

Answers CORP  
Form DEF 14A  
May 01, 2006

[Back to Table of Contents](#)

---

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

**WASHINGTON, D.C. 20549**

**Schedule 14A**

**Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

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

---

**ANSWERS CORPORATION**

(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):

- No fee required  
 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:

---

(5) Total fee paid:

---

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:

---

---

---

**Back to Table of Contents**

**NOTICE OF ANNUAL MEETING  
OF STOCKHOLDERS  
TO BE HELD JUNE 21, 2006**

May 8, 2006

Dear Stockholders of Answers Corporation:

Notice is hereby given that the 2006 annual meeting of stockholders of Answers Corporation (“Answers”, or the “Company”) will be held on June 21, 2006, at 12:30 EDT, at The New Yorker Hotel, 481 Eighth Avenue, New York, New York 10001, for the following important purposes:

- (1) To elect two Class II directors to hold office for a three-year term or until their respective successors are elected and qualified;
- (2) To consider and vote on a proposal to approve an amendment to the Company's 2005 Incentive Compensation Plan to increase the number of shares available for grant under such plan from 850,000 shares to 1,100,000 shares; and
- (3) To consider and act on any other matters that properly may be presented at the annual meeting or any adjournment or postponement of the annual meeting.

These items of business are described in the attached proxy statement, which is being mailed on or about May 8, 2006. Stockholders of record at the close of business on May 1, 2006 are entitled to notice of, and to vote at, the annual meeting and any adjournment or postponement thereof. As of that date, there were 7,728,174 shares of the Company's common stock outstanding and entitled to vote at the annual meeting. Each share of Answers' common stock is entitled to one vote on each matter properly brought before the annual meeting. For ten days prior to the meeting, a complete list of stockholders entitled to vote at the annual meeting will be available for examination by any stockholder, for any purpose relating to the annual meeting, during ordinary business hours at the offices of the Company, 237 West 35<sup>th</sup> Street, Suite 1101, New York, New York 10001.

Also enclosed herewith is Answers' 2005 Annual Report to Stockholders, containing its financial statements for the year ended December 31, 2005. The Annual Report does not constitute proxy soliciting material.

Your vote is important, regardless of the number of shares you own. Please vote as soon as possible to make sure that your shares are represented at the annual meeting. To vote your shares, you may complete and return the enclosed proxy card in the envelope provided or you may be able to submit your proxy or voting instructions by telephone or the Internet. If you are a holder of record, you may also cast your vote in person at the annual meeting. If your shares are held in “street name” (that is, held for your account by a broker or other nominee), you will receive instructions from your broker or nominee on how to vote your shares.

We look forward to meeting those of you who will be able to attend the annual meeting, and we appreciate your continued support of Answers.

By Order of the Board of Directors,  
/s/ Steven Steinberg

Edgar Filing: Answers CORP - Form DEF 14A

Steven Steinberg  
*Secretary*

Jerusalem, Israel  
May 8, 2006

IMPORTANT: Please fill in, date, sign and promptly mail the enclosed proxy card in the accompanying postage-paid envelope to ensure that your shares are represented at the annual meeting. If you attend the annual meeting, you may choose to vote in person even if you have previously sent in your proxy card.

---

**Back to Table of Contents**

**TABLE OF CONTENTS**

<u>QUESTIONS AND ANSWERS ABOUT THE MEETING</u>	1
<u>WHO CAN HELP ANSWER YOUR QUESTIONS</u>	3
<u>THE 2006 ANNUAL MEETING OF STOCKHOLDERS</u>	4
<u>General</u>	4
<u>Date, Time and Place</u>	4
<u>Matters to be Considered at the Annual Meeting</u>	4
<u>Record Date</u>	4
<u>Vote Required</u>	4
<u>Voting of Proxies; Abstentions; and Broker Non-Votes</u>	5
<u>Revocability of Proxies</u>	5
<u>Adjournments</u>	6
<u>Voting by Telephone or Via the Internet</u>	6
<u>Solicitation of Proxies and Expenses of Solicitation</u>	6
<u>PROPOSAL NO. 1: ELECTION OF DIRECTORS</u>	7
<u>Director Nominees</u>	7
<u>Independence of Directors</u>	9
<u>Meetings of the Board of Directors</u>	9
<u>Corporate Governance and Board Committees</u>	10
<u>Director Nominations</u>	11
<u>Director Compensation</u>	11
<u>Communications by Stockholders with Directors</u>	12
<u>Director Attendance at Annual Meetings</u>	12
<u>Vote Required and Recommendation of the Company’s Board of Directors</u>	12
<u>PROPOSAL NO. 2: THE PROPOSED AMENDMENT TO THE 2005 INCENTIVE COMPENSATION PLAN</u>	13
<u>Background</u>	13
<u>Proposal</u>	13
<u>Vote Required and Recommendation of the Company’s Board of Directors</u>	13
<u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT OF THE COMPANY</u>	14
<u>EXECUTIVE OFFICERS</u>	16
<u>EXECUTIVE COMPENSATION AND RELATED MATTERS</u>	18
<u>Options Granted in Fiscal Year 2005</u>	19
<u>2005 Fiscal Year End Option Values</u>	19
<u>Employment Contracts and Termination of Employment and Change-in-Control Arrangements</u>	20
<u>Compensation of Directors</u>	21

