

STAMPS.COM INC
Form DEF 14A
April 26, 2011

**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 x
Filed by a party other than the Registrant o
Check the appropriate box:

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

STAMPS.COM INC.

(Name of Registrant as Specified in Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

x No fee required.
 o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
(1) Title of each class of securities to which transaction applies:
(2) Aggregate number of securities to which transaction applies:

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

(4) Proposed maximum aggregate value of transaction:

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Fee paid previously with preliminary materials.

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

(1) Amount previously paid:

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

(3) Filing party:

(4) Date filed:

12959 Coral Tree Place
Los Angeles, CA 90066-7020
(310) 482-5800

Dear Stockholder:

You are cordially invited to attend the 2011 Annual Meeting of Stockholders of Stamps.com Inc. (the Annual Meeting) to be held at 10:00 a.m. Pacific Daylight Savings Time on Wednesday, June 15, 2011, at Stamps.com Inc., 12959 Coral Tree Place, Los Angeles, CA 90066.

Your vote at the Annual Meeting is important to us. At the Annual Meeting, you will be asked to (i) elect one director, (ii) approve, on an advisory basis, our executive compensation, (iii) vote, on an advisory basis, on the frequency of future advisory votes on our executive compensation, and (iv) ratify the selection of our independent auditors for 2011. The accompanying Notice of 2011 Annual Meeting of Stockholders and proxy statement describes the matters to be presented at the Annual Meeting. These proxy solicitation materials will first be mailed on or about May 7, 2011 to stockholders entitled to vote at the Annual Meeting.

Our board of directors unanimously recommends that stockholders vote in favor of (i) the election of the nominated director, (ii) the resolution approving, on an advisory basis, our executive compensation, (iii) holding future advisory votes on executive compensation every three years, and (iv) the ratification of our independent auditors for 2011.

Whether or not you plan to attend the Annual Meeting, please mark, sign, date and return your proxy card in the enclosed envelope as soon as possible. Your stock will be voted in accordance with the instructions you have given in your proxy card. Please note that if your stock is held by a bank, broker or other nominee, you must follow the instructions you receive to have your stock voted. You may attend the Annual Meeting and vote in person even if you have previously returned your proxy card.

Sincerely,

/s/ Ken McBride

Ken McBride
Chief Executive Officer

Los Angeles, California
May 7, 2011

12959 Coral Tree Place
Los Angeles, CA 90066-7020
(310) 482-5800

NOTICE OF 2011 ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD JUNE 15, 2011

TO THE STOCKHOLDERS OF STAMPS.COM INC.:

NOTICE IS HEREBY GIVEN that the 2011 Annual Meeting of Stockholders (the Annual Meeting) of Stamps.com Inc., a Delaware corporation, will be held on June 15, 2011, beginning at 10:00 a.m. Pacific Daylight Savings Time at Stamps.com Inc., 12959 Coral Tree Place, Los Angeles, CA 90066, for the following purposes:

1. To elect one director to serve for a three-year term ending at the 2014 annual meeting of stockholders or until his successor is duly elected and qualified;
2. To approve, on an advisory basis, our executive compensation;
3. To vote, on an advisory basis, on the frequency of future advisory votes on our executive compensation; and
4. To ratify the appointment of Ernst & Young LLP as our independent auditors for 2011.

The foregoing matters are described in more detail in the enclosed proxy statement. Our board of directors has fixed the close of business on April 21, 2011 as the record date for the determination of our stockholders entitled to notice of, and to vote at, the Annual Meeting and any postponement or adjournment of the meeting. Only those stockholders of record as of the close of business on that date are entitled to notice of and to vote at the Annual Meeting. Our stock transfer books will remain open between the record date and the date of the meeting. A list of stockholders entitled to vote at the Annual Meeting will be available for inspection by any of our stockholders, for any purpose germane to the meeting, at the Annual Meeting and during ordinary business hours at our executive offices for a period of ten days prior to the Annual Meeting.

