

GURUNET CORP  
Form SB-2/A  
April 20, 2005

As filed with the U.S. Securities and Exchange Commission on April 20, 2005

Registration No. 333-123906

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**U.S. SECURITIES AND EXCHANGE COMMISSION**  
WASHINGTON, D.C. 20549

**AMENDMENT NO. 1 TO**  
**FORM SB-2**  
**REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933**

**GURUNET CORPORATION**

(Name of small business issuer in its  
charter)

<b>Delaware</b>	<b>7379</b>	<b>98-0202855</b>
(State or jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)

**Jerusalem Technology Park**  
**Building 98**  
**Jerusalem 91481 Israel**  
**972-2-6495000**

(Address and telephone number of principal executive offices)

**Robert S. Rosenschein**  
**Chief Executive Officer**  
**441 Route 306**  
**Wesley Hills, New York 10952**  
**(845) 818-3988**

(Name, address and telephone number of agent for service)

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**Approximate date of commencement of proposed sale to the public:** As soon as practicable after the effective date of this Registration Statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act, check the following box. [X]

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ]

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ]

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ]

If delivery of the prospectus is expected to be made pursuant to Rule 434, check the following box. [ ]

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**The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.**

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## CALCULATION OF REGISTRATION FEE

<b>Title of Each Class Of Securities To Be Registered</b>	<b>Amount To Be Registered (1)</b>	<b>Proposed Maximum Offering Price Per Security</b>	<b>Proposed Maximum Aggregate Offering Price</b>	<b>Amount Of Registration Fee</b>
Common Stock, par value \$0.001 per share	1,029,488 (2)	\$17.27 (7)	\$17,779,257.76	\$2,092.62
Common Stock, par value \$0.001 per share	100,000 (3)	\$11.00 (7)	\$1,100,000.00	\$129.47
Common Stock, par value \$0.001 per share	7,800 (4)	19.16 (8)	\$149,448.00	\$17.59
Common Stock, par value \$0.001 per share	2,173 (5)	\$1.15 (7)	\$2,498.95	\$0.29
Common Stock, par value \$0.001 per share	1,043 (6)	\$9.21 (7)	\$9,606.03	\$1.13
<b>Total</b>	<b>1,140,504</b>	<b>—</b>	<b>\$19,040,810.74</b>	<b>\$2,241.10(9)</b>

(1) Pursuant to Rule 416 under the Securities Act of 1933, as amended (the "Securities Act"), this registration statement shall also cover any additional shares of common stock that shall become issuable by reason of any stock dividend, stock split, recapitalization or other similar transaction.

(2) Represents shares of common stock issuable upon the exercise of warrants issued by the Registrant in February 2005 to certain holders of bridge warrants issued by Registrant in January and February 2004.

(3) Represents shares of common stock issuable upon the exercise of warrants issued by the Registrant in January 2005 to a consultant pursuant to a consulting agreement dated January 20, 2005.

(4) Represents shares of common stock issued to a consultant on December 13, 2004 as consideration for consulting services rendered to the Registrant.

(5) Represents shares of common stock issuable upon the exercise of options granted to a consultant in April 1999 as consideration for consulting services rendered to the Registrant.

(6) Represents shares of common stock issuable upon the exercise of options granted to a consultant in May 2000 as consideration for consulting services rendered to the Registrant.

(7) Pursuant to Rule 457(g) under the Securities Act, the maximum offering price per security represents the exercise price of the applicable warrants or options.

(8) Estimated in accordance with Rule 457(c) of the Securities Act, based on the average of the high and low prices as reported by the American Stock Exchange on April 4, 2005.

(9) The Registration Fee of \$2,241.10 was previously paid on April 6, 2005.

**EXPLANATORY NOTE**

PURSUANT TO RULE 429 UNDER THE SECURITIES ACT, IN ADDITION TO THE 1,140,504 SHARES OF COMMON STOCK INCLUDED IN THIS REGISTRATION STATEMENT, THE PROSPECTUS CONTAINED HEREIN IS A COMBINED PROSPECTUS WHICH ALSO INCLUDES 510,987 SHARES OF COMMON STOCK BEING CARRIED FORWARD FROM THE REGISTRANT'S REGISTRATION STATEMENT NO. 333-115424 (AS TO WHICH THE REGISTRANT PAID FILING FEES OF \$60.14 WITH RESPECT TO SUCH SHARES).

