

INFOSPACE INC
Form PRE 14A
April 09, 2012

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

SCHEDULE 14A INFORMATION
PROXY STATEMENT PURSUANT TO SECTION 14(a)
OF THE SECURITIES EXCHANGE ACT OF 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

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

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant 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:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

INFOSPACE, INC.

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To be held on May 31, 2012

TO THE STOCKHOLDERS:

Notice is hereby given that the annual meeting of stockholders of InfoSpace, Inc. (*InfoSpace* or the *Company*), a Delaware corporation, will be held on May 31, 2012, at 2:00 p.m., local time, at the principal executive offices of InfoSpace, Inc., located at 601 108th Avenue NE, Suite 1200, Bellevue, Washington 98004, for the following purposes:

1. To elect the two Class I directors nominated by the Board of Directors of the Company to serve for three-year terms;
 2. To ratify the appointment of Ernst & Young LLP as the independent registered public accounting firm for the Company for 2012;
 3. To approve, on an advisory basis, the compensation of the Company's Named Executive Officers, as disclosed in this Proxy Statement;
 4. To approve an amendment to the Company's Restated Certificate of Incorporation to change the Company's name to Blucora, Inc.;
 5. To approve an amendment to the Company's Restated Certificate of Incorporation to eliminate the old common stock from the Company's authorized capital stock; and
 6. To transact such other business as may properly come before the meeting or any adjournment or postponement 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 April 2, 2012, as the record date for the determination of stockholders entitled to notice of this meeting and the right to vote.

All stockholders are cordially invited to attend the meeting in person. However, to save us the expense of additional solicitation, you are urged to vote online, by telephone, or by signing, dating, and returning the enclosed proxy card or voting instruction card as promptly as possible. For specific instructions regarding voting online, by telephone, or by mail, please see the enclosed proxy card or voting instruction card. Any stockholder attending the meeting may vote in person even if the stockholder has previously returned a proxy. Please see *Information Concerning Proxy Solicitation and Voting Questions and Answers* in the Proxy Statement for more details on voting in person at the meeting.

By Order of the Board of Directors,

Linda Schoemaker

General Counsel and Secretary

Bellevue, Washington

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April 25, 2012

**YOUR VOTE IS IMPORTANT. WHETHER OR NOT YOU PLAN TO ATTEND THIS MEETING,
PLEASE VOTE ONLINE, BY TELEPHONE, OR 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.**

<u>INFORMATION CONCERNING PROXY SOLICITATION AND VOTING</u>	1
<u>PROPOSAL ONE ELECTION OF DIRECTORS</u>	6
<u>PROPOSAL TWO RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u>	7
<u>PROPOSAL THREE ADVISORY VOTE TO APPROVE NAMED EXECUTIVE COMPENSATION</u>	8
<u>PROPOSAL FOUR VOTE TO AMEND CERT. OF INCORPORATION TO CHANGE NAME</u>	9
<u>PROPOSAL FIVE VOTE TO AMEND CERT. OF INCORPORATION TO ELIMINATE OLD COMMON STOCK</u>	10
<u>INFORMATION REGARDING THE BOARD OF DIRECTORS AND COMMITTEES</u>	11
<u>Director Nominees</u>	11
<u>Continuing Directors</u>	12
<u>Board of Directors and Committee Information</u>	14
<u>Director Nomination Process</u>	18
<u>Director Compensation</u>	20
<u>BENEFICIAL OWNERSHIP</u>	23
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	23
<u>Security Ownership of Certain Beneficial Owners and Management</u>	24
<u>Ownership Limitation</u>	26
<u>AUDIT COMMITTEE REPORT</u>	27
<u>Engagement of Ernst & Young and Dismissal of Deloitte & Touche</u>	28
<u>Fees Paid to Independent Registered Public Accounting Firm for 2011 and 2010</u>	29
<u>Transactions with Related Persons</u>	29
<u>COMPENSATION COMMITTEE REPORT</u>	31
<u>COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION</u>	31
<u>COMPENSATION DISCUSSION AND ANALYSIS</u>	31
<u>Introduction</u>	32
<u>Elements of Compensation for 2011</u>	34
<u>Compensation Decisions Made in 2011</u>	35
<u>2011 Performance and Targets</u>	38
<u>Compensation Process and Policies</u>	40
<u>COMPENSATION OF NAMED EXECUTIVE OFFICERS</u>	44
<u>Summary Compensation Table</u>	44
<u>Grants of Plan-Based Awards in 2011</u>	45
<u>Outstanding Equity Awards at December 31, 2011</u>	47
<u>Option Exercises and Stock Vested in 2011</u>	48
<u>Potential Payments Upon Termination of Employment</u>	49
<u>EQUITY COMPENSATION PLANS</u>	53
<u>TRANSACTION OF OTHER BUSINESS</u>	53
<u>DEADLINE FOR RECEIPT OF STOCKHOLDER PROPOSALS AND DIRECTOR NOMINATIONS</u>	53
<u>ANNUAL REPORT TO STOCKHOLDERS</u>	54

INFOSPACE, INC.

PROXY STATEMENT FOR

2012 ANNUAL MEETING OF STOCKHOLDERS

INFORMATION CONCERNING PROXY SOLICITATION AND VOTING

Our Board of Directors is soliciting proxies for the 2012 annual meeting of stockholders and any adjournment or postponement of such meeting. 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 31, 2012, at 2:00 p.m., local time, at our principal executive offices, located at 601 108th Avenue NE, Suite 1200, Bellevue, Washington 98004. All proxies 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, form of proxy, and Annual Report on Form 10-K for the year ended December 31, 2011, will be sent or otherwise distributed on or about April 25, 2012 to Stockholders of Record (as defined below).

Important Notice Regarding the Availability of Proxy Materials for Stockholders Meeting to be Held on May 31, 2012

This Proxy Statement and the Annual Report on Form 10-K for the year ended December 31, 2011 are also available at www.proxyvote.com.

Stockholders of Record and beneficial owners may access the form of proxy on the Internet by following the instructions on the proxy card or voting instruction card. Please note that you will not be required to provide any personal information, other than the identification number provided on the proxy card or voting instruction card, to execute a proxy.

This solicitation of proxies is made on behalf of InfoSpace, and we will pay for all related costs. In addition, we will 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. For Stockholders of Record, 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 (the *Exchange Act*). If any other matters come before the meeting, it is the intention of the persons named in the accompanying proxy card to vote the shares they represent as the Board of Directors may recommend.

Important Note Regarding Discretionary Voting by Brokers

If you hold your shares in a brokerage or bank account in your broker's or bank's name (this is called *Street Name*), it is critical that you instruct your broker or bank to cast your vote if you want it to count in the election of directors (Proposal One), in the advisory vote to approve the compensation of the officers discussed in the Compensation Discussion and Analysis and Compensation of Named Executive Officers sections below (the *Named Executive Officers*) (Proposal Three), on the approval of an amendment to the Company's Restated Certificate of Incorporation to change the Company's name to Blucora, Inc. (Proposal Four), or on the approval of an amendment to the Company's Restated Certificate of Incorporation to eliminate the old common stock from the Company's authorized capital stock (Proposal Five). Due to regulatory changes in recent years, no votes will be cast on your behalf on these proposals if you hold your shares in Street Name and you do not instruct your bank or broker how to vote. In such a case, your shares will be considered "broker non-votes" with regard to such proposals because the broker or bank will not have discretionary authority to vote such shares.