All stockholders are cordially invited to attend the meeting in person. Whether or not you plan to attend, please sign and return the enclosed proxy card as promptly as possible in the envelope enclosed for your convenience. Should you receive more than one proxy card because your shares are registered in different names and addresses, each proxy should be signed and returned to assure that all your shares will be voted. You may revoke your proxy at any time before the Annual Meeting. If you attend the Annual Meeting and vote by ballot, your proxy will be revoked automatically and only your vote at the Annual Meeting will be counted.

YOUR VOTE IS VERY IMPORTANT, REGARDLESS OF THE NUMBER OF SHARES YOU OWN. PLEASE READ THE ATTACHED PROXY STATEMENT CAREFULLY, COMPLETE, SIGN AND DATE THE ENCLOSED PROXY CARD AS PROMPTLY AS POSSIBLE AND RETURN IT IN THE ENCLOSED ENVELOPE.

BY ORDER OF THE BOARD OF DIRECTORS,

/s/ SETH WEISBERG

Seth Weisberg
Chief Legal Officer and Secretary

Los Angeles, California

May 7, 2011

12959 Coral Tree Place
Los Angeles, CA 90066-7020

PROXY STATEMENT FOR THE ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON JUNE 15, 2011

GENERAL INFORMATION

General

The enclosed proxy is solicited on behalf of the board of directors of Stamps.com Inc. (our Board), for use at our Annual Meeting of Stockholders to be held on June 15, 2011 and at any and all adjournments or postponements thereof (the Annual Meeting). The Annual Meeting will begin at 10:00 a.m. Pacific Daylight Savings Time at Stamps.com Inc, 12959 Coral Tree Place, Los Angeles, CA 90066. This proxy statement and the accompanying proxy card are first being mailed to stockholders on or about May 7, 2011.

Important Notice Regarding Availability of Proxy Materials for the 2011 Annual Meeting of Stockholders to be Held on June 15, 2011

Our proxy statement and annual report on Form 10-K are available on the Internet at
<http://investor.stamps.com/sec.cfm>.

Voting and Proxies

Only holders of record of our common stock at the close of business on April 21, 2011 (the Record Date) are entitled to notice of and to vote at the Annual Meeting. As of the Record Date, 14,349,928 shares of our common stock were issued and outstanding. Holders are entitled to one vote at the Annual Meeting for each share of common stock held that was issued and outstanding as of the Record Date. A majority of the outstanding shares of our common stock, present in person or represented by proxy, constitutes a quorum for the transaction of business at the Annual Meeting.

All votes will be tabulated by the inspector of election appointed for the meeting, who will separately tabulate affirmative and negative votes, abstentions and broker non-votes. Abstentions and broker non-votes are counted as present for purposes of determining the presence or absence of a quorum for the transaction of business.

If you properly sign and return the enclosed form of proxy, your shares represented will be voted at the Annual Meeting in accordance with your specified instructions. If you do not specify how your shares are to be voted, your shares will be voted (i) FOR the election of the director proposed by our Board, (ii) FOR the resolution approving, on

an advisory basis, our executive compensation, (iii) FOR holding future advisory votes on executive compensation every three years and (iv) FOR the ratification of our independent auditors for 2011.

If your shares of common stock are held by a bank, broker or other nominee, please follow the instructions you receive from your bank, broker or other nominee to have your shares of common stock voted. If your shares are held by a broker, then the broker will ask you how you want your shares to be voted. If you give the broker instructions, then your shares will be voted as you direct. If you do not give instructions, then for the ratification of the independent auditors, the broker may vote your shares in its discretion, but for the election of the director, the approval of our executive compensation, and the vote on the frequency of future advisory votes on executive compensation, the broker may not be entitled to vote your shares at all.

You may revoke or change your proxy at any time before the Annual Meeting by filing with our Secretary at 12959 Coral Tree Place, Los Angeles, CA 90066-7020, a notice of revocation or another signed proxy with a later date. You may also revoke your proxy by attending the Annual Meeting and voting in person.

