

BANKRATE INC
Form DEF 14A
April 29, 2005

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 § 240.14a-12

(Name of Registrant as Specified In Its Charter)

N/A

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

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No fee required.

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(4) Date Filed:



BANKRATE, INC.

11760 U.S. Highway One, Suite 500

North Palm Beach, Florida 33408

(561) 630-2400

May 6, 2005

Dear Bankrate, Inc. Stockholders,

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You are cordially invited to attend the Annual Meeting of Stockholders of Bankrate, Inc., to be held on Thursday, June 16, 2005. The Annual Meeting will begin promptly at 9:00 a.m., local time, at The Embassy Suites Hotel, 4350 PGA Boulevard, Palm Beach Gardens, Florida 33410.

The Notice of Annual Meeting and Proxy Statement on the following pages contain information about the official business of the Annual Meeting. Whether or not you expect to attend, please sign, date and return your proxy promptly in the enclosed envelope to assure that your stock will be represented at the Annual Meeting. If you decide to attend and vote in person, you will, of course, have that opportunity.

We gratefully acknowledge your continuing interest in our business, and we hope that many of you will attend the Annual Meeting.

Sincerely,

Thomas R. Evans

President and Chief Executive Officer

BANKRATE, INC.

11760 U.S. Highway One, Suite 500

North Palm Beach, Florida 33408

(561) 630-2400

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD JUNE 16, 2005

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders of Bankrate, Inc. will be held at The Embassy Suites Hotel, 4350 PGA Boulevard, Palm Beach Gardens, Florida 33410, at 9:00 a.m., local time, on Thursday, June 16, 2005, to consider and act upon:

1.

the election of two directors to the Board of Directors;

2.

a proposal to ratify the selection of independent registered public accountants for the current fiscal year; and

3.

such other business as may properly come before the Annual Meeting or any adjournments or postponements.

The Board of Directors has fixed the close of business on April 15, 2005 as the record date for the determination of stockholders entitled to notice of, and to vote at, the Annual Meeting.

By Order of the Board of Directors,

Robert J. DeFranco

Senior Vice President-Chief Financial Officer

Secretary

May 6, 2005

North Palm Beach, Florida

IMPORTANT

WHETHER OR NOT YOU EXPECT TO BE PRESENT AT THE ANNUAL MEETING, PLEASE MARK, DATE AND SIGN THE ENCLOSED PROXY CARD AND RETURN IT IN THE ENVELOPE PROVIDED; NO POSTAGE IS REQUIRED FOR MAILING IN THE UNITED STATES. IN THE EVENT YOU ARE ABLE TO ATTEND THE ANNUAL MEETING, YOU MAY REVOKE YOUR PROXY AND VOTE YOUR SHARES IN PERSON.

BANKRATE, INC.

11760 U.S. Highway One, Suite 500

North Palm Beach, Florida 33408

(561) 630-2400

PROXY STATEMENT

FOR THE ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD ON

JUNE 16, 2005

INFORMATION CONCERNING SOLICITATION AND VOTING

Introduction

This Proxy Statement and the enclosed proxy card ("Proxy") are being furnished on behalf of the Board of Directors of Bankrate, Inc., a Florida corporation (the "Company"), for use at the 2005 Annual Meeting of Stockholders of the Company (the "Annual Meeting"), or at any adjournments or postponements, for the purposes set forth below and in the accompanying Notice of Annual Meeting. The Annual Meeting will be held at The Embassy Suites Hotel, 4350 PGA Boulevard, Palm Beach Gardens, Florida 33408, at 9:00 a.m. local time, on Thursday, June 16, 2005. The Company intends to mail this Proxy Statement and the Proxy on or about May 6, 2005, to all stockholders entitled to vote at the Annual Meeting.

Stockholders Entitled to Notice and to Vote; Quorum

Only holders of record of the Company's Common Stock at the close of business on April 15, 2005 (the Record Date), will be entitled to notice of and to vote at the Annual Meeting. At the Record Date, the Company had outstanding and entitled to vote 15,801,974 shares of Common Stock. Each holder of record of Common Stock on the Record Date will be entitled to one vote for each share held on all matters to be voted upon at the Annual Meeting.

