

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), 6057(b), and 6058(a) of the Internal Revenue Code (the Code). <p style="text-align: center;">▶ Complete all entries in accordance with the instructions to the Form 5500.</p>	OMB Nos. 1210-0110 1210-0089 2012 This Form is Open to Public Inspection
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Part I	Annual Report Identification Information
For calendar plan year 2012 or fiscal plan year beginning <u>01/01/2012</u> and ending <u>12/31/2012</u>	
A This return/report is for:	☐ a multiemployer plan; ☐ a multiple-employer plan; or ☒ a single-employer plan; ☐ a DFE (specify) ____
B This return/report is:	☐ the first return/report; ☐ the final return/report; ☐ an amended return/report; ☐ a short plan year return/report (less than 12 months).
C If the plan is a collectively-bargained plan, check here.	☐
D Check box if filing under:	☒ Form 5558; ☐ automatic extension; ☐ the DFVC program; ☐ special extension (enter description)

Part II	Basic Plan Information —enter all requested information		
1a Name of plan DEMAND MEDIA, INC. 401(K) PLAN	1b Three-digit plan number (PN) ▶ <u>001</u>	1c Effective date of plan <u>11/01/1989</u>	
2a Plan sponsor's name and address; include room or suite number (employer, if for a single-employer plan) DEMAND MEDIA, INC. 1333 2ND STREET SUITE 100 SANTA MONICA, CA 90401	2b Employer Identification Number (EIN) <u>20-4731239</u>	2c Sponsor's telephone number <u>310-394-6400</u>	2d Business code (see instructions) <u>519100</u>

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	10/08/2013	JEFF HARPER
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE	Filed with authorized/valid electronic signature.	10/08/2013	JEFF HARPER
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE
Preparer's name (including firm name, if applicable) and address; include room or suite number. (optional)			Preparer's telephone number (optional)

3a Plan administrator's name and address ☐ Same as Plan Sponsor Name ☐ Same as Plan Sponsor Address DEMAND MEDIA, INC. 1333 2ND STREET SUITE 100 SANTA MONICA, CA 90401		3b Administrator's EIN 20-4731239
		3c Administrator's telephone number 310-394-6400
4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report: a Sponsor's name		4b EIN 4c PN
5 Total number of participants at the beginning of the plan year		5 721
6 Number of participants as of the end of the plan year (welfare plans complete only lines 6a , 6b , 6c , and 6d).		
a Active participants.....	6a	696
b Retired or separated participants receiving benefits.....	6b	0
c Other retired or separated participants entitled to future benefits.....	6c	129
d Subtotal. Add lines 6a , 6b , and 6c	6d	825
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....	6e	0
f Total. Add lines 6d and 6e	6f	825
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....	6g	432
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested.....	6h	0
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)		7
8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions: 2E 2F 2G 2J 2K 2T 3D		
b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:		
9a Plan funding arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor		9b Plan benefit arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor
10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)		
a Pension Schedules (1) ☒ R (Retirement Plan Information) (2) ☐ MB (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary (3) ☐ SB (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary		b General Schedules (1) ☒ H (Financial Information) (2) ☐ I (Financial Information – Small Plan) (3) ☐ A (Insurance Information) (4) ☒ C (Service Provider Information) (5) ☐ D (DFE/Participating Plan Information) (6) ☐ G (Financial Transaction Schedules)

SCHEDULE C (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Service Provider Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110
		2012
		This Form is Open to Public Inspection.

For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

A Name of plan <u>DEMAND MEDIA, INC. 401(K) PLAN</u>	B Three-digit plan number (PN) ▶ <u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>DEMAND MEDIA, INC.</u>	D Employer Identification Number (EIN) <u>20-4731239</u>

Part I Service Provider Information (see instructions)

You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

a Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions)..... ☒ Yes ☐ No

b If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation
FID.INV.INST.OPS.CO.

04-2647786

(b) Enter name and EIN or address of person who provided you disclosure on eligible indirect compensation

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2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

FIDELITY INVESTMENTS INSTITUTIONAL

04-2647786

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
64 37 65 60	RECORDKEEPER	1975	Yes ☒ No ☐	Yes ☒ No ☐	0	Yes ☒ No ☐

(a) Enter name and EIN or address (see instructions)

MORGAN STANLEY & CO INCORPORATED

C/O MORGAN STANLEY 401K ONLY
RETIREMENT PLAN SERVICES 401K ONLY
JERSEY CITY, NJ 07311

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
61	ADVISOR	0	Yes ☒ No ☐	Yes ☒ No ☐	0	Yes ☒ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
(d) Enter name and EIN (address) of source of indirect compensation		(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
ABF SM CAP VAL ADV - STATE STREET B 225 FRANKLIN STREET BOSTON, MA 02111	0.25%	
(a) Enter service provider name as it appears on line 2		(c) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
(d) Enter name and EIN (address) of source of indirect compensation		(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
ALL/BERN INTL GRTH A - ALLIANCEBERN 13-3211780	0.25%	
(a) Enter service provider name as it appears on line 2		(c) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
(d) Enter name and EIN (address) of source of indirect compensation		(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
AM CENT EQ INC A - AMERICAN CENTURY 44-0619208	0.25%	

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
(d) Enter name and EIN (address) of source of indirect compensation		(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
BLKRK GLOBAL ALLOC A - BNY MELLON I 760 MOORE ROAD KING OF PRUSSIA, PA 19406		0.25%
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
(d) Enter name and EIN (address) of source of indirect compensation		(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
CALVERT INCOME A - BOSTON FINANCIAL P.O. BOX 8480 BOSTON, MA 02266		0.25%
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
(d) Enter name and EIN (address) of source of indirect compensation		(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
INVS EQL WT S&P500 A - INVESCO INVE 11 GREENWAY PLAZA, SUITE 100 HOUSTON, TX 77046		0.25%

