

Answers CORP
Form DEF 14A
July 27, 2010

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

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

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
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- Definitive Proxy Statement
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ANSWERS CORPORATION
(Name of Registrant as Specified In Its Charter)

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

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July 27, 2010

Dear Stockholder:

You are cordially invited to attend the 2010 Annual Meeting of Stockholders of Answers Corporation, to be held on Wednesday, September 15, 2010. The Annual Meeting will begin promptly at 1:30 p.m., local time, at the offices of Kramer Levin Naftalis & Frankel LLP, 1177 Avenue of the Americas, 29th Floor, New York, New York 10036.

We are pleased this year to furnish proxy materials to our stockholders over the Internet, as allowed by the U.S. Securities and Exchange Commission (SEC) rules. We believe that this will expedite our stockholders' receipt of proxy materials, while also lowering the costs of delivering materials to stockholders and reducing the environmental impact of printing and mailing.

To ensure your representation at the Annual Meeting, you are urged to vote by proxy using one of the following methods:

1. Vote via the Internet or telephone pursuant to the instructions provided in the Notice of Internet Availability of Proxy Materials, or in the proxy card, as applicable, that we will mail no later than August 1, 2010 to holders of voting securities as of the record date; or
2. Request printed copies of the proxy materials by mail pursuant to the instructions provided in the Notice of Internet Availability of Proxy Materials and complete, date, sign and return the proxy card that you will receive in response to your request.

The Notice of Annual Meeting and Proxy Statement on the following pages contain information about the official business of the Annual Meeting. Your vote is important. Whether or not you expect to attend, please vote your shares now. If you decide to attend the Annual Meeting, you will have the opportunity to revoke your proxy and vote your shares in person. This Proxy Statement and our 2009 Annual Report are also available at <http://ir.answers.com>. We encourage you to read our Annual Report. It includes our audited financial statements and provides important information about our business.

We plan on broadcasting the Annual Meeting live on the Internet. To access the Webcast, please visit <http://ir.answers.com> where a link will be posted a few days in advance of the Annual Meeting. The Webcast will be available at this site, through the same link, following the Annual Meeting.

Thank you for your ongoing support of Answers Corporation. We look forward to seeing you at our Annual Meeting.

Sincerely yours,

/s/ Robert S. Rosenschein

Robert S. Rosenschein
Chairman of the Board
and Chief Executive Officer

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

Time and Date	1:30 p.m., local time, on Wednesday, September 15, 2010
Place	Offices of Kramer Levin Naftalis & Frankel LLP, 1177 Avenue of the Americas, 29th Floor, New York, New York 10036. We are pleased to offer a live webcast of our Annual Meeting on the investor relations section of our Web site, at http://ir.answers.com .
Items of Business	(I) To elect three Class III directors to hold office for a three-year term or until their respective successors are elected and qualified; (II) To amend the Company's 2005 Incentive Compensation Plan to increase the number of shares available for grant under such plan from 1,600,000 shares to 1,750,000 shares; (III) To ratify the appointment by the Company's Board of Directors of Somekh Chaikin, a member of KPMG International, to serve as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2010; and (IV) To consider such other business as may properly come before the meeting.
Adjournments and Postponements	Any action on the items of business described above may be considered at the Annual Meeting at the time and on the date specified above or at any time and date to which the Annual Meeting may be properly adjourned or postponed.
Record Date	Stockholders of record at the close of business on July 19, 2010 are entitled to notice of, and to vote at, the Annual Meeting and any adjournment or postponement thereof.
Voting	Your vote is important. Whether or not you plan to attend the Annual Meeting, we urge you to read the attached proxy statement and submit your proxy or voting instructions as soon as possible. For specific instructions on how to vote your shares, please refer to the instructions on the Notice of Internet Availability of Proxy Materials you received in the mail, the section entitled Questions and Answers About the Meeting beginning on page 4 of this proxy statement or, if you requested to receive printed proxy materials, your enclosed proxy card.

Other Materials

You are encouraged to review our 2009 Annual Report to Stockholders, containing financial statements for the year ended December 31, 2009. Please refer to our Notice of Internet Availability of Proxy Materials to find out the ways you can review this report.