Solicitation

We will bear the entire cost of solicitation, including the preparation, assembly, printing and mailing of this proxy statement, the proxy card and any additional solicitation materials furnished to our stockholders. Copies of solicitation materials will be furnished to brokerage houses, fiduciaries and custodians holding shares in their names that are beneficially owned by others so that they may forward this solicitation material to such beneficial owners. In addition, we may reimburse such persons for costs incurred in forwarding the solicitation materials to such beneficial owners. The original solicitation of proxies by mail may be supplemented by a solicitation by telephone, telegram or other means by our directors, officers or employees. No additional compensation will be paid to these individuals for soliciting. Except as described above, we do not presently intend to solicit proxies other than by mail.

Annual Meeting Attendance

Attendance and voting at the Annual Meeting is limited to stockholders at the close of business on the Record Date and our invitees. No cameras, recording equipment or other electronic devices will be permitted in the Annual Meeting. In order to be admitted to the Annual Meeting, if you are (i) a stockholder of record, you must bring a valid, government issued photo identification and (ii) if you are a beneficial stockholder you must bring an account statement or letter from your broker or bank showing that you owned stock as of the Record Date and a valid, government issued photo identification. We will not be required to admit any attendees that do not show the documentation specified in the preceding sentence.

Deadline for Receipt of Stockholder Proposals

Under Securities and Exchange Commission Rule 14a-8, proposals of stockholders that are intended to be presented by such stockholders at our 2012 annual meeting of stockholders and included in the proxy statement and form of proxy relating to that meeting must be received no later than January 8, 2012. Stockholders wishing to submit proposals for the 2012 annual meeting of stockholders outside of Rule 14a-8 may do so if the proposal was timely received by us under our bylaws, as calculated below. In addition, the proxy solicited by our Board for the 2012 annual meeting of stockholders will confer discretionary authority to vote on any stockholder proposal presented at that meeting if notice of the proposal was timely received by us under our bylaws, as calculated below. Our bylaws provide that to be timely, notice of a proposal must be delivered to or mailed and received at our principal executive offices not less than 120 days before the date of the annual meeting.

PROPOSAL ONE: ELECTION OF DIRECTOR

General

Our certificate of incorporation provides for a classified board of directors consisting of three classes of directors with staggered three-year terms, with each class consisting, as nearly as possible, of one-third of the total number of directors. Our Board currently consists of four members.

Our four member Board is currently divided into two Class I directors, one Class II director and one Class III director.

Class III, the class whose term of office expires at the Annual Meeting, currently consists of one director. The director elected to this class will serve for a term of three years, beginning on the date of the Annual Meeting and expiring at the 2014 annual meeting of stockholders or until his successor has been duly elected and qualified. The nominee listed below is currently a director.

The nominee for election has agreed to serve if elected, and management has no reason to believe that the nominee will be unavailable to serve. If the nominee is unable or declines to serve as a director at the time of the Annual Meeting, the proxies will be voted for any substitute nominee who may be designated by our Board to fill the vacancy.

Directors are elected by a plurality of the votes cast on the election of directors, which means that the nominee will be elected if he receives more votes in favor of his election than votes against. Accordingly, an abstention or broker non-vote will have no effect on the outcome of this election. You may not cumulate votes in the election of directors.

Unless otherwise instructed, the proxy holders will vote the proxies received by them FOR the nominee named below.

Directors

The following table sets forth certain information regarding our current directors as of April 15, 2010:

Name	Age	Position
Mohan P. Ananda ⁽¹⁾⁽²⁾⁽³⁾	65	Director
G. Bradford Jones ⁽¹⁾⁽²⁾	56	Director
Kenneth McBride	43	Chief Executive Officer, Director
Lloyd I. Miller ⁽²⁾⁽³⁾	56	Director

(1) Member of the Audit Committee

(2) Member of the Nominating Committee

(3) Member of the Compensation Committee

Each of our directors, including our current nominee, was nominated based on the assessment of our Nominating Committee and our Board that he has demonstrated: relevant business experience, excellent decision-making ability, good judgment, and personal integrity and reputation. Our Board consists of, and seeks to continue to include, persons whose diversity of skills, experience and background are complementary to those of our other directors.

