

SPARK NETWORKS PLC  
Form DEF 14A  
October 19, 2006

## **SCHEDULE 14A**

### **Information Required in Proxy Statement**

**REG. 240.14a-101**

### **SCHEDULE 14A INFORMATION**

#### **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-11(c) or 240.14a-12

**SPARK NETWORKS PLC**

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(Name of Registrant as Specified In Its Charter)

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

## Edgar Filing: SPARK NETWORKS PLC - Form DEF 14A

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:

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

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(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):

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(4) Proposed maximum aggregate value of transaction:

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**Notices Required for UK public companies:**

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.** If you are in any doubt as to the action you should take, you are recommended to consult your stockbroker, bank manager or other professional adviser, duly authorized under the Financial Services and Markets Act 2000, immediately.

If you have sold or transferred all your Ordinary Shares in Spark Networks plc, please send this document, together with the enclosed form of proxy, to the purchaser or to the stockbroker, bank or other agent through whom the sale was effected, for transmission to the purchaser or transferee.

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## **Spark Networks plc**

(incorporated and registered in England and Wales)

under the Companies Act 1985, Registered No. 03628907)

### **ANNUAL GENERAL MEETING 2006**

### **AND**

### **PROPOSED PURCHASE OF**

### **OWN SHARES**

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Notice of the Annual General Meeting of Spark Networks plc, to be held at Fifth Floor, 99 Gresham Street, London EC2V 7NG, England on November 21, 2006 at 5:00 pm (London Time), is set out on pages i to iii of this document. A form of proxy for use by holders of ordinary shares at the Annual General Meeting is enclosed and, to be valid, should be completed and returned as soon as possible, but in any event so as to be received by the Company's registrars, Capita Registrars, Proxy Department, PO Box 25, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, England, not less than 48 hours before the time appointed for the meeting. Completion and return of the form of proxy will not prevent holders of ordinary shares from attending the Annual General Meeting in person if they so wish.

A Voting Instruction Form is enclosed for holders of the Company's American Depositary Shares and Global Depositary Shares and, to be valid, this should be completed and returned as soon as possible, but in any event so as to be received by the Company's depositary, The Bank of New York, 101 Barclay Street, Attn: Proxy Department, A-Level, New York, NY 10286, USA by no later than close of business on November 14, 2006.

**SPARK NETWORKS PLC**

**8383 WILSHIRE BLVD., SUITE 800**

**BEVERLY HILLS, CALIFORNIA 90211, USA**

**NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the 2006 Annual General Meeting of Spark Networks plc (the **Company**) will be held at Fifth Floor, 99 Gresham Street, London, EC2V 7NG, England on November 21, 2006 at 5:00 pm (London Time) to consider and, if thought fit, pass the following resolutions of which resolutions 1 to 9 will be proposed as ordinary resolutions, and resolution 10 will be proposed as a special resolution:

***Ordinary Business***

- |              |   |
|--------------|---|
| Resolution 1 | To elect as a director Adam S. Berger.  |
| Resolution 2 | To elect as a director Jonathan B. Bulkeley.  |
| Resolution 3 | To elect as a director Christopher S. Gaffney.  |
| Resolution 4 | To elect as a director Michael A. Kumin.  |
| Resolution 5 | To elect as a director Scott Sassa.   |
| Resolution 6 | To re-elect as a director David E. Siminoff.  |
| Resolution 7 | To receive the Accounts for the period ended December 31, 2005 and the Directors and Auditors Reports on those Accounts.  |
| Resolution 8 | To approve the Directors Remuneration Report for the period ended December 31, 2005.  |
| Resolution 9 | To reappoint Ernst & Young LLP as Auditors of the Company to hold office to the conclusion of the next general meeting at which accounts are laid before the Company and to authorize the Directors to fix the Auditors remuneration. |

***Special Business***

- |               |       |
|---------------|-------|
| Resolution 10 | THAT: |
|---------------|-------|

(a) subject to paragraph 10(c) below, the terms of an agreement between the Company and BNY (Nominees) Limited for the purchase by the Company of up to 2,000,000 ordinary shares of £0.01 each in the capital of the Company for the nominal sum of £1 as set out in the draft contract produced to the meeting and signed by the Chairperson of the meeting for the purposes of identification ( **Contract** ) be approved for the purposes of Part V Chapter VII of the Companies Act 1985 ( **Act** ) and the Company be authorized to enter into the Contract, provided that the authority conferred by this resolution will expire on May 20, 2008;

(b) subject to paragraph 10(c) below, the arrangement whereby the Company will purchase and/or procure its nominees to purchase in the market GDSs traded on the Frankfurt Stock Exchange and/or ADSs traded on the American Stock Exchange (as such terms are defined in the Contract), and which GDSs and/or ADSs represent the ordinary shares referred to in paragraph 10(a) above, be and is hereby approved for the purposes of (to the extent applicable) Part V Chapter VII of the Act and, so that the Company may purchase GDSs and ADSs in which directors of the Company and persons connected with them are interested, for the purpose of section 320 of the Act, provided that:

(i) the GDSs and ADSs so purchased are in aggregate represented by not more than 2,000,000 ordinary shares of £0.01;

(ii) the maximum price for the GDSs so purchased shall not exceed 7.98 euros per GDS and the maximum price for the ADSs so purchased shall not exceed \$10.00 per ADS;

(iii) the minimum price for the GDSs so purchased shall not be less than 0.01 euro per GDS and the minimum price for the ADSs so purchased shall not be less than \$0.01 per ADS; and

(iv) the authority given for such purchases will expire on May 16, 2008;

(c) the Company shall not purchase GDSs and/or ADSs and/or ordinary shares pursuant to this resolution if (i) any person in respect of interests notified by such person from time to time to the Company; and/or (ii) any group of persons who from time to time have specifically and expressly notified the Company that they are a group of persons acting in concert in respect of the Company would as a result of any such purchase be subject to an obligation to make an offer pursuant to Rule 9 of the City Code on Takeovers and Mergers ( Code ) in the absence of a waiver of such obligation by the Panel on Takeovers and Mergers ( Panel ), and such a waiver has not been obtained; and

(d) a failure to comply with paragraph (c) of this resolution shall not render a purchase of GDSs and/or ADSs and/or the cancellation of ordinary shares associated with any such purchase unauthorised and/or unlawful, and shall not affect the validity of any purchase of GDSs and/or ADSs and/or the cancellation of ordinary shares associated with any such purchase;

(in this resolution, references to the Act, the Code and the Panel refer to the Act, the Code and the Panel as amended or replaced or constituted from time to time).

Dated October 26, 2006

Registered in England and Wales  
Number 3628907

Registered office:

By Order of the Board

/s/ Joshua A. Kreinberg  
Joshua A. Kreinberg  
Secretary

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24-26 Arcadia Avenue

Finchley Central

London N3 2JU

England

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*Notes for holders of Ordinary Shares (referred to below as a member):*

1. A member of the Company entitled to attend and vote at the above meeting may appoint one or more proxies to attend and, on a poll, vote instead of him/her. A proxy need not be a member of the Company. To be effective, a completed and signed proxy form, together with any power of attorney or other authority under which it is signed or notarially certified copy of such power of attorney, must reach the Company's registrars, Capita Registrars, Proxy Department, PO Box 25, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, England not less than 48 hours before the time appointed for the holding of the meeting or any adjournment.
2. The appointment of a proxy does not prevent a member who so wishes from attending the meeting and voting in person.

**Action to be taken    Holders of Ordinary Shares (   Ordinary Shareholders   )**

Whether or not Ordinary Shareholders intend to attend the Annual General Meeting in person, they are urged to complete, sign and return the enclosed form of proxy as soon as possible, but in any event so as to be received by the Company's registrars, Capita Registrars, Proxy Department, PO Box 25, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, England, so as to arrive no later than 5:00 pm (London Time) on November 19, 2006. The return of the form of proxy will not prevent Ordinary Shareholders from attending the Annual General Meeting and voting in person should they wish to do so.

**Action to be taken    Holders of Global Depositary Shares and American Depositary Shares (together   Depositary Shareholders   )**

Whether or not Depositary Shareholders intend to attend the Annual General Meeting in person, they are urged to complete, sign and return the enclosed Voting Instruction Form as soon as possible, but in any event so as to be received by the Company's Depositary, The Bank of New York, 101 Barclay Street, Attn: Proxy Department, A-Level, New York, NY 10286, USA by no later than close of business on November 14, 2006. Depositary Shareholders will not be permitted to vote in person at the meeting. Depositary Shareholders may only vote by submitting a Voting Instruction Form in accordance with these requirements.

**EXPECTED TIMETABLE OF PRINCIPAL EVENTS**

Due Date for Delivery of Voting Instruction Form by Depositary Shareholders	5:00 pm (Eastern Standard Time) on November 14, 2006
Due Date for Delivery of Form of Proxy by Ordinary Shareholders	5:00 pm (London Time) on November 19, 2006
Annual General Meeting	5:00 pm (London Time) on November 21, 2006

**SPARK NETWORKS PLC**

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**Proxy Statement**

**and**

**Explanatory Notes**

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**ANNUAL GENERAL MEETING OF SHAREHOLDERS**

**November 21, 2006, AT 5:00 P.M. (LONDON TIME)**

This proxy statement is delivered to you by Spark Networks plc, a public limited liability company registered in England, in connection with the Annual General Meeting of Shareholders (the **Meeting**) to be held on November 21, 2006 at 5:00 p.m. (London Time) at Fifth Floor, 99 Gresham Street, London EC2V 7NG. We anticipate sending this proxy statement and the enclosed proxy to our shareholders on or about October 27, 2006.