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
<div style="text-align: center;">(d) Enter name and EIN (address) of source of indirect compensation</div>		
MSIF GLOBAL STRAT H - MORGAN STANLE 13-3799749	0.25%	
<div style="text-align: center;">(a) Enter service provider name as it appears on line 2</div>		
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
<div style="text-align: center;">(d) Enter name and EIN (address) of source of indirect compensation</div>		
OPPHMR SMMIDCP VAL A - OFI GLOBAL A TWO WORLD FINANCIAL CENTER 225 LIBERTY STREET, 14TH FLOOR NEW YORK, NY 10281	0.25%	
<div style="text-align: center;">(a) Enter service provider name as it appears on line 2</div>		
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
<div style="text-align: center;">(d) Enter name and EIN (address) of source of indirect compensation</div>		
PIM REAL RETURN A - BOSTON FINANCIA P.O. BOX 8480 BOSTON, MA 02266	0.25%	

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
(d) Enter name and EIN (address) of source of indirect compensation		(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
PIM TOTAL RETURN A - BOSTON FINANCI P.O. BOX 8480 BOSTON, MA 02266	0.25%	
<hr/>		
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
(d) Enter name and EIN (address) of source of indirect compensation		(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
THORNBURG INT VAL R4 - BOSTON FINAN P.O. BOX 8480 BOSTON, MA 02266	0.25%	
<hr/>		
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
MORGAN STANLEY & CO INCORPORATED	61	0
(d) Enter name and EIN (address) of source of indirect compensation		(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
OPPHMR SMMIDCP VAL A - OPPENHEIMERF 13-2953455	\$5M+=0.25%	

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide

Part III Termination Information on Accountants and Enrolled Actuaries (see instructions)
(complete as many entries as needed)

a Name: VOLDAL WARTELLE & CO. P.S.	b EIN: 91-1007261
c Position: ACCOUNTANT	
d Address: 10510 NORTHUP WAY SUITE 300 KIRKLAND, WA 98033	e Telephone: 425-250-0051

Explanation: WE NEEDED LOCAL PRESENCE

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

SCHEDULE H (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small> <small>Pension Benefit Guaranty Corporation</small>	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	<small>OMB No. 1210-0110</small> 2012 This Form is Open to Public Inspection
For calendar plan year 2012 or fiscal plan year beginning <u>01/01/2012</u> and ending <u>12/31/2012</u>		
A Name of plan <u>DEMAND MEDIA, INC. 401(K) PLAN</u>	B Three-digit plan number (PN) ►	<u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>DEMAND MEDIA, INC.</u>	D Employer Identification Number (EIN) <u>20-4731239</u>	

Part I	Asset and Liability Statement		
1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.			
Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)		
(2) Participant contributions	1b(2)	61050	83789
(3) Other.....	1b(3)		
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)	705595	693043
(2) U.S. Government securities.....	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property)	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans	1c(8)	186647	134691
(9) Value of interest in common/collective trusts.....	1c(9)		
(10) Value of interest in pooled separate accounts.....	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)		
(12) Value of interest in 103-12 investment entities	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds).....	1c(13)	10512895	13409879
(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)		
(15) Other	1c(15)		

1d Employer-related investments:

		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)		
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	11466187	14321402

Liabilities

g Benefit claims payable	1g		
h Operating payables	1h		
i Acquisition indebtedness	1i		
j Other liabilities	1j		
k Total liabilities (add all amounts in lines 1g through 1j)	1k		

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	11466187	14321402
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Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income

		(a) Amount	(b) Total
a Contributions:			
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	422	
(B) Participants	2a(1)(B)	2708284	
(C) Others (including rollovers)	2a(1)(C)	323042	
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		3031748
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	165	
(B) U.S. Government securities	2b(1)(B)		
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)	9721	
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		9886
(2) Dividends: (A) Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)		
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)	321106	
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		321106
(3) Rents	2b(3)		
(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)		
(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		
(5) Unrealized appreciation (depreciation) of assets: (A) Real estate	2b(5)(A)		
(B) Other	2b(5)(B)		
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		1172302
c Other income.....	2c		
d Total income. Add all income amounts in column (b) and enter total.....	2d		4535042

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	1671698	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3).....	2e(4)		1671698
f Corrective distributions (see instructions)	2f		6111
g Certain deemed distributions of participant loans (see instructions).....	2g		
h Interest expense.....	2h		
i Administrative expenses: (1) Professional fees	2i(1)		
(2) Contract administrator fees	2i(2)		
(3) Investment advisory and management fees	2i(3)		
(4) Other	2i(4)	2018	
(5) Total administrative expenses. Add lines 2i(1) through (4).....	2i(5)		2018
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		1679827

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d.....	2k		2855215
l Transfers of assets:			
(1) To this plan.....	2l(1)		
(2) From this plan	2l(2)		

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☐ Unqualified (2) ☐ Qualified (3) ☒ Disclaimer (4) ☐ Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? ☒ Yes ☐ No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: CNM LLP

(2) EIN: 65-1202484

d The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. (2) ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

4 CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete lines 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete lines 4j and 4l. MTIAs also do not complete line 4l.

During the plan year:

a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.).....

b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.).....

	Yes	No	Amount
4a		X	
4b		X	

	Yes	No	Amount
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)		X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.).....		X	
e Was this plan covered by a fidelity bond?.....	X		1000000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.).....	X		
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.).....		X	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?.....		X	
l Has the plan failed to provide any benefit when due under the plan?		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.).....		X	
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.		X	

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?
 If "Yes," enter the amount of any plan assets that reverted to the employer this year..... ☐ Yes ☒ No Amount:

5b If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)

5b(2) EIN(s)	5b(3) PN(s)

Part V Trust Information (optional)

6a Name of trust

6b Trust's EIN

SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Retirement Plan Information This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110 2012 This Form is Open to Public Inspection.
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For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

A Name of plan <u>DEMAND MEDIA, INC. 401(K) PLAN</u>	B Three-digit plan number (PN) ▶ <u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>DEMAND MEDIA, INC.</u>	D Employer Identification Number (EIN) <u>20-4731239</u>

Part I	Distributions
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All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....	1	<u>0</u>
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): <u>04-6568107</u>		
Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year.....	3	

Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part)
----------------	--

4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)?.....	☐ Yes	☐ No	☐ N/A
If the plan is a defined benefit plan, go to line 8.			
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____ If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.			
6 a Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived)	6a		
b Enter the amount contributed by the employer to the plan for this plan year	6b		
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount).....	6c		
If you completed line 6c, skip lines 8 and 9.			
7 Will the minimum funding amount reported on line 6c be met by the funding deadline?	☐ Yes	☐ No	☐ N/A
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change?.....	☐ Yes	☐ No	☐ N/A

Part III	Amendments
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9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box.....	☐ Increase	☐ Decrease	☐ Both	☐ No
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Part IV	ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.
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10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?.....	☐ Yes	☐ No
11 a Does the ESOP hold any preferred stock?	☐ Yes	☐ No
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.).....	☐ Yes	☐ No
12 Does the ESOP hold any stock that is not readily tradable on an established securities market?	☐ Yes	☐ No

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

- 14** Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

a The current year	14a	
b The plan year immediately preceding the current plan year	14b	
c The second preceding plan year	14c	

- 15** Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year	15a	
b The corresponding number for the second preceding plan year	15b	

- 16** Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year	16a	
b If line 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	16b	

- 17** If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

- 18** If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment ☐

- 19** If the total number of participants is 1,000 or more, complete lines (a) through (c)

a Enter the percentage of plan assets held as:
 Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%

b Provide the average duration of the combined investment-grade and high-yield debt:
☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

c What duration measure was used to calculate line 19(b)?
☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify): _____

DEMAND MEDIA, INC. 401(k) PLAN

Financial Statements with Auditors' Report
As of December 31, 2012 and 2011

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Supplemental Information:

Schedule H, line 4i – Schedule of Assets (Held at End of Year) as of December 31, 2012	12
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Note: Schedules other than those listed above have been omitted because the information is otherwise disclosed, not applicable or is not required by 29 CFR 2520.103-10 of the Department of Labor Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.



REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the plan administrator of the
Demand Media, Inc. 401(k) Plan:

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of Demand Media, Inc. 401(k) Plan (the Plan), which comprise the Statements of Net Assets Available for Plan Benefits as of December 31, 2012 and 2011, and the related Statement of Changes in Net Assets Available for Plan Benefits for the Year Ended December 31, 2012, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the *Basis for Disclaimer of Opinion* paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 7, which was certified by Fidelity Management Trust Company, the Trustee of the Plan, except for comparing such information with the related information included in the financial statements. We have been informed by the plan administrator that the Trustee holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained a certification from the Trustee as of December 31, 2012 and 2011, and for the year ended December 31, 2012, that the information provided to the plan administrator by the Trustee is complete and accurate.

Disclaimer of Opinion

Because of the significance of the matter described in the *Basis for Disclaimer of Opinion* paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

Other Matter – Supplemental Schedules

The supplemental schedules, Schedule H, line 4i – Schedule of Assets (Held at End of Year) as of December 31, 2012 and Schedule of Delinquent Participant Contributions for the Year Ended December 31, 2012, are required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 and are presented for the purpose of additional analysis and are not a required part of the financial statements. Because of the significance of the matter described in the *Basis for Disclaimer of Opinion* paragraph, we do not express an opinion on the supplemental schedules.

Other Matter – 2011 Financial Statements

The financial statements of the plan as of December 31, 2011, were audited by predecessor auditors. As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed the predecessor auditors not to perform and they did not perform any auditing procedures with respect to the information certified by the Custodians. Their report, dated September 19, 2012, indicated that (a) because of the significance of the information that they did not audit, they were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion and accordingly, they did not express an opinion on the financial statements (b) the form and content of the information included in the financial statements other than that derived from the information certified by the Trustee, were presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

Report on Form and Content in Compliance With the Department of Labor's Rules and Regulations

The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the information certified by the Trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

CNM LLP

CNM LLP

Woodland Hills, CA

August 15, 2013

DEMAND MEDIA, INC. 401(k) PLAN
Statements of Net Assets Available for Plan Benefits
As of December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Assets:		
Investments, at fair value:		
Mutual funds	\$ 14,102,922	\$ 11,218,490
Receivables:		
Participant deferrals	83,789	61,050
Notes receivable from participants	134,691	186,647
Total receivables	<u>218,480</u>	<u>247,697</u>
Total assets	<u>14,321,402</u>	<u>11,466,187</u>
Liabilities	<u>-</u>	<u>-</u>
Net assets available for plan benefits	\$ <u><u>14,321,402</u></u>	\$ <u><u>11,466,187</u></u>

See accompanying notes.

DEMAND MEDIA, INC. 401(k) PLAN
Statement of Changes in Net Assets Available for Plan Benefits
For the Year Ended December 31, 2012

Additions to net assets attributable to:	
Contributions:	
Participant	\$ 2,708,706
Rollovers	<u>323,042</u>
	3,031,748
Interest income on notes receivable from participants	
	9,721
Investment income:	
Net realized and unrealized appreciation in fair value of investments	1,178,010
Interest and dividends	<u>315,562</u>
	1,493,572
Total additions	
	<u>4,535,041</u>
Deductions from net assets attributable to:	
Benefits paid to participants	1,677,808
Administrative expenses	<u>2,018</u>
Total deductions	<u>1,679,826</u>
Net increase in plan assets	
	2,855,215
Net assets available for plan benefits:	
Beginning of year	<u>11,466,187</u>
End of year	<u>\$ 14,321,402</u>

See accompanying notes.