Nominee for Term Ending at the 2014 Annual Meeting of Stockholders

Kenneth McBride, has been one of our directors and has served as our President and Chief Executive Officer since 2001 and also served as our Chief Financial Officer from 2000 to 2004. Previously, Mr. McBride served as our Senior Director of Finance from 1999 to 2000. Before joining us, Mr. McBride was a research analyst for Salomon Smith Barney covering several industries in the high technology area. Mr. McBride has also worked as an engineer and manager in the semiconductor industry. Mr. McBride holds a bachelor's degree, with honors, and a master's degree, in Electrical Engineering from Stanford University. Mr. McBride also holds an MBA from the Graduate School of Business at Stanford University. As President and Chief Executive Officer, Mr. McBride brings extensive insight to our Board regarding the management and operations of our company.

Continuing Directors Whose Term Expire at the 2012 Annual Meeting of Stockholders

G. Bradford Jones, has been one of our directors since 1998. Mr. Jones is currently a General Partner at Brentwood Venture Capital, which he joined in 1981, and a Managing Director of Redpoint Ventures, a firm he co-founded in 1999. Mr. Jones currently serves on the board of directors of numerous privately-held companies. Mr. Jones received his B.A. in Chemistry from Harvard University, his M.A. in Physics from Harvard University and his J.D./M.B.A. from Stanford University. Mr. Jones' extensive knowledge of the technology industry, investment management and accounting, and his experience serving on the boards of directors of other companies have proven invaluable to our Board's discussions regarding investment strategies and accounting issues.

Lloyd I. Miller, has been one of our directors since 2002. Mr. Miller is an independent investor and has served on numerous corporate boards of publicly traded companies including Aldila Inc. and those noted below. Mr. Miller currently serves as a director of American Banknote Corporation, a global supplier of secure documents, services and systems, and DDi Corp., a provider of time-critical, technologically-advanced printed circuit board engineering and manufacturing services. Mr. Miller was also an observer to the board of directors of Crossroads Inc. and served as a non-board nominating committee chairman of Lexington Coal Company. Mr. Miller has also served as a director of the following companies during the past five years: Gencor Industries, Pharms Corporation, Ore Pharmaceuticals and Synergy Brands Inc. He was a member of the Chicago Stock Exchange, Chicago Board of Trade, and traded actively on the floor of the Chicago Board of Trade from 1978 to 1992. Mr. Miller received his B.A. from Brown University. Mr. Miller's extensive experience with and knowledge of business management, accounting, finance, and capital markets, and his experience serving on the boards of directors of other companies are invaluable to our Board's discussions regarding business strategy, accounting issues, financial issues, cash management, and share repurchase strategies.

Continuing Director Whose Term Expire at the 2013 Annual Meeting of Stockholders

Mohan P. Ananda, has been one of our directors since 1998. Mr. Ananda is a founder, and currently serves as the chief executive officer and chairman of the board, of Angels Now, Inc., an investment and management consulting company, and has served there for more than five years. From 1997 to 1998, Mr. Ananda served as our chief executive officer. From 1986 to 1996, Mr. Ananda was a partner of Ananda & Krause, a law firm. Mr. Ananda also serves on the board of directors of several privately-held companies and previously served on the boards of directors of JAB Holdings Ltd and Envestnet. Mr. Ananda received his B.S. in Mechanical Engineering from Coimbatore Institute of Technology in India, his M.S. in Aeronautics from the California Institute of Technology, his Ph.D. in Astrodynamics and Control from University of California, Los Angeles, and his J.D. from the University of West Los Angeles. Mr. Ananda was instrumental in the founding of our company and has extensive experience with the technology and industry of our PC Postage business, and that experience has proven invaluable for our Board.