Questions and Answers

Q: Who is entitled to vote?

A: All stockholders who owned InfoSpace common stock at the close of business on the record date of April 2, 2012 (*Stockholders of Record*) are entitled to receive notice of the annual meeting and to vote the shares they own as of the record date. Each stockholder is entitled to one vote for each share of common stock held on all matters properly brought before the meeting to be voted on. 39,901,012 shares of our common stock were outstanding and entitled to vote on April 2, 2012. Shares of our common stock were held of record by 460 stockholders on the record date. If, as of the record date, your shares were registered directly in your name with the Company's transfer agent, Computershare Shareowner Services, you are considered the Stockholder of Record with respect to those shares. 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 to transact business?

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 on any matter or voted "abstain", as well as broker non-votes (defined below), will be considered present at the meeting for purposes of establishing a quorum.

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

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

Proposal One: Election of the two Class I directors nominated by the Board of Directors of the Company to serve for three-year terms;

Proposal Two: Ratification of the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for 2012;

Proposal Three: Approval, on an advisory basis, of the compensation of the Company's Named Executive Officers, as disclosed in this Proxy Statement;

Proposal Four: Approval of an amendment to the Company's Restated Certificate of Incorporation to change the Company's name to Blucora, Inc.; and

Proposal Five: Approval of an amendment to the Company's Restated Certificate of Incorporation to eliminate the old common stock from the Company's authorized capital stock.

Q: What are the voting options for each proposal?

A: In the election of the directors (Proposal One), you may vote *FOR* each of the nominees or your vote may be *WITHHELD* with respect to any nominee. On the ratification of the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm (Proposal Two), on the approval of the compensation of the Company's Named Executive Officers, as disclosed in this Proxy Statement (Proposal Three), on the approval of an amendment to the Company's Restated Certificate of Incorporation to change the Company's name to Blucora, Inc. (Proposal Four), and on the approval of an amendment to the Company's Restated Certificate of Incorporation to eliminate the old common stock from the Company's authorized capital stock (Proposal Five) you may vote *FOR*, *AGAINST*, or *ABSTAIN*.

Q: What are the Company's voting recommendations?

A: Our Board of Directors recommends that you vote your shares *FOR* each nominee to the Board of Directors listed in this Proxy Statement, *FOR* the ratification of Ernst & Young LLP as InfoSpace's

independent registered public accounting firm, *FOR* the approval of the compensation of the Company's Named Executive Officers, as disclosed in this Proxy Statement, *FOR* the approval of an amendment to the Company's Restated Certificate of Incorporation to change the Company's name to Blucora, Inc., and *FOR* the approval of an amendment to the Company's Restated Certificate of Incorporation to eliminate the old common stock from the Company's authorized capital stock.

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

A: For the election of directors (Proposal One), the two Class I nominees of the Board of Directors of the Company who receive the greatest number of *FOR* votes from shares present and entitled to vote at the meeting will be elected. Withheld votes and broker non-votes will have no effect on the outcome of the election.

The proposed ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm (Proposal Two) requires the affirmative *FOR* vote of a majority of the shares voted at the meeting and entitled to vote with respect to such proposal in order for it to be approved. Abstentions will have the same effect as a vote *AGAINST* Proposal Two.

The approval, on an advisory basis, of the compensation of the Company's Named Executive Officers, as disclosed in this Proxy Statement, (Proposal Three) requires the affirmative *FOR* vote of a majority of the shares cast at the meeting and entitled to vote with respect to such proposal in order for it to be approved. Abstentions will have the same effect as a vote *AGAINST* Proposal Three. Broker non-votes will have no effect on the outcome of the vote.

The approval of an amendment to the Company's Restated Certificate of Incorporation to change the Company's name to Blucora, Inc. (Proposal Four) requires the affirmative *FOR* vote of a majority of the shares of common stock outstanding as of the record date in order for it to be approved. Accordingly, abstentions and broker non-votes have the same effect as a vote *AGAINST* Proposal Four.

The approval of an amendment to the Company's Restated Certificate of Incorporation to eliminate the old common stock from the Company's authorized capital stock (Proposal Five) requires the affirmative *FOR* vote of a majority of the shares of common stock outstanding as of the record date in order for it to be approved. Accordingly, abstentions and broker non-votes have the same effect as a vote *AGAINST* Proposal Five.

Q: What if I do not vote for some of the items listed on my proxy card or voting instruction card?

A: If you provide specific voting instructions, your shares will be voted as you have instructed. If you are a Stockholder of Record, execute the proxy card, and do not provide voting instructions on certain matters, your shares will be voted in accordance with the Board's recommendations. If you hold your shares in street name and do not provide voting instructions, your broker or bank will have discretionary authority to vote such shares *ONLY* on the ratification of the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm (Proposal Two) and your shares will not be counted on any of the other proposals.

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

A: Whether you hold shares directly as a Stockholder of Record or beneficially through a broker, bank, or other nominee, you may vote without attending the meeting. You may vote by granting a proxy or, for shares held through a broker, bank, or other nominee, by submitting voting instructions to your broker, bank, or other nominee. In most cases, you will be able to do this by telephone, via the Internet, or by mail. For Stockholders of Record, please refer to the summary instructions included on your proxy card. For shares held through a broker, bank, or other nominee, please refer to the voting instruction card that will be provided by your broker, bank, or other 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 vote by following the instructions on the proxy card or voting instruction card.

BY MAIL You may submit your proxy by mail by signing your proxy card or, for shares held through a broker, bank, or other nominee, by following the voting instruction card included by your broker, bank, or other nominee and mailing it in the enclosed, postage-paid envelope.

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, and you wish to vote at the meeting, you must present a legal proxy from your broker 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. If you hold your shares through a bank, broker, or other holder of record, please also bring 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 or voting instruction card as described above so that your vote will be counted if you later decide not to attend the meeting.

Q: How can I change my vote?

A: You may change your vote at any time before the final vote at the meeting. If you are a Stockholder of Record, you may change your vote 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 through a broker, bank, or other nominee, you should contact your broker, bank, or other nominee prior to the time such voting instructions are exercised.

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 a Current Report on Form 8-K within four business days of the end of the meeting, which will be filed with the Securities and Exchange Commission and will also be available at www.infospaceinc.com. If final results are not available within four business days of the end of the meeting, preliminary results will be published in a Current Report on Form 8-K at that time, and the final results will be published in an amended Current Report on Form 8-K/A when they are available.

Q: Is a list of registered stockholders available?

A: The Company's list of stockholders as of April 2, 2012, will be available for inspection for 10 days prior to the 2012 annual meeting and at the annual meeting for any purpose reasonably relevant to the meeting. If you want to inspect the stockholder list, please call the office of the General Counsel at (425) 201-6100 to schedule an appointment.

Householding of Proxy Materials

We have adopted a procedure approved by the U.S. Securities and Exchange Commission called householding. Under this procedure, Stockholders of Record who have the same address and last name and who 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 mailed.

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 Annual Report on Form 10-K for the year ended December 31, 2011, 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.