DEMAND MEDIA, INC. 401(k) PLAN

Notes to Financial Statements
For the Year Ended December 31, 2012

1. Plan Description

The following description of the Demand Media, Inc. 401(k) Plan (the Plan) provides only general information. Participants should refer to the plan document for a more complete description of the Plan's provisions.

a. General

The Plan, as amended and restated, effective December 24, 2012, is a defined contribution plan covering all employees of Demand Media, Inc. (the Company) and certain affiliated companies specified as related employers in the plan document who have attained the age of 21. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

b. Contributions

Participants may contribute pre-tax or Roth deferrals, up to 100 percent of annual compensation, into the Plan. Participants may also roll over eligible amounts from other qualified plans to the Plan, including rollovers designated as Roth contributions. The Plan permits the Company to make discretionary contributions to participants' accounts. During 2012, the Company did not make any discretionary contributions.

c. Participant Accounts

Each participant's account is credited with the participant's contribution, allocations of the Company's contribution, if applicable, and the Plan's earnings or losses. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account. Participants direct the investment of their accounts into various investment options offered by the Plan.

d. Vesting

Participants are immediately vested in their contributions plus actual earnings thereon. Vesting in Company's matching and discretionary contribution portion of their accounts plus actual earnings thereon is based on periods of service. Participants are fully vested after one year of credited service.

e. Distribution of Benefits

Upon termination of employment due to termination of service, death, disability, or retirement, participants may elect to receive the value of their vested account balance in installments, partial withdrawals, or lump-sum distribution. Participants may also take a financial hardship withdrawal under certain circumstances.

f. Forfeited Accounts

Forfeitures are used to pay plan expenses or reduce Company contributions. Forfeitures of \$1,358 and \$2,002 were included in net assets available for plan benefits as of December 31, 2012 and 2011, respectively.

DEMAND MEDIA, INC. 401(k) PLAN

Notes to Financial Statements
For the Year Ended December 31, 2012

g. Notes Receivable from Participants

Participants may borrow the lesser of \$50,000 (reduced by the participant's highest outstanding loan balance during the 12-month period ending on the date of the loan) or 50 percent of their vested account balance with a minimum loan amount of \$1,000. Loan terms range up to five years, but may be extended if the proceeds are to be used for the purchase of a primary residence. The loans are secured by the balance in the participant's account and bear interest at rates ranging from 4.25 to 9.25 percent. Principal and interest are paid ratably through payroll deductions.

2. Summary of Significant Accounting Policies

a. Basis of Accounting

The financial statements of the Plan are prepared under the accrual method of accounting.

b. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

c. Investment Valuation and Income Recognition

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 5 for discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net realized and unrealized appreciation in fair value of investments includes the Plan's gains and losses on investments bought and sold as well as held during the year.

d. Notes Receivable from Participants

Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Delinquent loans are treated as distributions based upon the terms of the plan document.

DEMAND MEDIA, INC. 401(k) PLAN

Notes to Financial Statements
For the Year Ended December 31, 2012

e. Net Appreciation in Fair Value of Investments

Realized gains and losses on investments are based on the market value of the asset at the beginning of the year, or at the time of purchase for assets purchased during the year, and the related fair value on the day the investments are sold during the year. Unrealized gains and losses on investments are based on the market value of the assets at the beginning of the year, or at the time of purchase for assets purchased during the year, and the related fair value at the end of the year. Net realized and unrealized appreciation in fair value of investments is reflected in the accompanying Statement of Changes in Net Assets Available for Plan Benefits.

f. Payment of Benefits

Benefits are recorded when paid.

g. Administrative Expenses

Certain administrative expenses incidental to the administration of the Plan, including fees of the administrative agent and independent public accountants, may be paid by the Plan. The Company, at its discretion, decided to pay for certain of these administrative expenses on behalf of the Plan. Most investment options have management fees, which reduce the overall return on assets. The net realized and unrealized appreciation in fair value of investments is reflected net of these fees.

h. Subsequent Events

The Plan has evaluated the subsequent events through August 15, 2013, the date the financial statements were available to be issued.

i. Reclassifications

Certain reclassifications have been made to the 2011 financial statement to conform to the 2012 financial statement presentation.

3. Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the Statements of Net Assets Available for Plan Benefits.

DEMAND MEDIA, INC. 401(k) PLAN

Notes to Financial Statements
For the Year Ended December 31, 2012

4. Investments

The following presents investments that represent five percent or more of the Plan's net assets at December 31, 2012 and 2011. Investments with balances that do not exceed five percent of the Plan's net assets are identified by an asterisk (*) in the table below.

	<u>2012</u>	<u>2011</u>
Invesco Equally-Wtd S&P 500 A	\$ 1,084,684	\$ 851,750
Fidelity Advisor Freedom 2040	1,061,854	786,590
Fidelity Advisor Leveraged Co Stock	1,019,164	753,311
Fidelity Advisor Strategic Income	826,556	608,560
Fidelity Advisor Emerging Markets	756,872	730,405
Fidelity Prime Fund	*	705,595
Fidelity Advisor Energy	*	658,089

During 2012, the Plan's investments in mutual funds (including gains and losses on investments bought and sold, as well as held during the year) appreciated in value by \$1,178,010.

5. Fair Value Measurements

Financial Accounting Standards Board (FASB) *Accounting Standards Codification* (ASC) 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1	Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.
Level 2	<p>Inputs to the valuation methodology include</p> <ul style="list-style-type: none">• quoted prices for similar assets or liabilities in active markets;• quoted prices for identical or similar assets or liabilities in inactive markets;• inputs other than quoted prices that are observable for the asset or liability;• inputs that are derived principally from or corroborated by observable market data by correlation or other means. <p>If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.</p>
Level 3	Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

DEMAND MEDIA, INC. 401(k) PLAN

Notes to Financial Statements
For the Year Ended December 31, 2012

5. Fair Value Measurements (Continued)

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodology used for assets measured at fair value. There have been no changes in the methodology used at December 31, 2012 and 2011.

Mutual funds: Valued at the net asset value (NAV) of shares held by the Plan at year end.

The preceding method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2012 and 2011.

