

INFOSPACE INC
Form DEF 14A
April 01, 2008

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

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

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

Check the appropriate box:

Preliminary Proxy Statement

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

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material under to §240.14a-12

INFOSPACE, INC.

(Name of Registrant as Specified In Its Charter)

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

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(1) Amount Previously Paid:

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(3) Filing Party:

(4) Date Filed:

INFOSPACE, INC.

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To be held on May 12, 2008

TO THE STOCKHOLDERS:

Notice is hereby given that the Annual Meeting of Stockholders of InfoSpace, Inc., a Delaware corporation, will be held on May 12, 2008 at 10:00 a.m., local time, at The Westin Bellevue, 600 Bellevue Way NE, Bellevue, Washington 98004, for the following purposes:

1. To elect two Class III directors to serve for their ensuing class term and until their successors are duly elected.
2. To ratify the appointment of Deloitte & Touche LLP as independent registered public accounting firm for InfoSpace for 2008.
3. To transact such other business as may properly come before the meeting or any adjournment or adjournments thereof.

The foregoing items of business are more fully described in the Proxy Statement accompanying this Notice.

The Board of Directors has fixed the close of business on March 14, 2008 as the record date for the determination of stockholders entitled to vote at this meeting. Only stockholders of record at the close of business on March 14, 2008 are entitled to notice of and to vote at the meeting.

All stockholders are cordially invited to attend the meeting in person. However, to assure your representation at the meeting, you are urged to vote online, by telephone or by signing, dating and returning the enclosed proxy card as promptly as possible. For specific instructions for voting online, by telephone or by mail, please see the enclosed proxy card. Any stockholder attending the meeting may vote in person even if the stockholder has previously returned a proxy. Please see How may I vote my shares in person at the meeting in the Questions and Answers section of the Proxy Statement for more details on voting in person at the meeting.

By Order of the Board of Directors,
Alejandro C. Torres
General Counsel and Secretary

Bellevue, Washington

March 27, 2008

YOUR VOTE IS IMPORTANT. WHETHER OR NOT YOU PLAN TO ATTEND THIS MEETING, PLEASE SIGN, DATE, AND RETURN THE ACCOMPANYING PROXY CARD IN THE

ENCLOSED ENVELOPE OR VOTE IN ACCORDANCE WITH THE INSTRUCTIONS SET FORTH ON THE ENCLOSED VOTING INSTRUCTION CARD.

INFOSPACE, INC.

**PROXY STATEMENT FOR
2008 ANNUAL MEETING OF STOCKHOLDERS**

INFORMATION CONCERNING PROXY SOLICITATION AND VOTING

Our Board of Directors is soliciting proxies for the 2008 Annual Meeting of Stockholders. This Proxy Statement contains important information for you to consider when deciding how to vote on the matters brought before the meeting. Please read it carefully.

The Annual Meeting will be held on May 12, 2008 at 10:00 a.m., local time, at The Westin Bellevue, 600 Bellevue Way NE, Bellevue, Washington 98004. All proxy cards are solicited for the purposes set forth herein and in the Notice of Annual Meeting of Stockholders that accompanies this Proxy Statement. Voting materials, which include the Proxy Statement, proxy card and Annual Report on Form 10-K for the year ended December 31, 2007, will be sent or otherwise distributed to stockholders on or about April 1, 2008. Our principal executive offices are located at 601 108th Avenue NE, Suite 1200, Bellevue, Washington 98004.

Important Notice Regarding the Availability of Proxy Materials for Stockholders Meeting to be Held on May 12, 2008.

We are mailing or otherwise delivering to you the Proxy Statement, proxy card and Annual Report on Form 10-K for the year ended December 31, 2007. These proxy materials are also available to you on the Internet. The Proxy Statement, proxy card, Annual Report on Form 10-K for the year ended December 31, 2007 and Annual Review are available at www.proxyvote.com. You may access your proxy card on the Internet by following the instructions on the proxy card. Please note that you will not be required to provide any personal information, other than the identification number provided on the proxy card, to execute a proxy.

This solicitation of proxies is made on behalf of InfoSpace, and all related costs will be borne by us. In addition, we may reimburse brokerage firms and other persons representing beneficial owners of shares for their expenses in forwarding solicitation material to such beneficial owners. Proxies may also be solicited by certain of our directors, officers and regular employees, without additional compensation, personally or by telephone.

We do not expect any matters not listed in the Proxy Statement to come before the Annual Meeting. If any other matter is presented, your signed proxy card or submission of your proxy by telephone or via the Internet gives the individuals named as proxy holders the authority to vote your shares to the extent authorized by Rule 14a-4(c) under the Securities Exchange Act of 1934, as amended, which would include matters that the proxy holders did not know were to be presented at the Annual Meeting and which were not presented to InfoSpace by March 13, 2008.