The holders of a majority of the Common Stock outstanding on the Record Date, whether present at the Annual Meeting in person or represented by proxy, will constitute a quorum for the transaction of business at the Annual Meeting. The shares held by each stockholder who signs and returns a valid Proxy will be counted for purposes of determining the presence of a quorum at the Annual Meeting, whether or not the stockholder abstains on all or any matters to be acted on. Abstentions and broker non-votes both will be counted toward fulfillment of quorum requirements. A broker non-vote occurs when a nominee holding shares for a beneficial owner does not vote on a particular proposal because the nominee does not have discretionary voting power with respect to that proposal and has not received instructions from the beneficial owner.

Voting Requirements

At the Annual Meeting, stockholders will consider and act upon the election of directors, the ratification of the selection of the Company's independent registered public accountants, and such other business as may properly come before the Annual Meeting.

The Company's Bylaws provide that directors are elected by a plurality of the votes cast. The withholding of authority by a stockholder (including broker non-votes) as to the election of directors (Proposal 1) thus has no effect on the results of the election.

Under Florida law, the ratification of the selection of the Company's independent registered public accountants (Proposal 2) must be approved by a majority of the votes cast. Abstentions and broker non-votes are not treated as votes cast and thus have no effect on the vote for Proposal 2.

At the Record Date, the directors and executive officers of the Company owned or controlled the power to vote 6,485,119 shares of Common Stock eligible to be voted at the Annual Meeting, constituting approximately 40.0% of the outstanding Common Stock. The Company believes that directors and executive officers will vote all of their shares of Common Stock in favor of the election of each of the director nominees and in favor of Proposal 2 and, therefore, assuming the presence of a quorum, the election of the director nominees and the ratification of the selection of the independent public accountants is reasonably assured.

Proxies

When a Proxy is properly signed and returned, the shares that it represents will be voted at the Annual Meeting in accordance with the owner's instructions. In the absence of such instructions, the shares represented by a signed Proxy will be voted in favor of each of the nominees for election to the Board of Directors, as set forth in Proposal 1, and in favor of the ratification of the selection of independent registered public accountants, as set forth in Proposal 2.

Discretionary authority is provided in the Proxy as to any matters not specifically referred to in the Proxy or this Proxy Statement. The Board of Directors is not aware of any other matters that are likely to be brought before the Annual Meeting. If any other matter is properly presented for action at the Annual Meeting, including a proposal to adjourn or postpone the Annual Meeting to permit the Company to solicit additional proxies in favor of any proposal, the persons named in the Proxy will vote on such matter in their own discretion.

Any stockholder who signs and returns a Proxy has the power to revoke it at any time before it is exercised by providing written notice of revocation to the Secretary of the Company or by filing with the Secretary of the Company a Proxy bearing a later date. Alternatively, a stockholder can revoke a Proxy by attending the Annual Meeting and voting in person.

Proxies will be solicited from the Company's stockholders by mail. The Company will pay all expenses in connection with the solicitation, including postage, printing and handling, and the expenses incurred by brokers, custodians, nominees and fiduciaries in forwarding proxy material to beneficial owners. The Company may employ a proxy solicitation firm to solicit proxies in connection with the Annual Meeting, and the Company estimates that the fee payable for such services would be less than \$10,000. It is possible that directors, officers and other employees of the Company may make further solicitations personally or by telephone, facsimile or mail. Directors, officers and other employees of the Company will receive no additional compensation for any such further solicitations.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth the amount and percent of shares of Common Stock that, at the Record Date, are deemed under the rules of the Securities and Exchange Commission (the "Commission") to be "beneficially owned" by each member of the Board of Directors, by each nominee for election to the Board of Directors, by each executive officer of the Company named in the Summary Compensation Table below, by all directors and executive officers of the Company as a group, and by any person or "group" (as that term is used in the Securities Exchange Act of 1934, as amended (Exchange Act)) known to the Company to be a "beneficial owner" of more than 5% of the outstanding shares of Common Stock as of that date. The information concerning the beneficial ownership of the Company's directors and officers is based solely on information provided by those individuals.