Recommendation of our Board

Our Board recommends that the stockholders vote FOR the election of the nominee listed above.

BOARD COMMITTEES AND MEETINGS AND CORPORATE GOVERNANCE

Board Committees and Meetings

Our Board held five meetings and acted by unanimous written consent twice during 2010. Each director attended or participated in 75% or more of the aggregate of (i) the total number of meetings of our Board and (ii) the total number of meetings held by all committees of our Board on which such director served during 2010. Our Board members are not required to attend our annual meetings of stockholders, and no directors attended our annual meeting in 2010. Our Board has an Audit Committee established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, a Compensation Committee and a Nominating Committee.

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Audit Committee. The Audit Committee currently consists of three directors, Messrs. Ananda, Jones and Miller, and is primarily responsible for hiring our independent auditors, approving the services performed by our independent auditors and reviewing their reports regarding our accounting practices and systems of internal accounting controls.

Mr. Jones serves as the chairman of the Audit Committee. The Audit Committee acts pursuant to a written charter adopted by our Board, which is available on our website at

<http://investor.stamps.com/documentdisplay.cfm?DocumentID=1898>. All members of the Audit Committee are non-employee directors and are independent pursuant to the rules of The NASDAQ Stock Market and Securities and Exchange Commission rules. In addition, our Board has determined that each of Messrs. Jones and Miller is an audit committee financial expert as defined by applicable Securities and Exchange Commission rules. Our Audit Committee held five meetings during 2010.

Compensation Committee. The Compensation Committee currently consists of two directors, Messrs. Ananda and Miller. The Compensation Committee is primarily responsible for reviewing and approving our general compensation policies and setting compensation levels for our executive officers. Our Compensation Committee also has the authority to administer our employee stock purchase plan and our stock incentive plan and to make option grants under our stock incentive plan. All members of the Compensation Committee are non-employee directors and are independent pursuant to the rules of The NASDAQ Stock Market. The Compensation Committee acts pursuant to a written charter adopted by our Board, which is available on our website at <http://investor.stamps.com>. The Compensation Committee will only delegate its authority to the extent consistent with our certificate of incorporation and bylaws and applicable laws, regulations and listing standards. No compensation consultant was engaged to provide advice or recommendations on our executive or director compensation for 2010. The Compensation Committee held one meeting and acted by unanimous written consent on eight separate occasions during 2010.

Nominating Committee. The current members of our Nominating Committee are Messrs. Ananda, Jones and Miller, each of whom qualifies as an independent director under the rules of The NASDAQ Stock Market. The Nominating Committee acts pursuant to a written charter adopted by our Board, which is available on our website at <http://investor.stamps.com/documentdisplay.cfm?DocumentID=1894>. The Nominating Committee held one meeting during 2010.

The responsibilities of the Nominating Committee include (i) screening and recommending to our Board qualified candidates for election or appointment to our Board; (ii) recommending the number of members that shall serve on our Board; (iii) evaluating and reviewing the independence of existing and prospective directors; and (iv) reviewing and reporting on additional corporate governance matters as directed by our Board.

Our Nominating Committee manages the process for evaluating current Board members at the time they are considered for re-nomination. After considering the appropriate skills and characteristics required on our Board, the current makeup of our Board, the results of the evaluations, and the wishes of our Board members to be re-nominated, our Nominating Committee recommends to our Board whether those individuals should be re-nominated. Our Nominating Committee also periodically reviews with our Board whether it believes our Board would benefit from adding a new member(s), and if so, the appropriate skills and characteristics required for the new member(s). If our Board determines that a new member would be beneficial, our Nominating Committee solicits and receives recommendations for candidates and manages the process for evaluating candidates. All potential candidates, regardless of their source (including candidates recommended by stockholders), are reviewed under the same process. Our Nominating Committee screens the available information about the potential candidates. Based on the results of the initial screening, interviews with viable candidates are scheduled with Nominating Committee members, other members of our Board and senior members of management. Upon completion of these interviews and other due diligence, our Nominating Committee may recommend to our Board the election or nomination of a candidate.