PROPOSAL ONE

ELECTION OF DIRECTORS

General

Effective as of the 2012 annual meeting of stockholders, the Board of Directors has set the size of the Board at eight members, with members in each class serving staggered three-year terms. 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 I directors are nominated for election at the annual meeting for three-year terms ending in 2015. The Board of Directors has nominated John Cunningham and William Ruckelshaus for re-election as Class I directors. For further information on the director nominees, see Information Regarding the Board of Directors and Committees below. For further information on the process of director nominations and criteria for selection of director nominees, 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. Each of the director nominees have consented to be named in this Proxy Statement and agreed to continue to serve as a director if elected by stockholders. In the event that either 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 may be designated by the present Board of Directors to fill the vacancy. It is not expected that either of the nominees will be unable or will decline to serve as a director. Alternatively, the Board of Directors may reduce the size of the Board of Directors or maintain such vacancy.

If a quorum is present, the two Class I nominees receiving the highest number of votes will be elected to the Board of Directors. Votes withheld from any nominee and broker non-votes will be counted for purposes of determining the presence or absence of a quorum, but will not otherwise have an effect on the outcome of the vote. Proxies cannot be voted for a greater number of persons than the number of nominees named in this Proxy Statement and on the proxy card or the voting instruction card.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR THE NOMINEES

NAMED HEREIN

PROPOSAL TWO

RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING

FIRM FOR 2012

The Audit Committee of the Board of Directors has appointed Ernst & Young LLP as the Company's independent registered public accounting firm for 2012, and recommends that stockholders vote *FOR* ratification of this appointment. Although stockholder approval of this appointment is not required by law and is not binding on the Company, the Audit Committee will take your vote on this proposal into consideration when appointing our independent registered public accounting firm in the future. Even if you ratify the appointment of Ernst & Young LLP, the Audit Committee may in its sole discretion terminate such engagement and direct the appointment of another independent registered public accounting firm at any time during the year, although it has no current intention to do so.

Ernst & Young LLP, was appointed by the Audit Committee in March 2012 and replaces the Company's previous independent registered public accounting firm, Deloitte & Touche LLP (for further detail on Ernst & Young LLP and Deloitte & Touche LLP, see *Engagement of Ernst & Young and Dismissal of Deloitte & Touche* below). Representatives of Ernst & Young 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. We do not expect representatives of Deloitte & Touche LLP to be present at the meeting.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR THE
RATIFICATION OF THE APPOINTMENT OF ERNST & YOUNG LLP AS THE COMPANY'S
INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR 2012**

PROPOSAL THREE

ADVISORY VOTE TO APPROVE NAMED EXECUTIVE OFFICER COMPENSATION

In accordance with Section 14A of the Securities Exchange Act, the Company is providing stockholders with an advisory (non-binding) vote to approve the compensation programs for our Named Executive Officers. Accordingly, you may vote on the following resolution at the 2012 annual meeting of stockholders:

Resolved, that the stockholders approve, on an advisory basis, the compensation of the Named Executive Officers of InfoSpace, Inc., as disclosed in the Company's Proxy Statement for the 2012 annual meeting of stockholders, including the Compensation Discussion and Analysis, the accompanying compensation tables, and the related narrative disclosure in the Proxy Statement.

This vote is nonbinding. The Board of Directors and the Compensation Committee expect to consider the outcome of the vote when considering future executive compensation decisions to the extent they can determine the cause or causes of any significant negative voting results.

The compensation of the Named Executive Officers is described in detail under Compensation Discussion and Analysis. Stockholders are encouraged to read the Compensation Discussion and Analysis, the accompanying compensation tables, and the related narrative disclosure. The Company holds advisory votes on Named Executive Officer compensation on an annual basis, and the next such vote will be at the 2013 annual meeting of stockholders.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR THE APPROVAL, ON AN ADVISORY BASIS, OF THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS AS DISCLOSED IN THE COMPENSATION DISCUSSION AND ANALYSIS, THE ACCOMPANYING COMPENSATION TABLES, AND THE RELATED NARRATIVE DISCLOSURE

PROPOSAL FOUR

AMENDMENT TO THE RESTATED CERTIFICATE OF INCORPORATION TO CHANGE THE COMPANY S NAME BLUCORA, INC.

In March 2012, the Board of Directors adopted a resolution approving an amendment to the Company s Restated Certificate of Incorporation to change the name of the Company from InfoSpace, Inc. to Blucora, Inc. and recommending that the name change amendment be submitted to stockholders for approval.

Reasons for the name change

The name change is intended to reflect the evolution of the Company into the owner of multiple technology businesses and to distinguish between the parent company and its individual business units. The name Blucora, Inc. was selected as an extensible corporate brand that encompasses the Company s current operations and can provide a platform for future opportunities. The Company s existing business operations will retain their current branding, including the InfoSpace search business and the TaxACT tax preparation service.

Effects of the name change

If the name change amendment is approved by stockholders, the name change will be effective when the amendment to the Restated Certificate of Incorporation is filed with the Secretary of State of the State of Delaware. The Company has reserved the NASDAQ stock symbol BCOR. If the name change amendment is approved, the Company intends to request that its common stock be listed on the NASDAQ and trade under this new stock symbol, rather than under the current INSP symbol.

If the name change amendment is approved by stockholders, Article 1 of the Company s Restated Certificate of Incorporation will be amended to read in its entirety as follows:

ARTICLE 1. NAME

The name of the corporation is Blucora, Inc.

If the name change becomes effective, the rights of stockholders holding certificated shares under currently outstanding stock certificates and the number of shares represented by those certificates will remain unchanged. The name change will not affect the validity or transferability of any currently outstanding stock certificates nor will it be necessary for stockholders with certificated shares to surrender or exchange any stock certificates they currently hold as a result of the name change. Uncertificated shares currently held in direct registration accounts and any new stock certificates that are issued after the name change becomes effective will bear the name Blucora, Inc. Approval of this Proposal Four requires the affirmative vote of a majority of the shares of common stock outstanding as of the record date. Any abstentions or broker non-votes will have the same effect as a vote against this Proposal Four.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR APPROVAL OF AN AMENDMENT TO THE RESTATED CERTIFICATE OF INCORPORATION OF INCOSPACE, INC. TO CHANGE THE COMPANY S NAME TO BLUCORA, INC.

PROPOSAL FIVE

AMENDMENT TO THE RESTATED CERTIFICATE OF INCORPORATION TO ELIMINATE THE OLD COMMON STOCK FROM THE COMPANY'S AUTHORIZED CAPITAL STOCK

At the Company's 2009 annual meeting of stockholders, upon the recommendation of the Board of Directors, the stockholders approved an amendment to our Certificate of Incorporation that, among other things, created a new class of common stock (the *New Common Stock*) and converted each share of our original common stock (the *Old Common Stock*) into ownership of New Common Stock on a one-to-one basis. After that conversion occurred, the Old Common Stock remained authorized, but there were no shares outstanding. The Company does not need the Old Common Stock and there are no holders of the Old Common Stock, and thus, as a matter of corporate housekeeping, the Company is requesting that the stockholders approve an amendment to Section 4.1 of the Restated Certificate of Incorporation to remove the authorization of, and all reference to, the Old Common Stock, leaving the New Common Stock as the only authorized class of common stock.