Beneficial Ownership Table

Name of Beneficial Owner	Common Stock Beneficially Owned (1)	
	Number of Shares of Common Stock	Percentage of Class
Peter C. Morse (2) Principal Stockholder and Chairman of the Board	5,106,625	32.2 %
Bear Stearns Asset Management Inc. (3) Principal Stockholder	1,010,000	6.2 %
Mellon Financial Corporation (4) Principal Stockholder	1,010,000	6.2 %
Randall E. Poliner (5) Director	606,365	3.8 %
Robert P. O'Block (6) Director	455,325	2.9 %
G. Cotter Cunningham (7) Senior Vice President-Chief Operating Officer	111,808	*
William C. Martin (8)	52,715	*

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Director		
Robert J. DeFranco (9) Senior Vice President-Chief Financial Officer	47,552	*
Richard G. Stalzer (10) Senior Vice President-Chief Revenue Officer	33,333	*
Procopia T. Skoran (11) Vice President	26,775	*
Thomas R. Evans (12) President, Chief Executive Officer and Director	25,000	*
Richard J. Pinola (13) Director	5,000	*
Elisabeth H. DeMarse Former President, Chief Executive Officer and former Director		*
All current executive officers and directors as a group (11 persons) (14)	6,485,119	40.0 %

* Less than 1% of the outstanding Common Stock.

(1)

For purposes of calculating the percentage beneficially owned, the number of shares of Common Stock deemed outstanding includes (i) 15,801,974 shares outstanding at the Record Date, and (ii) shares issuable by the Company pursuant to options held by the respective persons which may be exercised within 60 days following the Record Date. The shares issuable pursuant to options are considered to be outstanding and beneficially owned by the person holding such options for the purpose of computing the percentage ownership of such person but are not treated as outstanding for the purpose of computing the percentage ownership of any other person.

(2)

Includes 55,000 shares of Common Stock issuable upon exercise of stock options. The address of Mr. Morse is 100 Front Street, Suite 900, West Conshohocken, Pennsylvania 19428.

(3)

Based solely on information in a Schedule 13G filed with the Commission on February 18, 2005. The address of Bear Stearns Asset Management Inc. is 383 Madison Avenue, New York, New York 10179.

(4)

Based solely on information in a Schedule 13G filed with the Commission on February 10, 2005. The address of Mellon Financial Corporation is One Mellon Center, Pittsburgh, Pennsylvania 15258.

(5)

Includes 55,000 shares of Common Stock issuable to Mr. Poliner upon exercise of stock options.

(6)

Includes 55,000 shares of Common Stock issuable to Mr. O'Block upon exercise of stock options.

(7)

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Includes 63,208 shares of Common Stock issuable to Mr. Cunningham upon exercise of stock options.

(8)

Includes 42,500 shares of Common Stock issuable to Mr. Martin upon exercise of stock options.

(9)

Represents 47,552 shares of Common Stock issuable to Mr. DeFranco upon exercise of stock options.

(10)

Represents 33,333 shares of Common Stock issuable to Mr. Stalzer upon exercise of stock options.

(11)

Includes 23,775 shares of Common Stock issuable to Ms. Skoran upon exercise of stock options.

(12)

Represents 25,000 shares of Common Stock issuable to Mr. Evans upon exercise of stock options.

(13)

Represents 5,000 shares of Common Stock beneficially owned by Mr. Pinola.

(14)

Includes 403,639 shares of Common Stock issuable upon exercise of stock options.

