-Based Awards table in the proxy statement for our 2014 Annual Meeting.

Employment Arrangements

We do not have any employment agreements with our named executive officers. In connection with Chris Wolf's appointment as chief financial officer, the Company entered into an employment offer letter with him. Under the terms of the letter, Mr. Wolf will receive an annual base salary of \$375,000 and a target bonus of \$175,000 to be earned based on the achievement of annual performance targets to be established by the Compensation Committee of the Board. Additionally, on March 8, 2013, he was granted (i) 150,000 performance-based stock options, which options will vest in three equal annual installments and will be earned in each year starting at the end of 2014 based on

the Company's growth in adjusted EBITDA (as defined in the Company's annual report on Form 10-K) over the prior year, as described above, and (ii) 50,000 shares of restricted stock, which shares will vest in equal annual installments over four years. Each award will be subject to Mr. Wolf's continued employment through the applicable vesting date. Mr. Wolf also received a \$10,000 relocation bonus.

Employee Welfare and Retirement Benefits

We provide the following benefits, among others, to our named executive officers on the same basis as all other eligible employees of the Company:

- Health insurance;
- Paid time off and paid holidays;
- Life insurance;
- Short-term and long-term disability insurance; and
- 401(k) plan with Company matching contributions of 4%.

We believe these benefits are generally consistent with those offered by our peer group companies.

Perquisites

Our named executive officers have received no benefits or perquisites in addition to those offered to all employees of the Company.

Severance and Change in Control Agreements

We do not have any severance or change in control agreements with our named executive officers.

Risk Assessment

In 2012, our compensation committee determined that none of our compensation policies and programs creates a risk that is reasonably likely to have a material adverse effect on the Company.

Policy on Code Section 162(m)

As a private company, prior to the consummation of our initial public offering we were not subject to the limits on deductibility of compensation set forth in Section 162(m) of the Code. Section 162(m) denies publicly-held companies a tax deduction for annual compensation in excess of \$1 million paid to their chief executive officer or any of their three other most highly compensated executive officers (other than the chief financial officer) employed on the last day of a given year, unless their compensation is based on qualified performance criteria. Subject to certain transition rules that apply to companies that first become publicly held in connection with an initial public offering, to qualify for deductibility, these criteria must be established by a committee of independent directors and approved, as to their material terms, by that company's stockholders. With the exception of the discretionary bonuses paid in 2012, since our initial public offering, we have generally structured our bonus and equity-based incentive programs so that they would meet the requirements for performance-based compensation under Section 162(m), although they were not subject to such requirements by law. Approval of our Amended and Restated 2010 Equity Incentive Plan by our shareholders pursuant to Proposal Three will permit (but not require) the committee to grant equity awards that may qualify as performance-based compensation for purposes of Section 162(m) of the Code following the end of the

Company's post-IPO transition period. However, our compensation committee may approve compensation or changes to plans, programs or awards that may cause the compensation or awards not to comply with Section 162(m) if it determines that such action is appropriate and in our best interests.

Summary Compensation Table

The following table sets forth the compensation paid to or earned during the fiscal years ended December 31, 2012, 2011 and 2010 by (i) each person who served as our principal executive officer during fiscal year 2012, (ii) our principal financial officer, and (iii) our three other most highly compensated executive officers who were serving as executive officers at the end of fiscal year 2012:

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Option Awards (\$)(1)	Non-Equity Incentive Plan Compensation (\$)(2)	All Other Compensation (\$)(3)	Total (\$)
Dean Hatton President and Chief Executive Officer until June 30, 2012	2012	\$195,000	\$—	\$ —	\$ —	\$ 10,000	\$ 205,000
	2011	390,000	—	476,305	390,708	9,800	1,266,813
	2010	375,000	—	—	729,507	9,800	1,114,307
Mark Volchek Chief Financial Officer until June 30, 2012; Chief Executive Officer after June 30, 2012	2012	350,000	58,333	275,995	29,167	10,000	723,495
	2011	290,000	—	476,305	279,077	9,800	1,055,182
	2010	275,000	—	—	521,076	9,800	805,876
Miles Lasater Chief Operations Officer until June 30, 2012; President and Chief Operations Officer after June 30, 2012	2012	350,000	58,333	275,995	29,167	10,000	723,495
	2011	290,000	—	476,305	279,077	9,800	1,055,182
	2010	275,000	—	—	521,076	9,800	805,876
Casey McGuane Chief Service Officer	2012	275,000	22,917	134,366	11,458	10,000	453,741
	2011	210,000	—	238,152	133,957	9,800	591,909
	2010	200,000	—	—	250,117	9,800	459,917
Robert Reach Chief Sales Officer	2012	474,214(4)	6,875	134,366	3,437	10,000	628,892
	2011	499,740(4)	—	238,152	33,489	9,800	781,181
	2010	470,842(4)	—	—	62,529	9,800	543,171
Jeffrey Wallace Vice President, Finance	2012	140,000	22,500	37,671	—	5,767	205,938

