

MARKETWATCH COM INC
Form PRE 14A
June 10, 2004
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

SCHEDULE 14A INFORMATION

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

Filed by the Registrant

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MarketWatch.com, Inc.

(Name of Registrant as Specified In Its Charter)

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

N/A

(3) Filing Party:

N/A

(4) Date Filed:

N/A

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MarketWatch.com, Inc.
825 Battery Street
San Francisco, California 94111

To Our Stockholders:

You are cordially invited to attend the 2004 Annual Meeting of Stockholders of MarketWatch.com, Inc. to be held at MarketWatch's corporate headquarters, located at 825 Battery Street, San Francisco, California, 94111 on Wednesday, August 4, 2004 at 10:00 a.m., local time.

The matters expected to be acted upon at the meeting are described in detail in the following Notice of the 2004 Annual Meeting of Stockholders and Proxy Statement.

It is important that you use this opportunity to take part in the affairs of MarketWatch by voting on the business to come before this meeting. **Whether or not you expect to attend the meeting, please complete, date, sign and promptly return the accompanying proxy in the enclosed postage-paid envelope so that your shares may be represented at the meeting.** Returning the proxy does not deprive you of your right to attend the meeting and to vote your shares in person.

We look forward to seeing you at our 2004 Annual Meeting of Stockholders.

Sincerely,

Lawrence S. Kramer
Chairman and Chief Executive Officer

San Francisco, California

June 29, 2004

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MarketWatch.com, Inc.
825 Battery Street
San Francisco, California 94111

NOTICE OF THE 2004 ANNUAL MEETING OF STOCKHOLDERS

To Our Stockholders:

NOTICE IS HEREBY GIVEN that the 2004 Annual Meeting of Stockholders of MarketWatch.com, Inc. will be held at MarketWatch's corporate headquarters, located at 825 Battery Street, San Francisco, California, 94111 on Wednesday, August 4, 2004 at 10:00 a.m., local time, for the following purposes:

1. To elect directors of MarketWatch.com, Inc., each to serve until his or her successor has been elected and qualified or until his or her earlier resignation or removal.
2. To ratify the selection of PricewaterhouseCoopers LLP as our independent auditors for the year ending December 31, 2004.
3. To amend our Amended and Restated Certificate of Incorporation to change the name of the Company from MarketWatch.com, Inc. to MarketWatch, Inc.
4. To transact any other business that may properly come before the Annual Meeting or any adjournment or postponement of the Annual Meeting.

These items of business are more fully described in the proxy statement accompanying this notice.

Only stockholders of record at the close of business on June 18, 2004 are entitled to notice of and to vote at the Annual Meeting or any adjournment or postponement thereof.

By Order of the Board of Directors,

Douglas S. Appleton
General Counsel and Secretary

San Francisco, California

June 29, 2004

Whether or not you expect to attend the meeting, please complete, date, sign and promptly return the accompanying proxy in the enclosed postage-paid envelope so that your shares may be represented at the Annual Meeting.

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MarketWatch.com, Inc.

825 Battery Street

San Francisco, California 94111

PROXY STATEMENT

FOR THE 2004 ANNUAL MEETING OF STOCKHOLDERS

The accompanying proxy is solicited on behalf of the board of directors of MarketWatch.com, Inc., a Delaware corporation, for use at the 2004 Annual Meeting of Stockholders to be held at MarketWatch's corporate headquarters, located at 825 Battery Street, San Francisco, California, 94111 on Wednesday, August 4, 2004 at 10:00 a.m., local time (Annual Meeting). Only holders of record of our common stock at the close of business on June 18, 2004, which is the record date, will be entitled to vote at the Annual Meeting. At the close of business on the record date, we had _____ shares of common stock outstanding and entitled to vote. All proxies will be voted in accordance with the instructions contained therein and, if no choice is specified, the proxies will be voted in favor of the nominees and the proposals set forth in the accompanying Notice of the Annual Meeting and this proxy statement. This proxy statement and the accompanying form of proxy were first mailed to stockholders on or about June 29, 2004. Our annual report and Form 10-K for the year ended December 31, 2003, and Form 10-Q for the quarter ended March 31, 2004 are enclosed with this proxy statement.

All materials filed by us with the Securities and Exchange Commission can be obtained at the Commission's Public Reference Room at 450 Fifth Street, N.W. Washington, D.C. 20549 or through the Commission's website at www.sec.gov. You may obtain information on the operation of the Public Reference Room by calling 1-800-SEC-0330.

Our Internet Web site address is www.marketwatch.com. Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act are available free of charge through our Web site as soon as reasonably practicable after they are electronically filed with, or furnished to, the Securities and Exchange Commission. Upon written request to the Company's Secretary, Douglas S. Appleton, at the address of our corporate headquarters, we will also provide the reports in electronic or paper form free of charge.

Voting Rights

Holders of our common stock are entitled to one vote for each share held as of the record date. Shares of common stock may not be voted cumulatively. An automated system administered by our transfer agent, Mellon Investor Services, will tabulate votes cast by proxy. A representative of our transfer agent will act as our inspector of elections for the Annual Meeting and will tabulate the votes cast in person at the Annual Meeting.