In addition, for ten days prior to the Annual Meeting, a complete list of stockholders entitled to vote at the Annual Meeting will be available for examination by any stockholder during ordinary business hours at the offices of the Company, 237 West 35 Street, Suite 1101, New York, New York 10001.

By Order of the Board of Directors,

/s/ Caleb A. Chill
Caleb A. Chill
VP General Counsel & Corporate
Secretary

New York, NY
July 27, 2010

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ANSWERS CORPORATION

237 WEST 35TH STREET
SUITE 1101
NEW YORK, NEW YORK 10001

PROXY STATEMENT

This Proxy Statement contains information related to our Annual Meeting of Stockholders to be held on Wednesday, September 15, 2009, beginning at 1:30 p.m., local time, at the offices of Kramer Levin Naftalis & Frankel LLP, 1177 Avenue of the Americas, 29th Floor, New York, New York 10036, and at any adjournments or postponements thereof. This Proxy Statement is being made available to stockholders on or about July 27, 2010.

QUESTIONS AND ANSWERS ABOUT THE MEETING

Q: Why am I receiving these materials?

A: Our board of directors has made these materials available to you on the Internet, or, upon your request, has delivered printed proxy materials to you, in connection with the solicitation of proxies for use at our 2010 Annual Meeting of stockholders, which will take place on Wednesday, September 15, 2010 at 1:30 p.m. local time, at the offices of Kramer Levin Naftalis & Frankel LLP, 1177 Avenue of the Americas, 29th Floor, New York, New York. As a stockholder, you are invited to attend the Annual Meeting and are requested to vote on the items of business described in this proxy statement.

Q: Why did I receive a notice in the mail about the Internet Availability of Proxy Materials instead of a full set of proxy materials, as was the case in past years?

A: In accordance with rules adopted by the Securities and Exchange Commission (the "SEC"), we may furnish proxy materials, including this proxy statement and our 2009 Annual Report, to our stockholders by providing access to such documents on the Internet instead of mailing printed copies. Most stockholders will not receive printed copies of the proxy materials unless they request them. Instead, they will receive a Notice of Internet Availability of Proxy Materials (the "Notice"). The Notice, which was mailed to most of our stockholders, will instruct you as to how you may access and review all of the proxy materials on the Internet. The Notice also instructs you as to how you may submit your proxy on the Internet. If you would like to receive a paper or email copy of our proxy materials, you should follow the instructions for requesting such materials in the Notice.

Q: How do I access the electronic versions of the proxy materials?

A: The Notice will provide you with instructions regarding how to view our proxy materials for the Annual Meeting on the Internet and how to instruct us to send our future proxy materials to you electronically by email. Choosing to receive your future proxy materials by email will save us the cost of printing and mailing documents to you and will reduce the impact of printing and mailing these materials on the environment. If you choose to receive future proxy materials by email, you will receive an email next year with instructions containing a link to those materials and a link to the proxy voting site. Your election to receive proxy materials by email will remain in effect until you terminate it.

Q: What is the record date for the Annual Meeting?

A: The board of directors has set July 19, 2010 as the record date for the Annual Meeting (the "Record Date") to determine what shares are eligible to vote.

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Q: Who is making this proxy solicitation?

A: This proxy statement is furnished to holders of the Company's common stock, Series A Convertible Preferred Stock ("Series A Preferred Stock") and Series B Convertible Preferred Stock ("Series B Preferred Stock"), as of 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, holders of our common stock, Series A Preferred Stock and Series B Preferred Stock, will vote together as a single class and on an as-converted basis on:

- a proposal to elect three Class III directors to hold office for a three-year term or until their respective successors are elected and qualified;
- a proposal to amend the Company's 2005 Incentive Compensation Plan to increase the number of shares available for grant under such plan from 1,600,000 shares to 1,750,000 shares; and
- a proposal to ratify the appointment by our board of directors of Somekh Chaikin, a member of KPMG International, to serve as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2010.

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 approval of the three proposals mentioned above.

Q: What vote is required to approve each proposal?

A: For the election of directors, the nominees who receive the highest number of votes will be elected as directors. All other proposals require the affirmative "FOR" vote of a majority of those voting shares 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 voting shares 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 voting shares present in person or by properly executed proxy at the Annual Meeting.