<u>Director and Officer Liability</u>	21
<u>Compensation Committee Interlocks and Insider Participation in Compensation Decisions</u>	21
<u>Certain Relationships and Related Transactions</u>	21
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	22
<u>Equity Compensation Plan Information</u>	22

**Back to Table of Contents**

<u>REPORT OF THE COMPENSATION COMMITTEE ON EXECUTIVE COMPENSATION</u>	22
<u>Compensation Philosophy</u>	22
<u>Forms of Compensation</u>	23
<u>2005 Compensation</u>	24
<u>REPORT OF THE AUDIT COMMITTEE</u>	24
<u>COMPARISON OF STOCKHOLDER RETURN</u>	25
<u>ANNUAL REPORT</u>	26
<u>DEADLINE FOR SUBMISSION OF STOCKHOLDER PROPOSALS FOR THE 2007 ANNUAL MEETING OF THE COMPANY'S STOCKHOLDERS</u>	26
<u>INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON</u>	26
<u>OTHER MATTERS</u>	26
<u>INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u>	27
<u>Principal Accountants</u>	27
<u>Fees Paid to Principal Accountants</u>	27
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	28
<u>Form of Proxy</u>	
<u>ANNEX A: Procedures for the Recommendation by Stockholders of Director Candidates</u>	

**[Back to Table of Contents](#)**

**QUESTIONS AND ANSWERS ABOUT  
2006 ANNUAL MEETING OF  
ANSWERS CORPORATION (THE “COMPANY”)**

**Q: When and where will the annual meeting be held?**

A: The annual meeting will be held at The New Yorker Hotel, 481 Eighth Avenue, New York, New York 10001, beginning at 12:30 p.m., EDT, on June 21, 2006.

**Q: Who is making this proxy solicitation?**

A: This proxy statement is furnished to holders of the Company’s common stock as of the close of business on May 1, 2006, the record date for the annual meeting (the “Record Date”), as part of the solicitation of proxies by the Company’s board of directors for use at the annual meeting and any adjournments or postponements of the annual meeting.

**Q: What am I being asked to vote on at the annual meeting?**

A: At the annual meeting, you will be asked to consider and vote on:

- a proposal to elect two Class II directors to hold office for a three-year term or until their respective successors are elected and qualified; and
- a proposal to approve an amendment to the Company's 2005 Incentive Compensation Plan to increase the number of shares available for grant under such plan from 850,000 shares to 1,100,000 shares.

At present, we know of no other matters to be presented for stockholder action at the annual meeting.

**Q: How does the Company’s board of directors recommend that I vote?**

A: Our board of directors recommends that you vote your shares “**FOR**” the election of each of the two nominees named herein to the board of directors of Answers and “**FOR**” approval of the amendment to the Company’s 2005 Incentive Compensation Plan.

**Q: What vote is required to approve each proposal?**

A: In the election of directors, the two persons receiving the highest number of “**FOR**” votes will be elected. The proposal regarding the approval of the amendment of the Company’s 2005 Incentive Compensation Plan requires the affirmative “**FOR**” vote of a majority of those shares of the Company’s common stock present in person or represented by properly executed proxies and entitled to vote at the annual meeting.

**Q: What is the quorum requirement with respect to the annual meeting?**

A: The presence, in person or by properly executed proxy, of the holders of a majority of the shares of the Company’s common stock entitled to vote at the annual meeting will constitute a quorum.

**Q: Under what circumstances will the annual meeting be adjourned?**



A: Although it is not expected, the annual meeting may be adjourned in the absence of a quorum for the purpose of obtaining a quorum. Any adjournment may be made without notice, other than by an announcement made at the annual meeting, by the affirmative vote of a majority of the shares of the Company's common stock present in person or by properly executed proxy at the annual meeting.

-1-

---

**Back to Table of Contents**

**Q: What shares can be voted at the annual meeting?**

A: All shares of the Company's common stock that you own as of the Record Date may be voted by you. You may cast one vote per share of the Company's common stock that you held on the Record Date. These shares include shares that are: (1) held directly in your name as the stockholder of record and (2) held for you as the beneficial owner through a stockbroker, bank or other nominee.

**Q: What is the difference between a holder of record and a beneficial owner of the Company's common stock?**

A: Most of our stockholders hold their shares through a stockbroker, bank or other nominee, rather than directly in their own name. As summarized below, there are some distinctions between shares held as a holder of record and those beneficially owned.