THIS REGISTRATION STATEMENT ALSO CONSTITUTES POST-EFFECTIVE AMENDMENT NO. 1 TO REGISTRATION STATEMENT NO. 333-115424 . THIS POST-EFFECTIVE AMENDMENT SHALL BECOME EFFECTIVE CONCURRENTLY WITH THE EFFECTIVENESS OF THIS REGISTRATION STATEMENT IN ACCORDANCE WITH SECTION 8(C) OF THE SECURITIES ACT.

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The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Subject to Completion, dated April 20, 2005

**PROSPECTUS**

1,651,491 Shares

[GuruNet Graphic Omitted]  
Common Stock

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This prospectus relates to 1,651,491 shares of common stock, par value \$0.001 per share, of GuruNet Corporation for sale from time to time by the selling stockholders named in this prospectus, or by their pledgees, donees, transferees or other successors in interest. Of these shares, 510,987 shares of common stock were previously registered in Registration Statement No. 333-115424, 1,029,488 shares are issuable upon the exercise of outstanding warrants issued to certain holders of bridge warrants we issued in connection with a bridge financing transaction in January and February 2004, 100,000 shares are issuable upon the exercise of warrants issued to a consultant as consideration for financial consulting services rendered to our company, 3,216 shares of common stock are issuable upon exercise of options granted to certain consultants as consideration for consulting services rendered to our company and 7,800 shares of common stock were issued to a consultant as consideration for consulting services rendered to our company. See "Description of Securities - Other Outstanding Securities - Warrants."

The distribution of securities offered through this prospectus may be effected in one or more transactions that may take place on the American Stock Exchange, including ordinary brokers' transactions, privately negotiated transactions or through sales to one or more dealers for resale of such securities as principals, at market prices prevailing at the time of sale, at prices related to such prevailing market prices or at negotiated prices. Usual and customary or specifically negotiated brokerage fees or commissions may be paid by the selling stockholders.

The selling stockholders and intermediaries through whom such securities are sold may be deemed "underwriters" within the meaning of the Securities Act, with respect to the securities offered hereby, and any profits realized or commissions received may be deemed underwriting compensation. We have agreed to indemnify the selling stockholders against certain liabilities, including liabilities under the Securities Act.

We will not receive any of the proceeds from the sale of the shares sold pursuant to this prospectus, other than the exercise price, if any, to be received upon exercise of the warrants and options referred to above.

Our common stock is listed on the American Stock Exchange under the symbol GRU. On April 19, 2005, the last reported sale price for our common stock as reported by the American Stock Exchange was \$19.00 per share.

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**These securities involve a high degree of risk. You should not invest in our company unless you can afford to lose your entire investment. See "Risk Factors" beginning on page 5 of this prospectus.**

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a

criminal offense.

The date of this prospectus is \_\_\_\_\_, 2005.

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This prospectus contains service marks, trademarks and trade names of GuruNet Corporation.

You should only rely on the information contained in this prospectus in deciding whether to purchase our shares. We have not authorized anyone to provide you with information different from that contained in this prospectus.

We obtained statistical data, market data and certain other industry data and forecasts used throughout this prospectus from market research, publicly available information and industry publications. Industry publications generally state that they obtain their information from sources that they believe to be reliable, but they do not guarantee the accuracy and completeness of the information. Similarly, while we believe that the statistical data, industry data and forecasts and market research are reliable, we have not independently verified the data, and we do not make any representation as to the accuracy of the information. We have not sought the consent of the sources to refer to their reports in this prospectus.