Assets at Fair Value as of December 31, 2012

	Level 1	Level 2	Level 3	Total
Mutual funds:				
U.S. equity	\$ 5,241,325	\$ -	\$ -	\$ 5,241,325
Balanced	4,106,385	-	-	4,106,385
Fixed income	2,548,830	-	-	2,548,830
International equity	2,206,382	-	-	2,206,382
Total mutual funds	14,102,922	-	-	14,102,922
Total assets at fair value	\$ 14,102,922	\$ -	\$ -	\$ 14,102,922

Assets at Fair Value as of December 31, 2011

	Level 1	Level 2	Level 3	Total
Mutual funds:				
U.S. equity	\$ 4,310,296	\$ -	\$ -	\$ 4,310,296
Balanced	2,992,092	-	-	2,992,092
Fixed income	2,046,536	-	-	2,046,536
International equity	1,869,566	-	-	1,869,566
Total mutual funds	11,218,490	-	-	11,218,490
Total assets at fair value	\$ 11,218,490	\$ -	\$ -	\$ 11,218,490

DEMAND MEDIA, INC. 401(k) PLAN

Notes to Financial Statements
For the Year Ended December 31, 2012

6. Tax Exempt Status

The Plan has adopted a volume submitter plan document that received a favorable opinion letter dated March 31, 2008, from the Internal Revenue Service (IRS). Although the Plan has been amended since then, the plan administrator believes the Plan has been operated in accordance with the applicable provisions of the Internal Revenue Code (IRC). The Company routinely self-reviews the administration of the Plan and self-corrects any compliance issues in accordance with the Employee Plan Compliance Resolution System. Accordingly, the plan administrator believes that the Plan and related trust are designed in accordance with applicable sections of the IRC and, accordingly, are exempt from income taxes.

Accounting principles generally accepted in the United States of America require plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the organization has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS or other applicable taxing authorities. The plan administrator has analyzed the tax positions taken by the Plan and has concluded that as of December 31, 2012, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The plan administrator believes it is no longer subject to income tax examinations for plan years ending on December 31, 2008, or prior.

7. Summary of Unaudited Information

The Trustee of the Plan certified certain information, which was not audited in accordance with the plan administrator's instructions and as permitted by 29 CFR 2520.103-8 of the Department of Labor Rules and Regulations for Reporting and Disclosure under ERISA. Information certified by the Trustee consists of the following:

- Fair value of investments and the carrying amount of notes receivable from participants as reflected in the Statements of Net Assets Available for Plan Benefits as of December 31, 2012 and 2011.
- Investment income and interest income on notes receivable from participants as reflected in the Statement of Changes in Net Assets Available for Plan Benefits for the Year Ended December 31, 2012.
- Investment information as reflected in Notes 4 and 5 to these financial statements.
- Investment information reflected in the Schedule H, line 4i – Schedule of Assets (Held at End of Year) as of December 31, 2012.

The Plan's independent public accountants did not perform auditing procedures with respect to the above information, except for comparing such information to the related information included in the financial statements and supplemental schedule.

8. Related Party Transactions

Fidelity Management Trust Company is the Trustee of the Plan and holds and manages investments. Transactions with Fidelity Management Trust Company are party-in-interest transactions, as defined by ERISA.

DEMAND MEDIA, INC. 401(k) PLAN

Notes to Financial Statements
For the Year Ended December 31, 2012

9. Plan Termination

The Company has the right under the plan document to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of plan termination, participants will become 100 percent vested in their accounts.

10. Reconciliation to Form 5500

The following is a reconciliation of net assets available for plan benefits per the financial statements to the Form 5500 at December 31, 2012 and 2011.

	2012	2011
Net assets available for plan benefits per the financial statements	\$ 14,321,402	\$ 11,466,187
Participant deferrals receivable	<u>(83,789)</u>	<u>-</u>
Net assets available for plan benefits per the Form 5500	<u>\$ 14,237,613</u>	<u>\$ 11,466,187</u>

The following is a reconciliation of the change in net assets per the financial statements to the Form 5500 for the year ending December 31, 2012.

Net increase in plan assets per the financial statements	\$ 2,855,215
Participant deferrals receivable accrued in current year	<u>(83,789)</u>
Net increase in plan assets per the Form 5500	<u>\$ 2,771,426</u>

DEMAND MEDIA, INC. 401(k) PLAN
EIN: 20-4731239 PLAN: 001
Schedule H, Line 4(i) - Schedule of Assets (Held at End of Year)
As of December 31, 2012

a)	b) Identity of Issue, Borrower, Lessor, or Similar Party	c) Description of Investment	d) Cost	e) Current Value
	American Century Equity Income Inv	Mutual Funds	**	\$ 332,535
	Morgan Stanley Instl Global Strategy	Mutual Funds	**	382,629
	BlackRock Global Allocation Inv	Mutual Funds	**	282,983
	Thornburg International Value R4	Mutual Funds	**	343,515
	PIMCO Total Return	Mutual Funds	**	276,235
	Invesco Equally-Wtd S&P 500	Mutual Funds	**	1,084,684
	American Beacon Small Cap Value Adv	Mutual Funds	**	543,577
	PIMCO Real Return	Mutual Funds	**	340,874
	Fidelity Prime Fund	Mutual Funds	**	693,043
*	Fidelity Advisor Leveraged Co Stock	Mutual Funds	**	1,019,164
*	Fidelity Advisor Industrials	Mutual Funds	**	455,242
*	Fidelity Advisor Energy	Mutual Funds	**	662,860
*	Fidelity Advisor Strategic Income	Mutual Funds	**	826,556
*	Fidelity Advisor Small Cap	Mutual Funds	**	493,023
*	Fidelity Advisor Diversified International	Mutual Funds	**	440,383
*	Fidelity Advisor Freedom 2010	Mutual Funds	**	126,089
*	Fidelity Advisor Freedom 2020	Mutual Funds	**	215,716
*	Fidelity Advisor Freedom 2030	Mutual Funds	**	312,370
*	Fidelity Advisor Freedom 2040	Mutual Funds	**	1,061,854
*	Fidelity Advisor Freedom Income	Mutual Funds	**	57,655
*	Fidelity Advisor New Insights	Mutual Funds	**	223,893
*	Fidelity Advisor Emerging Markets	Mutual Funds	**	756,872
*	Fidelity Advisor Freedom 2005	Mutual Funds	**	38,776
*	Fidelity Advisor Freedom 2015	Mutual Funds	**	187,760
*	Fidelity Advisor Freedom 2025	Mutual Funds	**	325,264
*	Fidelity Advisor Freedom 2035	Mutual Funds	**	683,382
*	Fidelity Advisor Total Bond	Mutual Funds	**	412,122
*	Fidelity Advisor Mid Cap II	Mutual Funds	**	393,781
*	Fidelity Advisor Freedom 2045	Mutual Funds	**	241,351
*	Fidelity Advisor Freedom 2050	Mutual Funds	**	509,627
*	Fidelity Advisor Freedom 2055	Mutual Funds	**	14,006
*	Fidelity Advisor Stock Selector All Cap	Mutual Funds	**	365,101
*	Participant Loans	Loans to participants, bearing interest ranging from 4.25% to 9.25%	**	134,691
				<u>\$ 14,237,613</u>

* Represents a party-in-interest as defined by ERISA

** Not applicable for participant directed plans

See report of independent public accountants and accompanying notes.