PROPOSAL 1

ELECTION OF DIRECTORS

Introduction

The Board of Directors is divided into three classes, each of whose members serve for staggered three-year terms. At each annual meeting of stockholders, a class of directors is elected for a three-year term to succeed the directors of the same class whose terms are then expiring. The Board is currently comprised of two Class I directors (Mr. O'Block and Mr. Poliner) whose terms expire at the 2006 annual meeting of stockholders, two Class II directors (Mr. Evans and Mr. Pinola) whose terms expire at the 2007 annual meeting of stockholders, and two Class III directors (Mr. Morse and Mr. Martin) whose terms expire at the Annual Meeting. The Board of Directors has nominated Mr. Morse and Mr. Martin to stand for reelection as directors at the Annual Meeting. If reelected, they will serve as Class III directors with terms expiring at the 2008 annual meeting of stockholders. There are no family relationships among any of the directors or the nominees.

Shares represented by validly executed Proxies will be voted for the election of the nominees, if authority to do so is not withheld. In the event that any nominee is unavailable for election, such shares may be voted for the election of such substitute nominee or nominees, if any, as the Board of Directors may select.

The Board of Directors recommends a vote FOR each of the nominees.

Information Concerning the Nominees and Directors

Biographical information for each director and nominee appears below. The information is based entirely upon information provided by the respective directors and nominees.

Nominees to Serve as Class III Directors (Term Expiring in 2008)

Peter C. Morse, age 58, has been a director of the Company since 1993, and served as our Chief Executive Officer from 1993 until 1997. Mr. Morse served as our Chairman from 1997 until 1999, and since 2002. Since 1982, Mr. Morse has also served as president of Morse Partners, Ltd., a private equity firm that acquires operating companies and provides expansion capital. From 1986 to 1990, Mr. Morse was chairman of FAO Schwarz, the national chain of children's gift stores. Mr. Morse holds a B.S.B.A. from Georgetown University and an M.B.A. from Columbia University Graduate School of Business.

William C. Martin, age 27, has served as a director of the Company since 2000. He is the principal of Indie Research LLC, a provider of investment and research tools, and editor and principal of FindProfit.com, an online investment newsletter. In 1998, Mr. Martin co-founded Raging Bull, an online financial media company.

Continuing Directors

The directors of the Company continuing in office as Class I Directors, with terms expiring at the 2006 annual meeting of stockholders, are as follows:

Robert P. O'Block, age 62, has served as a director of the Company since 1999. Mr. O'Block held senior positions with McKinsey & Company, Inc. for 30 years until his retirement in 1998, serving as a consultant to a wide variety of business, nonprofit and public sector organizations in the United States, Europe and the Far East. As a director of McKinsey & Company, Mr. O'Block led studies in financial restructuring; corporate, business unit and product strategy; manufacturing operations; and organization. He started his career as a member of the faculty of Harvard University, where he performed research and taught courses in the areas of production and operations management, business economics and real estate. Mr. O'Block is currently a general partner of Freeport Center, a real estate and distribution complex in Utah. He is the current Vice Chairman of the Boston Symphony Orchestra Board of Trustees and is also a Trustee Emeritus of the U.S. Ski and Snowboard Team Foundation. Mr. O'Block received a bachelor's degree in mechanical engineering from Purdue University and an M.B.A. from Harvard Business School.

Randall E. Poliner, age 49, has served as a director of the Company since 1998. Since 1993, Mr. Poliner has served as President of Antares Capital Corporation, a private venture capital firm investing equity capital in developmental and expansion stage companies. Mr. Poliner holds a Bachelor of Electrical Engineering from the Georgia Institute of Technology, an M.S. from Carnegie-Mellon University and an M.B.A. from Harvard Business School.

The directors of the Company continuing in office as Class II Directors, with terms expiring at the 2007 annual meeting of stockholders, are as follows:

Thomas R. Evans, age 50, has served as a director of the Company since April 2004, and was appointed President and Chief Executive Officer in June 2004. From 1999 to 2002, Mr. Evans served as Chairman and Chief Executive Officer of Official Payments Corp., specializing in processing consumer credit card payments for government taxes, fees and fines. From 1998 to 1999, Mr. Evans was President and Chief Executive Officer of GeoCities Inc., a community of personal Web sites on the Internet. From 1991 to 1998, Mr. Evans was President and Publisher of *U.S. News & World Report*. In addition to his duties at *U.S. News & World Report*, Mr. Evans served as President of *The Atlantic Monthly* (1996-1998) and as President and Publisher of *Fast Company* (1995-1998), a magazine launched in 1995. Mr. Evans received a Bachelor of Science degree in business administration from Arizona State University.