## PROSPECTUS SUMMARY

*This summary highlights information contained elsewhere in this prospectus. It is not complete and does not contain all of the information that you should consider before investing in our common stock. Before making a decision to purchase our shares, you should read this entire prospectus, including the audited financial statements and related notes and risk factors. Unless otherwise stated in this prospectus, references to “we,” “us” or “our company” refer to GuruNet Corporation and our wholly-owned Israeli subsidiary, GuruNet Israel Ltd.*

### Overview

Through our flagship Website, [www.Answers.com](http://www.Answers.com), and our proprietary 1-Click Answers™ software, we provide integrated online reference answers and offer technology that enables rapid delivery of concise information over the Internet. Since our inception in 1998, we have developed and acquired technology that intelligently and automatically integrates and retrieves information from disparate sources and delivers the result in a single consolidated browser view.

Answers.com delivers snapshot, multi-faceted definitions and explanations from attributable reference sources covering the topics in our database. We seek to differentiate ourselves by providing our users with relevant, reference information that enhances results achieved through traditional search engines. Most search engines respond to an Internet user’s query by displaying a long list of links to other Websites that may be related in some way to the query term. By contrast, Answers.com automatically displays relevant, content-based responses to a user’s query without requiring the user to review a list of hyperlinks offered in response to a query. Answers.com also includes other related information in various formats such as charts, graphs and maps, and provides pointers to relevant sites, blogs and other external search resources.

We seek to monetize visitor traffic to our Website in the form of sponsored links and paid advertisements. We intend to generate this traffic by offering, licensing and co-branding our technology and establishing partnerships with third-party Websites, and through the marketing of our Website.

1-Click Answers™, the software component of our business, is available for users of both Microsoft Windows® and Apple’s Macintosh OS X. Utilizing 1-Click Answers™, users need only “alt-click” (on the Macintosh, select the text and Cmd-Shift-G) on a word or phrase within a text and 1-Click Answers™ will access our online library to display information about that word or phrase in a browser window. 1-Click Answers™ can be used when working in almost any application such as e-mail, spreadsheet, word processing, database or other program or application. Our 1-Click Answers™ for Windows® analyzes surrounding words in context for a more accurate response. For example, when clicking on the word “Ford” appearing in the context of Ford Motor Company, Harrison Ford or Francis Ford Coppola, the system will process and recognize the context and deliver information on vehicles, movie stars and film directors, respectively. In Windows, 1-Click Answers™ also includes a downloaded toolbar for query lookup while using Microsoft Internet Explorer for Windows® as well as a docked AnswerBar utility. While Web users can access our integrated reference information, some functionality is only available after downloading 1-Click Answers™.

We cull our reference information from over 100 reference sources, such as:

- Houghton Mifflin’s American Heritage Dictionary (Fourth Edition);
  - Roget’s II New Thesaurus, (Third Edition);
- Columbia University Electronic Encyclopedia (Sixth Edition); and
  - Wikipedia.



By attributing the source of each piece of our information on each web page, we enable our users to make their own independent evaluation as to the reliability of our information.

### **Bridge Financing**

On January 30, 2004 and February 17, 2004, we completed our bridge financing, consisting of \$5,000,000 aggregate principal amount of convertible promissory notes (also referred to as “bridge notes”) bearing interest at an annual rate of 8%. In the aggregate, we paid \$287,136 in accrued interest and \$161,124 in liquidated damages, representing 1% to 1.5% of the aggregate purchase price of the bridge notes, as a result of our failure to consummate our IPO by July 28, 2004 and August 15, 2004 , as required under the respective bridge notes. Upon the consummation of our IPO, \$1,840,000 of the aggregate principal amount of the bridge notes were converted into 490,678 shares of common stock, at a conversion price of \$3.75, and the remaining \$3,160,000 of the aggregate principal amount of the bridge notes was repaid subsequent to the initial public offering closing date. See “Description of Securities — Bridge Notes” for a more detailed description of the bridge notes.