***Holders of Record***

If your shares of the Company's common stock are registered directly in your name with our transfer agent, American Stock Transfer & Trust Company, you are considered, with respect to those shares, the holder of record, and these proxy materials are being sent directly to you by the Company. As the holder of record, you have the right to grant your voting proxy directly to the Company or to vote in person at the annual meeting. We have enclosed a proxy card with this proxy statement for you to use.

***Beneficial Owners***

If your shares of the Company's common stock are held in a stock brokerage account or by a bank or other nominee, you are considered the beneficial owner of shares held in "street name", and these proxy materials are being forwarded to you by your broker or nominee who is considered, with respect to those shares, the holder of record. As the beneficial owner, you have the right to direct your broker or nominee how to vote and are also invited to attend the annual meeting. However, since you are not the holder of record, you may not vote these shares in person at the annual meeting. Your broker or nominee has enclosed a voting instruction card with this proxy statement for you to use in directing the broker or nominee how to vote your shares. You may also vote by telephone as described below under "How can I vote my shares without attending the annual meeting?" If you are a beneficial owner and do not provide the holder of record with voting instructions, your shares may constitute broker non-votes, as described in the section titled "The 2006 Annual Meeting of Stockholders—Voting of Proxies; Abstentions; and Broker Non-Votes."

**Q: How can I vote my shares in person at the annual meeting?**

A: Shares of the Company's common stock held directly in your name as the holder of record may be voted in person at the annual meeting. If you choose to do so, please bring the enclosed proxy card or proof of identification. Even if you plan to attend the annual meeting, we recommend that you vote your shares in advance as described below so that your vote will be counted if you later decide not to attend the annual meeting. Shares held in street name may be voted in person by you only if you obtain a signed proxy from the record holder giving you the right to vote the shares.

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

A: Whether you hold shares directly as the holder of record or beneficially in street name, you may direct your vote without attending the annual meeting by telephone or by completing and mailing your proxy card or voting instruction card in the enclosed postage pre-paid envelope. You may also be able to direct your vote via the Internet. Please refer to the enclosed materials for details.



**Back to Table of Contents**

**Q: Can I change my vote after I have voted by proxy?**

A: Yes. You can change your vote at any time before your proxy is voted at the annual meeting by revoking your proxy.

If you are a holder of record of the Company's common stock, you may revoke your proxy by:

- attending the annual meeting and voting your shares in person at the annual meeting. Your attendance at the annual meeting alone will not revoke your proxy -- you must also vote at the annual meeting;
- filing an instrument in writing with the Secretary of the Company stating that you would like to revoke your proxy; or
- filing another duly executed proxy bearing a later date with the Secretary of the Company so that it arrives prior to the annual meeting.

You should send your revocation or new proxy card to the Company's Secretary at Answers Corporation, 237 West 35<sup>th</sup> Street, Suite 1101, New York, NY 10001.

If you are a beneficial owner of the Company's common stock and you instructed a broker or other nominee to vote your shares, you must follow your broker's directions for changing those instructions.

**Q: What does it mean if I receive more than one proxy card or voting instruction card?**

A: It means your shares are registered differently or are in more than one account. Please provide voting instructions for each proxy and voting instruction card you receive.

**Q: Where can I find the voting results of the annual meeting?**

A: We will announce preliminary voting results at the annual meeting and publish final results in our Quarterly Report on Form 10-QSB for the fiscal quarter ended June 30, 2006.

**WHO CAN HELP ANSWER YOUR QUESTIONS**

If you have any questions about any of the proposals to be presented at the annual meeting or how to submit your proxy card, or if you need additional copies of this proxy statement or the enclosed proxy card or voting instructions, you should contact:

Answers Corporation  
237 West 35<sup>th</sup> Street  
Suite 1101  
New York, New York 10001  
Telephone: 646-502-4777  
Attention: Bruce D. Smith, VP Investor Relations

**Back to Table of Contents**

**THE 2006 ANNUAL MEETING OF STOCKHOLDERS**

**General**

We are furnishing this proxy statement to our stockholders in connection with the solicitation of proxies by the Company's board of directors for use at the 2006 annual meeting of stockholders to be held on June 21, 2006, and at any adjournment, postponement or continuation thereof. This proxy statement is first being furnished to stockholders of the Company on or about May 8, 2006.

**Date, Time and Place**

The annual meeting of stockholders will be held on June 21, 2006, at 12:30 p.m., EDT, at The New Yorker Hotel, 481 Eighth Avenue, New York, New York 10001.

**Matters to be Considered at the Annual Meeting**

At the annual meeting, you will be asked to consider and vote on:

- a proposal to elect two Class II directors to hold office for a three-year term or until their respective successors are elected and qualified; and
- a proposal to approve an amendment to the Company's 2005 Incentive Compensation Plan to increase the number of shares available for grant under such plan from 850,000 shares to 1,100,000 shares.

At present, we know of no other matters to be presented for stockholder action at the annual meeting.

