

Answers CORP  
Form PREM14A  
February 17, 2011

---

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

SCHEDULE 14A  
Proxy Statement Pursuant to Section 14(a) of the Securities

Exchange Act of 1934

Filed by the Registrant

Filed by a party other than the Registrant

Check the appropriate box:

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

ANSWERS CORPORATION

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

Common stock, par value \$0.001 per share of Answers Corporation  
("Answers.com")

Series A convertible preferred stock, par value \$0.01 per share of Answers  
Corporation

Series B convertible preferred stock, par value \$0.01 per share of Answers

Corporation

(2) Aggregate number of securities to which transaction applies:

8,134,602 shares of Answers Corporation common stock (representing the number of outstanding shares of Answers Corporation common stock expected on the closing date);

60,000 shares of Answers Corporation Series A convertible preferred stock (representing the number of outstanding shares of Answers Corporation Series A convertible preferred stock expected on the closing date, which are expected to be convertible into 1,388,904 shares of Answers Corporation common stock);

---

70,000 shares of Answers Corporation Series B convertible preferred stock (representing the number of outstanding shares of Answers Corporation Series B convertible preferred stock expected on the closing date, which are expected to be convertible into 1,309,549 shares of common stock); warrants expected to be outstanding on the closing date to purchase 1,303,031 shares of Answers Corporation common stock; and options expected to be outstanding on the closing date to purchase 1,234,014 shares of Answers Corporation common stock with an exercise price of less than \$10.50.

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

The maximum aggregate value was determined based upon the sum of:

- \$85,413,321.00 (8,134,602 shares of Answers Corporation common stock multiplied by \$10.50 per share);
- \$14,583,489.71 (the aggregate amount expected to be paid to the holders of the Series A convertible preferred stock in cash at closing);
- \$13,750,263.64 (the aggregate amount expected to be paid to the holders of the Series B convertible preferred stock in cash at closing);
- \$3,700,001.85 (666,667 warrants to purchase shares of Answers Corporation common stock with an exercise price of \$4.95 per share multiplied by the difference between \$10.50 and \$4.95 per share);
- \$2,831,819.80 (636,364 warrants to purchase shares of Answers Corporation common stock with an exercise price of \$6.05 per share multiplied by the difference between \$10.50 and \$6.05 per share); and
- \$5,743,891.18 (options to purchase 1,234,014 shares of Answers Corporation common stock with a weighted average exercise price of \$5.85 per share multiplied by the difference between \$10.50 and \$5.85 per share).

In accordance with Section 14(g) of the Securities Exchange Act of 1934, as amended, the filing fee was calculated by multiplying 0.00011610 by the aggregate value calculated in the preceding sentence.

(4) Proposed maximum aggregate value of transaction:

\$126,022,787.17

(5) Total fee paid:

\$14,631.25

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

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

(3) Filing Party:

(4)

Date Filed:

2

---

Edgar Filing: Answers CORP - Form PREM14A

237 West 35th Street, Suite 1101  
New York, NY 10001

Dear Fellow Stockholder:

You are cordially invited to attend the upcoming special meeting of stockholders of Answers Corporation (“Answers.com” or the “Company”), to be held on \_\_\_\_\_, 2011, at \_\_\_\_\_ a.m., local time, at the offices of Kramer Levin Naftalis & Frankel LLP, 1177 Avenue of the Americas, New York, New York 10036. Answers.com has entered into an Agreement and Plan of Merger, dated as of February 2, 2011 (the “merger agreement”), with AFCV Holdings, LLC, a Delaware limited liability company (“AFCV”), and A-Team Acquisition Sub, Inc. (“Merger Sub”), a Delaware corporation and an indirect wholly-owned subsidiary of AFCV.