In connection with the issuance of the bridge notes, we issued bridge warrants to purchase an aggregate of 1,700,013 shares of common stock, exercisable at \$7.20 per share, commencing on December 31, 2004. In the third quarter of 2004, our board of directors authorized the issuance of an aggregate of 750,002 additional warrants to the bridge noteholders. On October 7, 2004, the date on which we filed our registration statement related to our initial public offering, each noteholder received a pro rata share of these additional warrants (approximately .44 warrant for each bridge warrant held). These additional warrants contained terms identical to the bridge warrants, except for certain expiration provisions. In October 2004, the National Association of Securities Dealers, Inc. determined that shares issuable upon conversion of bridge notes and upon exercise of bridge warrants held by certain bridge noteholders in our bridge financing constituted underwriter's compensation, because of the relationship between these noteholders and one of the underwriters involved in our IPO. As a result, these noteholders were contractually obligated to surrender their warrants to purchase 648,534 shares of common stock to us without consideration and had \$1,350,000 aggregate principal amount of bridge notes entirely repaid instead of converted into common stock. See "Description of Securities — Other Outstanding Securities — Bridge Warrants" for a more detailed description of the bridge warrants.

Holders of the bridge warrants have entered into lock-up agreements under which they have agreed not to sell or otherwise dispose of their shares of common stock underlying the bridge warrants without the consent of the underwriters involved in our IPO, except as follows: Until April 11, 2005, sales of shares underlying the bridge warrants may be made at prices no less than \$7.50 per share; and, after April 11, 2005 through October 13, 2005, sales of shares underlying the bridge notes and bridge warrants may be made at prices no less than \$5.00 per share. The bridge warrants became exercisable on December 31, 2004. The underwriters involved in our IPO have advised us that in determining whether to give or withhold their consent to any sale within the applicable lock-up period, they will consider the market price and volume of our stock at such time and whether such sale would have an adverse effect on the market for our common stock. See "Description of Securities — Other Outstanding Securities — Lock-Up Agreements" for a more detailed description of the lock-up agreements.

### **Initial Public Offering**

On October 13, 2004, we completed our initial public offering. On November 18, 2004, the underwriters involved in our IPO exercised their over-allotment option and purchased 352,500 additional shares of our common stock, at \$5.00 per share. We received total proceeds from our initial public offering, including the exercise of the over-allotment option, of approximately \$10,800,000, net of underwriting fees and offering expenses of approximately \$2,700,000. In conjunction with the offering, \$1,840,000 of the \$5,000,000 principal amount of promissory notes we owed to bridge noteholders, converted into 490,678 shares of common stock and the remaining \$3,160,000 was repaid from the net proceeds of the offering.

### **Warrant Reload**

On February 4, 2005, we entered into an agreement with certain holders of the bridge warrants, under which the holders of the bridge warrants exercised an aggregate of 1,871,783 bridge warrants at the exercise price of \$7.20 per share (with the exception of Vertical Ventures LLC, which held a warrant exercisable at \$3.75 per share) for aggregate proceeds to us of approximately \$12,220,000, net of fees and expenses. As an incentive to the holders to exercise their respective bridge warrants, we issued to the holders 1,029,488 new warrants to purchase such number of shares of common stock (equal to 55% of the number of shares of common stock underlying their respective bridge warrants) at an exercise price of \$17.27 per share. The warrants are presently exercisable and expire on February 4, 2010.

For a detailed description of all outstanding securities issued by the Company, see "Description of Securities - Other Outstanding Securities."

### **Corporate Information**

We were incorporated as a Texas corporation in December 1998, and reorganized as a Delaware corporation in April 1999. In January 2004, we changed our name from Atomica Corporation to GuruNet Corporation. Our principal executive office is located at Jerusalem Technology Park, Building 98, Jerusalem 91481, Israel, and our telephone number is +972-2-649-5000. Our corporate Website is located at <http://www.gurUNET.com>. Information contained in our Website shall not be deemed to be a part of this prospectus.

**THE OFFERING**

Securities offered by Selling Stockholders	1,651,491 shares of common stock
Common stock outstanding before the offering	6,945,292
Common stock to be outstanding after the offering	8,204,099
Use of proceeds	We will not receive any proceeds from the sale of shares of common stock offered in this prospectus, other than the exercise price, if any, to be received upon exercise of certain outstanding warrants or options. See “Use of Proceeds” beginning on page 13.
American Stock Exchange symbol	GRU
Risks	As part of your evaluation of us, you should take into account not only our business approach and strategy, but also special risks we face in our business. For a detailed discussion of these risks and others, see “Risk Factors” beginning on page 5.