Vote Needed for a Quorum, Effect of Abstentions and Broker Non-Votes

A quorum is required for our stockholders to conduct business at the Annual Meeting. The holders of a majority of the shares of our common stock entitled to vote on the record date, present in person or represented by proxy, will constitute a quorum for the transaction of business.

Under the Delaware General Corporation Law, as it relates to determining the presence of a quorum at the Annual Meeting, an abstaining vote and a broker non-vote are counted as present and are, therefore, included

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for purposes of determining whether a quorum of shares is present. For proposals other than the election of directors presented at the Annual Meeting, abstentions are counted as shares present and entitled to be voted and will have the same effect as a no vote. A broker non-vote occurs when a nominee holding shares for a beneficial owner does not vote on a particular matter because the nominee does not have the discretionary voting power with respect to that matter and has not received instructions from the beneficial owner. For proposals presented at the Annual Meeting, broker non-votes, and shares as to which proxy authority has been withheld with respect to any matter, will have no effect on the outcome because they are not deemed to be entitled to be voted with respect to the proposals.

Vote Required to Approve the Proposals

With respect to Proposal No. 1, directors will be elected by a plurality of the votes of the shares of our common stock, present in person or represented by proxy, at the Annual Meeting and entitled to vote on the election of directors. Abstentions and broker non-votes will have no effect on the outcome of the election of directors. Approval and adoption of Proposal No. 2 require the affirmative vote of a majority of the shares of our common stock present in person or represented by proxy at the Annual Meeting. Abstentions will have the same effect as no votes on Proposal No. 2, but broker non-votes will have no effect. Approval and adoption of Proposal 3 require the affirmative vote of a majority of the shares of our common stock issued and outstanding on the record date. Abstentions and broker non-votes will have the same effect as no votes on Proposal 3. The effectiveness of any of the proposals is not conditioned upon the approval by our stockholders of any of the other proposals by the stockholders.

Postponement or Adjournment of Meeting

In the event that sufficient votes in favor of the proposals are not received by the date of the Annual Meeting, the persons named as proxies may propose one or more postponements or adjournments of the Annual Meeting to permit further solicitations of proxies. Any such postponement or adjournment would require the affirmative vote of the majority of the outstanding shares present in person or represented by proxy at the Annual Meeting. If you choose to vote by proxy, then the proxy card you submit will continue to be valid at any postponement or adjournment of the Annual Meeting.

Expenses of Soliciting Proxies

We will pay the expenses of soliciting proxies to be voted at the Annual Meeting. Following the original mailing of the proxies and other soliciting materials, our directors, officers and employees may also solicit proxies by mail, telephone, or in person. No additional compensation will be paid to these individuals for any such services. Following the original mailing of the proxies and other soliciting materials, we will request that brokers, custodians, nominees and other record holders of our common stock forward copies of the proxy and other soliciting materials to persons for whom they hold shares of our common stock and request authority for the exercise of proxies. In such cases, we will reimburse the record holders for their reasonable expenses if they ask us to do so.

The Proxy

The persons named as proxyholders, Lawrence S. Kramer and Douglas S. Appleton, were selected by our board of directors and currently serve as executive officers of the Company.

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All shares represented by each properly executed, unrevoked proxy received in time for the Annual Meeting will be voted in the manner specified therein. If no specification is made on the proxy as to any one or more of the proposals, the common stock represented by the proxy will be voted as to the proposal for which no specification is given as follows: FOR the election of the director nominees named in this proxy statement; FOR the ratification of the selection of PricewaterhouseCoopers LLP, as our independent auditors for the 2004 fiscal

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year; FOR the amendment of our Amended and Restated Certificate of Incorporation to affect the Company name change; and, with respect to any other matters that may come before the annual meeting, at the discretion of the proxyholders. We do not presently know of any other business to be conducted at the annual meeting.

Revocability of Proxy

Any person signing a proxy in the form accompanying this proxy statement has the power to revoke it prior to the Annual Meeting or at the Annual Meeting prior to the vote pursuant to the proxy. A proxy may be revoked by any of the following methods:

a written instrument delivered to our Secretary, Douglas S. Appleton, stating that the proxy is revoked;

a subsequent proxy that is signed by the person who signed the earlier proxy and is presented at the Annual Meeting; or

attendance at the Annual Meeting and voting in person.

Please note, however, that your attendance at the Annual Meeting, after having executed and delivered a valid proxy card, will not in and of itself constitute a revocation of your proxy. You will be required to give oral notice of your intention to vote in person to the inspector of elections at the Annual Meeting. Please note, further, that if a stockholder's shares are held of record by a broker, bank or other nominee and the stockholder wishes to vote in person at the Annual Meeting, the stockholder must obtain a valid proxy from the broker, bank or other nominee and present it to the inspector of elections at the Annual Meeting.

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PROPOSAL NO. 1

ELECTION OF DIRECTORS

At the Annual Meeting, stockholders will elect each director to hold office until the next annual meeting of stockholders and until his or her successor has been elected and qualified or until such director's earlier resignation or removal. At the Annual Meeting, 11 nominees will be elected to be our 11 directors. If any nominee for any reason is unable to serve, or for good cause will not serve, as a director, the proxies may be voted for such substitute nominee as the proxy holders may determine. We are not aware of any nominee who will be unable to serve or for good cause will not serve as a director.