Questions and Answers

Q: Who may vote at the meeting?

A: The Board set March 14, 2008 as the record date for the meeting. All stockholders who owned InfoSpace common stock at the close of business on March 14, 2008 may attend and vote at the meeting. Each stockholder is entitled to one vote for each share of common stock held on all matters to be voted on.

On March 14, 2008, 34,367,936 shares of our common stock were issued and outstanding. Shares of our common stock were held of record by 931 stockholders on the record date. The number of holders of record does not include beneficial owners of our common stock who hold their shares through brokers, banks or other holders of record.

Q: How many votes do you need at the meeting?

A: A majority of InfoSpace's outstanding shares as of the record date must be present at the meeting in order to hold the meeting and conduct business. This is called a quorum. Shares that are voted *FOR*, *AGAINST* or *WITHHELD FROM* a matter are treated as being present at the meeting for purposes of establishing a quorum.

Shares are counted as present at the meeting if you:

are present and vote in person at the meeting; or

have properly submitted a proxy card or voted by telephone or via the Internet.

Q: What proposals will be voted on at the meeting?

A: There are two Board proposals scheduled to be voted on at the meeting:

Election of two Class III members of the Board of Directors; and

Ratification of Deloitte & Touche LLP as InfoSpace's independent registered public accounting firm.

Q: What is the voting requirement to approve each of the proposals?

A: For the election of directors, the two Class III nominees who receive the greatest number of votes from shares present and entitled to vote at the meeting will be elected. To be passed, the proposed ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm requires the affirmative *FOR* vote of a majority of the shares cast at the meeting and entitled to vote with respect to such proposal.

Q: How are votes counted?

A: In the election of the directors, you may vote *FOR* each of the nominees or your vote may be *WITHHELD* with respect to any nominee. You may vote *FOR*, *AGAINST* or *ABSTAIN* on the other proposal. If you just sign your proxy card with no further instructions, your shares will be counted as a vote *FOR* each nominee for director listed in this proxy statement and *FOR* the ratification of the appointment of Deloitte & Touche LLP as InfoSpace's independent registered public accounting firm.

If you do not vote and you hold your shares in a brokerage account in your broker's name (this is called *Street-name*), your broker will have discretionary authority to vote your shares *FOR* each nominee for director or to withhold votes for any nominee. Your broker will also have the discretionary authority to vote your shares *FOR* or *AGAINST* Proposal 2, the ratification of the appointment of Deloitte & Touche LLP. A broker non-vote will not have any effect on the outcome of the voting on a proposal.

If any other matters are properly presented for consideration at the Annual Meeting, the persons named in the enclosed proxy will have discretion to vote on those matters in accordance with their best judgment. We do not currently anticipate that any other matters will be raised at the Annual Meeting.

Q: How may I vote my shares in person at the meeting?

A: Shares held directly in your name as the stockholder of record may be voted in person at the meeting. If you hold your shares through a bank, broker or other holder of record (i.e., in Street-name), and you wish to vote at the meeting, you must present a legal proxy from your stockbroker or other holder of record in order to vote at the meeting. If you choose to attend the meeting, please bring proof of identification for entrance to the meeting, and, if you hold your shares through a bank, broker or other holder of record, your proof of ownership, such as a brokerage statement. Even if you currently plan to attend the Annual Meeting, we recommend that you submit your proxy card as described above so that your vote will be counted if you later decide not to attend the meeting.

Q: How can I vote my shares without attending the meeting?

A: Whether you hold shares directly as a stockholder of record or beneficially in Street-name, you may vote without attending the meeting. You may vote by granting a proxy or, for shares held in Street-name, by submitting voting instructions to your stockbroker or nominee. In most cases, you will be able to do this by telephone, via the Internet or by mail. Please refer to the summary instructions included on your proxy card. For shares held in Street-name, the voting instruction card will be provided by your stockbroker or nominee.

If your shares are registered under different names, or if they are in more than one account, you may receive more than one proxy card or voting instruction card. Please follow the instructions on each proxy card or voting instruction card to ensure that all of your shares are represented at the meeting. Please sign each proxy card exactly as your name or names appear on the proxy card. For joint accounts, each owner should sign the proxy card. When signing as executor, administrator, attorney, trustee or guardian, etc., please print your full title on the proxy card.

BY TELEPHONE OR THE INTERNET If you have telephone or Internet access, you may submit your proxy by following the instructions on the proxy card.