We expect that candidates for independent directors will typically be found through recommendations from current directors. Our stockholders may also recommend director candidates by sending the candidate's name, age, resume, amount of our stock beneficially owned and other information required in solicitations of proxies for the election of directors, to the Nominating Committee under the provisions set forth below for communication with our Board. To be timely, a recommendation must be delivered to or mailed and received

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not less than one-hundred twenty (120) days prior to our annual meeting at which directors are to be elected. No such suggestions from our stockholders were received in time for the Annual Meeting.

The Nominating Committee has no predefined minimum criteria for selecting director nominees, although it believes that all directors should share qualities such as business experience, excellent decision-making ability, good judgment, personal integrity and reputation. In any given search, the Nominating Committee may also define particular characteristics for candidates to balance the overall skills and characteristics of our Boards and our perceived needs.

However, during any search, the Nominating Committee reserves the right to modify its stated search criteria for exceptional candidates. Although the Nominating Committee does not have a formal policy with respect to diversity, the Nominating Committee endeavors to seek nominees representing diverse experience in policy-making positions in business and technology, and in areas that are relevant to our activities.

Compensation Committee Interlocks and Insider Participation.

The Compensation Committee currently consists of two directors, Messrs. Ananda and Miller. Neither of these individuals was one of our officers or employees during 2010 or had any relationship with us requiring disclosure under Item 404 of Regulation S-K. None of our current executive officers has ever served as a member of the board of directors or the compensation committee of any other entity that has or has had one or more executive officers serving as a member of our Board or Compensation Committee.

Contacting the Board

Any stockholder who desires to contact our Board may do so by writing to the following address: Board of Directors, c/o Legal Department, Stamps.com Inc., 12959 Coral Tree Place, Los Angeles, CA 90066-7020. Communications received are distributed to an independent Board member, as well as other members as appropriate, of our Board depending on the facts and circumstances outlined in the communication received.

Director Independence

Our Board has determined that, except for Mr. McBride, each of our directors qualifies as an independent director under the rules of The NASDAQ Stock Market. Mr. McBride is not independent because he serves as our chief executive officer.

Board Leadership Structure and Role in Risk Oversight

Our Board does not have a Chairman and does not have a lead independent director, as all members of our Board take an active role in evaluating our risks and strategic direction. Each committee of our Board is responsible for evaluating certain risks and overseeing the management of such risks. The Compensation Committee is responsible for overseeing the management of risks relating to our executive compensation plans and arrangements. The Audit Committee oversees the process by which our senior management and the relevant departments assess and manage our exposure to, and management of, financial risks as well as potential conflicts of interest. The Nominating Committee manages risks associated with the independence of our Board. Our entire Board is regularly informed about these risks and oversees the management of these risks and regularly reviews information regarding our operations and finances as well as our strategic direction. Our Board's role in risk oversight has not affected our Board's determination that its leadership structure is most appropriate for our company.

Code of Ethics

We have adopted a written code of business and ethical conduct (our Code of Ethics) that applies to our principal executive officer, principal financial officer, and principal accounting officer. Our Code of Ethics, which also applies to our directors and all of our officers and employees, can be found on our web site, at

<http://investor.stamps.com/documentdisplay.cfm?DocumentID=1897>. We intend to make all required disclosures concerning any amendments to, or waivers from, our Code of Ethics on our web site at

<http://investor.stamps.com/documentdisplay.cfm?DocumentID=1897>. Upon request to our secretary, we will provide a copy of our Code of Ethics to any person without charge.