Pursuant to a stockholders' agreement entered into in January 1999, in connection with our reorganization from a limited liability company to a corporation, and, as amended in January 2004, in connection with our acquisition of Pinnacor Inc., Pearson International Finance Ltd. ("Pearson") and CBS Broadcasting Inc. ("CBS") each has the right to designate candidates for election to the board. The number of candidates that each may currently designate is equal to the product of:

the percentage held by each of CBS and Pearson of our outstanding shares of common stock, and

the number of authorized members of our board of directors,

rounded up to the nearest whole number. Further, each of CBS and Pearson is obligated to vote the shares of common stock held by it for the other's designated candidates.

In addition, so long as the amended and restated license agreement that we have entered into with CBS remains in effect, CBS also has the right to nominate at least one candidate to our board of directors, regardless of the percentage of our outstanding shares of common stock held by it.

Pursuant to our Agreement and Plan of Merger with Pinnacor, Inc., Pinnacor nominated David Hodgson to serve on the board of directors of MarketWatch. The board considered Mr. Hodgson's qualifications, and elected him as a director in March 2004.

Directors/Nominees

The names of the nominees for election to our board of directors at the Annual Meeting, and information about each of them as of June 1, 2004, are included below.

<u>Name of Director/Nominee</u>	<u>Age</u>	<u>Principal Occupation</u>	<u>Director Since</u>
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Lawrence S. Kramer	54	Chairman of the Board of Directors and Chief Executive Officer of MarketWatch.com, Inc.	1997
Peter Glusker	42	Senior Vice President, Viacom Interactive Ventures, a division of Viacom Inc.	2000
Christie Hefner (1) (3)	51	Chairman and Chief Executive Officer, Playboy Enterprises, Inc.	2001
Andrew Heyward	53	President, CBS News, a division of CBS Broadcasting Inc.	1998
Philip Hoffman	45	Executive Vice President, Office of the CEO, and Director of Corporate Finance, Pearson plc	2003
David Hodgson (1)	47	Managing Member, General Atlantic Partners	2004
Zachary Leonard	41	Managing Director, Financial Times, a division of Pearson plc	2003
Robert H. Lessin (1) (3)	49	Vice Chairman, Jefferies Group, Inc.	1999
Douglas McCormick (2)	54	Chairman and Chief Executive Officer, iVillage, Inc.	2003
David Moore	50	Chairman, Sonostar Ventures, LLC	2004
Jeffrey F. Rayport (1) (2)	44	Chairman and Chief Executive Officer, Marketspace LLC (a Monitor Group company)	2001

-
- (1) Member of the Audit Committee
(2) Member of the Compensation Committee
(3) Member of the Nominating Committee

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Mr. Kramer has served as Chief Executive Officer and a member of our board of directors since October 1997, and is the founder of MarketWatch.com, Inc. On November 15, 1999, Mr. Kramer was elected Chairman of the Board. From February 1994 until October 1997, Mr. Kramer served as Vice President for News and Sports of Data Broadcasting Corporation. Mr. Kramer spent more than twenty years in journalism, including serving as a financial reporter, Metro Editor and Assistant Managing Editor of The Washington Post, and most recently serving as Executive Editor of the San Francisco Examiner. He has been a recipient of National Press Club, Gerald E. Loeb and Associated Press Awards. During Mr. Kramer's tenures at The Washington Post and the San Francisco Examiner, his staffs at each paper won a Pulitzer Prize. Mr. Kramer holds a B.S. degree in Journalism from Syracuse University and an M.B.A. degree from the Harvard Business School. Mr. Kramer is a founding board member of the Online Publishers Association, and has served as its Chairman since February 2004.

Mr. Glusker has served as a member of our board of directors since April 2000. He has served as Senior Vice President of Viacom Interactive Ventures, a division of Viacom Inc. and formerly CBS Internet Group, since February 2000. Prior to this, from November 1999 through February 2000, Mr. Glusker was Managing Partner of The Accelerator Group, LLC. From September 1998 to November 1999, Mr. Glusker was self-employed as an Internet industry consultant. From February 1996 to September 1998, he held a number of positions with Prodigy Communications Corporation, most recently as Senior Vice President, Business Development. Mr. Glusker also serves on the board of SportsLine.com, Inc. Mr. Glusker holds a B.A. degree from Wesleyan University and an M.B.A. degree from Stanford University.

Ms. Hefner has served as a member of our board of directors since April 2001. She has served as Chairman of the Board and Chief Executive Officer of Playboy Enterprises, Inc. since November 1988. Ms. Hefner is also Chairman of the Board of Playboy.com. Ms. Hefner serves on the board of directors of the Magazine Publishers Association and Canyon Ranch Health Resorts. Ms. Hefner graduated with a B.A. degree in English and American Literature from Brandeis University.

Mr. Heyward has served as a member of our board of directors since March 1998. He has served as President of CBS News, a division of CBS Broadcasting Inc., since January 1996. From October 1994 until January 1996, he was Executive Producer of CBS Evening News with Dan Rather and Vice President of CBS News. Mr. Heyward holds a B.A. degree in history and literature from Harvard University.