BY MAIL You may submit your proxy by mail by signing your proxy card or, for shares held in Street-name, by following the voting instruction card included by your stockbroker or nominee and mailing it in the enclosed, postage-paid envelope. If you provide specific voting instructions, your shares will be voted as you have instructed.

Q: How can I change my vote after I return my proxy card?

A: You may revoke your proxy and change your vote at any time before the final vote at the meeting. You may do this by signing and submitting a new proxy card with a later date, voting by telephone or via the Internet as instructed above (only your latest telephone or Internet proxy is counted) or by attending the meeting and voting in person (as described above). Attending the meeting will not revoke your proxy unless you specifically request it. If you hold your shares in Street-name, you must present a legal proxy from your stockbroker in order to vote at the meeting.

Q: What are InfoSpace's voting recommendations?

A: Our Board of Directors recommends that you vote your shares *FOR* each nominee to the Board listed in this Proxy Statement and *FOR* the ratification of Deloitte & Touche LLP as InfoSpace's independent registered public accounting firm.

Q: Where can I find the voting results of the meeting?

A: The preliminary voting results will be announced at the meeting. The final results will be published in our Quarterly Report on Form 10-Q for the second quarter of 2008, which will be filed with the Securities and Exchange Commission and will also be available at www.infospaceinc.com.

Householding of Proxy Materials

We have adopted a procedure approved by the U.S. Securities and Exchange Commission (SEC) called householding. Under this procedure, stockholders of record who have the same address and last name and do not participate in electronic delivery of proxy materials will receive only one set of our proxy materials unless one or more of these stockholders notifies us that they wish to continue receiving individual copies. We believe this will provide greater convenience for our stockholders, as well as cost savings for us by reducing the number of duplicate documents that are sent to your home.

Stockholders who participate in householding will continue to receive separate proxy cards. Householding will not in any way affect your rights as a stockholder.

If you are eligible for householding, but you and other stockholders of record with whom you share an address currently receive multiple copies of our proxy materials, or if you hold stock in more than one account, and in either case you wish to receive only a single copy of each of these documents for your household, please contact Broadridge, either by calling toll-free (800) 542-1061, or by writing to Broadridge Financial Solutions, Inc., Householding Department, 51 Mercedes Way, Edgewood, New York 11717.

If you participate in householding and wish to receive a separate copy of our 2007 Annual Review, Annual Report on Form 10-K for the year ended December 31, 2007, or this Proxy Statement, or if you do not wish to participate in householding and prefer to receive separate copies of these documents in the future, please contact Broadridge as indicated above.

Beneficial stockholders can request information about householding from their banks, brokers or other holders of record.

Security Ownership of Certain Beneficial Owners and Management

The following table sets forth certain information regarding the beneficial ownership of common stock of InfoSpace as of March 17, 2008 as to (i) each person who is known by us to own beneficially more than 5% of the outstanding shares of common stock, (ii) each director and each nominee for director of InfoSpace, (iii) each of the executive officers named in the Summary Compensation Table in Additional Information Relating to Our Directors and Executive Officers and (iv) all current directors and executive officers as a group. Information for beneficial owners who are not officers or directors of InfoSpace is based on their most recent filings with the SEC (as described in the footnotes to this table) and is not independently verified by InfoSpace. The address for each of the directors, nominees for director and named executive officers of InfoSpace is c/o InfoSpace, Inc., 601 108th Ave NE, Suite 1200, Bellevue, Washington 98004.

Principal Stockholders, Directors, Nominees for Director and Named Executive Officers	Shares Beneficially Owned (1)	
	Number	Percent of Class
The Sandell Group 40 West 57 th Street 26 th Floor New York, NY 10019	2,771,204(2)	8.1%
Dimensional Fund Advisors LP 1299 Ocean Avenue Santa Monica, CA 90401	2,726,032(3)	7.9%
Capital World Investors. 333 South Hope Street Los Angeles, CA 90071	2,421,200(4)	7.0%

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Renaissance Technologies LLC.