In March 2012, the Board adopted a resolution approving an amendment to Section 4.1 of the Company's Restated Certificate of Incorporation to eliminate the Old Common Stock from the Company's authorized capital stock and recommending that the amendment set forth in this Proposal Five be submitted to stockholders for approval. If this amendment is approved by stockholders, the amendment will be effective when the amendment to the Restated Certificate of Incorporation is filed with the Secretary of State of the State of Delaware.

The first sentence of Section 4.1 of the Company's Restated Certificate of Incorporation currently reads in its entirety as follows:

The total authorized stock of the Corporation shall consist of three classes: (i) 900,000,000 shares of existing Common Stock having a par value of \$0.0001 per share (**Old Common Stock**); (ii) 900,000,000 shares of Common Stock having a par value of \$0.0001 per share (**Common Stock**); and (iii) 15,000,000 shares of Preferred Stock having a par value of \$0.0001 per share (**Preferred Stock**).

If this Proposal Five is approved by the stockholders, the first sentence of Section 4.1 of the Company's Restated Certificate of Incorporation will be amended to read in its entirety as follows:

The total authorized stock of the Corporation shall consist of two classes: (i) 900,000,000 shares of Common Stock having a par value of \$0.0001 per share (**Common Stock**) and (ii) 15,000,000 shares of Preferred Stock having a par value of \$0.0001 per share (**Preferred Stock**).

If this amendment becomes effective, the rights of stockholders who hold shares of our Common Stock will remain unchanged. The amendment will not effect a reclassification of or other modification to the shares of common stock currently outstanding. Approval of this Proposal Five requires the affirmative vote of a majority of the shares of Common Stock outstanding as of the record date. Any abstentions or broker non-votes will have the same effect as a vote against this Proposal Five.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR APPROVAL OF AN AMENDMENT TO THE RESTATED CERTIFICATE OF INCORPORATION TO ELIMINATE THE OLD COMMON STOCK FROM THE COMPANY'S AUTHORIZED CAPITAL STOCK

INFORMATION REGARDING THE BOARD OF DIRECTORS AND COMMITTEES

The Director Nominees and Continuing Directors sections below set forth the business experience during at least the past five years for each nominee and each of the directors whose term of office will continue after the 2012 annual meeting of stockholders. In addition, these sections include a brief discussion of the specific experience, qualifications, attributes, and skills that led to the conclusion that each of the directors and nominees should continue to serve on the Board of Directors at this time. The Board of Directors nominates candidates for election after receiving recommendations from the Nominating and Governance Committee, which bases its recommendations on the criteria set forth in our Director Nomination Policy, as described below under Director Nomination Process. The Board of Directors believes that the directors and nominees have an appropriate balance of knowledge, experience, attributes, skills, and expertise as a whole to ensure the Board of Directors appropriately satisfies its oversight responsibilities and acts in the best interests of stockholders.

Director Nominees**Class I Terms expiring in 2012**

The names of our Class I directors, whose terms expire in 2012, and certain information about them are set forth below:

Name of Director	Age	Positions with InfoSpace	Director Since
John E. Cunningham, IV	54	Chairman	1998
William J. Ruckelshaus	47	President and Chief Executive Officer	2007

John E. Cunningham, IV has served as a director of InfoSpace since July 1998 and as the Chairman of the Board of Directors since January 2011. Mr. Cunningham also served as Lead Independent Director of InfoSpace from February 2010 through December 2010. Mr. Cunningham has been a general partner of Clear Fir Partners, L.P., a venture capital investment partnership, since February 1998. Previously, he served as Chief Executive Officer of RealCom Office Communications Inc., a national telecom services company. From July 2006 to June 2008, he 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. Currently, Mr. Cunningham serves as a board member of AudienceScience, Inc. and Qliance, Inc. and as an advisor to Petra Growth Fund II.

Relevant Qualifications and Experience: Mr. Cunningham has extensive experience in, and a significant knowledge of, the technology industry from his work with various technology companies as an executive, investor, advisor, and director. Mr. Cunningham also has significant experience with InfoSpace gained through 14 years as a director. The Board believes that Mr. Cunningham's extensive experience as a venture capitalist in multiple industries, as an executive, and as a board member and advisor to public and private companies and non-profit organizations provides insight and guidance that assists the Board in its oversight obligations and makes him a valued advisor to the Board and management.

William J. Ruckelshaus has served as a director of InfoSpace since May 2007. Mr. Ruckelshaus has also served as President and Chief Executive Officer of InfoSpace since November 2010. Prior to his appointment as President and Chief Executive Officer of InfoSpace, Mr. Ruckelshaus served as Chief Financial Officer of AudienceScience, Inc. (formerly known as RevenueScience, Inc.), a digital advertising, technology, and services company, from May 2006 to November 2010. Mr. Ruckelshaus also served as Chief Operating Officer of AudienceScience for two years. 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.

Relevant Qualifications and Experience: Mr. Ruckelshaus has relevant experience as an executive in the technology industry and a strong background in finance, strategy, and mergers and acquisitions. Mr. Ruckelshaus

also has significant familiarity with InfoSpace as the Company's President and Chief Executive Officer. His day-to-day leadership of the Company gives him critical insights into the Company's operations, strategy, and competition, and allows him to facilitate the Board's ability to perform its critical oversight function. The Board believes that Mr. Ruckelshaus's experience as an executive and director provides him with insight into the Board's oversight role, and that as the Company's President and Chief Executive Officer, Mr. Ruckelshaus plays an important role in the Board's processes.

Continuing Directors

Class II Terms expiring in 2013

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
Richard D. Hearney	72	Director	2001
Steven W. Hooper	59	Director	2011
James F. Voelker	61	Director	2002

Richard D. Hearney has served as a director of InfoSpace since September 2001. General Hearney is a retired United States Marine Corps four-star general who served as the Assistant Commandant of the United States Marine Corps from 1994 to 1996. In 2002, General Hearney founded RDM Strategies, Inc., and he currently serves on its board of advisors. 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. From 1996 to 1999, General Hearney was an executive with McDonnell Douglas Corporation, and then its acquirer, the Boeing Company. General Hearney currently serves on the boards of a number of private technology companies and defense contractors.

Relevant Qualifications and Experience: General Hearney has extensive experience in leadership and management gained through his military service and his subsequent business ventures, as well as significant familiarity with InfoSpace as a director of the Company for the past 11 years. The Board believes that General Hearney's extensive leadership and management experience, both in the military and in business, makes him a valuable contributor to the Board and provides him with insight and knowledge relevant to the Board's oversight obligations.

Steven W. Hooper was appointed to the Board of Directors of InfoSpace on April 11, 2011. Mr. Hooper is a founding partner of Ignition Partners, a venture capital firm, where he has invested in telecommunications and wireless companies since Ignition's founding in March 2000. From 1999 to 2000, Mr. Hooper served as Chairman and Chief Executive Officer of Nextlink Communications, Inc. From 1998 to 1999, Mr. Hooper served as Chief Executive Officer of Teledesic LLC. From 1994 to 1997, Mr. Hooper served as CEO of AT&T Wireless Services, Inc. Prior to joining AT&T Wireless, Mr. Hooper was an executive with McCaw Cellular Communications, Inc., where he, among other roles, served as CEO for a variety of McCaw-affiliated companies. In addition, Mr. Hooper represents Ignition Partners as a director on the boards of a number of privately-held companies in which Ignition has invested and served as a trustee of Seattle University from 1995 to 2009.

