

STAMPS.COM INC
Form DEF 14A
April 28, 2010

**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:
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(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 2010 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 16, 2010, 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 the Stamps.com Inc. 2010 Equity Incentive Plan and (iii) ratify the selection of our independent auditors for 2010. The accompanying Notice of 2010 Annual Meeting of Stockholders and proxy statement describe the matters to be presented at the Annual Meeting. These proxy solicitation materials will first be mailed on or about May 7, 2010 to stockholders entitled to vote at the Annual Meeting.

Our board of directors unanimously recommends that stockholders vote in favor of the election of the nominated director, the 2010 Equity Incentive Plan, and the ratification of our auditors.

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. 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, 2010

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

NOTICE OF 2010 ANNUAL MEETING OF STOCKHOLDERS TO BE HELD JUNE 16, 2010

To the Stockholders of Stamps.com Inc.:

NOTICE IS HEREBY GIVEN that the 2010 Annual Meeting of Stockholders (the Annual Meeting) of Stamps.com Inc., a Delaware corporation, will be held on June 16, 2010, 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 2013 annual meeting of stockholders or until his successor is duly elected and qualified;
2. To approve the Stamps.com Inc. 2010 Equity Incentive Plan; and
3. To ratify the appointment of Ernst & Young LLP as our independent auditors for 2010.

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 22, 2010 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 as promptly as possible in the envelope enclosed for your convenience. Should you receive more than one proxy 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, 2010

12959 Coral Tree Place
Los Angeles, CA 90066-7020

PROXY STATEMENT FOR THE ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON JUNE 16, 2010

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 16, 2010 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, 2010.

IMPORTANT NOTICE REGARDING AVAILABILITY OF PROXY MATERIALS FOR THE 2009 ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON JUNE 16, 2010

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

Voting

Only holders of record of our voting securities at the close of business on April 22, 2010 (the Record Date) are entitled to notice of and to vote at the Annual Meeting. As of the Record Date, 14,287,786 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.

The nominees for election to our Board who receive the greatest number of votes cast for the election of directors by the shares present at the Annual Meeting, in person or by proxy, will be elected directors. You may not cumulate votes in the election of directors. The adoption of the proposals to approve the Stamps.com Inc. 2010 Equity Incentive Plan and to ratify the appointment of our independent auditors requires the affirmative vote of a majority of shares present at the Annual Meeting, in person or by proxy, and entitled to vote thereon.

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. Abstentions will be counted towards the tabulations of votes cast on proposals presented to the stockholders and will have the same effect as negative votes, whereas broker non-votes will not be counted for purposes of determining whether a proposal has been approved. In the election of the director, an abstention or broker non-vote will have no effect on the outcome.

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 directors and the approval of the Stamps.com Inc. 2010 Equity Incentive Plan, the broker may not be entitled to vote your shares at all.

Proxies

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 FOR the election of the directors proposed by our Board unless the authority to vote for the election of a director is withheld, FOR the approval of the Stamps.com Inc. 2010 Equity Incentive Plan and FOR the ratification of our independent auditors. 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 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 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 rules, proposals of stockholders that are intended to be presented by such stockholders at our 2011 annual meeting of stockholders and included in the proxy statement and form of proxy relating to that meeting must be received no later than December 29, 2010. In addition, according to our bylaws, the proxy solicited by our Board for the 2011 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, which provides that to be timely, notice of the proposal must be delivered to or mailed and received at our principal executive offices not less than 120 days before the date of the 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.

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

Class II, 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 2013 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.

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

Vote Required

Directors are elected by a plurality of the votes cast on the election of directors.

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⁾	64	Director
G. Bradford Jones ⁽¹⁾⁽²⁾	55	Director
Kenneth McBride	42	Chief Executive Officer, Director
Lloyd I. Miller ⁽¹⁾⁽²⁾⁽³⁾	55	Director

(1) Member of the Audit Committee

(2) Member of the Nominating Committee

(3) Member of the Compensation Committee

Each of our directors, including and 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 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. Mr. Ananda has served on the boards of JAB Holdings Ltd and Envestnet. 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. 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.

Continuing Director Whose Term Expires at the 2011 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 Vulcan International, American Controlled Industries, Pharmos Corporation and Ore Pharmaceuticals. Mr. Miller currently serves as a director of American Banknote Corporation, a global supplier of secure documents, services and systems, and Synergy Brands, Inc, a distributor of groceries. He is also a member of Synergy Brands, Inc.'s Nominating and Compensation Committees. Mr. Miller ceased being a director of Ore Pharmaceuticals on March 14, 2008 and Pharmos Corporation on August 5, 2008. He was a member of the Chicago Stock Exchange, and traded actively on the floor of the CBOT from 1978 to 1992. He is a Registered Investment Advisor. 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.

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 once during 2009. 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 2009. Our Board members are not required to attend our annual meetings of stockholders and no directors attended our annual meeting in 2009. 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.

Audit Committee. The Audit Committee currently consists of three directors, Messrs. Ananda, Jones and Miller, and is primarily responsible for 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 Messrs. Jones and Miller are each an audit committee financial expert as defined by applicable Securities and Exchange Commission rules. Our Audit Committee held five meetings during 2009.

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 2009. The Compensation Committee held one meeting and acted by unanimous written consent on seven separate occasions during 2009.

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 two meetings during 2009.

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 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 2009 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 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.

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

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. For 2009, each of our non-employee directors received an annual retainer of \$18,000, \$1,100 for each Board meeting attended and \$700 for each Board 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 \$9,000; other members of the Audit

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Committee received an additional \$4,000; the chairman of the Compensation Committee received an additional \$5,000; and other members of the Compensation Committee received an additional \$2,500. Directors are also reimbursed for all reasonable expenses incurred by them in attending Board and committee meetings.