**Solicitations**

The cost of preparing, assembling, and mailing the proxy materials and of reimbursing brokers, nominees and fiduciaries for the out-of-pocket and clerical expenses of transmitting copies of the proxy material to the beneficial owners of shares, ADRs and GDRs as of the record date will be borne by the Company. The solicitation of proxies will be made by use of the mail and may also be made by telephone, telegraph, or personally, by certain directors, officers and regular employees of the Company who will receive no extra compensation for those services.

**Annual Report**

Our Annual Report to shareholders for the year ended December 31, 2005 is concurrently being provided to each shareholder at the time we send this proxy statement and the enclosed proxy.

**Voting and Proxies   Ordinary Shares**

Your vote is important. Your shares can be voted at the Meeting only if you are present in person or represented by proxy at the Meeting. Each registered holder of ordinary shares present in person at the Meeting is entitled to one vote on a show of hands.

At any General Meeting, a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is demanded by (a) the chairman, (b) not less than three shareholders present in person or by proxy and entitled to vote, (c) a member or members present in person or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting, or (d) a member or members present in person or by proxy and holding shares conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to no less than one tenth of the total sum paid up on all the shares conferring that right. A poll shall be taken in such manner as the chairman of the meeting may direct. Each registered holder of ordinary shares present in person or by proxy at the Meeting shall, upon a poll, have one vote for each ordinary share held by such holder. In the event of a poll, votes may be given either personally or by proxy and a person entitled to more than one vote need not use all votes or cast all votes in the same way.

A shareholder of the Company entitled to attend and vote at the Meeting may appoint one or more proxies to attend and, on a poll, vote instead of him/her. To be effective, a completed and signed proxy form, together with any power of attorney or other authority under which it is signed or notarially certified copy of such power of attorney, must reach the Company's registrars not less than 48 hours before the time appointed for the holding of the Meeting or any adjournment at the address below:

Capita Registrars, Proxy Department,

PO Box 25, The Registry



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34 Beckenham Road

Beckenham, Kent BR3 4TU, England

Even if you plan to attend the Meeting, we urge you to complete and submit a proxy form in advance. The appointment of a proxy does not prevent a shareholder who so wishes from attending the Meeting and voting in person.

Shareholders who hold their shares beneficially through a nominee (such as a bank or broker) should follow the instructions you receive from your nominee to vote these shares.

Any proxy given may be revoked at any time up to one hour before the start of the Meeting or adjourned meeting by notifying Capita Registrars in writing of such revocation at the address set out on the proxy form, or by attending and voting in person at the Meeting or any adjournment thereof.

#### **Voting   ADR and GDR Holders**

At the close of business on October 17, 2006 (the **ADR/GDR Record Date** ), the Company had outstanding 30,912,266 ordinary shares, nominal value £0.01, of which 23,299,614 were held in the name of BNY (Nominees) Limited on behalf of The Bank of New York as depositary (the **Depositary** ), which issues American Depositary Receipts ( **ADRs** ) evidencing American Depositary Shares and Global Depositary Receipts ( **GDRs** ) evidencing Global Depositary Shares, each of which represent one ordinary share of the Company.

ADR and GDR holders are not entitled to vote directly at the Meeting; however, Deposit Agreements exist between The Bank of New York and the holders of ADRs and GDRs pursuant to which registered holders of ADRs and GDRs as of the ADR/GDR Record Date are entitled to instruct the Depositary as to the exercise of voting rights pertaining to the ordinary shares so represented.

The Depositary has agreed that it will endeavour, insofar as practicable, to vote (in person or by delivery to the Company of a proxy) the ordinary shares registered in its name in accordance with the instructions of the ADR and GDR holders, as applicable. In the event that the instruction card is executed but does not indicate by marking a vote **FOR** , **AGAINST** or **ABSTAIN** , the Depositary will vote the ordinary shares represented by the instruction card in accordance with the recommendations of the board of directors described herein on each proposal set forth in the Notice of Annual General Meeting and will give its proxies authority to vote in their discretion on any other proposals properly brought before the Meeting. Instructions from the ADR and GDR holders should be sent to the Depositary so that the instructions are received by no later than the close of business on November 14, 2006 (the **Instruction Date** ). Any holder of ADRs or GDRs giving instructions to the Depositary has the power to revoke the instructions by delivery of notice to the Depositary at The Bank of New York, 101 Barclay Street, Attn: Proxy Department, A-Level, New York, NY 10286 at any time so that the Depositary receives, by no later than the close of business on the Instruction Date, duly executed instructions bearing a later date or time than the date or time of the instructions being revoked.