**Record Date**

We have fixed the close of business on May 1, 2006 as the Record Date for determination of stockholders entitled to notice of and to attend and vote at the annual meeting.

**Vote Required**

As of the close of business on the Record Date, there were 7,728,174 shares of the Company's common stock outstanding and entitled to vote at the annual meeting. A quorum of stockholders is necessary to hold a valid meeting. The presence, in person or by properly executed proxy, of the holders of a majority of the shares of the Company's common stock entitled to vote at the annual meeting will constitute a quorum. If a quorum is not present at the annual meeting, we expect that the meeting will be adjourned or postponed to solicit additional proxies. Votes for and against, abstentions and "broker non-votes" will each count as being present to establish a quorum. A "broker non-vote" occurs when a broker holding shares in street name has not received voting instructions from the customer on certain "non-routine" matters, such as approval of the amendment to the Company's 2005 Incentive Compensation Plan, and therefore is barred by the rules of the applicable securities exchange from exercising discretionary authority to vote those securities on such proposal.

In the election of directors, the two persons receiving the highest number of votes cast "**FOR**" will be elected. The approval of the amendment to the Company's 2005 Incentive Compensation Plan requires the affirmative "**FOR**" vote of holders of shares representing a majority of the shares of the Company's common stock represented in person or by properly executed proxy and entitled to vote at the annual meeting.

The annual meeting shall be presided over by the Chairman of the Board and the Company's Secretary shall act as secretary of the annual meeting. Inspectors of election appointed for the annual meeting will tabulate the votes cast by proxy or in person at the meeting. The inspectors of election will determine whether or not a quorum is present.

-4-

---

**Back to Table of Contents**

**Voting of Proxies; Abstentions; and Broker Non-Votes**

In the election of directors, you may vote “**FOR**” each of the nominees or your vote may be “**WITHHELD**” with respect to one or both of the nominees. You may vote “**FOR**,” “**AGAINST**” or “**ABSTAIN**” for the other proposal. All shares of the Company’s common stock represented by properly executed proxies received before or at the annual meeting will, unless the proxies are revoked, be voted in accordance with the instructions indicated on those proxies. If no instructions are indicated on a properly executed proxy card, the shares will be voted “**FOR**” the election of management’s two nominees for membership on the Company’s board of directors and “**FOR**” approval of an amendment to the Company’s 2005 Incentive Compensation Plan to increase the number of shares available for grant under such plan from 850,000 shares to 1,100,000 shares. You are urged to mark the box on the card to indicate how to vote your shares.

If your shares are held in an account at a brokerage firm or bank, that brokerage firm or bank will not be permitted to vote your shares with respect to certain “non-routine” proposals, such as approval of the amendment to the Company’s 2005 Incentive Compensation Plan, unless you provide instructions as to how to vote your shares. If an executed proxy card is returned by a broker or bank holding shares which indicates that the broker or bank has not received voting instructions and does not have discretionary authority to vote on a certain proposal to be presented at the annual meeting, the shares will be considered present at the annual meeting for purposes of determining the presence of a quorum, but will not be considered entitled to vote on such proposal. Brokers may, however, vote their clients’ shares on routine matters, such as the election of directors. Please note that if your shares are held of record by a broker, bank or nominee and you wish to vote at the meeting, you will not be permitted to vote in person unless you first obtain a proxy issued in your name from the record holder.

A properly executed proxy marked “**ABSTAIN**”, although counted for purposes of determining whether there is a quorum and for purposes of determining the aggregate voting power and number of shares represented and entitled to vote at the annual meeting, will not be voted.

**Revocability of Proxies**

The grant of a proxy on the enclosed proxy card does not preclude a holder of record of the Company’s common stock from voting in person at the annual meeting. If you are a holder of record of the Company’s common stock, you may revoke a proxy at any time prior to your proxy being voted at the annual meeting by:

- attending the annual meeting and voting your shares in person at the annual meeting. Your attendance at the annual meeting alone will not revoke your proxy -- you must also vote at the annual meeting;
- filing an instrument in writing with the Secretary of the Company at Answers Corporation, 237 West 35<sup>th</sup> Street, Suite 1001, New York, New York 10001, stating that you would like to revoke your proxy; or
- filing another duly executed proxy bearing a later date with the Secretary of the Company at Answers Corporation, 237 West 35<sup>th</sup> Street, Suite 1001, New York, New York 10001, stating that you would like to revoke your proxy, so that it arrives prior to the annual meeting.

If you revoke your proxy in writing you must indicate the certificate number and the number of shares to which such revocation relates and the aggregate number of shares represented by such certificate(s). The written notification revoking your proxy or a later-dated signed proxy card changing your vote must arrive before the annual meeting takes place in order to be acknowledged and reflected in the vote.

Edgar Filing: Answers CORP - Form DEF 14A

If you are a beneficial owner of the Company's common stock and you instructed a broker or other nominee to vote your shares, you must follow your broker's directions for changing those instructions.