Relevant Qualifications and Experience: Mr. Hooper has extensive experience as a business leader in the technology industry. He has served in management and as a director for numerous technology companies, and brings to the InfoSpace Board of Directors extensive experience, knowledge, and connections that the Board believes will provide valuable assistance to the Company as it pursues strategic opportunities in the technology industry.

James F. Voelker has served as a director since July 2002. He also served as our Chairman of the Board from December 2002 through December 2010, as Chief Executive Officer from December 2002 to February 2009, and as President from December 2002 to April 2003 and from December 2005 to February 2009. Mr. Voelker previously served as President and a director of NEXTLINK Communications, Inc. (now XO Communications, Inc.), a broadband communications company, and as a director of Comdisco Electronics Group, Inc. and 360Networks, Inc.

Relevant Qualifications and Experience: Mr. Voelker has extensive experience and expertise in management, board service, and the technology industry as an executive and director, as well as significant familiarity with InfoSpace as the Company's former President, Chief Executive Officer, and Chairman and as a director for the past 10 years. The Board believes that Mr. Voelker's extensive experience as an executive and a director, including his experience as a former Chief Executive Officer and Chairman of the Company, provides insight and guidance that assists the Board in its oversight and strategy roles.

Class III Terms expiring in 2014

The names of our Class III directors, whose terms expire in 2014, and certain information about them are set forth below:

Name of Director	Age	Positions with InfoSpace	Director Since
Jules Haimovitz	61	Director	2005
Elizabeth J. Huebner	54	Director	2009
Andrew M. Snyder	41	Director	2011

Jules Haimovitz has served as a director of InfoSpace 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's career has also included experience as a director and CEO of VJN, Inc., executive and director at Spelling Entertainment, Inc., executive at King World Productions and Viacom, Inc., and director of Orion Pictures Corporation and Onstage Entertainment. Mr. Haimovitz served as a director of Imclone, Inc. from May 2007 to November 2008, where he served as Chair of the Audit Committee and Chair of the special committee formed to oversee the sale of Imclone. Mr. Haimovitz also served on the Board of Directors of Blockbuster, Inc. from May 2006 to April 2011. Mr. Haimovitz has been a director at Dial Global (previously Westwood One, Inc.) since November 2011, where he serves as the Chair of the Audit Committee.

Relevant Qualifications and Experience: Mr. Haimovitz has a strong background in the management of private and publicly traded companies, particularly companies in the consumer and media space, both as an executive and a director. He also has extensive experience in mergers and acquisitions of both public and private companies. In addition, the Board of Directors has determined that he is qualified as an Audit Committee Financial Expert under the SEC's rules, and that expertise assists the Board in complying with its Audit Committee membership requirements and also enables him to provide significant insight on public accounting and financial statement matters. The Board believes that Mr. Haimovitz's extensive management and board experience, knowledge of and experience with mergers and acquisitions, and financial expertise provides insight and guidance that assists the Board in its oversight and strategy roles.

Elizabeth J. Huebner has served as a director of InfoSpace since May 2009. Ms. Huebner retired from a 26-year career in the finance sector in 2006. Prior to retiring, Ms. Huebner was Chief Financial Officer from 2000 to 2006 at Getty Images, Inc., a provider of visual content and rights services. Prior to her service as Chief Financial Officer of Getty Images, Ms. Huebner was Chief Financial Officer of Primus Knowledge Solutions, Inc.

Relevant Qualifications and Experience: Ms. Huebner has significant experience as an executive in the technology industry, and a strong background in finance and accounting. The Board of Directors has determined that she is qualified as an Audit Committee Financial Expert under the SEC's rules, and that expertise assists the Board in complying with its Audit Committee membership requirements and also enables her to provide significant insight on public accounting and financial statement matters. The Board believes that Ms. Huebner's experience in management and finance provides insight and guidance that assists the Board in its oversight, financial review, and risk management obligations.

Andrew M. Snyder has served as a director of InfoSpace, Inc. since August 2011. Mr. Snyder is CEO of Cambridge Information Group, Inc. (CIG) and Chairman of CIG's subsidiaries, ProQuest LLC, R. R. Bowker LLC, and Navtech, Inc. In connection with the CIG Agreements, discussed in more detail below under Related Person Transactions in 2011 and 2012, Mr. Snyder was elected to fill an existing vacancy on the Board of Directors. Mr. Snyder also served on the Board of Directors of Navtech when it was an independent, publicly-held company, beginning in November 2005 and continuing through its merger with a CIG subsidiary in November 2007. Mr. Snyder has been employed by CIG since 2003 and has served as President or CEO since 2004. Prior to joining CIG, Mr. Snyder worked for the Goldman Sachs Group, most recently as Vice President in the Principal Investment Area, where he focused on traditional media, technology, and services investing for the firm's investment fund. Mr. Snyder is a graduate of the Wharton School at the University of Pennsylvania and the Georgetown University Law Center. He currently serves on the Board of The Association of American Publishers, the Board of Overseers of Penn Libraries, and the New Leaders Steering Committee of the New York Presbyterian Hospital.

Relevant Qualifications and Experience: Mr. Snyder was added to the Board of Directors in August 2011 after a process in which the Board attempted to identify a candidate that could both provide stockholder perspective through owning or representing a significant holding of Company shares and provide assistance with the Company's primary goal of making a large acquisition. The Board met both of these objectives by adding Mr. Snyder to the Board. Mr. Snyder has significant experience in the management and oversight of technology companies and a strong background in mergers and acquisitions. His expertise and experience makes him an important resource for the Company, the Board, and the Mergers and Acquisitions Committee (which he chairs) in identifying, acquiring, and integrating acquisition targets in the technology space. In addition, Mr. Snyder and CIG hold a significant amount of the Company's shares, and he provides the board valuable insight into the perspectives of our stockholders.

Board of Directors and Committee Information

The Board of Directors has general oversight responsibility for the Company's affairs and, in exercising its fiduciary duties, the Board represents and acts on behalf of the stockholders. Although the Board does not have responsibility for the Company's day-to-day management, it stays regularly informed about its business and provides oversight and guidance to management through periodic meetings and other communications. The Board is significantly involved in, among other things, the Company's strategic planning process, leadership development, and succession planning, as well as other functions carried out through the Board committees as described below.

Leadership Structure. The leadership structure of the Board of Directors of InfoSpace consists of Chairman John Cunningham and the chairs of each of the principal committees of the Board of Directors. In the current structure, the Chairman position is not combined with the Chief Executive Officer position, which is filled by William Ruckelshaus. It is the policy of the Board of Directors that at all times it will either have an independent Chairman or a Lead Independent Director. The Board of Directors believes that the current leadership structure is appropriate for the Company because it balances the operational and day-to-day management leadership of our CEO with the independent oversight provided by our independent Chairman of the Board and the independent chairs of each of the principal committees. This structure ensures that oversight of risk management and the Company's management is distributed among multiple independent directors. The

Board of Directors currently believes that this distribution of oversight is the best method of ensuring optimal Company performance and risk management.