1,902,100(5)

5.5%

800 Third Avenue

New York, NY 10022

Principal Stockholders, Directors, Nominees for Director and Named Executive Officers	Shares	
	Beneficially Owned (1)	Percent of Class
	Number	
Barclays Global Investors, N.A. 45 Fremont Street San Francisco, CA 94105	1,724,769(6)	5.0%
John E. Cunningham, IV	61,732(7)	*
R. Bruce Easter, Jr.	35,000(8)	*
Steven L. Elfman	227,000(9)	*
Nicholas F. Graziano	10,987(10)	*
Jules Haimovitz	17,500(11)	*
Richard D. Hearney	38,000(11)	*
Allen M. Hsieh	120,833(12)	*
Brian T. McManus	387,508(13)	1.1%
William J. Ruckelshaus	10,987(14)	*
Lewis M. Taffer	34,500(11)	*
George M. Tronsrue, III	22,500(11)	*
James F. Voelker	2,122,337(15)	5.8%
Vanessa A. Wittman	40,000(11)	*
All current directors and executive officers as a Group (14 persons)	2,576,335(16)	7.0%

* Less than 1%

- (1) Beneficial ownership is determined in accordance with the rules of the SEC. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, shares of common stock subject to options held by that person that are currently exercisable or will become exercisable within 60 days of March 17, 2008, if any, or shares of common stock subject to restricted stock units (RSUs) held by that person that vest within 60 days of March 17, 2008, if any, are deemed outstanding, while such shares are not deemed outstanding for purposes of computing the percentage ownership of any other person.
- (2) Based on information contained in a Schedule 13D/A filed with the SEC on October 12, 2007, by Sandell Asset Management Corp. (Sandell) and the other reporting persons named therein, and includes all shares beneficially held by the group formed by such reporting persons (the Sandell Group). According to the Schedule 13D/A, as of October 10, 2007, the Sandell Group included Castlerigg Master Investments Ltd., Sandell Asset Management Corp., Castlerigg International Limited, Castlerigg International Holdings Limited, Castlerigg Global Select Fund Limited, CGS, Ltd., Castlerigg GS Holdings, Ltd., and Thomas E. Sandell.
- (3) Based on information contained in a Schedule 13G/A filed with the SEC on February 6, 2008 by Dimensional Fund Advisors LP.
- (4) Based on information contained in a Schedule 13G filed with the SEC February 11, 2008 by Capital World Investors.
- (5) Based on information contained in a Schedule 13G/A filed with the SEC February 13, 2008 by Renaissance Technologies LLC and the other reporting person named therein, and includes all shares beneficially held by the group formed by such reporting persons (the Renaissance Group). According to the Schedule 13G/A, as of December 31, 2007, the Renaissance Group included Renaissance Technologies LLC and James H. Simons.
- (6) Based on information contained in a Schedule 13G filed with the SEC February 5, 2008 by Barclays Global Investors, N.A. and other reporting persons named therein, and includes all shares beneficially held by the

- group formed by such reporting persons (the Barclays Group). According to the Schedule 13G, as of December 31, 2007, the Barclays Group included Barclays Global Investors, N.A., Barclays Global Fund Advisors, Barclays Global Investors, Ltd, Barclays Global Investors Japan Trust and Banking Company Limited, Barclays Global Investors Japan Limited, Barclays Global Investors Canada Limited, Barclays Global Investors Australia Limited, and Barclays Global Investors (Deutschland) AG.
- (7) Includes 46,500 shares of common stock subject to options exercisable within 60 days of March 17, 2008, and 9,280 shares of common stock held by Clear Fir Partners, L.P. Mr. Cunningham is a general partner of Clear Fir Partners, L.P.
 - (8) Consists of shares of common stock subject to options exercisable within 60 days of March 17, 2008.
 - (9) Consists of shares of common stock subject to options exercisable within 60 days of March 17, 2008.
 - (10) Consists of 10,000 shares of common stock subject to options exercisable within 60 days of March 17, 2008 and 987 shares of common stock subject to RSUs vesting within 60 days of March 17, 2008.
 - (11) Consists of shares of common stock subject to options exercisable within 60 days of March 17, 2008.
 - (12) Consists of shares of common stock subject to options exercisable within 60 days of March 17, 2008.
 - (13) Includes 258,000 shares of common stock subject to options exercisable within 60 days of March 17, 2008.
 - (14) Consists of 10,000 shares of common stock subject to options exercisable within 60 days of March 17, 2008 and 987 shares of common stock subject to RSUs vesting within 60 days of March 17, 2008.
 - (15) Includes 2,005,500 shares of common stock subject to options exercisable within 60 days of March 17, 2008.
 - (16) Includes 2,406,083 shares of common stock subject to options exercisable within 60 days of March 17, 2008 and 4,867 shares of common stock subject to RSUs vesting within 60 days of March 17, 2008.