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.

All issued and outstanding shares of Series A Preferred Stock may be voted on an as converted basis with the shares of common stock. As of the Record Date, 60,000 shares of Series A Preferred Stock are issued and outstanding and are convertible into 1,356,785 shares of common stock, meaning the holders of Series A Convertible Preferred Stock have 1,356,785 votes.

All issued and outstanding shares of Series B Preferred Stock may be voted on an as converted basis with the shares of common stock. As of the Record Date, 70,000 shares of Series B Preferred Stock are issued and outstanding and are convertible into 1,272,727 shares of common stock, meaning the holders of Series B Preferred Stock have 1,272,727 votes.

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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 will be accessible by you pursuant to the instructions included in the Notice. Proxy materials that are requested, pursuant to the instructions in the Notice, may be 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?"

Q: How can I vote my shares in person at the Annual Meeting?

A: Shares of the Company's common stock, Series A Preferred Stock or Series B Preferred 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.

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, Series A Preferred Stock or Series B Preferred Stock, you may revoke your proxy by:

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- 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 35th 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 is a broker non-vote?

A: When shares are held in "street name", a broker non-vote may occur when a bank or brokerage firm does not vote on a proposal because it does not have discretionary voting power and has not received instructions from the beneficial owner of the shares. A broker non-vote is counted for the purpose of determining whether a quorum is present. While brokers may vote your shares for some "routine matters" that properly come before the meeting (such as the ratification of Somekh Chaikin, a member of KPMG International, to serve as our independent registered public accounting firm for the fiscal year ending December 31, 2010), recent SEC rules have eliminated broker discretionary voting for the election of directors. This means that your broker is unable to vote for directors on your behalf without receiving specific voting instructions to that effect. We encourage you to provide instructions so that your shares will be counted in the election of directors.

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: Who will count the votes?

A: Votes will be counted by the independent inspectors of election appointed for the meeting.

Q: Who pays for the solicitation of proxies?

A: We will pay for the entire cost of soliciting proxies. We will also reimburse brokerage firms, banks and other agents for the cost of forwarding proxy materials to beneficial owners. In addition, our directors and employees may solicit proxies in person, by telephone, by Internet, or by other means of communication. Directors and employees will not be paid any additional compensation for soliciting proxies.

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 Current Report on Form 8-K within four business days after the date of the Annual Meeting.

WHO CAN HELP ANSWER YOUR QUESTIONS

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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 35th Street, Suite 1101
New York, New York 10001
Telephone: 866-260-0461
Attention: Caleb A. Chill, VP General Counsel & Corporate Secretary

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PROPOSAL 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 generally divided into three classes serving staggered terms: Class I, whose term will expire at the annual meeting of stockholders to be held in 2011, Class II, whose term expires at the annual meeting of stockholders to be held in 2012 and Class III, whose term will expire at this 2010 Annual Meeting. 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.

W. Allen Beasley, the director designee of the holders of a majority of outstanding Series A Preferred Stock, is not a member of a class. Mr. Beasley's term as a director expires at this 2010 Annual Meeting of stockholders and he has been reelected as a director by the holders of a majority of the Company's outstanding Series A Preferred Stock.

R. Thomas Dyal, the director designee of the holders of a majority of outstanding Series B Preferred Stock, is not a member of a class. Mr. Dyal's term as a director expires at this 2010 Annual Meeting of stockholders and he has been reelected as a director by the holders of a majority of the Company's outstanding Series B Preferred Stock.

Set forth below are the names, ages and descriptions of the backgrounds, as of the Record Date, of each of the Company's current directors.