Under the terms of the merger agreement, Merger Sub will be merged with and into Answers.com, with Answers.com continuing as the surviving corporation (the “merger”) and a wholly-owned subsidiary of AFCV. If the merger is completed, then at the effective time of the merger, holders of Answers.com common stock will be entitled to receive \$10.50 in cash, without interest, less any applicable withholding taxes, for each share of Answers.com common stock owned at the effective time of the merger. In accordance with the Certificate of Designations, Numbers, Voting Powers, Preferences and Rights of the Series A convertible preferred stock of Answers.com (the “Series A stock”), holders of Series A stock will receive an amount in cash, without interest, for each share of Series A stock owned equal to \$10.50 multiplied by (A) the stated value of \$101.76 plus accrued but unpaid dividends thereon accrued daily at the rate of 6% per annum calculated from the date on which the last regular quarterly dividend is paid in respect of the Series A stock to the effective time of the merger, divided by (B) \$4.50. In accordance with the Certificate of Designations, Numbers, Voting Powers, Preferences and Rights of the Series B convertible preferred stock of Answers.com (the “Series B stock”), holders of Series B stock will receive an amount in cash without interest for each share of Series B stock owned equal to \$10.50 multiplied by (A) the stated value of \$100.00 plus accrued but unpaid dividends thereon accrued daily at the rate of 6% per annum calculated from the date on which the last regularly quarterly dividend is paid in respect of the Series B stock to the effective time of the merger, divided by (B) \$5.50.

Notice of the special meeting and the related proxy statement is enclosed. Certain stockholders, including our chief executive officer, have agreed to vote shares representing approximately 27.2% of the Answers.com common stock and preferred stock outstanding, as of February 16, 2011, voting together as a single class on an as converted to common stock basis, in favor of the adoption of the merger agreement.

The accompanying proxy statement gives you detailed information about the special meeting and the merger and includes the merger agreement as Annex A. The receipt of cash in exchange for shares of Answers.com common stock and preferred stock in the merger will constitute a taxable transaction for U.S. federal income tax purposes. We encourage you to read the proxy statement and the merger agreement carefully in their entirety.

After careful consideration, our board of directors has determined that the merger and the merger agreement is fair to, and in the best interests of, Answers.com and its stockholders, and declared the merger to be advisable, and unanimously approved the merger agreement and the transactions contemplated thereby, including the merger.

Your vote is very important regardless of the number of shares you hold. We cannot complete the merger unless holders of a majority of all outstanding shares of Answers.com common stock and preferred stock, voting, in person or by proxy and entitled to vote on the matter, together as a single class on an as converted to common stock basis, vote to adopt the merger agreement. Our board of directors recommends that you vote “FOR” the adoption of the merger agreement. The failure of any stockholder to vote on the proposal to adopt the merger agreement will have the same effect as a vote against the adoption of the merger agreement. We are also asking you to vote “FOR” any proposal

Edgar Filing: Answers CORP - Form PREM14A

to adjourn the special meeting, if necessary, to solicit additional proxies if there are insufficient votes at the time of the special meeting to adopt the merger agreement.

Whether or not you plan to attend the special meeting, please complete, date, sign and return, as promptly as possible, the enclosed proxy by mail in the accompanying reply envelope, or submit your proxy by telephone or the Internet. Stockholders who attend the meeting may revoke their proxies and vote in person. If your shares are held in "street name" by your broker or other nominee, only that holder can vote your shares unless you obtain a valid legal proxy from such broker or nominee. You should follow the directions provided by your broker or nominee regarding how to instruct such broker or nominee to vote your shares.

---

Edgar Filing: Answers CORP - Form PREM14A

If you submit your proxy but do not indicate how you want to vote, your proxy will be voted "FOR" the adoption of the merger agreement and "FOR" any proposal to adjourn the special meeting, if necessary, to solicit additional proxies if there are insufficient votes at the time of the special meeting to adopt the merger agreement.

If you have any questions or need assistance with voting, please contact Okapi Partners, who is assisting us with the solicitation, toll-free at (877) 796-5274 or call collect at (212) 297-0720.

Our board of directors and management appreciate your continuing support of the Company, and we urge you to vote in favor of the adoption of the merger agreement.

Sincerely,

Robert Rosenschein  
Chief Executive Office, President and Chairman

Neither the Securities and Exchange Commission nor any state securities regulatory agency has approved or disapproved the merger, passed upon the merits or fairness of the merger or passed upon the adequacy or accuracy of the disclosure in this document. Any representation to the contrary is a criminal offense.

The proxy statement is dated \_\_\_\_\_, 2011, and is first being mailed to stockholders on or about \_\_\_\_\_, 2011.