DIRECTOR COMPENSATION

Summary of Compensation

Our Board independently reviewed compensation levels of other company boards in April 2010 and established Board service compensation level at approximately the average level of 44 comparable publicly traded companies (as set forth on Annex B) with revenue less than \$150 million. Our Board expects to review its compensation as needed or as proposed by any director, but in any event at least every four years. Although our executive officers may provide background data in connection with this process, they are generally not involved in the decision on Board compensation except to the extent that Mr. McBride, our chief executive officer, is involved as a member of our Board.

The following summarizes our non-employee director compensation. Directors who are also our employees do not receive any additional compensation for Board service.

Cash Compensation. Effective May 1, 2010, each of our non-employee directors received an annual retainer of \$25,000, \$1,400 for each Board meeting attended and \$700 for each Board Audit or Compensation Committee meeting attended. Additional annual retainers were paid for service on our Audit Committee or Compensation Committee as follows: the chairman of the Audit Committee received an additional \$15,000; other members of the Audit Committee received an additional \$5,000; the chairman of the Compensation Committee received an additional \$8,000; and other members of the Compensation Committee received an additional \$4,000. Prior to May 1, 2010, each of our non-employee directors received \$1,100 for each Board meeting attended and \$700 for each Board Audit or Compensation Committee meeting attended. Directors are also reimbursed for all reasonable expenses incurred by them in attending Board and committee meetings.

Option Grants. Under the automatic option grant program in effect under our stock incentive plan, each individual who joins our Board as a non-employee director and has not previously been one of our employees automatically receives, at the time of his or her initial election or appointment, an option to purchase 5,000 shares of our common stock. In addition, on the date of each annual meeting of stockholders, each individual who is to continue to serve as a non-employee Board member, whether or not that individual is standing for re-election at that particular annual meeting, automatically receives an option to purchase 5,000 shares of our common stock. Each grant under our automatic option grant program has an exercise price per share equal to the fair market value per share of our common stock on the grant date, and will have a maximum term of ten years, subject to earlier termination should the optionee cease to serve as a director. All non-employee directors received automatic option grants on June 16, 2010 for 5,000 shares each of our common stock at an exercise price per share of \$10.55, the fair market value per share of our common stock on the grant date.

Director Compensation Table

The following table contains information with respect to the compensation of our non-employee directors for 2010:

Name	Fees Earned or Paid in Cash (\$) ⁽¹⁾	Option Awards (\$) ⁽²⁾⁽³⁾	Total (\$)
Mohan Ananda	81,850	22,900	104,750
G. Bradford Jones	85,350	22,900	106,250

Lloyd I. Miller

85,850

22,900

108,750

(1) On October 28, 2010, our Board approved a one-time special \$2.00 per share dividend to all of our stockholders. In order to prevent that dividend from diluting or enlarging the rights of the holders (including members of the Board) of outstanding stock options and purchase rights under certain of our equity plans, in compliance with those plans, our Board approved a reduction in the exercise or purchase price of affected options and rights in a manner that was both value neutral and that would not result in any additional stock-based compensation expense. To the extent that the exercise price could not be adjusted in this manner without adverse tax consequences from Section 409A of the Internal Revenue Code for certain option grants, our Board approved value-neutral cash payments which compensated option holders for lost economic value in those option grants. The cash payments were expensed as

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compensation. Those value-neutral cash payments were \$37,550 to each of Mr. Ananda, Mr. Jones and Mr. Miller. Although under Securities and Exchange Commission rules these payments are required to be disclosed as part of our directors' total compensation for 2010, we do not believe they should be considered as actual compensation awarded for 2010, as the only reason for these payments was to compensate holders of options (including our directors) for lost economic value resulting from the special dividend that could not otherwise be done without adverse tax consequences.

(2) The amounts in this column represent the aggregate grant date fair value of option awards granted in 2009, calculated in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718, Compensation - Stock Compensation (ASC 718). See Note 2 of our Notes to Consolidated Financial Statements in our annual report on Form 10-K filed with the Securities and Exchange Commission on March 15, 2011 for a discussion of assumptions we made in determining the amounts included in this column. For each director, the aggregate grant date fair value in this column is equal to the individual grant date fair value of the options to purchase 5,000 shares of common stock granted on June 16, 2010, as directors received only one grant of options during 2010.