Richard J. Pinola, age 60, has served as a director of the Company since October 2004. From 1992 until his retirement in December 2004, Mr. Pinola was President and Chief Executive Officer of Right Management Consultants, a career transition and organizational consulting firm and a wholly-owned subsidiary of Manpower Inc. Mr. Pinola also serves as a director of K-Tron International and Nobel Learning Communities, Inc. and serves on the Board of Trustees of King's College in Wilkes-Barre, Pennsylvania. Mr. Pinola received a Bachelor of Science degree in accounting from King's College and an M.B.A. in finance from the University of Scranton.

Board of Directors Meetings and Committees

During 2004, the Board of Directors held five meetings. Each incumbent director attended at least 75% of the aggregate number of meetings of the Board of Directors and committees of the Board on which he served. The Company's independent directors, as defined under the Nasdaq rules, have established a policy to meet separately from the other directors in regularly scheduled executive sessions at least twice annually, and at such other times as may be deemed appropriate by the Company's independent directors. Any independent director may call an executive session of independent directors at any time. In 2004, the independent directors met in an executive session two times.

The members of the Audit Committee are Messrs. Pinola (Chairman), O Block and Poliner. The Board of Directors has determined that each Audit Committee member meets the Nasdaq financial knowledge requirements. In addition, the Board of Directors has determined that Mr. Poliner is an audit committee financial expert as defined by the Securities and Exchange Commission. The primary function of the Audit Committee is to assist the Board of Directors in fulfilling its oversight responsibilities by reviewing the financial reports and other financial information provided by the Company to governmental bodies or the public; the Company's systems of internal controls regarding finance, accounting, legal compliance and ethics that management and the Board have established; and the Company's accounting and financial reporting process. The Audit Committee encourages continuous improvement of, and fosters adherence to, the Company's policies, procedures and practices at all levels.

The members of the Compensation Committee are Messrs. O Block (Chairman) and Poliner. The Compensation Committee reviews and evaluates the compensation and benefits of all our officers, reviews general policy matters relating to compensation and benefits of employees of the Company and makes recommendations concerning these matters to the Board of Directors. The Compensation Committee also administers our stock option plans.

Nomination of Directors

The Board does not have a standing nominating committee or a charter with respect to the process for nominating directors for election to the Company's Board of Directors. The Company's Board of Directors has adopted a resolution establishing nominating procedures. Under the Company's nominating procedures, members

of the Company's Board submit nominees for election to the Company's Board of Directors to the independent directors (as that term is defined under the Nasdaq's listing standards) of the Board for their consideration. The Company believes that it is beneficial to have all independent directors evaluate all Board of Director nominees.

The Company's Bylaws provide that a stockholder may submit a nomination for election to the Company's Board of Directors by delivering a written notice to the principal executive offices of the Company not less than sixty (60) days prior to an Annual or Special Meeting of the stockholders; provided, however, that in the event that stockholders are provided with fewer than seventy (70) days notice of the meeting, notice by the stockholder will be timely if received by the Company no later than the tenth (10th) day following the earlier of the day on which notice of the meeting was mailed or the date on which public disclosure of the meeting was made.

The stockholder's notice to the Company must set forth, as to each person that the stockholder proposes to nominate for election (or re-election) as a director:

The proposed nominee's name, age, business address and residence address;

The proposed nominee's principal occupation or employment;

The class and number of shares of the Company's capital stock beneficially owned by the proposed nominee; and

Any other information relating to the proposed nominee that is required to be disclosed in solicitations for proxies for election of directors pursuant to Schedule 14A under the Exchange Act.