DEMAND MEDIA, INC. 401(k) PLAN

Financial Statements with Auditors' Report
As of December 31, 2012 and 2011

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Note: Schedules other than those listed above have been omitted because the information is otherwise disclosed, not applicable or is not required by 29 CFR 2520.103-10 of the Department of Labor Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.



REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the plan administrator of the
Demand Media, Inc. 401(k) Plan:

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of Demand Media, Inc. 401(k) Plan (the Plan), which comprise the Statements of Net Assets Available for Plan Benefits as of December 31, 2012 and 2011, and the related Statement of Changes in Net Assets Available for Plan Benefits for the Year Ended December 31, 2012, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the *Basis for Disclaimer of Opinion* paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 7, which was certified by Fidelity Management Trust Company, the Trustee of the Plan, except for comparing such information with the related information included in the financial statements. We have been informed by the plan administrator that the Trustee holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained a certification from the Trustee as of December 31, 2012 and 2011, and for the year ended December 31, 2012, that the information provided to the plan administrator by the Trustee is complete and accurate.

Disclaimer of Opinion

Because of the significance of the matter described in the *Basis for Disclaimer of Opinion* paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

Other Matter – Supplemental Schedules

The supplemental schedules, Schedule H, line 4i – Schedule of Assets (Held at End of Year) as of December 31, 2012 and Schedule of Delinquent Participant Contributions for the Year Ended December 31, 2012, are required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 and are presented for the purpose of additional analysis and are not a required part of the financial statements. Because of the significance of the matter described in the *Basis for Disclaimer of Opinion* paragraph, we do not express an opinion on the supplemental schedules.

Other Matter – 2011 Financial Statements

The financial statements of the plan as of December 31, 2011, were audited by predecessor auditors. As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed the predecessor auditors not to perform and they did not perform any auditing procedures with respect to the information certified by the Custodians. Their report, dated September 19, 2012, indicated that (a) because of the significance of the information that they did not audit, they were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion and accordingly, they did not express an opinion on the financial statements (b) the form and content of the information included in the financial statements other than that derived from the information certified by the Trustee, were presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

Report on Form and Content in Compliance With the Department of Labor's Rules and Regulations

The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the information certified by the Trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

CNM LLP

CNM LLP

Woodland Hills, CA

August 15, 2013

DEMAND MEDIA, INC. 401(k) PLAN
Statements of Net Assets Available for Plan Benefits
As of December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Assets:		
Investments, at fair value:		
Mutual funds	\$ 14,102,922	\$ 11,218,490
Receivables:		
Participant deferrals	83,789	61,050
Notes receivable from participants	134,691	186,647
Total receivables	<u>218,480</u>	<u>247,697</u>
Total assets	<u>14,321,402</u>	<u>11,466,187</u>
Liabilities	<u>-</u>	<u>-</u>
Net assets available for plan benefits	\$ <u><u>14,321,402</u></u>	\$ <u><u>11,466,187</u></u>

See accompanying notes.

DEMAND MEDIA, INC. 401(k) PLAN
Statement of Changes in Net Assets Available for Plan Benefits
For the Year Ended December 31, 2012

Additions to net assets attributable to:	
Contributions:	
Participant	\$ 2,708,706
Rollovers	<u>323,042</u>
	3,031,748
Interest income on notes receivable from participants	
	9,721
Investment income:	
Net realized and unrealized appreciation in fair value of investments	1,178,010
Interest and dividends	<u>315,562</u>
	1,493,572
Total additions	
	<u>4,535,041</u>
Deductions from net assets attributable to:	
Benefits paid to participants	1,677,808
Administrative expenses	<u>2,018</u>
Total deductions	<u>1,679,826</u>
Net increase in plan assets	
	2,855,215
Net assets available for plan benefits:	
Beginning of year	<u>11,466,187</u>
End of year	<u>\$ 14,321,402</u>

See accompanying notes.

DEMAND MEDIA, INC. 401(k) PLAN

Notes to Financial Statements
For the Year Ended December 31, 2012

1. Plan Description

The following description of the Demand Media, Inc. 401(k) Plan (the Plan) provides only general information. Participants should refer to the plan document for a more complete description of the Plan's provisions.

a. General

The Plan, as amended and restated, effective December 24, 2012, is a defined contribution plan covering all employees of Demand Media, Inc. (the Company) and certain affiliated companies specified as related employers in the plan document who have attained the age of 21. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

b. Contributions

Participants may contribute pre-tax or Roth deferrals, up to 100 percent of annual compensation, into the Plan. Participants may also roll over eligible amounts from other qualified plans to the Plan, including rollovers designated as Roth contributions. The Plan permits the Company to make discretionary contributions to participants' accounts. During 2012, the Company did not make any discretionary contributions.

c. Participant Accounts

Each participant's account is credited with the participant's contribution, allocations of the Company's contribution, if applicable, and the Plan's earnings or losses. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account. Participants direct the investment of their accounts into various investment options offered by the Plan.

d. Vesting

Participants are immediately vested in their contributions plus actual earnings thereon. Vesting in Company's matching and discretionary contribution portion of their accounts plus actual earnings thereon is based on periods of service. Participants are fully vested after one year of credited service.

e. Distribution of Benefits

Upon termination of employment due to termination of service, death, disability, or retirement, participants may elect to receive the value of their vested account balance in installments, partial withdrawals, or lump-sum distribution. Participants may also take a financial hardship withdrawal under certain circumstances.

f. Forfeited Accounts

Forfeitures are used to pay plan expenses or reduce Company contributions. Forfeitures of \$1,358 and \$2,002 were included in net assets available for plan benefits as of December 31, 2012 and 2011, respectively.