Mr. Hodgson has served as a member of our board of directors since March 2004. He is a Managing Member of General Atlantic Partners, LLC, a private equity firm that invests in information technology, process outsourcing and communications businesses on a global basis, and has been with General Atlantic Partners since 1982. Mr. Hodgson serves as a director of a number of public and private information technology companies including eOne Global, Northgate Information Systems, S1 Corporation, and Xchanging. Mr. Hodgson holds a B.A. degree in mathematics and social sciences from Dartmouth College and an M.B.A. degree from Stanford University.

Mr. Hoffman has served as a member of our board of directors since January 2003. Since June 2003, Mr. Hoffman has served as Executive Vice President, Office of the CEO, and Director of Corporate Finance, Pearson plc London and New York. He previously served in the positions of Executive Vice President, Pearson plc from January 2002 thru June 2003, Chairman and CEO, Learning Network from January 2000 thru December 2001, and President of Pearson Inc. from January 1999 thru December 2000. From January 1997 to December 31, 1998, Mr. Hoffman was Executive Vice President, Chief Financial and Administrative Officer for the Penguin Group. Prior thereto, Mr. Hoffman held various positions at Pearson Inc., which included Chief Financial Officer from January 1994 through January 1997. Mr. Hoffman holds various board positions including Interactive Data Corporation, Escrip, Score and Fairfield University School of Business. Mr. Hoffman is a Certified Public Accountant and licensed attorney in New York and Connecticut and holds J.D. and M.S. degrees from Pace University and a B.S. degree from Fairfield University.

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Mr. Leonard has served as a member of our board of directors since September 2003. He is Managing Director, UK, Europe, Middle East & Africa for the Financial Times, a division of Financial Times, Ltd., a wholly owned division of Pearson plc, since 2002. Prior to this, Mr. Leonard was Chief Operating Officer for FT.com, the Financial Times Web site. He previously launched and managed both FT Your Money, a personal finance portal, and FTMarketWarch.com, a Web site for private investors, where he was the Chief Executive Officer. He joined Pearson in 1999 following seven years at Fidelity Investments and has 18 years of experience in marketing, electronic commerce and communications in the US and Europe. Mr. Leonard holds a B.A. degree from Harvard University.

Mr. Lessin has served as a member of our board of directors since February 1999. He has served as Vice Chairman of Jefferies Group, Inc. since October 2002. Since October 2001, Mr. Lessin has served as Chairman of SoundView Ventures, which is now Dawntreader Ventures. Mr. Lessin served as Chairman of SoundView Technology Group, Inc. from April 1998 through October 2001. Mr. Lessin also served as Chief Executive Officer of SoundView Technology Group, Inc. from April 1998 through February 2001. Mr. Lessin served as Vice Chairman of Salomon Smith Barney from June 1993 to March 1998, where he was head of its Investment Banking Division from June 1993 to January 1997. Mr. Lessin serves on the board of iParty Corp. Mr. Lessin holds a B.A. degree in applied physics and economics from Harvard College and an M.B.A. degree from the Harvard Business School.

Mr. McCormick has served as a member of our board of directors since December 2003. He has served as Chief Executive Officer of iVillage, Inc. since August 2000, was appointed to iVillage's board of directors in February 1999, and was elected Chairman in April 2001. From February 1993 to March 1999, Mr. McCormick was President and Chief Executive Officer of Lifetime Television, a joint venture of The Walt Disney Company and the Hearst Corporation. Prior to Lifetime, Mr. McCormick held executive positions with The Samuel Goldwyn Company, Cable Health Network, Petry Television and KCOP-TV, Los Angeles. He was also the Founder and Chairman of McCormick Media, Inc., a New York-based firm specializing in digital media convergence and emerging digital networks. Mr. McCormick serves as a director on a number of boards of directors including the Ad Council, the Cancer Research and Treatment Fund and Waterfront Media. Mr. McCormick holds a B.A. degree in speech and communications from University of Dayton, and an M.B.A. degree from Columbia University.

Mr. Moore has served as a member of our board of directors since May 2004. He is the Chairman of Sonostar Ventures, LLC, a private equity/venture capital firm founded in April 1997. Mr. Moore serves as a director and Chairman of the Board of Paradigm Direct LLC, a direct-marketing services company. Until Sonostar recently sold its stake, he was Vice Chairman of Marquis Jet, Inc., an affiliate of Berkshire Hathaway's NetJets, where he served as a board member and Chairman of the Audit Committee. Mr. Moore also serves as Chairman of Garden State Brickface, Windows & Siding, one of the largest commercial and residential remodeling organizations in the United States. Mr. Moore received a B.A. in Economics from Amherst College and an M.B.A. from Harvard University.

Dr. Rayport has served as a member of our board of directors since June 2001. He has served as Chief Executive Officer of Marketspace LLC (a Monitor Group company) since October 1998, and since October 2003 as the Chairman of the board of directors. Prior to this, Dr. Rayport was a faculty member in the Service Management Unit at the Harvard Business School; he joined the School's faculty in the Marketing Unit in September 1991. Dr. Rayport took a leave of absence from Harvard Business School in September 1998. Dr. Rayport serves on the boards of directors of Andrews McMeel Universal, ValueClick, Inc., GSI Commerce, Inc., Exit 41, Inc. and International Data Group. Dr. Rayport earned an A.B. from Harvard College, a M.Phil. in International Relations at the University of Cambridge, an A.M. in the History of American Civilization and a Ph.D. in Business History at Harvard University.