The stockholder's notice to the Company must also set forth, as to the stockholder giving notice:

The stockholder's name and address, as they appear on the Company's books; and

The class and number of shares of the Company's stock beneficially owned by the stockholder on the date of such notice.

The Company may require any proposed nominee to furnish such other information as may be reasonably required by the Company to determine the proposed nominee's eligibility to serve as a director.

Mr. Morse and Mr. Martin were nominated for re-election by the other members of the Company's Board of Directors. To date, other than from Peter C. Morse, the Company's Chairman and largest stockholder, the Company has not received any recommendations from stockholders requesting that the Board consider a candidate for inclusion among the nominees in the Company's Proxy Statement. The absence of such a recommendation does not mean, however, that a recommendation would not have been considered had one been received. The Board would consider any candidate proposed in good faith by a stockholder. To propose a nominee, a stockholder should send the candidate's name, credentials, contact information, and his or her consent to be considered as a candidate to Robert J. DeFranco, the Company's Senior Vice President-Chief Financial Officer. The proposing stockholder should also include his or her contact information and a statement of his or her share ownership (how many shares owned and for how long).

In evaluating a director nominee, the Board considers the following factors:

the appropriate size of the Company's Board of Directors;

the needs of the Company with respect to the particular talents and experience of its directors;

the nominee's knowledge, skills and experience, including experience in finance, administration or public service, in light of prevailing business conditions and the knowledge, skills and experience already possessed by other members of the Board;

whether the nominee is independent, as that term is defined under Nasdaq's listing standards;

the familiarity with the Company's industry;

the nominee's experience in political affairs;

the nominee's experience with accounting rules and practices; and

the desire to balance the benefit of continuity with the periodic injection of the fresh perspective provided by new Board members.

The Company's goal is to assemble a Board of Directors that brings together a variety of perspectives and skills derived from high quality business and professional experience. In doing so, the Board will also consider candidates with appropriate non-business backgrounds.

Other than the foregoing, there are no stated minimum criteria for director nominees, although the independent directors may also consider such other factors as they may deem are in the best interests of the Company and its stockholders. The Company also believes it appropriate for certain key members of the Company's management to participate as members of the Board.

Members of the Board identify nominees by first evaluating the current members of the Board willing to continue in service. Current members of the Board with skills and experience that are relevant to the Company's business and who are willing to continue in service are considered for re-nomination. If any member of the Board does not wish to continue in service or if the independent directors decide not to re-nominate a member for re-election, the Board then identifies the desired skills and experience of a new nominee in light of the criteria above. Current members of the Board of Directors are polled for suggestions as to individuals meeting the criteria described above. The independent directors may also engage in research to identify qualified individuals. To date, the Company has not engaged third parties to identify or evaluate or assist in identifying potential nominees, although the Company reserves the right in the future to retain a third party search firm, if necessary.

Stockholder Communications with the Board of Directors

Historically, the Company has not adopted a formal process for stockholder communications with the Board. Nevertheless, every effort has been made to ensure that the Board or individual directors, as applicable, hear the views of stockholders and that appropriate responses are provided to stockholders in a timely manner. Any matter intended for the Board, or for any individual member or members of the Board, should be directed to Robert J. DeFranco, the Company's Senior Vice President-Chief Financial Officer, with a request to forward the matter to the intended recipient. All such communications will be forwarded unopened.

Director Attendance at Annual Meeting of Stockholders

The Company encourages all incumbent directors, as well as all nominees for election as director, to attend the Annual Meeting of Stockholders. All of the Company's incumbent directors attended the Company's Annual Meeting in June 2004.

Corporate Governance

The Company has adopted the Bankrate, Inc. Code of Business Conduct (the code of conduct), applicable to all officers, directors and employees, and the Bankrate, Inc. Finance Code of Professional Conduct (the finance code of ethics), applicable to our Chief Executive Officer, Chief Financial Officer, Controller and other finance organization employees. Both the code of conduct and the finance code of ethics are publicly available on our Web site at <http://www.bankrate.com/investor-relations/default.asp>.