Name	Age	Position
Class I directors whose term expires at the 2011 annual meeting of stockholders:		
Mark A. Tebbe (1)(2)(3)	50	Vice Chairman of the Board and Lead Director
Lawrence S. Kramer (2)(3)	60	Director

Class II director whose term expires at the 2012 annual meeting of stockholders

None

Class III directors whose terms expire at this 2010 Annual Meeting

Robert S. Rosenschein Yehuda Sternlicht (1)(4)	57	Chairman of the Board
Mark B. Segall (1)(4)	55	Director
	48	Director

Non-class
Directors:

W. Allen		
Beasley(2)(4)	42	Director
R. Thomas Dyal		
(3)	44	Director

- (1) Member of Audit Committee
- (2) Member of Compensation Committee
- (3) Member of Nominations / Corporate Governance Committee
- (4) Member of the Financing Committee

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Director Nominees:

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. Prior to founding Answers, he was the Chief Executive Officer of Accent Software International Ltd. (formerly Kivun), a company that developed multi-lingual software tools, and from 1988 to 1997 and from 1997 to 1998, he was the Chief Technical Officer. Mr. Rosenschein previously served as a software developer for Data General, American Management Systems, the World Bank and Ashton Tate. 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 and currently serves as the chairman of our Audit Committee and since July 2005 has also served as a member of our Financing Committee. Since 2004, Mr. Sternlicht has been an independent financial consultant. Between 2004 and 2008, he served as the Chief Financial Officer of NanoVibronix Inc., a medical device company. From 1992 to 2003, he was the Chief Financial Officer of Savient Pharmaceuticals, Inc. Prior to 1992, he served in several financial and accounting positions in public and private companies and in a large CPA firm in Israel and in the United States. Mr. Sternlicht served as a member of the board of directors of Ubank Provident fund management (2005) Ltd. Between June 2006 and January 2008. He also served as a member of the board of Lumus Ltd. Between December 2003 and January 2006. Mr. Sternlicht graduated with a B.A. in Accounting and Economy from The Hebrew University. He is qualified as a Certified Public Accountant in the State of Israel. Mr. Sternlicht brings to the board substantial financial and accounting experience due to the professional positions he has held over the course of his career. Mr. Sternlicht qualifies as an "audit committee financial expert" under SEC guidelines.

Mark B. Segall has served as a director since December 2004 and currently serves as the chairman of our Finance Committee and as a member of our Audit Committee. Mr. Segall has been the 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, consumer goods and financial services sectors, which he founded in 2003. He is also a founder and managing member of Kidron's private equity fund, Kidron Opportunity Fund I, LLC. From 2001 to 2003, Mr. Segall was the Co-Chief Executive Officer of Investec, Inc., the U.S. investment banking operations of the Investec Group, a South African based specialist bank. He served as head of investment banking and general counsel at Investec Inc. between 1999 and 2001. From 1996 to 1999, he was a partner at the law firm of Kramer, Levin, Naftalis & Frankel LLP, specializing in cross-border mergers and acquisitions and capital markets activities and between 1991 and 1995 he was an associate at the same firm. Mr. Segall currently serves as a director of Integrated Asset Management plc, an alternative asset management company, and Ronson Europe N.V., a Polish residential real estate development company. Mr. Segall served as director of the Spectrum Group (formerly Escala) from 1999 to 2007 and of Cogo (formerly the Comtech Group) from 2000 to 2006. Mr. Segall graduated with an A.B. from Columbia University and a J.D. from New York University Law School. Mr. Segall brings significant business finance experience as well as his extensive management expertise to the Company from his background as a chief executive officer in the corporate advisory and investment banking industries, board member of several corporations and counsel to numerous technology company clients.

W. Allen Beasley has served as a director since June 2008 and currently serves as a member of our Compensation Committee and Financing Committee. Since October 1999, Mr. Beasley has been a partner with Redpoint Ventures. From June 1998 to September 1999, Mr. Beasley was an associate with Institutional Venture Partners (IVP). Before joining IVP, Allen worked in marketing and product management for Ipsilon Networks, a developer of IP switching technology founded in 1994 and acquired by Nokia in 1997. Mr. Beasley focuses on infrastructure and media investments and currently serves on the Boards of Directors of Internet Brands, Inc. (NASDAQ: INET), Plastic Jungle, Inc., Buzz Media, Inc. and Obopay, Inc. Mr. Beasley holds a B.A. in Economics from Stanford University and

an M.B.A. from the Stanford Graduate School of Business. Because of his strong investment activity background in growth-stage companies and his focus on opportunities in the Internet sector, we believe that Mr. Beasley provides a unique perspective and useful insight to our board as we strive to deliver on our growth strategy and strategic initiatives.