-5-

---



**Back to Table of Contents**

If an adjournment occurs, it will have no effect on the ability of stockholders as of the Record Date to exercise their voting rights or to revoke any previously delivered proxies. The Company does not expect to adjourn the annual meeting for a period of time long enough to require the setting of a new record date for such meeting.

**Adjournments**

Although it is not expected, the annual meeting may be adjourned in the absence of a quorum for the purpose of obtaining a quorum. Any adjournment may be made without notice, other than by an announcement made at the annual meeting. Any adjournment or postponement of the annual meeting for the purpose of soliciting additional proxies will allow the Company's stockholders who have already sent in their proxies to revoke them at any time prior to their use.

**Voting By Telephone or Via the Internet**

If you hold your shares directly registered in your name with American Stock Transfer & Trust Company, you may vote by telephone or via the Internet. To vote by telephone, call 1-800-PROXIES and follow the automated instructions. Instructions for voting via the Internet are set forth on the enclosed proxy card if you hold your shares directly registered in your name with American Stock Transfer & Trust Company. Many banks and brokerage firms have a process for their beneficial owners to provide instructions over the telephone or via the Internet. Your voting form from your broker or bank will contain instructions for voting.

Votes submitted by telephone or via the Internet must be received by 11:59 p.m., Eastern Daylight Time, on June 20, 2006. Submitting your proxy by telephone or via the Internet will not affect your right to vote in person should you decide to attend the annual meeting.

**Solicitation of Proxies and Expenses of Solicitation**

The Company generally will bear the cost of the solicitation of proxies in the enclosed form from our stockholders. In addition to solicitation by mail, our directors, officers and employees may solicit proxies from stockholders by telephone, telegram, letter, facsimile or in person. Following the original mailing of the proxies and other soliciting materials, we will request that brokerage houses and other custodians, nominees and fiduciaries forward copies of the proxy and other soliciting materials to the beneficial owners of stock held of record by such persons and request authority for the exercise of proxies. In those cases, we will reimburse such company's custodians, nominees and fiduciaries for their reasonable out-of-pocket expenses in connection with doing so.

[Back to Table of Contents](#)**PROPOSAL NO. 1****ELECTION OF DIRECTORS**

The Company's Amended and Restated Certificate of Incorporation provides that the Company's board of directors shall consist of not less than five and not more than nine directors. The Company's board of directors is currently composed of seven directors and is divided into three classes serving staggered terms: Class I, whose term will expire at the 2008 annual meeting of stockholders, Class II, whose term expires at the upcoming annual meeting of stockholders to be held on June 21, 2006 and Class III, whose term will expire at the annual meeting of stockholders to be held in 2007. At each annual meeting of stockholders, the successors to directors whose term will then expire will be elected to serve from the time of election and qualification until the third annual meeting following their election. The terms of two of the present directors expire this year and each of them has been nominated for reelection. The two nominees identified in the table below are nominated to be elected at the 2006 annual meeting for the term expiring at the 2009 annual meeting of the stockholders.

At the annual meeting, Edward G. Sim and Jerry Colonna will stand for reelection to serve as Class II directors for a three-year term expiring at the annual meeting of stockholders in 2009 or until their respective successors are elected and qualified.

If a proxy is properly executed but does not contain voting instructions, it will be voted "**FOR**" the election of each of the nominees named below as a director of the Company. Proxies cannot be voted for a greater number of persons than two. Management has no reason to believe that any of the nominees named below will not be a candidate or will be unable to serve as a director. However, in the event that any of the nominees should become unable or unwilling to serve as a director, the proxies may be voted for such substitute nominees as the Company's board of directors may designate.

**Director Nominees**

Set forth below are the names, ages and descriptions of the backgrounds, as of May 1, 2006, of each of the Company's current directors, including the two nominees for Class II directors to be elected at this annual meeting.

<b>Name</b>	<b>Age</b>	<b>Position</b>
<i><b>Class I directors</b> whose terms expire at the 2008 annual meeting of stockholders:</i>		
Mark A. Tebbe (2)(3)	45	Director
Lawrence S. Kramer (4)(5)	56	Director
<i><b>Class II directors</b> nominated for election at this annual meeting of stockholders</i>		
Edward G. Sim (1)(2)(3)	35	Director
Jerry Colonna (1)(3)(4)	42	Director
<i><b>Class III directors</b> whose terms expire at the 2007 annual meeting of stockholders:</i>		
Robert S. Rosenschein	52	Chairman of the Board
Yehuda Sternlicht (2)(5)	51	Director
Mark B. Segall (4)(5)	43	Director

- 
- (1) Director Nominee - Term to expire in 2008
  - (2) Member of Audit Committee
  - (3) Member of Compensation Committee
  - (4) Member of Nominations / Corporate Governance Committee
  - (5) Member of the Financing Committee