DEMAND MEDIA, INC. 401(k) PLAN

Notes to Financial Statements
For the Year Ended December 31, 2012

g. Notes Receivable from Participants

Participants may borrow the lesser of \$50,000 (reduced by the participant's highest outstanding loan balance during the 12-month period ending on the date of the loan) or 50 percent of their vested account balance with a minimum loan amount of \$1,000. Loan terms range up to five years, but may be extended if the proceeds are to be used for the purchase of a primary residence. The loans are secured by the balance in the participant's account and bear interest at rates ranging from 4.25 to 9.25 percent. Principal and interest are paid ratably through payroll deductions.

2. Summary of Significant Accounting Policies

a. Basis of Accounting

The financial statements of the Plan are prepared under the accrual method of accounting.

b. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

c. Investment Valuation and Income Recognition

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 5 for discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net realized and unrealized appreciation in fair value of investments includes the Plan's gains and losses on investments bought and sold as well as held during the year.

d. Notes Receivable from Participants

Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Delinquent loans are treated as distributions based upon the terms of the plan document.

DEMAND MEDIA, INC. 401(k) PLAN

Notes to Financial Statements
For the Year Ended December 31, 2012

e. Net Appreciation in Fair Value of Investments

Realized gains and losses on investments are based on the market value of the asset at the beginning of the year, or at the time of purchase for assets purchased during the year, and the related fair value on the day the investments are sold during the year. Unrealized gains and losses on investments are based on the market value of the assets at the beginning of the year, or at the time of purchase for assets purchased during the year, and the related fair value at the end of the year. Net realized and unrealized appreciation in fair value of investments is reflected in the accompanying Statement of Changes in Net Assets Available for Plan Benefits.

f. Payment of Benefits

Benefits are recorded when paid.

g. Administrative Expenses

Certain administrative expenses incidental to the administration of the Plan, including fees of the administrative agent and independent public accountants, may be paid by the Plan. The Company, at its discretion, decided to pay for certain of these administrative expenses on behalf of the Plan. Most investment options have management fees, which reduce the overall return on assets. The net realized and unrealized appreciation in fair value of investments is reflected net of these fees.

h. Subsequent Events

The Plan has evaluated the subsequent events through August 15, 2013, the date the financial statements were available to be issued.

i. Reclassifications

Certain reclassifications have been made to the 2011 financial statement to conform to the 2012 financial statement presentation.

3. Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the Statements of Net Assets Available for Plan Benefits.

DEMAND MEDIA, INC. 401(k) PLAN

Notes to Financial Statements
For the Year Ended December 31, 2012

4. Investments

The following presents investments that represent five percent or more of the Plan's net assets at December 31, 2012 and 2011. Investments with balances that do not exceed five percent of the Plan's net assets are identified by an asterisk (*) in the table below.

	<u>2012</u>	<u>2011</u>
Invesco Equally-Wtd S&P 500 A	\$ 1,084,684	\$ 851,750
Fidelity Advisor Freedom 2040	1,061,854	786,590
Fidelity Advisor Leveraged Co Stock	1,019,164	753,311
Fidelity Advisor Strategic Income	826,556	608,560
Fidelity Advisor Emerging Markets	756,872	730,405
Fidelity Prime Fund	*	705,595
Fidelity Advisor Energy	*	658,089

During 2012, the Plan's investments in mutual funds (including gains and losses on investments bought and sold, as well as held during the year) appreciated in value by \$1,178,010.

5. Fair Value Measurements

Financial Accounting Standards Board (FASB) *Accounting Standards Codification* (ASC) 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1	Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.
Level 2	Inputs to the valuation methodology include <ul style="list-style-type: none">• quoted prices for similar assets or liabilities in active markets;• quoted prices for identical or similar assets or liabilities in inactive markets;• inputs other than quoted prices that are observable for the asset or liability;• inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.
Level 3	Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

DEMAND MEDIA, INC. 401(k) PLAN

Notes to Financial Statements
For the Year Ended December 31, 2012

5. Fair Value Measurements (Continued)

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodology used for assets measured at fair value. There have been no changes in the methodology used at December 31, 2012 and 2011.

Mutual funds: Valued at the net asset value (NAV) of shares held by the Plan at year end.

The preceding method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2012 and 2011.

Assets at Fair Value as of December 31, 2012

	Level 1	Level 2	Level 3	Total
Mutual funds:				
U.S. equity	\$ 5,241,325	\$ -	\$ -	\$ 5,241,325
Balanced	4,106,385	-	-	4,106,385
Fixed income	2,548,830	-	-	2,548,830
International equity	2,206,382	-	-	2,206,382
Total mutual funds	14,102,922	-	-	14,102,922
Total assets at fair value	\$ 14,102,922	\$ -	\$ -	\$ 14,102,922

Assets at Fair Value as of December 31, 2011

	Level 1	Level 2	Level 3	Total
Mutual funds:				
U.S. equity	\$ 4,310,296	\$ -	\$ -	\$ 4,310,296
Balanced	2,992,092	-	-	2,992,092
Fixed income	2,046,536	-	-	2,046,536
International equity	1,869,566	-	-	1,869,566
Total mutual funds	11,218,490	-	-	11,218,490
Total assets at fair value	\$ 11,218,490	\$ -	\$ -	\$ 11,218,490

DEMAND MEDIA, INC. 401(k) PLAN

Notes to Financial Statements
For the Year Ended December 31, 2012

6. Tax Exempt Status

The Plan has adopted a volume submitter plan document that received a favorable opinion letter dated March 31, 2008, from the Internal Revenue Service (IRS). Although the Plan has been amended since then, the plan administrator believes the Plan has been operated in accordance with the applicable provisions of the Internal Revenue Code (IRC). The Company routinely self-reviews the administration of the Plan and self-corrects any compliance issues in accordance with the Employee Plan Compliance Resolution System. Accordingly, the plan administrator believes that the Plan and related trust are designed in accordance with applicable sections of the IRC and, accordingly, are exempt from income taxes.