Risk Management. The Board of Directors oversees the Company's risk management, both as a full Board of Directors and through its committees. This oversight is administered primarily through the following:

the Board of Directors' periodic review and approval of management strategic plans, including the projected opportunities and challenges facing the business;

the Board of Directors' oversight of succession planning;

the Board of Directors' oversight of capital spending, cash management, and investment in marketable securities and, if any, financings;

the Audit Committee's quarterly review of financial statements and its oversight of the Company's accounting and financial reporting functions, including internal control over financial reporting, its discussions with management and the independent accountants regarding the quality and adequacy of internal controls and financial reporting (and related reports to the full Board of Directors), and its oversight of legal and regulatory compliance, compliance with our Code of Business Conduct and Ethics, and any related person transactions;

the Nominating and Governance's oversight of governance policies and the self-evaluation assessments of the Board of Directors and committees; and

the Compensation Committee's review and recommendations or approvals regarding executive officer compensation and its relationship to the Company's business plan, as well as its review of compensation plans generally and the related risks and risk mitigants.

Independence. NASDAQ listing standards require that a majority of the members of the Board of Directors be independent directors. The Board of Directors recently undertook its annual review of director independence in accordance with the applicable rules of NASDAQ. The independence rules include a series of objective tests, including that the director is not employed by the Company and has not engaged in various types of business dealings with the Company. In addition, the Board of Directors is required to make a subjective determination as to each independent director that no relationships exist that, in the opinion of the Board of Directors, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

The Board of Directors has affirmatively determined that each of John Cunningham, Jules Haimovitz, Richard Hearney, Steven Hooper, Elizabeth Huebner, Andrew Snyder, and Lewis Taffer (whose term expires as of the 2012 annual meeting and who is not standing for re-election) is an independent director as defined in the NASDAQ rules. In determining independence, the Board considered, among other factors, the fact that Mr. Cunningham's brother is a non-executive, at-will employee of the Company and that CIG, of which Andrew Snyder is CEO, entered into an investment agreement with the Company pursuant to which CIG purchased warrants and common stock (see "Transactions with Related Persons" below).

Each of the members of the Audit Committee, Compensation Committee, and Nominating and Governance Committee are independent under the NASDAQ rules. In addition, the Board of Directors has affirmatively determined that each of the members of the Audit Committee qualifies as independent under the audit committee independence rules established by the SEC.

Meeting Attendance. The Board of Directors of InfoSpace held a total of 11 meetings during 2011. For 2011, all directors attended at least 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 of Directors has not adopted a formal policy regarding directors

attendance at our annual meetings of stockholders. The following directors attended the 2011 annual meeting of stockholders on June 8, 2011 at our corporate offices in Bellevue, Washington: John Cunningham, Jules Haimovitz, Elizabeth Huebner, William Ruckelshaus, and James Voelker.

Communication with the Board of Directors. 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 at the request of management, absent unusual circumstances or as contemplated by Board committee charters. Stockholders who wish to communicate with the Board of Directors, or with any individual member of the Board of Directors, 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 to the intended recipient. The Corporate Secretary will generally forward such communication to the Board of Directors or the specific Board member. However, the Corporate Secretary reserves the right to not forward any material that is inappropriate. In addition, employees may communicate with the Board through, among other processes, the Company's internal whistleblower hotline process administered under the Code of Business Conduct and Ethics.

Corporate Website. Our corporate website, located at www.infospaceinc.com, contains information regarding our Company, including information regarding our directors, executive officers, and corporate governance documents. That information includes our Certificate of Incorporation, Bylaws, Committee Charters, Director Nomination Policy, Code of Business Conduct and Ethics (which is applicable to all of our employees, executive officers, and members of our Board of Directors), and our Corporate Governance Guidelines. We use our corporate website to provide current information to investors, including information on recent developments and upcoming events.

Committees. The Board of Directors' committee structure currently consists of four principal committees (the Audit Committee, the Compensation Committee, the Nominating and Governance Committee, and the Mergers and Acquisitions Committee). The Board may also convene other minor, ad hoc, or sub committees, the composition, number, and membership of which the Board of Directors may revise from time to time, as appropriate. Copies of the charters for the Audit, Compensation, Nominating and Governance, and Mergers and Acquisitions Committees can be found on our corporate website at www.infospaceinc.com. You may also request copies of these documents and other corporate governance documents available on our website from our investor relations department at (425) 201-6100 or (866) 438-4677.

The current membership and leadership of each of the committees of the Board of Directors is set forth in the table below, as is the number of 2011 meetings for those committees:

Board Committees as of April 2, 2012

Director	Audit Committee	Compensation Committee ⁽¹⁾	Nominating and Governance Committee ⁽²⁾	Mergers and Acquisitions Committee
John Cunningham	M	M		
Jules Haimovitz	M	C		
Richard Hearney		M	M	
Steven Hooper		M		M
Elizabeth Huebner	C		M	
William Ruckelshaus				M
Andrew Snyder				C
Lewis Taffer			C	
James Voelker				
Number of Meetings in 2011	9	9	10	4

(M = Committee Member; C = Committee Chair)

(1) Immediately following the 2012 annual meeting of stockholders, the composition of the Compensation Committee will change as follows: Steven Hooper will replace Jules Haimovitz as Chair of the committee and John Cunningham will leave the committee.

- (2) Immediately following the 2012 annual meeting of stockholders, the composition of the Nominating and Governance Committee will change as follows: Elizabeth Huebner will become Chair of the committee and Andrew Snyder will join the committee as a member. In addition, Lewis Taffer will leave the committee immediately before the 2012 annual meeting of stockholders as he has declined to stand for re-election to the Board.

The Audit Committee. The Audit Committee currently consists of the following independent directors: Jules Haimovitz, Elizabeth Huebner, and John Cunningham. Ms. Huebner is Chair of the Audit Committee. The Audit Committee is responsible for providing independent, objective oversight and review of the Company's auditing, accounting, and financial reporting processes. Among other functions, the Audit Committee's duties include the following:

Reviewing and approving the appointment, compensation, oversight, and retention of our independent registered public accounting firm;

Pre-approving all services (audit and non-audit) to be performed by the independent registered public accounting firm;

Monitoring the adequacy and effectiveness of our accounting and financial controls, including internal control over financial reporting;

Reviewing our audited financial statements and quarterly unaudited 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;

Reviewing and monitoring compliance with our risk management and investment policies;

Reviewing and pre-approving related person transactions; and

Reviewing, approving, and monitoring compliance with our Code of Business Conduct and Ethics.

The Board of Directors has determined that each Committee member has sufficient knowledge in reading and understanding financial statements to serve on the Committee. The Board of Directors has further determined that Mr. Haimovitz and Ms. Huebner qualify as audit committee financial experts in accordance with SEC rules and the professional experience requirements of NASDAQ. The designation of an audit committee financial expert does not impose upon such persons any duties, obligations, or liabilities that are greater than those that are generally imposed on each of them as a member of the Committee and the Board of Directors, and such designation does not affect the duties, obligations, or liability of any other member of the Committee or the Board of Directors. Under the terms of the Audit Committee Charter, the Audit Committee is authorized to engage independent advisors, at the Company's expense, to advise the Audit Committee on any matters within the scope of the Committee's duties. The committee may also form subcommittees and delegate its authority to those subcommittees as it deems appropriate.