---

237 West 35th Street, Suite 1101  
New York, NY 10001

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS  
To Be Held on \_\_\_\_\_, 2011

Dear Answers.com Stockholder:

Answers Corporation, a Delaware corporation (the “Company”), will hold a special meeting of stockholders at the offices of Kramer Levin Naftalis & Frankel LLP, 1177 Avenue of the Americas, New York, New York 10036, at \_\_\_\_\_ a.m., local time, on \_\_\_\_\_, 2011, for the following purposes:

1. To adopt the Agreement and Plan of Merger, dated as of February 2, 2011 (the “merger agreement”), by and among the Company, AFCV Holdings, LLC, a Delaware limited liability company (“AFCV”), and A-Team Acquisition Sub, Inc. (“Merger Sub”), a Delaware corporation and an indirect wholly-owned subsidiary of AFCV, as such agreement may be amended from time to time.
2. To approve the proposal to adjourn the special meeting, if necessary, to solicit additional proxies if there are insufficient votes at the time of the special meeting to adopt the merger agreement.

The board of the Company has unanimously approved the merger agreement and recommends that its stockholders vote “FOR” the adoption of the merger agreement. The board of directors of the Company also recommends that stockholders vote “FOR” any proposal to adjourn the special meeting, if necessary, to solicit additional proxies if there are not sufficient votes in favor of adoption of the merger agreement.

Only record holders of Answers.com common stock, Series A convertible preferred stock of Answers.com (the “Series A stock”) and Series B convertible preferred stock of Answers.com (the “Series B stock”) at the close of business on \_\_\_\_\_, 2011 are entitled to receive notice of, and will be entitled to vote at, the special meeting, including any adjournments or postponements of the special meeting. The list of stockholders entitled to vote at the special meeting will be available for inspection at our principal executive offices located at 237 West 35th Street, Suite 1101, New York, NY 10001, during ordinary business hours at least 10 days before the special meeting.

In connection with the execution of the merger agreement, the holders of our Series A stock and Series B stock, as well as our chief executive officer, solely in their capacities as stockholders, entered into voting agreements with AFCV and the Company, pursuant to which each of those stockholders agreed, among other things, to vote the shares of our capital stock over which these stockholders exercise voting control in favor of adoption of the merger agreement. These stockholders exercise voting control over approximately \_\_\_\_\_ % of the shares of our common stock and preferred stock outstanding as of \_\_\_\_\_, 2011, the record date for the special meeting, voting together as a single class on an as converted to common stock basis. If the merger agreement is terminated in accordance with its terms, these voting agreements will also terminate.

We urge you to read the accompanying proxy statement carefully in its entirety as it sets forth details of the proposed merger and other important information related to the merger.

Under Delaware law, if the merger is completed, then at the effective time of the merger, holders of Answers.com stock who do not vote in favor of adoption of the merger agreement will have the right to seek appraisal of the fair value of their shares as determined by the Delaware Court of Chancery under Delaware law, subject to the satisfaction of the requirements for exercising and perfecting such rights. A copy of the full text of the applicable Delaware



statutory provisions is included as Annex B to this proxy statement.

---

Your vote is important, regardless of the number of shares you hold, and we urge you to complete, sign, date and return your proxy card as promptly as possible by mail in the accompanying reply envelope, whether or not you expect to attend the special meeting. If you are unable to attend the special meeting in person and you return your proxy card, your shares will be voted at the special meeting in accordance with your proxy. You may also submit your proxy by telephone or electronically through the Internet by following the instructions included with your proxy card. If your shares are held in "street name" by your broker or other nominee, only that holder can vote your shares unless you obtain a valid legal proxy from such broker or nominee. You should follow the directions provided by your broker or nominee regarding how to instruct such broker or nominee to vote your shares. If you submit your proxy but do not indicate how you want to vote, your proxy will be voted "FOR" the adoption of the merger agreement and "FOR" any proposal to adjourn the special meeting, if necessary, to solicit additional proxies if there are not sufficient votes in favor of adoption of the merger agreement. If you do not vote or do not instruct your broker, bank or nominee how to vote, it will have the same effect as voting against the proposal to adopt the merger agreement – so please vote. If you do not vote, it will not affect the outcome of any proposal to adjourn the special meeting, but will reduce the number of votes required to approve such a proposal.

The merger is described in the accompanying proxy statement, which we urge you to read carefully in its entirety. A copy of the merger agreement is attached as Annex A to the proxy statement.