R. Thomas Dyal has served as a director since June 2009, as a designee of the holders of the Company's Series B Convertible Preferred Stock, and currently serves as a member of our Nominating/Corporate Governance Committee. Since October 1999, Mr. Dyal has been a partner with Redpoint Ventures. From June 1997 to September 1999, Mr. Dyal was a partner and associate with Institutional Venture Partners (IVP). Before joining IVP, Mr. Dyal spent ten years in operating roles in the communications and networking industry, most recently at Bay Networks, Inc. At Bay Networks, he ran product management for its network management software business. Mr. Dyal began his career as a systems engineer with AT&T Bell Laboratories. Mr. Dyal focuses on a wide range of technology investment areas, including infrastructure and application software, services and systems targeting the Internet, mobile and enterprise segments. Currently, he is leading the firm's investments in Clearwell Systems, Inc. and NextG Networks, Inc. Mr. Dyal holds a B.S. in Electrical Engineering from the Georgia Institute of Technology and a M.S. in Electrical Engineering from Stanford University.

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Mr. Dyal's background, which includes investment activity in companies focused on opportunities in the Internet, software and mobile industries, is complementary to the oversight of our business and his past operating roles in the communications and networking industry bring additional value to our board.

Directors continuing in office until the 2011 annual meeting of stockholders:

Mark A. Tebbe has served as a director since December 1998 and as Vice Chairman and Lead Director since April 2007. Mr. Tebbe currently serves as the chairman of our Compensation Committee and as a member of our Audit 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 served as Chairman of Lante Corporation, a technology consulting firm he founded. Mr. Tebbe is also a board member of SBI Group, Elexos Corp. and Selective Search, Inc. and several non-profit and civic organizations. Mr. Tebbe graduated with a B.S. in Computer Science from the University of Illinois at Urbana/Champaign. As a co-founder of the Company, Mr. Tebbe was originally selected to serve as a director due to his deep familiarity with our business, his extensive entrepreneurial background and many years of senior management experience in the technology sector.

Lawrence S. Kramer has served as a director since May 2005 and currently serves as the chairman of our Nominating/Corporate Governance Committee and as a member of our Financing Committee. Mr. Kramer is Adjunct Professor of Media Management at the Newhouse School at Syracuse University. He was a senior advisor to Polaris Venture Partners from July 2007 until January 2010. From November 2006 until May 2007, he was an advisor to CBS. From March 2005 to November 2006, he served as the first President of CBS Digital Media. From October 1997 to January 2005, Mr. Kramer was the Chairman and CEO of MarketWatch, Inc., a media company he founded. From February 1994 to October 1997, he served as Vice President of News, Sports and Marketing at Data Broadcasting Corporation. For 20 years prior to that, Mr. Kramer had a distinguished career in journalism as a reporter and top editor at the San Francisco Examiner and the Washington Post. In 2009, Mr. Kramer joined the board of directors of American Media, Inc., a privately-held publishing company in the celebrity journalism and health & fitness categories. In 2008, Mr. Kramer became a board member of Discovery Communications Inc. (NASDAQ: DISCA). Mr. Kramer has been awarded a National Press Club Award, Gerald E. Loeb Award and Associated Press Awards for reporting. Mr. Kramer graduated with a B.S. in Journalism and Political Science from Syracuse University and an M.B.A. from Harvard University and has been a Guest Lecturer at the Harvard Business School for 10 years. Mr. Kramer's many years of experience creating and managing content, along with his strong background of service in the media industry and his past experience as a chairman and chief executive officer of a public company, make him a valuable member of our board of directors who can assist in the development of our growth strategy and business plans.

The Company's board of directors unanimously recommends a vote "FOR" Proposal No. 1.

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CORPORATE GOVERNANCE

Independence of Directors

Our board of directors has determined that its members are currently “independent” in accordance with the applicable listing standards of The NASDAQ Stock Market as currently in effect, with the exception of Messrs. Rosenschein, Beasley and Dyal.