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With respect to the Company's most recent directors, Mr. Hodgson was nominated by Pinnacor Inc. pursuant to our Agreement and Plan of Merger with Pinnacor. The board considered Mr. Hodgson's qualifications, and elected him as a director in March 2004. Mr. Moore was nominated by the nominating committee which is comprised of independent directors, after careful consideration of various candidates. The board considered Mr. Moore's qualifications, and elected him as a director in May 2004. No search firm was used, and no fees were paid for the selection of either of these two directors.

Director Independence

In addition to the independence standards set forth by Rule 4200 of the listing standards of the National Association of Securities Dealers, our board of directors further determined that a director who has the following relationship with the Company would not be deemed to be an independent director: a director who is an employee of a stockholder of the Company that (i) owns 10% or more of the outstanding capital stock of the Company, as evidenced on the record books of the Company's transfer agent on the date of determination, and (ii) has a commercial relationship with the Company.

In making the determination of whether a director is independent under the Nasdaq rules and the additional standards set forth by the board, our board of directors considered transactions and relationships between each director or his or her immediate family and the Company, including those reported in the section below captioned, Certain Relationships and Related Transactions. The purpose of this review was to determine whether any such relationships or transactions were material and, therefore, inconsistent with a determination that the director is independent.

As a result of this review, our board affirmatively determined, based on its understanding of such transactions and relationships, that Ms. Hefner and Messrs. Hodgson, Lessin, McCormick, Moore and Rayport are independent of the Company and, therefore, a majority of the members of our board is independent, under the standards set forth by the Nasdaq rules and the board.

Board Meetings and Board Committees

Board Meetings. The board met ten times, including telephone conference meetings, and took five actions by written consent during 2003. No director attended fewer than 75% of the aggregate of the total number of meetings of the board held during the period for which he or she was a director and the total number of meetings held by all committees of the board on which he or she served during the period. Although the board has no formal policy regarding attendance at stockholders meetings, our board generally encourages board members to attend such annual meetings. Director attendance at each annual stockholders meeting, including the 2003 stockholders meeting, will be posted on our web site at www.marketwatch.com.

Board Committees. Our board of directors has an audit committee, a nominating committee, a compensation committee, a compliance committee and a mergers and acquisitions committee.

Audit Committee. Our audit committee currently consists of Christie Hefner, Dave Hodgson, Bob Lessin and Jeffrey Rayport. The audit committee reviews our quarterly and annual financial statements; meets with our independent auditors to review the adequacy of our internal control systems and financial reporting procedures; is responsible for the appointment, retention and oversight of our independent auditors, including the approval of the fees charged by our independent auditors for audit and non-audit services, review of the independence and performance of the independent auditors, review and monitoring of the performance of non-audit services by our independent auditors; and

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performs such further functions as may be required by the Nasdaq National Market. The audit committee has also established procedures for (a) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and (b) the confidential, anonymous submission by our employees of concerns regarding questionable accounting or auditing matters. Additional duties and powers

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of the audit committee are set forth in its amended and restated charter, which was adopted and approved in March 2004 and a copy of which is attached to this proxy statement as [Appendix A](#).

After considering transactions and relationships between each member of the audit committee or his or her immediate family and the Company and reviewing the qualifications of the members of the audit committee, our board of directors has determined that all current members of the audit committee are (1) independent as that term is defined in Section 10A of the Exchange Act; (2) independent as that term is defined in Rule 4200 of the listing standards of the National Association of Securities Dealers; and (3) financially literate and have the requisite financial sophistication as required by the Nasdaq rules applicable to issuers listed on the Nasdaq National Market. Furthermore, our board of directors has determined that Christie Hefner qualifies as an audit committee financial expert, as defined by the applicable rules of the Exchange Act, pursuant to the fact that, among other things, Ms. Hefner is currently the Chairman of the board and Chief Executive Officer of Playboy Enterprises, Inc. and in that capacity has acquired the relevant experience and expertise and has the attributes set forth in the applicable rules as being required for an audit committee financial expert.

The audit committee met seven times, including telephone conference meetings, during 2003.

Nominating Committee. The nominating committee is currently comprised of Christie Hefner and Robert Lessin. Our board of directors has determined that all current members of the nominating committee are independent as that term is defined in Rule 4200 of the listing standards of the National Association of Securities Dealers. The nominating committee assists the board in all matters relating to the establishment, implementation and monitoring of policies and processes regarding the recruitment and nomination of candidates to the board and committees of the board. Additional duties and powers of the nominating committee are set forth in its charter, which was adopted and approved in June 2004 and a copy of which is attached to this proxy statement as [Appendix B](#). The nominating committee was formed in 2004, and therefore did not meet during 2003.

Compensation Committee. The compensation committee is currently comprised of Jeffrey Rayport and Douglas McCormick. Our board of directors has determined that all current members of the compensation committee are independent as that term is defined in Rule 4200 of the listing standards of the National Association of Securities Dealers. The compensation committee reviews and approves the compensation and benefits for our key executive officers and makes recommendations to the board regarding such matters. During 2003, Messrs. Andrew Heyward and Jeffrey Rayport served on the compensation committee. Additional duties and powers of the nominating committee are set forth in its charter, which was adopted and approved in June 2004 and a copy of which is attached to this proxy statement as [Appendix C](#). The compensation committee met three times, including telephone conference meetings, and took one action by written consent during 2003.