-7-

---

**Back to Table of Contents**

***Nominees for election for a three-year term expiring at the 2009 annual meeting of stockholders.***

**Edward G. Sim** has served as a director since August 1999. He currently serves as the chairman of our Compensation Committee and as a member of our Audit Committee. Mr. Sim is a member and Managing Director of the Dawntreader Group and Dawntreader Funds, which he co-founded in 1998. From April 1996 to April 1998, Mr. Sim worked with Prospect Street Ventures, a New York-based venture capital firm, where he worked on software and technology investments like 24/7 Media. From June 1994 to April 1996, Mr. Sim worked with J.P. Morgan's Structured Derivatives Group on the development of a real-time trading application for global asset allocation. Mr. Sim currently serves as a director of DeepNines Technologies, netForensics, Inc., Greenplum, and Moreover Technologies. Mr. Sim served as a director of LivePerson from October 2000 to July 2001, Flashbase from June 1999 to June 2000, and Expertcity/GoToMyPC from August 1999 to March 2004. Mr. Sim graduated with an A.B. in Economics from Harvard College.

**Jerry Colonna** has served as a director since June 2004. He currently serves as the chairman of our Nominating / Corporate Governance Committee and as a member of our Compensation Committee. From January 2002 until December 2002, Mr. Colonna was a partner with JP Morgan Partners, LLC, the private equity arm of JP Morgan Chase & Co. Since August 1996, Mr. Colonna has been a partner with Flatiron Partners, an investment company which he co-founded. Mr. Colonna is a member of the board of directors of a number of private companies including PlanetOut Inc., as well as a number of non-profit organizations including PENCIL—Public Education Needs Civic Involvement in Learning and NYPower NY. Mr. Colonna holds a B.A. in English Literature from Queens College at the City University of New York.

***Directors continuing in office until the 2007 annual meeting of stockholders.***

**Robert S. Rosenschein** has been Chairman of our board and President since he founded Answers Corporation in December 1998. From December 1998 to April 2000 and since May 2001, Mr. Rosenschein has served as our Chief Executive Officer. From May 2000 to April 2001, Mr. Rosenschein served as our Chairman. From 1988 to 1997, Mr. Rosenschein was Chief Executive Officer of Accent Software International Ltd. (formerly Kivun), a company that developed multi-lingual software tools, and from 1997 to 1998, Mr. Rosenschein was Chief Technical Officer of Accent Software International Ltd. Mr. Rosenschein graduated with a B.Sc. in Computer Science from the Massachusetts Institute of Technology and received the Prime Minister of Israel's Award for Software Achievement in 1997.

**Yehuda Sternlicht** has served as a director since June 2004. He currently serves as the chairman of our Audit Committee and as a member of our Financing Committee. Since November 2003, Mr. Sternlicht has been an independent financial consultant and from January 2004 he also serves as Chief Financial Officer of NanoVibronix Inc. From July 1992 until November 2003, Mr. Sternlicht was employed by Savient Pharmaceuticals, Inc. ("Savient") and from January 1993 to December 2002 he served as Savient's Chief Financial Officer. Prior to his years of employment with Savient, Mr. Sternlicht served in several financial and accounting positions in public and private companies and in a large CPA firm. Mr. Sternlicht is qualified as a Certified Public Accountant in the State of Israel and has a BA degree in Accounting and Economy from The Hebrew University, Israel.

**Mark B. Segall** has served as a director since December 2004. He currently serves as the chairman of our Financing Committee and as a member of our Nominating / Corporate Governance Committee. Mr. Segall is the founder and Senior Managing Director of Kidron Corporate Advisors, LLC, a New York based mergers and acquisitions corporate advisory boutique serving emerging growth companies primarily in the technology and financial services sectors. From 2001 to 2003, Mr. Segall was the Chief Executive Officer of Investec, Inc., the U.S. investment banking operations of the Investec Group, a U.K. and African based specialist bank. Previously he was a partner at the law firm of Kramer, Levin and Naftalis LLP, specializing in cross-border mergers and acquisitions and capital markets

activities. Mr. Segall currently serves as a director of the Escala Group, the Comtech Group and Integrated Asset Management. Mr. Segall received his B.A. from Columbia University and a J.D. from New York University Law School. Mr. Segall is a designee of Maxim Group LLC, in accordance with our underwriting agreement with Maxim Group LLC.

-8-

---

**Back to Table of Contents**

***Directors continuing in office until the 2008 annual meeting of stockholders.***

**Mark A. Tebbe** has served as a director since December 1998. He currently serves as a member of our Audit Committee and Compensation Committee. Since February 2002, Mr. Tebbe has been Chairman of Techra Networks LLC, a technology-oriented consulting firm. From August 1984 to January 2002, Mr. Tebbe founded and served as Chairman of Lante Corporation, a technology consulting firm. Besides several non-profit and civic organizations, Mr. Tebbe is a board member of SBI Group, Elexos Corp. and Selective Search. Mr. Tebbe is a former director of Octus Inc. and Accent Software International Ltd. Mr. Tebbe graduated with a B.S. in Computer Science from the University of Illinois at Urbana/Champaign.