PROPOSAL ONE

ELECTION OF DIRECTORS

General

Our Board of Directors currently comprises nine members, which are divided into three equal classes with overlapping three-year terms. Currently we have nine directors serving on our Board. Our Board of Directors has determined that, due to the current smaller size of the Company, it is in the best interests of the Company and its stockholders to reduce the number of authorized directors from nine members to eight members. Therefore, effective upon the expiration of Ms. Vanessa Wittman's current term as a director of the Company on the day of the Annual Meeting, the number of authorized directors of the Company will be reduced from nine directors to eight directors such that there shall be only two Class III directors. A director serves in office until his or her respective successor is duly elected and qualified unless the director resigns or by reason of death or other cause is unable to serve in the capacity of director. If a director resigns before the end of his or her term, the Board of Directors may appoint a director to fill the remainder of that term or leave the position vacant. Stockholder election of directors may only take place at the annual meeting at which the three-year term of that director would expire or at a special meeting of stockholders called for such purpose.

Nominees for Directors

Two Class III directors are to be elected at the Annual Meeting for a three-year term ending in 2011. The Board of Directors has nominated Jules Haimovitz and George Tronsrue for re-election as Class III directors. Each of Mr. Haimovitz and Mr. Tronsrue is an independent director as defined in the NASDAQ Marketplace Rules.

For further information on the process of director nominations and criteria for selection of directors, see "Director Nomination Process" below.

Unless otherwise instructed, the proxy holders will vote the proxies received by them for the two nominees listed in this Proxy Statement. In the event that any of these nominees to the Board of Directors is unable or declines to serve as a director at the time of the Annual Meeting, the proxies will be voted for a nominee who shall be designated by the present Board of Directors to fill the vacancy. It is not expected that any of the nominees will be unable or will decline to serve as a director. In the event that additional persons are nominated for election as directors, the specific nominees to be voted for will be determined by the proxy holders.

Vote Required; Election of Directors

If a quorum is present and voting, the two Class III nominees receiving the highest number of votes will be elected to the Board of Directors. Votes withheld from any nominee, abstentions and broker non-votes will be counted for purposes of determining the presence or absence of a quorum.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR THE NOMINEES NAMED HEREIN.

Director Nominees**Class III Terms expiring in 2011**

The names of the nominees of the Board of Directors and certain information about them are set forth below:

Name of Director	Age	Positions with InfoSpace	Director Since
Jules Haimovitz ⁽¹⁾⁽²⁾	57	Director	2005
George M. Tronsrue, III ⁽²⁾⁽³⁾	51	Director	2003

- (1) Member of the Audit Committee.
 (2) Member of the Nominating and Governance Committee. Mr. Tronsrue serves as Chair of this committee.
 (3) Member of the Compensation Committee.

Jules Haimovitz has served as a director since October 2005. Since July 2007, he has served as President of Haimovitz Consulting, a media consulting firm. From July 2002 to July 2007, Mr. Haimovitz served as Vice Chairman and Managing Partner of Dick Clark Productions Inc., a producer of programming for television, cable networks and syndicators. From June 1999 to July 2004, Mr. Haimovitz served in various capacities at Metro Goldwyn Mayer Inc., including President of MGM Networks Inc., Executive Consultant to the CEO, and Chair of the Library Task Force. Mr. Haimovitz is a director of Blockbuster, Inc., a provider of in-home movie and game entertainment, and of ImClone Systems Incorporated, a biopharmaceutical company.

George M. Tronsrue, III has served as a director since February 2003. Since March 2004, Mr. Tronsrue has served as President and Co-Manager of Jericho Fund, LLC, an investment and consulting company. From January 2000 to March 2004, Mr. Tronsrue served as Chairman and Chief Executive Officer of Monet Mobile Networks Inc., a wireless Internet service provider. Monet Mobile filed for Chapter 11 bankruptcy protection in March 2004.

Continuing Directors**Class I Terms expiring in 2009**

The names of our three Class I directors, whose terms expire in 2009, and certain information about them are set forth below:

Name of Director	Age	Positions with InfoSpace	Director Since
John E. Cunningham, IV	50	Director	1998
Lewis M. Taffer ⁽¹⁾⁽²⁾	60	Director	2001
William J. Ruckelshaus ⁽²⁾⁽³⁾	43	Director	2007

- (1) Member of the Compensation Committee. Mr. Taffer serves as Chair of this committee.
 (2) Member of the Audit Committee. Mr. Ruckelshaus serves as Chair of this committee.
 (3) Member of the Nominating and Governance Committee.

John E. Cunningham, IV has served as a director of InfoSpace since July 1998. Mr. Cunningham has been a general partner of Clear Fir Partners, L.P., a private equity investment partnership, since February 1998. Since January 2004, he has served as a board member of Citel Technologies, Inc., a telecommunications company, and also served as its non-executive Chairman from January 2004 to July 2006. From April 1996 until February 2003, he served as President of Kellett Investment Corporation, an investment fund for private companies.