Compliance Committee. The compliance committee is currently comprised of Andrew Heyward, Robert Lessin and Zachary Leonard. The compliance committee is responsible for developing, implementing and monitoring compliance of our conflicts and disclosure policy, which governs the purchase and sale of securities by our employees in companies other than MarketWatch, and making recommendations to the board of revisions to the policy from time to time as appropriate. The compliance committee was formed in 2004, and therefore did not meet during 2003.

Mergers and Acquisitions Committee. The mergers and acquisitions committee is currently comprised of Peter Glusker, Philip Hoffman and Robert Lessin. The mergers and acquisitions committee reviews potential acquisition opportunities and provides guidance to our officers and directors regarding such opportunities. The mergers and acquisitions committee met four times, including telephone conference meetings, during 2003.

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Director Compensation

Cash Compensation. Each of our independent directors, as defined by National Association of Securities Dealers listing standards, is entitled to receive an annual fee of \$20,000, paid quarterly, for his or her services on the board. Each member of a committee who is an independent director shall receive an additional annual fee of \$10,000, paid quarterly, for his or her services on each respective committee. Each chairperson of a committee who is an independent director shall receive an additional annual fee of \$10,000, paid quarterly, for his or her services as a chairperson on each respective committee. Our directors are entitled to reimbursement of all reasonable out-of-pocket expenses incurred in connection with their attendance at board and board committee meetings.

1998 Directors Stock Option Plan. In September 1998, our board adopted, and our stockholders subsequently approved, our 1998 Directors Stock Option Plan (Directors Plan). The total number of shares of common stock initially reserved for issuance under the Directors Plan was 50,000 shares. In May 2002, our stockholders approved an amendment to the Directors Plan to increase the number of shares of common stock reserved under the plan by 50,000 shares. In May 2003, we granted an option under our Directors Plan to each of Jeffrey Rayport, Christie Hefner and Robert Lessin to purchase 2,000 shares of common stock at \$7.97 per share, the fair market value of our common stock on the date of grant, and in December 2003 we granted an option under our Directors Plan to Douglas McCormick to purchase 10,000 shares of common stock at \$8.42 per share, the fair market value of our common stock on the date of grant. The Directors Plan terminated on January 16, 2004, upon consummation of our acquisition of Pinnacor Inc., and adoption the 2004 Stock Option Plan.

2004 Stock Option Plan. In September 2003, our board adopted and our stockholders subsequently approved, our 2004 Stock Option Plan (the 2004 Plan), which was effective upon consummation of the acquisition of Pinnacor Inc. on January 16, 2004.

Members of our board who are not our employees or employees of any company affiliated with us are eligible to participate in the 2004 Plan. Option grants under the 2004 Plan are automatic and nondiscretionary. The exercise price of these options is the fair market value of our common stock on the date of grant. Each eligible director who becomes a member of our board will automatically be granted an option to purchase 10,000 shares. At each annual meeting of stockholders, each eligible director will automatically be granted an additional option to purchase 2,000 shares if he or she has served continuously as a member of the board since the date of such director's initial grant. The options have a term of 10 years. The options will terminate seven months after the date the director ceases to be a director or a consultant of the Company, or 12 months after a termination of service due to death or disability. All options granted under the 2004 Plan vest as to one-third of the total shares subject to the option on each of the first three anniversaries of the grant date. Additionally, immediately prior to our dissolution or liquidation or entering into a change in control transaction, the vesting of these options will accelerate, and the options will be exercisable in full for a period of up to seven months following the transaction. After that time, any unexercised options will expire.

In March 2004, we granted an option under our 2004 Plan to David Hodgson to purchase 10,000 shares of common stock at \$12.82 per share, the fair market value of our common stock on the date of grant, and in May 2004, we granted an option under our 2004 Plan to David Moore to purchase 10,000 shares of common stock at \$10.12 per share, the fair market value of our common stock on the date of grant.

Compensation Committee Interlocks and Insider Participation

The compensation committee is currently comprised of Jeffrey Rayport and Douglas McCormick. No interlocking relationship exists between members of our compensation committee and the members of the compensation committee of any other company, nor has any such interlocking relationship existed in the past.

Relationships Among Directors or Executive Officers

There are no family relationships among any of our directors or executive officers.

Qualifications of Directors

Our board of directors has not established any special qualifications or any minimum criteria for director nominees. In considering candidates for the board, the nominating committee will consider the entirety of each

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candidate's credentials. However, as specified in the charter for the nominating committee, the nominating committee shall consider certain qualifications such as the nominee's broad experience in business, finance or administration, familiarity with our industry, prominence, reputation and sufficient time available to devote to our affairs. The nominating committee will also use its best efforts to seek to ensure that the composition of our board of directors at all times adheres to the independence requirements applicable to companies listed on the Nasdaq National Market, as well as other regulatory requirements applicable to us.

Director Nomination Process

We do not have a formal director nomination process. Generally, once a need to add a new board member is identified, the nominating committee will initiate a search by working with staff support, seeking input from board members and senior management and hiring a consultant or search firm, if necessary. After a slate of possible candidates is identified, members of the nominating committee, other members of the board and senior management have the opportunity to interview the prospective candidate(s). The remaining members of the board who do not interview the prospective candidate(s) are kept informed of the progress. The nominating committee ultimately recommends the best candidate(s) the committee members determine after the selection process for approval by the full board.