**Lawrence S. Kramer** has served as a director since May 2005. He currently serves as a member of our Financing Committee and of our Nominating / Corporate Governance Committee. Since April 2005, Mr. Kramer serves as President of CBS Digital Media, overseeing content and sales of the network's disparate Web properties, including CBS.com, CBSNews.com, SportsLine.com and UPN.com. Formerly, Mr. Kramer was the founder, Chairman and CEO of MarketWatch, Inc., acquired in 2005 by Dow Jones & Company. He has served on the Board of Directors of MarketWatch since the company was founded in 1997 and served as its Chairman of the Board between 1999 and March 2005. Prior to this, between 1994 and 1997, Mr. Kramer served as Vice President of News, Sports and Marketing at Data Broadcasting Corporation. At DBC he created a Sports and News Division, including DBC News, the predecessor company to MarketWatch, Inc. From 1991 to 1994, Mr. Kramer held the position of founder, President & Executive Editor of DataSport Inc. Prior to founding DataSport he spent more than 20 years in journalism as a reporter and editor. During his distinguished career in the newspaper business, he has won a National Press Club Award, Gerald E. Loeb Award and Associated Press Awards for reporting. A past Guest Lecturer at the Harvard Business School for 10 years, Mr. Kramer holds an MBA degree from Harvard and a Bachelor of Science degree in Journalism and Political Science from Syracuse University.

**Independence of Directors**

Our board of directors has determined that all of the Company's directors, except Robert S. Rosenschein, are currently "independent" in accordance with the applicable listing standards of the NASDAQ Stock Market as currently in effect.

**Meetings of the Board of Directors and its Committees**

During the year ended December 31, 2005, the Company's board of directors held eight meetings. The board of directors has an Audit Committee, a Compensation Committee, a Nominations / Corporate Governance Committee and a Financing Committee. During the year ended December 31, 2005, each committee held the following number of meetings:

Audit Committee - six meetings

Compensation Committee - three meetings

Nominations / Corporate Governance Committee - three meetings

Financing Committee - two meetings

During the year ended December 31, 2005, no director attended fewer than 75% of the aggregate of the total number of meetings of the Company's board of directors (held during the period for which he was a director) and the total number of meetings held by all committees of the Company's board of directors on which he served (held during the period that he served).



**Back to Table of Contents**

**Corporate Governance and Board Committees**

*Code of Ethics.*

Our board of directors has adopted a Code of Ethics and Business Conduct (the “Code”) that outlines the principles of legal and ethical business conduct under which the Company does business. The Code, which is applicable to all directors, employees and officers of the Company, is available at the Company’s Website at [www.answers.com](http://www.answers.com). Any substantive amendment or waiver of the Code may be made only by the Company’s board of directors or a committee of the board, and will be promptly disclosed to the Company’s stockholders on our website. In addition, disclosure of any waiver of the Code will also be made by the filing of a Current Report on Form 8-K with the SEC.

*Audit Committee.*

The Company’s board of directors has also adopted a written charter for each of the Audit Committee, Compensation Committee and Nominations and Governance Committee. Each charter is available on the Company’s Website.

The Audit Committee was established in May 2004 and serves at the pleasure of the Company’s board of directors. The Audit Committee monitors the integrity of the Company’s financial statements, reviews the qualifications and independence of the Company’s auditors, monitors the performance of the Company’s internal audit function and independent registered public accounting firm, and ensures compliance of all applicable legal and regulatory requirements. The Audit Committee has the sole authority to appoint or replace the independent registered public accounting firm and is directly responsible for the compensation and oversight of the work of the independent registered public accounting firm. The Audit Committee also pre-approves all auditing services and permitted non-audit services (including the fees and terms thereof) to be performed for the Company by its independent registered public accounting firm.

The members of the Audit Committee during the year ended December 31, 2005 were Messrs. Yehuda Sternlicht, Mark A. Tebbe and Edward G. Sim. The Company’s board of directors has determined that each member of the Audit Committee currently meets the independence criteria set forth in the applicable rules of the NASDAQ Stock Market and the SEC for audit committee membership. The board has also determined that all members of the Audit Committee possess the level of financial literacy required by applicable NASDAQ Stock Market and SEC rules. The Company’s board of directors has determined that Mr. Sternlicht is qualified as an “audit committee financial expert” as defined by the SEC. For additional information about the Audit Committee, see “Report of the Audit Committee” below.