The Compensation Committee. The Compensation Committee currently consists of the following independent directors: John Cunningham, Jules Haimovitz, Steven Hooper, and Richard Hearney. Mr. Haimovitz is Chair of the Compensation Committee. The Compensation Committee's duties include the following:

Evaluating the performance of, and reviewing and approving (or recommending to the Board) the compensation of, our CEO and other executive officers;

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Recommending to the full Board of Directors any changes to the non-employee director compensation plan;

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

Monitoring compensation trends;

Reviewing the Company's compensation policies and practices for all employees, at least annually, regarding risk-taking incentives and risk management policies and practices; and

Acting as administrator of InfoSpace's stock plans.

Under the terms of the Compensation Committee Charter, the Compensation Committee is authorized to engage independent advisors, at the Company's expense, to advise the Compensation Committee on any matters within the scope of the Committee's duties. The committee may also form subcommittees and delegate its authority to those subcommittees as it deems appropriate. A description of the considerations and determinations of the Compensation Committee regarding the compensation of our Named Executive Officers is contained in Compensation Discussion and Analysis below. A description of the compensation program for our non-employee directors is set forth in Director Compensation below.

The Nominating and Governance Committee. The Nominating and Governance Committee currently consists of the following independent directors: Richard Hearney, Elizabeth Huebner, and Lewis Taffer. Mr. Taffer is Chair of the Nominating and Governance Committee. The Nominating and Governance Committee's duties include:

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

Reviewing, and recommending to the Board of Directors any appropriate changes to, the InfoSpace Corporate Governance Guidelines and Director Nomination Policy;

Reviewing proposed changes to the Company's Certificate of Incorporation and Bylaws and making recommendations for any such changes to the Board of Directors;

Evaluating the performance and effectiveness of the committees and the Board of Directors as a whole;

Recommending to the Board of Directors membership for each committee;

Overseeing director orientation and education;

Evaluating committee structure and recommending changes to the Board of Directors;

Monitoring compliance with independence standards by the directors;

Monitoring, and periodically reporting to the Board of Directors, any significant developments in the law and practice of corporate governance; and

Considering stockholder nominees for election to the Board of Directors 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 of Directors for election at the annual meeting and for reviewing and recommending director appointments to fill any vacancies on the Board of Directors. The Nominating and Governance Committee's objective, pursuant to its charter, is to ensure that the Board of Directors 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, as set forth in the Company's Corporate Governance Guidelines and Director Nomination Policy:

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

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

Conscientious preparation for, attendance at, and participation in Board of Directors 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 professional and personal experience of each nominee and whether that nominee has expertise relevant to InfoSpace's business objectives. Although the Board of Directors does not have a formal diversity policy, the Board of Directors desires candidates that contribute to the Board of Directors' overall diversity, with diversity being broadly construed to mean a variety of personal and professional experiences, opinions, perspectives, and backgrounds. The Board of Directors and the Nominating and Governance Committee implement this goal during the nomination process that applies to both new nominees and incumbent directors, per the Company's Director Nomination Policy. The Board assesses its effectiveness in achieving this goal during its annual self-assessment process.

The Nominating and Governance Committee's general view is to re-nominate incumbent directors who continue to satisfy the Committee's criteria for membership on the Board of Directors, continue to make important contributions to the Board of Directors, and consent to continue their service on the Board of Directors. If a vacancy on the Board of Directors occurs or the Board of Directors increases in size, the Nominating and Governance Committee will actively seek individuals who satisfy its criteria for membership on the Board of Directors, and the Nominating and Governance Committee may solicit ideas for possible Board of Directors candidates from a variety of sources, including members of the Board of Directors, Company executives, stockholders, or individuals known to the members of the Board of Directors or Company executives through personal or professional relationships. The Nominating and Governance Committee has the authority to retain a search firm, at the Company's expense, to identify or evaluate director candidates at its discretion. The Nominating and Governance Committee did not pay a third party to identify or evaluate potential nominees in 2011 with respect to the current slate of nominees, but it did engage Houser Martin Morris to assist in managing the process that led to the addition of Andrew Snyder to the Board of Directors in August 2011.

Any stockholder may recommend candidates for election as directors by following the procedures set forth in our Bylaws and Director Nomination Policy, including the applicable notice, information, and consent provisions. For further information regarding these procedures, see [Deadline for Receipt of Stockholder Proposals and Director Nominations](#) below. Copies of our Bylaws and Director Nomination Policy are available on our corporate website at www.infospaceinc.com.

In addition, pursuant to our Director Nomination Policy, 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 Nominating and Governance Committee by delivering a written notice to the Nominating and Governance Committee that satisfies the notice, information, and consent requirements of our Bylaws and the Director Nomination Policy. The Committee will evaluate such recommended nominees using the same criteria that it uses to evaluate other nominees. Any such Board of Directors candidate must be independent of the stockholder in all respects and must also qualify as an independent director under applicable NASDAQ rules. The notice must be received by the Nominating and Governance Committee no later than the date that is 120 calendar days before the anniversary of the date that our Proxy Statement was 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, proof of identification of the stockholder(s) submitting the

proposal, and information regarding the proposed Board of Directors candidate. The notice should be sent to the following address:

Chair, Nominating and Governance Committee

InfoSpace, Inc.

c/o Corporate Secretary

601 108th Avenue NE, Suite 1200

Bellevue, WA 98004

The Nominating and Governance Committee did not receive any recommendations for director candidates for the 2012 annual meeting from any non-management stockholder or group of stockholders that beneficially owns more than 5% of InfoSpace's common stock.

Director Compensation

Non-employee director compensation consists of a mix of cash and equity. The combination of cash and equity compensation is intended to provide incentives for non-employee directors to continue to serve on the Board of Directors, to further align the interests of the Board of Directors and stockholders, and to attract new non-employee directors with outstanding qualifications. Mr. Ruckelshaus, as an employee of the Company, does not receive any compensation for serving on the Board of Directors and therefore is excluded from the director compensation table below. His compensation is included in the Summary Compensation Table for Named Executive Officers. The Compensation Committee reviews the non-employee director compensation program on a regular basis and makes recommendations to the Board of Directors as appropriate.

Non-Employee Director Compensation Program

The Company's non-employee director cash compensation program, as amended in 2011, consists of annual cash retainers for board, committee, and chair service, per-meeting attendance fees, and equity grants, as described below:

Annual Cash Retainers. The annual cash retainers paid to non-employee directors are as follows:

	Annual Retainer Paid to All Members (including Chair)	Additional Annual Chair Retainer
Board of Directors	\$ 20,000	\$ 25,000
Audit Committee	\$ 4,000	\$ 10,000
Compensation Committee	\$ 3,000	\$ 5,000
Nominating and Governance Committee	\$ 2,000	\$ 3,000
Mergers and Acquisitions Committee	\$ 4,000	\$ N/A

Meeting Fees. Non-employee directors are paid \$750 per meeting for attendance at Board of Directors meetings in excess of eight per year. This amount is also paid to committee members for attendance at any Audit or Compensation Committee meetings in excess of eight per year and any Nominating and Governance Committee meetings in excess of four per year.