Communications with the Board

Our board of directors believes that full and open communication between stockholders and members of our board is in our best interests and the best interests of our stockholders. Stockholders can contact any director or committee of the board by writing to Douglas S. Appleton, General Counsel and Secretary, c/o MarketWatch.com, Inc., 825 Battery Street, San Francisco, CA 94111. Our General Counsel will determine the extent to which such stockholder communications should be disseminated to the members of the board and what response, if any, should be made to such communications. Generally, communications will be forwarded to all directors if they relate to substantive matters and include suggestions or comments that are considered to be important for the directors to know. In general, communications relating to corporate governance and long-term corporate strategy are more likely to be forwarded than communications relating to personal grievances and matters as to which the Company may receive repetitive or duplicative communications. Confidential and anonymous comments or complaints relating to our accounting, internal accounting controls or auditing matters may be referred directly to our audit committee by writing to the chairman of the audit committee, c/o Douglas S. Appleton, MarketWatch.com, Inc., 825 Battery Street, San Francisco, CA 94111. Alternatively, a confidential voicemail may be left at (415) 293-0607 or (2) an email may be sent to ethicscompliance@marketwatch.com. In view of recently adopted disclosure requirements by the Securities and Exchange Commission related to stockholder communications, the audit committee may consider development of more specific procedures. Until any other procedures are developed and posted on our web site, any stockholder communication should be directed to the attention of the persons and address noted above.

Stockholder Proposals to Nominate a Director

The nominating committee will consider stockholder proposals properly submitted to us for the recommendations of qualified director nominee(s), in accordance with the procedures set forth below. In order to have a proposal considered by the nominating committee for the 2005 annual meeting, a stockholder must submit its proposal and other relevant information in writing to the attention of our Secretary at our principle executive offices no earlier than May 6, 2005 and later than June 5, 2005.

The stockholder must submit the following relevant information with respect to recommendations of director nominee(s), in writing, to the attention of our Secretary at our principle executive offices: (1) the name, age, business and residence address of the prospective candidate; (2) a brief biographical description of the prospective candidate, including employment history for the past five years, and a statement of the

qualifications of the prospective candidate; (3) the class and number of shares of our common stock, if any, that are beneficially

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owned by the prospective candidate; (4) a description of all arrangements or understandings between the stockholder and the prospective candidate pursuant to which the nomination is to be made by the stockholder if the stockholder and the prospective candidate are different individuals; (5) the candidate's signed consent to serve as a director if elected and to be named in the proxy statement; (6) the name and address, as they appear on our books, of the stockholder proposing the director-nominee; (7) the class and number of shares of our common stock that are beneficially owned by the stockholder proposing the director-nominee; and (8) any other information that is required to be provided by the stockholder pursuant to Regulation 14A under the Exchange Act, in the stockholder's capacity as a proponent to the proposal.

Once the nominating committee receives the stockholder recommendation, it may deliver to the prospective candidate a questionnaire that requests additional information about the candidate's independence, qualifications and other matters that would assist the nominating committee in evaluating the candidate, as well as certain information that must be disclosed about the candidate in our proxy statement or other regulatory filings, if nominated.

The nominating committee will not evaluate candidates differently based on who has made the proposal. The committee will consider candidates for the board from any reasonable source, including stockholder recommendations. The committee has the authority under its charter to hire and pay a fee to consultants or search firms to assist in the process of identifying and evaluating candidates.

Greater detail about the submission process for stockholder proposals are set forth in our bylaws, a copy of which may be obtained by making a written request to our Secretary at the address of our principal executive offices.

We have not received a director nominee recommendation from any stockholder (or group of stockholders) that beneficially owns more than five percent of our common stock.

**THE BOARD RECOMMENDS A VOTE FOR THE ELECTION OF
EACH OF THE NOMINATED DIRECTORS.**

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PROPOSAL NO. 2

RATIFICATION OF SELECTION OF INDEPENDENT AUDITORS

The audit committee of our board has selected PricewaterhouseCoopers LLP to perform the audit of our financial statements for the fiscal year ending December 31, 2004, and our stockholders are being asked to ratify this selection.

Neither our Bylaws nor other governing documents or law require stockholder ratification of the selection of PricewaterhouseCoopers LLP as our independent auditors. However, our board of directors is submitting the selection of PricewaterhouseCoopers LLP to the stockholders for ratification as a matter of good corporate practice. If the stockholders fail to ratify the selection, our audit committee and board of directors will reconsider whether or not to retain that firm. Even if the selection is ratified, our audit committee and board of directors in their discretion may direct the appointment of different independent auditors at any time during the year if they determine that such a change would be in the best interests of the Company and our stockholders.

Representatives of PricewaterhouseCoopers LLP are expected to be present at the Annual Meeting, will have the opportunity to make a statement at the Annual Meeting if they desire to do so and are expected to be available to respond to appropriate questions.