*Compensation Committee.*

The Compensation Committee was established in May 2004 and serves at the pleasure of the Company’s board of directors. The Compensation Committee reviews and approves the Company’s salary and benefits policies, including compensation of the Chief Executive Officer or any severance or similar termination payments to be made to current or former executive officers or members of senior management. It is also within the charter of the Compensation Committee to administer our incentive compensation plans and equity-based compensation plans, and recommend and approve grants of stock options under such plans. The members of the Compensation Committee between January 1, 2005 and July 13, 2005 were Messrs. Mark A. Tebbe, Edward G. Sim and former director, Michael Eisenberg and between July 14, 2005 and December 31, 2005, Messrs. Edward G. Sim, Mark A. Tebbe and Jerry Colonna. As of July 14, 2005, Mr. Sim serves as the chairman of the Compensation Committee. The Company’s board of directors has determined that each of the directors who comprise the Compensation Committee is currently independent for purposes of the applicable NASDAQ Stock Market rules.



*Nominations / Corporate Governance Committee.*

The Nominations / Corporate Governance Committee was established in May 2004, and serves at the pleasure of the Company's board of directors. The purpose of the Nominations / Corporate Governance Committee is to identify individuals believed to be qualified to become board members and to recommend that the board of directors select the director nominees to stand for election at the annual meeting of stockholders or, if applicable, at a special meeting of stockholders. It is also within the charter of the Nominations / Corporate Governance Committee to develop and recommend to the board of directors a set of corporate governance principles applicable to the Company, standards to be applied in making determinations as to the absence of material relationships between the Company and a director and to oversee the selection and composition of committees of the board of directors and, as applicable, oversee management continuity planning processes. The members of the Nominations / Corporate Governance Committee between January 1, 2005 and July 13, 2005 were Messrs. Mark A. Tebbe, Edward G. Sim and Jerry Colonna and between July 14, 2005 and December 31, 2005, Messrs. Jerry Colonna, Mark Segall and Lawrence S. Kramer. As of July 14, 2005, Mr. Colonna serves as the chairman of the Nominations / Corporate Governance Committee. The Company's board of directors has determined that each of the directors who comprise the Nominations / Corporate Governance Committee is currently independent for purposes of the applicable NASDAQ Stock Market rules.

**Back to Table of Contents***Financing Committee.*

The Financing Committee was established in July 2005, and serves at the pleasure of the Company's board of directors. The purpose of the Financing Committee is to review and discuss with management financing opportunities that the Company may consider from time to time, to evaluate the business merits of any potential mergers and acquisitions and to provide the board of directors with a recommendation as to the terms and conditions of any potential extraordinary transactions, in consultation with the management team, legal advisors and financial consultants of the Company. The members of the Financing Committee during the year ended December 31, 2005 were Messrs. Mark B. Segall, Yehuda Sternlicht and Lawrence S. Kramer. Mr. Segall serves as the Chairman of the Financing Committee.

**Director Nominations**

The Nominations / Corporate Governance Committee is responsible for, among other things, the selection, or the recommendation to the Company's board of directors for selection, of nominees for election as directors. The Nominations / Corporate Governance Committee shall make director nominations as a committee or make recommendations to the board with respect to director nominations. Towards the end the Company's 2005 fiscal year, the Nominations / Corporate Governance Committee recommended that the board of directors adopt, and the board of directors subsequently adopted, Procedures for the Recommendation by Stockholders of Director Candidates ("Nomination Procedures"). The Nomination Procedures are attached to this proxy statement as Annex A. Under the Nomination Procedures, the Nominations / Corporate Governance Committee will only consider nominations properly submitted by stockholders in accordance the rules stated therein.

If the Nominations / Corporate Governance Committee believes that the Company's board of directors requires additional candidates for nomination, it may engage, as appropriate, a third party search firm to assist in identifying qualified candidates. The process may also include interviews and all necessary and appropriate inquiries into the background and qualifications of possible candidates.

**Director Compensation**

Until July 31, 2005, non-employee directors received an annual fee of \$15,000, plus \$500 for attendance at each meeting of our board of directors and reimbursement for reasonable travel expenses. In addition to such base fees, members of the board's Audit Committee were paid an annual fee of \$5,000 plus reimbursement for reasonable travel expenses, and the chairman of the Audit Committee was paid an annual fee of \$10,000 plus reimbursement for reasonable travel expenses.

Commencing August 1, 2005, non-employee directors receive an annual base fee of \$20,000 and reimbursement for reasonable travel expenses, with no additional fee rendered for attendance at board meetings. In addition to their base fees, directors receive annual fees for membership on our committees, pursuant to the fee schedule set forth below:

	<b>Director fee base \$</b>	<b>Audit membership \$</b>	<b>Compensation membership \$</b>	<b>Governance membership \$</b>	<b>Financing membership \$</b>	<b>Audit Chair \$</b>	<b>Other Chair \$</b>	<b>Total \$</b>
Mr. Colonna	20,000	—	2,500	2,500	—	—	2,500	27,500
Mr. Kramer	20,000	—	—	2,500	2,500	—	—	25,000

Edgar Filing: Answers CORP - Form DEF 14A

Mr. Segall	20,000	—	—	2,500	2,500	—	2,500	27,500
Mr. Sim	20,000	5,000	2,500	—	—			