Meetings of the Board of Directors and its Committees

During the year ended December 31, 2009, our board of directors held 6 meetings; our Audit Committee held 6 meetings; our Compensation Committee held 2 meetings; our Nominations / Corporate Governance Committee held 1 meeting; and our Finance Committee held 1 meeting.

During the year ended December 31, 2009, no director attended fewer than 75% of the aggregate of the total number of meetings of our board of directors (held during the period for which he was a director) and the total number of meetings held by all committees of our board of directors on which he served (held during the period that he served).

Board Leadership Structure

The board of directors believes that Mr. Rosenschein’s service as both chairman of the board and Chief Executive Officer is in the best interest of the Company and its stockholders. Mr. Rosenschein possesses detailed and in-depth knowledge of the issues, opportunities, and challenges facing Answers.com, and is thus best positioned to develop agendas that ensure that the board’s time and attention are focused on the most critical matters. His combined role enables decisive leadership, ensures clear accountability, and enhances the Company’s ability to communicate its message and strategy clearly and consistently to the Company’s stockholders, employees, partners, and users.

Board of Directors’ Role in Risk Oversight

Our board of directors plays an active role in risk oversight of the Company. The board of directors does not have a formal risk management committee, but administers this oversight function through various standing committees of the board of directors. The Audit Committee maintains responsibility for oversight of financial reporting-related risks, including those related to the Company’s accounting, auditing and financial reporting practices. The Audit Committee also reviews reports and considers any material allegations regarding potential violations of the Company’s Code of Ethics. The Compensation Committee oversees risks arising from the Company’s compensation policies and programs. This Committee has responsibility for evaluating and approving the executive compensation and benefit plans, policies and programs of the Company. The Nominations/Corporate Governance Committee oversees corporate governance risks and oversees and advises the board of directors with respect to the Company’s policies and practices regarding significant issues of corporate responsibility.

Code of Ethics

The Company’s 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 <http://ir.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 of directors, 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, pursuant to applicable SEC rules and regulations.

Committees of the Board

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

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Audit Committee. In May 2004, the Company established an Audit Committee of the board of directors. The Audit Committee consists of Mr. Sternlicht, Chairman, Mr. Tebbe and Mr. Segall, each of whom satisfy the current independence standards as promulgated by the SEC and NASDAQ, as such standards apply specifically to members of audit committees. The Audit Committee's scope of authority, which is specified in our Audit Committee Charter, includes, but is not limited to:

- Reviewing and discussing with management and the independent accountants our annual and quarterly financial statements and discussing with management any earnings guidance provided to the market;
- Directly appointing, compensating, retaining, and overseeing the work of the independent auditor;
- Approving, in advance, the provision by the independent auditor of all audit and permissible non-audit services;
- Establishing procedures for the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters and the confidential, anonymous submissions by the Company's employees of concerns regarding questionable accounting or auditing matters;
- Retaining independent legal and other advisors as the Audit Committee deems necessary or appropriate;
- Determining and receiving from the Company appropriate funding to compensate the independent accountants and any outside advisors engaged by the Audit Committee; and
- Reviewing reports and disclosure of insider and affiliated party transactions.

The Audit Committee will be composed exclusively of "super independent directors" who are "financially literate" as defined under the NASDAQ listing standards. The NASDAQ listing standards define "financially literate" as being able to read and understand fundamental financial statements, including a company's balance sheet, income statement and cash flow statement.

In addition, the Company must certify to NASDAQ that the committee has, and will continue to have, at least one member who has past employment experience in finance or accounting, requisite professional certification in accounting, or other comparable experience that results in the individual's financial sophistication. The board of directors believes that Mr. Sternlicht satisfies NASDAQ's definition of financial sophistication and also qualifies as an "audit committee financial expert," as defined under SEC rules and regulations. For additional information about the Audit Committee, see "Report of the Audit Committee" below.

Compensation Committee. In May 2004, the Company established a Compensation Committee of the board of directors. The Compensation Committee consists of Mr. Tebbe, Chairman, Mr. Kramer and Mr. Beasley. With the exception of Mr. Beasley, each of the Compensation Committee members is an independent director under the current definition promulgated by NASDAQ. The Compensation Committee reviews and approves the Company's salary and benefits policies, including the compensation of executive officers. The Compensation Committee also administers the Company's stock option plans and recommends and approves grants of stock options and/or other stock-based awards under the plans.