**THE BOARD RECOMMENDS A VOTE FOR THE RATIFICATION
OF THE SELECTION OF PRICEWATERHOUSECOOPERS LLP.**

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PROPOSAL NO. 3

**AN AMENDMENT TO OUR AMENDED AND RESTATED CERTIFICATE OF
INCORPORATION TO CHANGE NAME OF THE COMPANY
FROM MARKETWATCH.COM, INC. TO
MARKETWATCH, INC.**

Our board of directors has approved and recommends that our stockholders approve a proposal to change the name of the Company to MarketWatch, Inc. Our name change will be accomplished by amending our Amended and Restated Certificate of Incorporation. Our board of directors believes that the change of our name is in the best interests of the Company and our stockholders because it better reflects the expansion of our business from a Web site-based business to a multi-media business, including television, radio and institutional licensing of our news content.

If the amendment were adopted, Article 1 of our Amended and Restated Certificate of Incorporation would be amended to read as follows:

The name of this Corporation is MarketWatch, Inc.

In addition, all other references to our corporate name in our Amended and Restated Certificate of Incorporation would be changed to MarketWatch, Inc. The approval of the name change will not affect in any way the validity of currently outstanding stock certificates and will not require our stockholders to surrender or exchange any stock certificates that they currently hold.

Our board of directors has sole discretion as to whether to file the proposed amendment of the Amended and Restated Certificate of Incorporation. If the name change is not effected by the first anniversary of this annual meeting, the board's authority to effect the name change will terminate and stockholder approval would again be required prior to implementing any name change.

**THE BOARD RECOMMENDS A VOTE FOR THE AMENDMENT OF THE AMENDED AND
RESTATED CERTIFICATE OF INCORPORATION TO CHANGE THE NAME OF
THE COMPANY FROM MARKETWATCH.COM, INC. TO MARKETWATCH, INC.**

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REPORT OF THE AUDIT COMMITTEE

Notwithstanding anything to the contrary set forth in any of our previous filings under the Securities Act of 1933, or the Exchange Act of 1934, that might incorporate future filings by reference, including this proxy statement, with the Securities and Exchange Commission, in whole or in part, the following report shall not be deemed to be incorporated by reference into any such filings, nor shall the following report be deemed to be incorporated by reference into any future filings under the Securities Act or the Exchange Act.

To the Board of Directors:

The audit committee operates under a written charter, which was originally adopted on June 6, 2000 by the audit committee. The board adopted an amended and restated charter in February 2003, and again in March 2004 that included changes to address new requirements under the Sarbanes-Oxley Act and the rules of the Nasdaq National Market. A copy of the current audit committee charter is attached as Appendix A to this proxy statement.

The audit committee reviews the quarterly and annual financial statements of MarketWatch.com, Inc. (Company); meets with the Company s independent auditors to review the adequacy of the Company s internal control systems and financial reporting procedures; is responsible for the appointment, retention and oversight of the Company s independent auditors, including the approval of the fees charged by the Company s independent auditors for audit and non-audit services, review of the independence and performance of the independent auditors and review and monitoring of the performance of non-audit services by the Company s independent auditors; and performs such further functions as may be required by the Nasdaq National Market. Additional duties and powers of the audit committee are set forth in the amended and restated charter.

The Company s management is responsible for the financial reporting process, including the system of internal controls, and for the preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States. The Company s independent auditors, PricewaterhouseCoopers LLP, are responsible for performing an independent audit of those financial statements. However, the members of the audit committee are not professionally engaged in the practice of accounting or auditing and are not experts in the fields of accounting or auditing. The committee relies, without independent verification, on the information provided to the committee and on the representations made by management and the independent auditors.

Currently, the audit committee consists of Ms. Hefner and Messrs. Hodgson, Lessin and Rayport, each of whom qualifies as an independent director as defined by the National Association of Securities Dealers listing standards.

The audit committee has reviewed the Company s audited consolidated financial statements for the fiscal year ended December 31, 2003 and has met with both the Company s management and its independent auditors to discuss the consolidated financial statements. The Company s management represented to the audit committee that its audited consolidated financial statements for the year ended December 31, 2003 were prepared in accordance with generally accepted accounting principles.

The audit committee also discussed with the Company s independent auditors the matters required to be discussed by Statement on Auditing Standards No. 61, *Communication with Audit Committees*, which includes among others, matters related to the conduct of the audit of the Company s financial statements. The audit committee has also received from the Company s independent auditors the written disclosures and letter required by Independence Standards Board Standard No. 1, *Independence Discussions with Audit Committees*, which relates to the auditors

independence from the Company and the Company's related entities, and has discussed

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with the Company's independent auditors the independence of that firm. The audit committee considered whether the non-audit services rendered by PricewaterhouseCoopers LLP were compatible with maintaining PricewaterhouseCoopers LLP's independence as auditors of our consolidated financial statements, and concluded that they were.

Based on the audit committee's review and discussions referred to above, the audit committee recommended to the Company's board of directors that the audited financial statements for the year ended December 31, 2003 be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2003, which was filed with the Securities and Exchange Commission on March 31, 2004.

PricewaterhouseCoopers LLP performed services for us in fiscal 2002 and 2003 related to financial statement audit work, quarterly reviews, tax services, special projects and other ongoing consulting projects. As of April 29, 2004, fees billed by PricewaterhouseCoopers in fiscal 2002 and 2003 were as follows:

	<u>2003</u>	<u>2002</u>
Audit Fees (1)	\$ 626,183	\$ 143,000
Audit-Related Fees (2)		