Lewis M. Taffer has served as a director since June 2001. Since March 2006, Mr. Taffer has served as an Operating Advisor at Pegasus Capital Advisors, a private equity fund manager. Since May 2006, he has served as a director and Senior Vice President at iGPS Company LLC, a provider of RFID (radio frequency identification)-tagged plastic pallet rental systems and an affiliate of Pegasus Capital Advisors. Since January 2005, he has been an independent management consultant. From January 2004 to January 2005, Mr. Taffer served as Executive

Vice President, Acquisition Marketing of America Online. From May 2001 through December 2003, Mr. Taffer was an independent consultant specializing in marketing, business development and strategic partnerships.

William J. Ruckelshaus has served as a director since May 2007. Mr. Ruckelshaus has served as Chief Financial Officer of Revenue Science Inc., an Internet advertising technology and services company, since May 2006. From July 2002 to April 2006, he served as Senior Vice President Corporate Development at Expedia, Inc., an online travel agency, where he oversaw Expedia's mergers and acquisitions and led the corporate strategic planning effort.

Class II Terms expiring in 2010

The names of our Class II directors, whose terms expire in 2010, and certain information about them are set forth below:

Name of Director or Nominee	Age	Positions with InfoSpace	Director Since
Richard D. Hearney ⁽¹⁾⁽²⁾	68	Director	2001
James F. Voelker	57	Chairman, Chief Executive Officer and President	2002
Nicholas F. Graziano ⁽³⁾	36	Director	2007

- (1) Member of the Compensation Committee.
- (2) Member of the Nominating and Governance Committee.
- (3) Member of the Audit Committee.

Richard D. Hearney has served as a director since September 2001. General Hearney served as President and Chief Executive Officer of Business Executives for National Security, an organization focusing on national security policy, from December 2000 to April 2002.

James F. Voelker has served as our Chairman and Chief Executive Officer since December 2002, and also as President since December 2005. He also held the title of President from December 2002 to April 2003. He has served as a director since July 2002. Mr. Voelker served as President and a director of NEXTLINK Communications, Inc. (now XO Communications, Inc.), a broadband communications company, from its inception in 1994 through 1998.

Nicholas (Nick) F. Graziano has served as a director since May 2007. Mr. Graziano is a Managing Director of Sandell Asset Management Corp., an investment manager. Mr. Graziano has been with Sandell since September 2006. From February 2004 to July 2006, Mr. Graziano was an investment analyst with Icahn Associates Corp., the primary investment vehicle of Carl Icahn, including Icahn Partners, a multi-billion dollar global hedge fund. In this position, he was responsible for analysis and execution of investment strategies, including public and private equity and distressed debt. From February 2002 to February 2004, Mr. Graziano was an analyst with March Partners LLC, a global event-driven hedge fund. Mr. Graziano is a director of WCI Communications, Inc., a homebuilding and real estate services company, and of Fair Isaac Corporation, a provider of decision management systems.

On April 26, 2007, InfoSpace entered into an agreement (the "Sandell Agreement") with certain stockholders of InfoSpace affiliated with Sandell Asset Management Corp. (collectively, the "Sandell Group"). Among other things, pursuant to the Sandell Agreement, the Board elected Nick Graziano to the Board on May 2, 2007, and also agreed to nominate Nick Graziano for election to the Board as a Class II director at the 2007 Annual Meeting of Stockholders. In addition, pursuant to the Sandell Agreement, the Board elected Mr. Ruckelshaus to the Board to fill a vacancy in Class I on May 2, 2007.

As of March 14, 2008, the Sandell Group beneficially owns and controls 2,771,204 shares of InfoSpace's common stock, or approximately 8.1% of InfoSpace's common stock outstanding as of such date. There is no other relationship between InfoSpace, Mr. Ruckelshaus or Mr. Graziano.

Board Meetings and Committees; Corporate Governance Matters

The Board of Directors of InfoSpace held a total of 30 meetings, and acted by unanimous written consent once, during 2007. For 2007, no director attended fewer than 75% of the aggregate number of meetings of the Board of Directors and committees thereof, if any, on which such director served during the period for which he or she has been a director or committee member.

Our Board has not adopted a formal policy regarding directors' attendance at our annual meetings of stockholders. However, our directors are strongly encouraged to attend the annual meeting. Messrs. Cunningham, Graziano, Haimovitz, Hearney, Ruckelshaus, Taffer, Tronsrue and Voelker attended our 2007 Annual Meeting of Stockholders.