Nominations/Corporate Governance Committee. In May 2004, the Company established a Nominating/Corporate Governance Committee ("Nominating Committee") of the board of directors. The Nominating Committee consists of Mr. Kramer, Chairman, Mr. Tebbe and Mr. Dyal. With the exception of Mr. Dyal, each of the Nominating Committee members is an independent director under the current definition promulgated by NASDAQ. The purpose of the Nominating Committee is to select, or recommend for the entire board's selection, the individuals to stand for election

as directors at the annual meeting of stockholders and to oversee the selection and composition of committees of the board. The committee's duties, which are specified in the Nominating Committee Charter, include, but are not limited to:

- Establishing criteria for the selection of new directors;
- Recommending directors to serve on the committees of the board;
- Considering the adequacy of the Company's corporate governance and proposing amendments accordingly;
- Overseeing and approving management continuity planning process; and
- Reporting regularly to the board matters relating to the committee's duties.

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Financing Committee. In July 2005, the Company established a Financing Committee of the board of directors. The Financing Committee consists of Mr. Segall, Chairman, Mr. Sternlicht and Mr. Beasley. With the exception of Mr. Beasley, each of the Finance Committee members is an independent director under the current definition promulgated by NASDAQ. The purpose of the Financing Committee is to review and discuss with management financing opportunities that the Company is considering, to evaluate the business merits of all potential mergers and acquisitions and to provide the board of directors with a recommendation as to the terms and conditions of any extraordinary transactions, in consultation with the management team, legal advisors and financial consultants.

Vice-Chairman of the Board of Directors and Lead Director. On April 12, 2007, Mark A. Tebbe was appointed Vice-Chairman of the board of directors and Lead Director. In this capacity, Mr. Tebbe is authorized to call meetings of the board, in consultation with the non-employee directors, advise the Chairman as to scheduling board meetings and provide the Chairman with input regarding the agendas for the board meetings, preside at all meetings at which the Chairman is not present including executive sessions of the non-employee directors and apprise the Chairman of the issues considered, be available for consultation and direct communication with the Company's major stockholders and perform such other duties as the board may from time to time delegate.

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 of 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, 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 Qualifications

Our Nominations / Corporate Governance Committee will evaluate and recommend candidates for membership on the board of directors consistent with criteria established by such committee. The Nominations / Corporate Governance Committee has not formally established any specific, threshold criteria that must be satisfied by any board candidate or specific qualifications and experience that are necessary for one or more of the members of the board of directors to possess. However, the Nominations / Corporate Governance Committee, when considering a potential candidate, will factor into its determination the following qualities of a candidate: professional experience, including whether the person is a current or former CEO, CFO or other leader of a public company, or the head of a division of a large international organization, educational background, knowledge of the Company's business, integrity, professional reputation, wisdom, independence and ability to represent the best interests of our stockholders.

The Company's current board of directors is composed of a diverse group of experts in their respective fields. Several of the current directors have senior leadership experience at major organizations. In these positions, they have also gained experience in core management skills, such as strategic and financial planning, public company financial reporting, compliance, risk management, and leadership development. Most of our directors also have experience

serving on boards of directors and board committees of other public companies, and have an understanding of corporate governance practices and trends, which provides an understanding of different business processes, challenges, and strategies. Further, the Company's directors also have other experience that makes them valuable members, such as experience developing technology or managing or directing the growth of technology companies, which provides insight into strategic and operational issues faced by the Company.

The Nominations / Corporate Governance Committee and the board believe that the above-mentioned attributes, along with the leadership skills and other experiences of its board members described below, provide the Company with a diverse range of experiences and business judgment necessary to lead the Company strategically and supervise management's execution.

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Robert S. Rosenschein

- Numerous years of business leadership as chief executive officer of the Company and former chief executive officer of Accent Software.
- Experience developing technology at organizations such as Microsoft, Ashton-Tate, American Management Systems, Data General, and the World Bank.

Mark A. Tebbe

- Numerous years of business leadership as chairman of Lante Corporation, a technology consulting firm founded by Mr. Tebbe.
- Many years of senior management experience in the technology sector.