Executive Compensation

The following table sets forth, for the years indicated, the total compensation paid to or accrued for the Company's President and Chief Executive Officer and our four other most highly compensated executive officers during 2004 (collectively, the "Named Executive Officers").

Name and Principal Position	Year	Annual Compensation			Number of Securities Underlying Options	All Other Compensation
		Salary	Bonus (1)	Other Annual Compensation (2)		
Thomas R. Evans (3) President, Chief Executive Officer and Director	2004	\$ 161,539	\$ 50,000	\$	1,125,000	\$
	2003					
	2002					
G. Cotter Cunningham Senior Vice President- Chief Operating Officer	2004	\$ 206,947	\$ 74,235	\$	50,000	\$
	2003	176,000	126,656			
	2002	160,000	102,375		160,000	
Robert J. DeFranco Senior Vice President- Chief Financial Officer	2004	\$ 186,798	\$ 76,000	\$	42,500	\$
	2003	176,000	126,656			
	2002	160,000	102,375		82,500	
Richard G. Stalzer (4) Senior Vice President- Chief Revenue Officer	2004	\$ 194,712	\$ 62,764	\$	100,000	\$
	2003					
	2002					

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Procopia T. Skoran	2004	\$ 131,762	\$ 5,430	\$	18,000	\$
Vice President	2003	121,000	50,000			
	2002	110,000	45,500		14,000	
Elisabeth H. DeMarse (5)	2004	\$ 150,000	\$ 50,000		28,500	\$ 304,207 (6)
Former President,	2003	300,000	125,000			
Chief Executive Officer and former Director	2002	300,000	100,000		541,936	

(1)

The amounts shown in this column reflect bonuses paid in each year. Under the Company's 2004 Incentive Compensation Plan, awards were determined annually, and paid quarterly in arrears, on the basis of performance in relation to certain predetermined financial and operating goals. For 2004, the following awards were granted: Mr. Cunningham - \$74,235; Mr. DeFranco - \$76,000; Mr. Stalzer - \$62,764; and Ms. Skoran - \$5,430. Mr. Evans and Ms. DeMarse's awards were determined under the terms of their employment agreements (see Employment Agreements below). For 2002, special awards were granted by the Board of Directors, paid in the first quarter of 2003 as follows: Ms. DeMarse - \$25,000; Messrs. Cunningham and DeFranco - \$15,000; and Ms. Skoran - \$7,500.

(2)

Other compensation in the form of perquisites and other personal benefits has been omitted in accordance with the rules of the Commission.

(3)

Mr. Evans joined the Company in June 2004.

(4)

Mr. Stalzer joined the Company in February 2004.

(5)

Ms. DeMarse served as President and Chief Executive Officer and as a director of the Company from April 2000 until her resignation on June 21, 2004, effective August 21, 2004.

(6)

Consists of severance pay of \$250,000 and \$54,207 for accrued vacation pay pursuant to the terms of Ms. DeMarse's employment agreement.

Option Grants in Last Fiscal Year

The following table sets forth all individual grants of stock options during the year ended December 31, 2004, to each of the Named Executive Officers.

Name	Number of Securities Underlying Options Granted	Individual Grants			Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for Option Term (1)	
		Percent of Total Options Granted to Employees in Fiscal Year	Exercise or Base Price Per Share	Expiration Date	5%	10%
Thomas R. Evans	25,000	1.4%	\$ 14.86	4/16/2011	\$ 151,238	\$ 352,448
	600,000	33.4%	8.46	6/25/2011	3,192,269	8,089,837
	500,000	27.8%	10.01	10/26/2011	3,147,618	7,976,681
G. Cotter Cunningham	50,000	2.8%	12.63	1/5/2011	397,147	1,006,448
Robert J. DeFranco	42,500	2.4%	12.63	1/5/2011	337,575	855,481
Richard G. Stalzer	&nbs					