(3) As of December 31, 2010, Mohan Ananda and G. Bradford Jones each held options to purchase 36,250 shares of our common stock and Lloyd I. Miller held options to purchase 35,000 shares of our common stock.

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PROPOSAL TWO: ADVISORY VOTE ON EXECUTIVE COMPENSATION

As required pursuant to Section 14A of the Securities Exchange Act of 1934, we are giving our stockholders the opportunity to vote, on an advisory basis, to approve our executive compensation. This proposal, commonly known as a say-on-pay proposal, gives our stockholders the opportunity to express their views on our named executive officers compensation.

As described in detail under the heading Executive Compensation Compensation Discussion and Analysis, our executive compensation structure is designed to attract executives who have the skills and experience necessary to achieve our corporate goals, to align management's interests with those of long-term stockholders, and to attract and retain executive management talent by providing overall compensation that is comparable to what is available through other employment opportunities for those individuals. We believe our total compensation is designed to reflect the value created for stockholders while supporting our strategic goals. Please read the Executive Compensation section, including Compensation Discussion and Analysis, for additional details about our executive compensation programs, including information about the fiscal 2010 compensation of our named executive officers.

We will ask our stockholders to vote FOR the following resolution at the Annual Meeting:

RESOLVED, that the stockholders of Stamps.com Inc. hereby approve, on an advisory basis, the compensation of the named executive officers, as disclosed in Stamps.com Inc.'s Proxy Statement for the 2011 Annual Meeting of Stockholders pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, the Summary Compensation Table and the other related tables and disclosures.

This vote is advisory, and therefore not binding on us, our Board or our Compensation Committee. However, our Board and Compensation Committee value the opinions that our stockholders express in their votes and will consider the outcome of this vote when considering future executive compensation arrangements as they deem appropriate.

Abstentions and broker non-votes will result in the above resolution receiving fewer votes.

Unless otherwise instructed, the proxies will vote for the above resolution.

Recommendation of our Board

Our Board recommends that you vote FOR approval of the Advisory Vote on Executive Compensation.

PROPOSAL THREE: ADVISORY VOTE ON THE FREQUENCY OF AN ADVISORY VOTE ON EXECUTIVE COMPENSATION

As required pursuant to Section 14A of the Securities Exchange Act of 1934 we are also giving our stockholders the opportunity to indicate how frequently we should seek an advisory vote on our executive compensation. By voting on this proposal, stockholders may indicate whether they would prefer the advisory vote on executive compensation to occur once every one, two, or three years.

After careful consideration, our Board has determined that an advisory vote every three years on executive compensation is the most appropriate alternative for us, and recommends that you vote for a three-year interval for the advisory vote on executive compensation.

In formulating its recommendation, our Board considered that an advisory vote on executive compensation every three years will give our stockholders the opportunity to more fully assess the success or failure of our long-term compensation strategies and the related business outcomes with the hindsight of three years of corporate performance and will allow sufficient time for our Board to review and respond to stockholders' views on executive compensation and implement changes, if necessary.

You may cast your vote on your preferred voting frequency by choosing the option of one year, two years, or three years or by abstaining from a vote when you vote in response to the resolution set forth below. You are not voting to approve or disapprove the Board's recommendation on this item.

RESOLVED, that a non-binding advisory vote of the stockholders of Stamps.com Inc. to approve the company's executive compensation, as disclosed pursuant to Item 402 of Regulation S-K (which disclosure includes the Compensation Discussion and Analysis, the Summary Compensation Table and the other related tables and disclosure) shall be held at an annual meeting of stockholders, beginning with the 2011 Annual Meeting of Stockholders, (i) every year, (ii) every 2 years, or (iii) every 3 years.

This vote is advisory, and therefore not binding on us or our Board. Our Board values the opinions that our stockholders express in their votes and will consider t