Yehuda Sternlicht

- Numerous years of business leadership as chief financial officer of Savient Pharmaceuticals, Inc.
- Substantial financial and accounting experience due to the professional positions he has held over the course of his career.

Mark B. Segall

- Extensive management expertise from his background as a chief executive officer in the corporate advisory and investment banking industries.
- Board member of several corporations and counsel to numerous technology company clients.

Lawrence S. Kramer

- Numerous years of experience creating and managing content, along with strong background of service in the media industry.
- Past experience as a chairman and chief Executive Officer of MarketWatch, Inc.

W. Allen Beasley

- Strong background of investment activity in growth-stage companies.

R. Thomas Dyal

- Background, which includes investment activity in companies focused on opportunities in the Internet, software and mobile industries, is complementary to the oversight of our business.
- Past operating roles in the communications and networking industry contribute additional value.

Communications by Stockholders with Directors

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The Company encourages stockholder communications with the Company's board of directors and/or individual directors. Stockholders who wish to communicate with Company directors should send their communications to the care of Caleb Chill, Secretary, Answers Corporation, at 237 West 35th Street, Suite 1001, New York, New York 10001; Fax: 646-502-4778. Communications regarding financial or accounting policies should be sent to the attention of the Chairman of the Audit Committee. Mr. Chill will maintain a log of such communications and will transmit as soon as practicable such communications to the Chairman of the Audit Committee or to the identified individual director(s), although communications that are abusive, in bad taste or that present safety or security concerns may be handled differently, as determined by Mr. Chill.

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Director Attendance at Annual Meetings

The Company has made every effort to schedule its annual meeting of stockholders at a time and date to accommodate attendance by directors taking into account the directors' schedules. All directors are encouraged to attend the Company's annual meeting of stockholders. The Company does not have a formal policy regarding director attendance at our annual meetings.

DIRECTOR COMPENSATION

The following table sets forth summary information concerning the total compensation paid to the Company's non-employee directors in 2009 for services to the Company. Mr. Dyal became a member of the board in June 2009. Mr. Sim ceased being a board member on September 9, 2009.

Name	Fees Earned	Option Awards(*)	Total
Mark A. Tebbe (1)	\$29,056	\$31,470	\$60,526
Y e h u d a Sternlicht (2)	\$35,000	\$31,470	\$66,470
Mark B. Segall (3)	\$30,000	\$31,470	\$61,470
L a w r e n c e S . Kramer (4)	\$25,778	\$31,470	\$57,248
W. Allen Beasley (5)	\$25,000	\$31,470	\$56,470
R. Thomas Dyal (6)	\$11,944	\$163,577	\$175,521
Edward G. Sim (7)	\$20,667	\$33,647	\$54,314

- (1) 82,322 options were outstanding as of 12/31/09, of which 58,344 were exercisable as of December 31, 2009.
- (2) 49,575 options were outstanding as of 12/31/09, of which 33,879 were exercisable as of December 31, 2009.
- (3) 64,575 options were outstanding as of 12/31/09, of which 48,879 were exercisable as of December 31, 2009.
- (4) 64,575 options were outstanding as of 12/31/09, of which 48,879 were exercisable as of December 31, 2009.
- (5) 43,050 options were outstanding as of 12/31/09, of which 13,004 were exercisable as of December 31, 2009.
- (6) Thomas R. Dyal was appointed as a board member on June 10, 2009; 35,875 options were outstanding as of 12/31/09, none of which were exercisable as of December 31, 2009.

(7) Upon the departure of Mr. Sim from the board of directors on September 9, 2009, he received a benefit in the form of an extension to the exercisability of his stock options. Mr. Sim's Option Award amount for 2009 represents the fair value of the modification to the exercise period associated with the company stock options held by Mr. Sim on September 9, 2009.

* Amounts represent the aggregate grant date fair value in accordance with FASB ASC Topic 718.

Our non-employee directors receive an annual base fee of \$20,000, 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:

Director fee base	Audit membership	Compensation membership	Governance membership	Financing membership	Audit Chair
\$	\$	\$	\$	\$	\$