Accounting principles generally accepted in the United States of America require plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the organization has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS or other applicable taxing authorities. The plan administrator has analyzed the tax positions taken by the Plan and has concluded that as of December 31, 2012, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The plan administrator believes it is no longer subject to income tax examinations for plan years ending on December 31, 2008, or prior.

7. Summary of Unaudited Information

The Trustee of the Plan certified certain information, which was not audited in accordance with the plan administrator's instructions and as permitted by 29 CFR 2520.103-8 of the Department of Labor Rules and Regulations for Reporting and Disclosure under ERISA. Information certified by the Trustee consists of the following:

- Fair value of investments and the carrying amount of notes receivable from participants as reflected in the Statements of Net Assets Available for Plan Benefits as of December 31, 2012 and 2011.
- Investment income and interest income on notes receivable from participants as reflected in the Statement of Changes in Net Assets Available for Plan Benefits for the Year Ended December 31, 2012.
- Investment information as reflected in Notes 4 and 5 to these financial statements.
- Investment information reflected in the Schedule H, line 4i – Schedule of Assets (Held at End of Year) as of December 31, 2012.

The Plan's independent public accountants did not perform auditing procedures with respect to the above information, except for comparing such information to the related information included in the financial statements and supplemental schedule.

8. Related Party Transactions

Fidelity Management Trust Company is the Trustee of the Plan and holds and manages investments. Transactions with Fidelity Management Trust Company are party-in-interest transactions, as defined by ERISA.

DEMAND MEDIA, INC. 401(k) PLAN

Notes to Financial Statements
For the Year Ended December 31, 2012

9. Plan Termination

The Company has the right under the plan document to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of plan termination, participants will become 100 percent vested in their accounts.

10. Reconciliation to Form 5500

The following is a reconciliation of net assets available for plan benefits per the financial statements to the Form 5500 at December 31, 2012 and 2011.

	2012	2011
Net assets available for plan benefits per the financial statements	\$ 14,321,402	\$ 11,466,187
Participant deferrals receivable	<u>(83,789)</u>	<u>-</u>
Net assets available for plan benefits per the Form 5500	<u>\$ 14,237,613</u>	<u>\$ 11,466,187</u>

The following is a reconciliation of the change in net assets per the financial statements to the Form 5500 for the year ending December 31, 2012.

Net increase in plan assets per the financial statements	\$ 2,855,215
Participant deferrals receivable accrued in current year	<u>(83,789)</u>
Net increase in plan assets per the Form 5500	<u>\$ 2,771,426</u>

DEMAND MEDIA, INC. 401(k) PLAN
EIN: 20-4731239 PLAN: 001
Schedule H, Line 4(i) - Schedule of Assets (Held at End of Year)
As of December 31, 2012

a)	b) Identity of Issue, Borrower, Lessor, or Similar Party	c) Description of Investment	d) Cost	e) Current Value
	American Century Equity Income Inv	Mutual Funds	**	\$ 332,535
	Morgan Stanley Instl Global Strategy	Mutual Funds	**	382,629
	BlackRock Global Allocation Inv	Mutual Funds	**	282,983
	Thornburg International Value R4	Mutual Funds	**	343,515
	PIMCO Total Return	Mutual Funds	**	276,235
	Invesco Equally-Wtd S&P 500	Mutual Funds	**	1,084,684
	American Beacon Small Cap Value Adv	Mutual Funds	**	543,577
	PIMCO Real Return	Mutual Funds	**	340,874
	Fidelity Prime Fund	Mutual Funds	**	693,043
*	Fidelity Advisor Leveraged Co Stock	Mutual Funds	**	1,019,164
*	Fidelity Advisor Industrials	Mutual Funds	**	455,242
*	Fidelity Advisor Energy	Mutual Funds	**	662,860
*	Fidelity Advisor Strategic Income	Mutual Funds	**	826,556
*	Fidelity Advisor Small Cap	Mutual Funds	**	493,023
*	Fidelity Advisor Diversified International	Mutual Funds	**	440,383
*	Fidelity Advisor Freedom 2010	Mutual Funds	**	126,089
*	Fidelity Advisor Freedom 2020	Mutual Funds	**	215,716
*	Fidelity Advisor Freedom 2030	Mutual Funds	**	312,370
*	Fidelity Advisor Freedom 2040	Mutual Funds	**	1,061,854
*	Fidelity Advisor Freedom Income	Mutual Funds	**	57,655
*	Fidelity Advisor New Insights	Mutual Funds	**	223,893
*	Fidelity Advisor Emerging Markets	Mutual Funds	**	756,872
*	Fidelity Advisor Freedom 2005	Mutual Funds	**	38,776
*	Fidelity Advisor Freedom 2015	Mutual Funds	**	187,760
*	Fidelity Advisor Freedom 2025	Mutual Funds	**	325,264
*	Fidelity Advisor Freedom 2035	Mutual Funds	**	683,382
*	Fidelity Advisor Total Bond	Mutual Funds	**	412,122
*	Fidelity Advisor Mid Cap II	Mutual Funds	**	393,781
*	Fidelity Advisor Freedom 2045	Mutual Funds	**	241,351
*	Fidelity Advisor Freedom 2050	Mutual Funds	**	509,627
*	Fidelity Advisor Freedom 2055	Mutual Funds	**	14,006
*	Fidelity Advisor Stock Selector All Cap	Mutual Funds	**	365,101
*	Participant Loans	Loans to participants, bearing interest ranging from 4.25% to 9.25%	**	134,691
				<u>\$ 14,237,613</u>

* Represents a party-in-interest as defined by ERISA

** Not applicable for participant directed plans

See report of independent public accountants and accompanying notes.