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InfoSpace, Inc. Q3 2008 Earnings Conference Call

Question-and-Answer Session

Operator

Thank you. (Operator Instructions) Our first question comes from Kerry Rice with Wedbush Morgan.

Kerry Rice – Wedbush Morgan Securities, Inc.

Nice quarter. I want to talk a little bit more about the guidance and make sure I understand when you're talking about the pay per click rates coming down. You get paid by Yahoo! and Google and those contracts are in place until 2011 so, I just want to make sure I understand how the lower rates impact you because I would assume the rates from Yahoo! and Google are staying the same.

James Voelker

Well, I can start with this. I think what you're referring to is the tack rates and those percentages have not changed. That's correct. This is really referring to what I guess you'd consider the absolute rates that we see advertisers paying and so that's where we've seen some erosion in rates.

And I'll say that so far, it doesn't look a lot different than it did last year, but the economic outlook is a lot different than it was last year and so we're proceeding with caution.

Kerry Rice – Wedbush Morgan Securities, Inc.

Okay and then regarding the option rate securities, you guys have been kind of slowing writing these down each quarter and you've got about a 18 million balance left, so I don't know what the strategy is and maybe try to better understand that with writing it off a certain amount each quarter or do you think that you go back and re-evaluate how it's impaired each quarter or ultimately, what I'm getting to, why not go ahead and write the rest of 18 million off?

David Binder

Well, the value we recognize for these investments is based on the market conditions and the inputs we can see or some inputs tend to be less observable than others but we are recognizing what the market is telling us these investments are worth.

Kerry Rice – Wedbush Morgan Securities, Inc.

And you have to go through that evaluation each quarter, correct?

David Binder

That evaluation each quarter.

James Voelker

You do and we don't do this alone. We do this with the help of our auditors and other consultants.

Kerry Rice – Wedbush Morgan Securities, Inc.

Okay, I'll step out of line and let some other people ask a question. Thank you.

Operator

(Operator Instructions) Our next question will come from Mark May with Needham and Company.

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