Equity Grants. The equity grants (in number of shares) made to non-employee directors are as follows:

	RSUs	Nonqualified Stock Options
Initial equity grants to all newly elected or appointed directors, including Board Chair ⁽¹⁾	11,250	27,000
Additional initial equity grants to newly elected or appointed Board Chair ⁽²⁾	3,750	9,000
Annual equity grants to all directors, including Board Chair ⁽³⁾	4,500	11,100
Additional annual equity grant to Board Chair ⁽³⁾	1,500	3,900

- (1) Vests in three equal installments beginning on the first anniversary of the appointment date.
- (2) Vests in full on the first anniversary of the appointment date.
- (3) Vests in full on the first anniversary of the grant date, with the exception of those granted to Lewis Taffer in 2011, which vest on the date of the 2012 annual meeting of stockholders.

The material revisions to the 2011 director compensation program, made in March 2011, were to (i) pay an annual cash retainer to any non-employee Board chair, (ii) provide for the grant of additional initial and annual equity awards to any non-employee Board chair, and (iii) provide for the quarterly payment of annual cash retainers. In November 2011, the Board also revised the non-employee director compensation program to include an annual cash retainer payable to non-employee members of the newly formed Mergers and Acquisitions Committee.

The Company reimburses all directors for expenses incurred in attending meetings or performing their duties as directors. The Company does not provide any perquisites to directors.

Director Compensation for 2011

The following table sets forth information concerning the compensation of each non-employee directors for 2011:

Name	Fees earned or paid in cash	Stock awards ⁽¹⁾	Option awards ⁽¹⁾	Total
John Cunningham	\$ 41,608	\$ 83,265	\$ 55,967	\$ 180,840
Jules Haimovitz	\$ 24,221	\$ 40,005	\$ 26,086	\$ 90,312
Richard Hearney	\$ 22,743	\$ 40,005	\$ 26,086	\$ 88,834
Steven Hooper	\$ 17,191	\$ 99,000	\$ 80,984	\$ 197,175
Elizabeth Huebner	\$ 30,530	\$ 40,005	\$ 26,086	\$ 96,621
Andrew Snyder	\$ 7,730	\$ 104,175	\$ 82,617	\$ 194,522
Lewis Taffer	\$ 20,493	\$ 40,005	\$ 26,086	\$ 86,584
James Voelker	\$ 20,668	\$ 40,005	\$ 26,086	\$ 86,759

- (1) All directors received their stock and option awards in a single grant with the exception of Mr. Cunningham, who received an additional grant due to his assuming the role of Chairman of the Board. In March 2011 Mr. Cunningham received an option grant with a fair value of \$20,715 and an RSU grant with a fair value of \$29,925, and in June 2011, Mr. Cunningham received an option grant with a fair value of \$26,086 and an RSU grant with a fair value of \$53,340.

All equity grants were awarded pursuant to the Amended and Restated Equity Grant Program for Nonemployee Directors under the Restated 1996 Flexible Stock Incentive Plan (the **1996 Plan**). Stock awards consist of restricted stock units (**RSUs**) with each RSU representing the right to receive one share of our common stock upon vesting. Option awards consist of options to purchase shares of our common stock. The dollar amount is the grant date fair value of the award. The Company does not coordinate the timing of share grants with the release of material non-public information, as grants are made as of the annual meeting date or

election date. The dollar amounts in the table above are the grant date fair values of the awards. Assumptions used in the valuation of awards are discussed in Note 6: Stock-based Compensation Expense of the Notes to Consolidated Financial Statements (Item 8 of Part II) in our Annual Report on Form 10-K for the year ended December 31, 2011.

The following table sets forth information concerning the aggregate number of equity awards outstanding for each of the non-employee directors as of December 31, 2011:

Name	Aggregate number of RSUs ⁽¹⁾	Aggregate number of options ⁽¹⁾
John Cunningham ⁽²⁾	9,750	75,100
Jules Haimovitz	4,500	62,200
Richard Hearney	4,500	44,700
Steve Hooper ⁽³⁾	11,250	27,000
Elizabeth Huebner	4,500	32,200
Andrew Snyder ⁽⁴⁾	11,250	27,000
Lewis Taffer ⁽⁵⁾	4,500	62,200
James Voelker	4,500	1,066,600

- (1) For each of the non-employee directors, except as noted below, 4,500 of the RSUs and 11,100 of the options outstanding were unvested at December 31, 2011 and are expected to vest on June 8, 2012. The remaining options were fully vested as of December 31, 2011.
- (2) 9,750 of these RSUs and 24,000 of these options outstanding were unvested at December 31, 2011, of which 3,750 RSUs and 9,000 options vested on January 1, 2012, and 6,000 RSUs and 15,000 options are expected to vest on June 8, 2012. The remaining options were fully vested as of December 31, 2011.
- (3) 11,250 of these RSUs and 27,000 of these options outstanding were unvested at December 31, 2011. These awards are expected to vest in three equal annual installments, beginning on April 11, 2012.
- (4) 11,250 of these RSUs and 27,000 of these options outstanding were unvested at December 31, 2011. These awards are expected to vest in three equal annual installments, beginning on August 23, 2012.
- (5) 4,500 of these RSUs and 11,100 of these options outstanding were unvested at December 31, 2011, and are expected to vest on May 31, 2012. The remaining options were fully vested as of December 31, 2011.

BENEFICIAL OWNERSHIP

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our executive officers, directors, and persons who own more than ten percent of a registered class of our equity securities to file reports of ownership on Form 3 and changes in ownership on Form 4 and Form 5 with the SEC. Executive officers, directors, and greater-than-ten-percent stockholders are required by SEC regulations to furnish InfoSpace with copies of all Section 16(a) forms they file. Based solely on our review of the copies of such forms received by us or filed with the SEC, and written representations from certain reporting persons, InfoSpace believes that all Section 16(a) filing requirements applicable to its executive officers, directors, and persons who own more than ten percent of a registered class of our equity securities have been complied with on a timely basis during 2011.

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 April 2, 2012, as to: (i) each person who is known by us to own beneficially more than five percent of the outstanding shares of common stock; (ii) each director and each nominee for director of InfoSpace; (iii) each of the Named Executive Officers named in the Summary Compensation Table; 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. Unless otherwise indicated below, and subject to applicable community property laws, each beneficial owner has sole voting and investment powers with respect to the shares listed below:

Principal Stockholders, Directors, Nominees for Director and Named Executive Officers	Number of Shares Owned Directly or Indirectly	Number of Shares That Can Be Acquired Within 60 Days of April 2, 2012		Shares Beneficially Owned ⁽¹⁾	
		Options/ Warrants	RSUs	Number	Percent of Class
<u>5% Stockholders</u>					
BlackRock, Inc. 40 East 52nd Street New York, NY 10022	3,291,753			3,291,753 ⁽²⁾	8.3%
Dimensional Fund Advisors LP Palisades West, Building One 6300 Bee Cave Road Austin, TX 78746	2,954,362			2,954,362 ⁽³⁾	7.4%
Renaissance Technologies LLC. 800 Third Avenue New York, NY 10022	2,101,800			2,101,800 ⁽⁴⁾	5.3%
The Vanguard, Inc. 100 Vanguard Blvd. Malvern, PA 19355	1,994,290			1,994,290 ⁽⁵⁾	5%