On April 22, 2010, the Board approved new cash compensation levels that will be effective beginning May 1, 2010.

Each of our non-employee directors will receive an annual retainer of \$25,000, \$1,400 for each Board meeting attended and \$700 for each Board committee meeting attended. Additional annual retainers will be paid for service on our Audit Committee or Compensation Committee as follows: the chairman of the Audit Committee will receive an additional \$15,000; other members of the Audit Committee will receive an additional \$5,000; the chairman of the Compensation Committee will receive an additional \$8,000; and other members of the Compensation Committee will receive an additional \$4,000. Directors will continue to be 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 25, 2009 for 5,000 shares each of our common stock at an exercise price per share of \$8.86, the fair market value per share of our common stock on the grant date.

Our Board independently reviewed compensation levels of other company boards in February 2006 and established Board service compensation level at approximately the average level of 18 comparable publicly traded companies with revenue less than \$150 million. Our Board further reviewed its compensation levels in April 2010 and expects to review its compensation as needed or as proposed by any director, but in any event at least every four years.

Director Compensation Table

The following table contains information with respect to the compensation of our non-employee directors for 2009:

Name	Fees Earned or Paid in Cash (\$)	Option Awards (\$) ⁽¹⁾⁽²⁾	Total (\$)
Mohan Ananda	32,800	20,400	53,200
G. Bradford Jones	36,000	20,400	56,400
Lloyd I. Miller	36,700	20,400	57,100

(1) 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, 2010 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 25, 2009, as directors received only one grant of options during 2009.

(2) As of December 31, 2008, Mohan Ananda and G. Bradford Jones each held options to purchase 31,250 shares of our common stock and Lloyd I. Miller held options to purchase 30,000 shares of our common stock.

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PROPOSAL TWO: STAMPS.COM INC. 2010 EQUITY INCENTIVE PLAN

General

Subject to stockholder approval, the Board has approved a new equity compensation plan for our employees, directors, and third party service providers – the Stamps.com Inc. 2010 Equity Incentive Plan (the 2010 Plan). The 2010 Plan is intended to replace our existing equity compensation plan, our 1999 Stock Incentive Plan, under which as of March 31, 2010 there were no shares of our common stock remaining for future equity grants. No additional awards will be granted under our 1999 Stock Incentive Plan; however, the existing outstanding grants will remain in effect according to their terms.

We believe that a cost-effective and competitive equity compensation program is essential for recruiting, motivating, and retaining talented employees, directors, and third party service providers. Through the 2010 Plan, we seek to expand our alternatives and flexibility for providing cost-effective and competitive equity compensation awards by offering our employees, directors, and third party service providers a combination of options (including incentive stock options for employees), stock appreciation rights, restricted stock, and restricted stock units. Through the combination of awards, we can customize our equity compensation packages on an individual, departmental, and company-wide basis. In light of recurring changes in the accounting treatment of various equity incentives and the possibility of future accounting and tax law changes, we believe that it is advantageous for us to have the flexibility provided by the 2010 Plan to design and implement future equity compensation.

As required by the applicable NASDAQ rules, the 2010 Plan will not become effective unless it is approved by our stockholders.

2010 Equity Incentive Plan Plan Summary

This summary of the 2010 Plan does not purport to be exhaustive and is expressly qualified in its entirety by reference to the full text of the 2010 Plan, which is attached to this Proxy Statement as Annex A.

The 2010 Plan contains the following important features:

Repricing of stock options and stock appreciation rights is prohibited unless stockholder approval is obtained. Stock options and stock appreciation rights must be granted with an exercise price that is not less than 100% of the fair market value on the date of grant.

The ability to automatically receive replacement stock options or stock appreciation rights when a stock option or stock appreciation right, as applicable, is exercised with previously acquired shares of our common stock, or so-called reloading, is *not* permitted.

The 2010 Plan has a ten-year term with a fixed number of shares authorized for issuance. It is not an evergreen plan. A total of 3,500,000 shares of our common stock and stock units are available for grants under the 2010 Plan. If an award expires unexercised, or is forfeited, canceled, reacquired by us at cost, satisfied without issuance of stock or payment of cash or is otherwise terminated without being exercised, the unvested or cancelled shares will be returned to the available pool of shares for future awards.

No more than 700,000 shares and share equivalents may be granted to any one participant in a calendar year. The 2010 Plan is a fungible share plan, under which so called full value awards (such as restricted stock and restricted stock units) will be counted against the 2010 Plan overall limits as two shares (rather than one), while options and

stock appreciation rights will continue to be counted as one share.

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The number and kind of shares available for issuance, the number and kind of shares that may be issued under outstanding awards, the exercise price of outstanding stock options and stock appreciation rights, and the individual limits on awards, will be proportionately adjusted to reflect any stock dividend, reorganization or other change.

Administration. The 2010 Plan will be administered by our Compensation Committee or another committee of the Board (as applicable, the Committee) that meets applicable independence requirements under Rule 16b-3 of the Exchange Act and Section 162(m) of the Code. Subject to the provisions of the 2010 Plan, the Committee has full power and authority to select the participants to whom awards will be granted, to make any combination of awards to participants, to determine the specific terms and conditions of each award, including the conditions for the vesting, performance goals and exercisability of the award, may accelerate the vesting or exercisability of any award, and can interpret the 2010 Plan and adopt, amend, or rescind rules, procedures, agreements, and forms relating to the 2010 Plan.

Eligibility. Employees, directors, and third party service providers will be eligible to receive awards, although third party service providers and outside directors will not be eligible for incentive stock options. The Committee has the discretion to select the employees, directors, and t