The Board of Directors believes that management speaks for InfoSpace. Individual Board members may occasionally meet or otherwise communicate with our stockholders and other constituencies that are involved with InfoSpace, but it is expected that Board members would do this with the advance knowledge of management and, absent unusual circumstances or as contemplated by Board committee charters, at the request of management. Stockholders who wish to communicate with the Board of Directors, or with any individual member of the Board, may do so by sending such communication in writing to the attention of the Corporate Secretary at the address of our principal executive office with a request to forward the same to the intended recipient. The Corporate Secretary will in general forward such communication to the Board or the specific Board member. However, the Corporate Secretary reserves the right to not forward any material that is abusive, threatening or otherwise inappropriate.

Each of Messrs. Cunningham, Graziano, Haimovitz, Hearney, Ruckelshaus, Taffer and Tronsrue and Ms. Wittman is an independent director as defined in the NASDAQ Marketplace Rules. In determining whether Mr. Cunningham is an independent director as defined in the NASDAQ Marketplace Rules, the Board of Directors considered that Mr. Cunningham's brother is a non-executive, at-will employee of the Company who is serving as one of the Company's managers of business development, and has an annual base salary of over \$120,000 and is eligible to be paid bonuses by the Company.

Our Board of Directors has an Audit Committee, a Compensation Committee, and a Nominating and Governance Committee. Copies of our Audit Committee Charter, Compensation Committee Charter, Nominating and Governance Committee Charter and related Director Nomination Policy, as well as our Code of Business Conduct and Ethics, which is applicable to all of our employees, can be found on our corporate Web site at www.infospaceinc.com. You may also request copies of these documents from Investor Relations at (425) 201-6100 or (866) 438-4677.

The Audit Committee. The Audit Committee, which currently consists of nonemployee directors William Ruckelshaus, Nicholas Graziano, Jules Haimovitz and Lewis Taffer, met nine times, and acted by unanimous written consent three times, during 2007. Mr. Ruckelshaus is Chair of the Audit Committee. Each member of the Audit Committee is an independent director as defined in the NASDAQ Marketplace Rules. Our Board of Directors has determined that Mr. Ruckelshaus is an audit committee financial expert under SEC rules and has determined that Mr. Ruckelshaus meets the NASDAQ's professional experience requirements. Among other functions, the Audit Committee's duties include the following:

Appointment, compensation, oversight and retention of our independent registered public accounting firm;

Pre-approving all services to be performed by the independent registered public accounting firm;

Reviewing the adequacy and effectiveness of our accounting and financial controls, including controls over financial reporting;

Reviewing our audited financial statements and quarterly financial information and discussing them with management and the independent registered public accounting firm;

Establishing procedures for receiving and reviewing accounting-related complaints and concerns by whistle blowers; and

Reviewing, approving and monitoring our code of ethics for senior financial personnel.

The Compensation Committee. The Compensation Committee currently consists of nonemployee directors Richard Hearney, Lewis Taffer, George Tronsrue and Vanessa Wittman. Mr. Taffer is chair of the Compensation Committee. Each member of the Compensation Committee is an independent director as defined in the NASDAQ Marketplace Rules. The Compensation Committee met 15 times, and acted by unanimous written consent three times, during 2007. The Compensation Committee's duties include the following:

Annually reviewing and approving compensation for our Chief Executive Officer and other executive officers;

Annually reviewing and making recommendations to management regarding general compensation goals and guidelines for employees and criteria by which employee bonuses are determined;

Evaluating the performance of the CEO and such other executive officers as appropriate; and

Acting as administrator of InfoSpace's stock plans.

A description of the considerations and determinations of the Compensation Committee regarding the compensation of our executive officers is contained in the Compensation Discussion & Analysis portion of this Proxy Statement. For the determination of our nonemployee directors compensation, the Compensation Committee may review and make recommendations to the Board of Directors regarding plans that are proposed for the provision of compensation to the directors of the Company. In 2003, the Compensation Committee utilized the services of a compensation consultant, Towers Perrin, to provide benchmarking information and recommend a policy for the compensation of the Company's nonemployee directors for service on the Board of Directors and the committees of the Board. The Compensation Committee also sought input and recommendations from our Chief Executive Officer, Mr. Voelker. The Compensation Committee then made a recommendation to the Board for their approval, which occurred in February 2003. A description of the compensation program for our nonemployee directors can be found below in the Director Compensation for 2007 section of this Proxy Statement.