The amounts in this column reflect aggregate grant date fair value, computed in accordance with FASB ASC Topic (1) 718, of option awards granted to our named executive officers. For a description of the assumptions used in determining grant date fair value, see Note 2 to our consolidated financial statements.

(2) The amounts in this column reflect annual cash bonuses earned by our named executive officers as described in the section "Elements of Compensation—Annual Bonus" above.

(3) The amount shown for each named executive officer represents Company matching contributions under our 401(k) plan.

(4) The amount shown for Mr. Reach includes a base salary of \$200,000 and \$210,000 and \$275,000 and sales commissions of \$270,842, \$289,740 and \$199,214 for 2010, 2011 and 2012, respectively.

Grants of Plan-Based Awards in Fiscal Year 2012

The following table sets forth, for each of the named executive officers, awards granted during fiscal 2012 under our annual cash bonus program and our 2010 Equity Incentive Plan. The exercise price for our options is based on the average of the high and low price on the New York Stock Exchange on the day immediately preceding the grant date.

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards			All Other Option Awards: Number of Securities Underlying Options(#)	Exercise or Base Price of Option Awards (\$/Sh)	Closing Market Price on Date of Grant(\$/Sh)	Grant Date Fair Value of Option Awards(\$)
		Threshold (\$)	Target(\$)	Maximum(\$)				
Mark Volchek	2/10/2012	—	350,000	700,000	38,000	15.28	15.29	275,995
Miles Lasater	2/10/2012	—	350,000	700,000	38,000	15.28	15.29	275,995
Casey McGuane	2/10/2012	—	137,500	275,000	18,500	15.28	15.29	134,366
Rob Reach	2/10/2012	—	41,250	68,750	18,500	15.28	15.29	134,366
Jeffrey Wallace	2/10/2012	—	—	—	5,000	15.28	15.29	37,671

Edgar Filing: Higher One Holdings, Inc. - Form DEF 14A

Outstanding Equity Awards at Fiscal Year End 2012

The following table sets forth, for each of the named executive officers, the equity awards outstanding as of the end of fiscal 2012:

Name	Grant Date	Option Awards			Option Exercise Price (\$)	Expiration Date	Stock Awards	
		Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Units of Stock that Have Not Vested (#)			Market Value of Shares of Units of Stock that Have Not Vested (\$)(1)	
Dean Hatton	—	—	—	—	—	—	—	
Mark Volchek	3/3/2004	75,000	—	0.29	3/2/2014	2,709(2)	28,553	
	1/17/2006	75,000	—	0.67	1/16/2016			
	1/23/2007	75,000	—	1.34	1/22/2017			
	12/7/2007	75,000	—	2.67	12/6/2017			
	9/25/2008	375,000	—	4.59	9/24/2018			
	12/4/2009	—	—	—	—			
	2/18/2011	18,333	31,667	(3) 18.05	2/17/2021			
	2/10/2012	—	38,000	(3) 15.28	2/9/2022			
Miles Lasater	3/3/2004	75,000	—	0.29	3/2/2014	2,709(2)	28,553	
	1/17/2006	75,000	—	0.67	1/16/2016			
	1/23/2007	75,000	—	1.34	1/22/2017			
	12/7/2007	75,000	—	2.67	12/6/2017			
	9/25/2008	375,000	—	4.59	9/24/2018			
	12/4/2009	—	—	—	—			
	2/18/2011	18,333	31,667	(3) 18.05	2/17/2021			
	2/10/2012	—	38,000	(3) 15.28	2/9/2022			
Casey McGuane	2/10/2005	131,000	—	0.50	2/9/2015			
	12/7/2007	90,000	—					