By Order of the Board of Directors,

Caleb A. Chill  
Vice President, General Counsel & Corporate Secretary  
, 2011

---

TABLE OF CONTENTS

<u>SUMMARY TERM SHEET</u>	1
<u>Summary of the Merger</u>	1
<u>Treatment of Answers.com Capital Stock, Options and Warrants</u>	1
<u>Recommendations of the Answers.com Board of Directors to Stockholders</u>	2
<u>Opinion of the Financial Advisor to the Answers.com Board of Directors</u>	2
<u>Debt Financing of the Merger</u>	3
<u>The Special Meeting of Answers.com Stockholders</u>	3
<u>Record Date; Stockholders Entitled to Vote</u>	3
<u>Required Stockholder Adoption of the Merger Agreement</u>	3
<u>Conditions to Completion of the Merger</u>	4
<u>Limitation on Answers.com's Ability to Consider Other Acquisition Proposals</u>	6
<u>Termination of the Merger Agreement</u>	7
<u>Termination Fee and Expenses</u>	8
<u>Interests of Answers.com Directors and Executive Officers in the Merger</u>	9
<u>Regulatory Matters</u>	9
<u>Material U.S. Federal Income Tax Consequences</u>	10
<u>Appraisal Rights</u>	10
<u>Delisting and Deregistration of Answers.com common stock</u>	10
<u>Exchange Agent</u>	10
<u>Legal Proceedings Regarding the Merger</u>	10
<u>QUESTIONS &amp; ANSWERS ABOUT THE MERGER</u>	11
<u>CAUTION REGARDING FORWARD-LOOKING STATEMENTS</u>	16
<u>SPECIAL MEETING OF STOCKHOLDERS OF ANSWERS CORPORATION</u>	17
<u>Date, Time and Place of Meeting</u>	17
<u>Record Date; Shares Entitled to Vote; Outstanding Shares</u>	17
<u>Purpose of the Special Meeting of Stockholders</u>	17
<u>Recommendations of our Board of Directors</u>	17
<u>Quorum; Abstentions; Broker Non-Votes</u>	18
<u>Votes Required</u>	18
<u>Solicitation of Proxies</u>	18
<u>Voting; Proxies and Revocation</u>	18
<u>Voting Agreements</u>	19
<u>Appraisal Rights</u>	19
<u>THE MERGER</u>	20
<u>Parties to the Merger</u>	20
<u>General Description of the Merger</u>	20
<u>Background of the Merger</u>	21
<u>Provision of Certain Financial Forecasts</u>	30
<u>Recommendations of the Answers.com Board of Directors</u>	31
<u>Answers.com's Reasons for the Merger</u>	31
<u>Opinion of the Financial Advisor to the Answers.com Board of Directors</u>	36
<u>Debt Financing of the Merger</u>	40
<u>Interests of Answers.com Directors and Executive Officers in the Merger</u>	41
	11

<u>Appraisal Rights</u>	44
<u>Material U.S. Federal Income Tax Consequences of the Merger</u>	48
<u>U.S. Holders</u>	48
<u>Non-U.S. Holders</u>	49
<u>Material Israeli Income Tax Consequences of the Merger</u>	50
<u>Regulatory Matters</u>	50
<u>Market Price and Dividend Data</u>	51
<u>Delisting and De-registration of Answers.com Common Stock after the Merger</u>	51
<u>Legal Proceedings Regarding the Merger</u>	52

<u>THE MERGER AGREEMENT</u>	54
<u>Explanatory Note Regarding the Merger Agreement</u>	54
<u>The Merger</u>	54
<u>Exchange of Answers.com Stock Certificates for the Merger Consideration</u>	56
<u>Representations and Warranties</u>	57
<u>Conduct of Answers.com's Business Before Completion of the Merger</u>	60
<u>Answers.com Meeting of Stockholders</u>	65
<u>Access to Information</u>	65
<u>Public Disclosure</u>	65
<u>Regulatory Filings</u>	65
<u>Reasonable Best Efforts</u>	65
<u>Certain Litigation</u>	65
<u>Notification of Certain Matters</u>	65
<u>Third-Party Consents</u>	66
<u>Debt Financing</u>	66
<u>Tax Rulings</u>	66
<u>Limitation on Answers.com's Ability to Consider Other Acquisition Proposals</u>	66
<u>Employee Benefits for Answers.com Employees</u>	68
<u>Indemnification and Insurance</u>	69
<u>Conditions to Completion of the Merger</u>	69
<u>Termination of the Merger Agreement</u>	70
<u>Termination Fee and Expenses</u>	71
<u>Amendment and Waiver</u>	72
<u>THE VOTING AGREEMENTS</u>	72
<u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT</u>	73
<u>DEADLINE FOR STOCKHOLDER PROPOSALS TO BE PRESENTED AT NEXT ANNUAL MEETING</u>	76
<u>HOUSEHOLDING OF PROXY MATERIAL</u>	76
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	76