The Nominating and Governance Committee. The Nominating and Governance Committee, which currently consists of nonemployee directors Jules Haimovitz, Richard Hearney, William Ruckelshaus and George Tronsrue, met five times, and acted by unanimous written consent two times, during 2007. Mr. Tronsrue is Chair of the Nominating and Governance Committee. Each member of the Nominating and Governance Committee is an independent director as defined in the NASDAQ Marketplace Rules. The Nominating and Governance Committee's duties include:

Assisting the Board by identifying prospective director nominees and recommending to the Board the director nominees for the next annual meeting of stockholders;

Developing and recommending to the Board the governance principles applicable to InfoSpace;

Evaluating the performance of individual directors and assessing the effectiveness of the committees and the Board as a whole;

Recommending to the Board director nominees for each committee; and

Considering stockholder nominees for election to the Board as described below under Director Nomination Process.

Director Nomination Process

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The Nominating and Governance Committee is responsible for reviewing and recommending nominees to the Board, which is responsible for approving director candidates for nomination by the Board of Directors. The Nominating and Governance Committee's objective, pursuant to its charter, is to ensure that the Board is properly constituted to meet its fiduciary obligations to InfoSpace and its stockholders.

In considering director candidates, the Nominating and Governance Committee seeks the following minimum qualifications:

Commitment to InfoSpace's business success consistent with the highest standards of responsibility and ethics;

Representation of the best interests of all of InfoSpace's stockholders and not any particular constituency;

Conscientious preparation for, attendance and participation in Board and applicable committee meetings;

No personal or professional commitments that would interfere or conflict with his or her obligations to InfoSpace and its stockholders;

An established record of professional accomplishment in his or her chosen field; and

No material personal, financial or professional interest in any InfoSpace competitor that would interfere or conflict with his or her obligations to InfoSpace and its stockholders.

The Nominating and Governance Committee also considers the following qualifications desirable in Board nominees:

Contribution to the Board's overall diversity, with diversity being broadly construed to mean a variety of personal and professional experiences, opinions, perspectives and backgrounds; and

Professional and personal experience and expertise relevant to InfoSpace's business objectives.

The Nominating and Governance Committee may solicit ideas for possible Board candidates from a variety of sources, such as members of the Board, Company executives, or individuals personally known to the members of the Board or Company executives through personal or professional relationships, and research. The Nominating and Governance Committee has not paid a third party to identify or evaluate potential nominees in 2007 or with respect to the current slate of nominees. However, the Committee has the authority to retain a search firm, at InfoSpace's expense, to be used to identify or evaluate director candidates at its discretion.

Any stockholder may nominate candidates for election as directors by following the procedures set forth in our Bylaws, including the applicable notice, information and consent provisions. For further information regarding these procedures, see "Deadline for Receipt of Stockholder Proposals" below. A copy of our Bylaws is available on our corporate Web site at www.infospaceinc.com.

Any single stockholder, or group of stockholders, that has beneficially owned more than 5% of our outstanding common stock for at least one year may propose a director candidate for evaluation by the Committee by delivering a written notice to the Nominating and Governance Committee that satisfies the notice, information and consent requirements of the Committee's Director Nomination Policy. Any such Board candidate must be independent of the stockholder in all respects and must also qualify as an independent director under applicable NASDAQ Marketplace Rules. The notice must be received by the Committee not less than 120 calendar days before the anniversary of the date of our proxy statement released to stockholders in connection with the previous year's annual meeting. The notice must include, among other things, proof of the required stock ownership, identification of, and other information with regard to, the stockholder(s) submitting the proposal, and information with respect to the proposed Board candidate. The notice should be sent to the following address:

Chair, Nominating and Governance Committee

InfoSpace, Inc.

c/o Corporate Secretary

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601 108 Avenue NE, Ste. 1200

Bellevue, WA 98004

The Nominating and Corporate Governance Committee did not receive prior to December 19, 2007 any recommendations for director candidates from any non-management stockholder or group of stockholders that beneficially owns more than 5% of InfoSpace's voting stock.

PROPOSAL TWO

RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee of the Board of Directors has selected Deloitte & Touche LLP, independent registered public accounting firm, to audit the financial statements of InfoSpace for 2008, and recommends that stockholders vote for ratification of such appointment. In the event of a negative vote on ratification, the Audit Committee will reconsider its selection.

Deloitte & Touche LLP has audited our financial statements annually since 1997. Representatives of Deloitte & Touche LLP are expected to be present at the meeting, with the opportunity to make a statement if they desire to do so, and are expected to be available to respond to appropriate questions.

Required Vote; Ratification of Appointment of Independent Registered Public Accounting Firm

The affirmative vote of the holders of a majority of the votes cast is required to ratify the appointment of the independent registered public accounting firm.

THE AUDIT COMMITTEE OF THE BOARD OF DIRECTOR