#### **Quorum**

Persons holding one third of the Company's ordinary shares present in person or by proxy at the Meeting and entitled to vote constitute a quorum for the transaction of business. Furthermore, under English common law, a meeting typically requires the presence of at least two people, although it is acceptable for such people to be members of proxies for members.

#### **Counting of Votes**

If a proxy in the accompanying form is duly executed and returned, the shares represented by the proxy will be voted as directed. All properly executed proxies delivered pursuant to this solicitation and not revoked will be voted at the Meeting in accordance with the directions given. Representatives of our registrars will assist us in the tabulation of the votes.

Proxies duly executed by registered holders of ordinary shares will be voted in accordance with the instructions given or, if no instruction is given, will be voted in accordance with the discretion of the proxies and in accordance with the recommendations of the board of directors described herein on each proposal.

## Effect of Abstentions and Broker Non-Votes

An abstention is the voluntary act of not voting by a shareholder who is present at a meeting and entitled to vote. A broker non-vote occurs when a broker nominee holding shares for a beneficial owner does not vote on a particular proposal because the nominee does not have discretionary power for that particular item and has not received instructions from the beneficial owner. Abstentions and broker non-votes will be treated as present and entitled to vote for purposes of determining the presence of a quorum; however, they are not counted in the votes cast and will have no effect on any resolution voted on at the Meeting.

## Postponement or Adjournment of Meeting

If a quorum is not present or represented within five minutes from the time appointed for the Meeting, our Articles of Association provide that the Meeting shall be adjourned to the same day in the next week at the same time and place, or to such other day, time and place as our Board may determine.

## RESOLUTION NOS. 1-6

### ELECTION AND RE-ELECTION OF DIRECTORS

Our Articles of Association provide that all directors appointed by the Board since the last annual general meeting are subject to election by shareholders at the first annual general meeting following their appointment. Our Articles of Association also provide that the re-election of our board of directors shall be performed through a retirement by rotation system. At each annual general meeting one-third, or the number nearest to but not exceeding one-third, of our board of directors shall retire from office by rotation. Any retiring director shall be eligible for re-election. Our directors who retire by rotation include (1) any director who wishes to retire and not to offer himself for re-election and (2) any further directors who retire by rotation are those who have been longest in office since their last election or re-election. Where two or more persons became or were re-elected as directors on the same day, those to retire, unless they otherwise agree among themselves, are determined by lot.

### THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR ALL NOMINEES.

## Information Concerning Director Nominees

Name	Age	Position
Adam S. Berger	43	Director
Jonathan B. Bulkeley	45	Director
Christopher S. Gaffney	43	Director
Michael Kumin	34	Director
Scott Sassa	47	Director
David E. Siminoff	42	Chief Executive Officer, Director and Chairman of the Board

*Adam Berger* joined as a member of our board of directors in September 2006. From June 1999 to September 2006, Mr. Berger served as President and Chief Executive Officer of WeddingChannel.com Inc., a publishing and online media resource for weddings. Previously, Mr. Berger was President of The Franklin Mint, and was employed by The Boston Consulting Group and The Procter and Gamble Company. Mr. Berger is currently a director of PeopleSupport Inc. (Nasdaq: PSPT). Mr. Berger holds an M.B.A. with distinction from the Harvard Business School and a Bachelor of Science in Chemical Engineering from the University of California at Berkeley.

*Jonathan B. Bulkeley* joined as a member of our board of directors in September 2006. Since February 2006, Mr. Bulkeley has served as chief executive officer of Scanbuy, a company that develops bar code readers for cell phones. From October

2002 to February 2006 he was Managing Partner of Achilles Partners LLC, an investment, advisory and research firm, and prior to that, from October 2001 to October 2002, he was chairman and chief executive officer of Lifeminders, Inc., an online direct marketing company. From December 1998 to January 2000, Mr. Bulkeley was chief executive officer of barnesandnoble.com. Mr. Bulkeley also served as Vice Chair of EDGAR-Online from April 2003 to April 2004 and Chairman of QXL Ricardo, plc from February 1998 to December 2004. Mr. Bulkeley currently sits on the Board of Directors of The Readers Digest Association (NYSE: RDA) and US Trusts Excelsior Buyout Fund of Funds, Excelsior Absolute Return Hedge Fund of Funds and Excelsior Real Estate Fund. Mr. Bulkeley is a graduate of Yale University.

*Christopher S. Gaffney* joined as a member of our board of directors in September 2006. Mr. Gaffney co-founded Great Hill Partners, LLC, a private equity firm, and has served as one of its managing partners since January 1999. Mr. Gaffney currently serves on the board of numerous private companies and has cumulatively served on over 35 private and public boards. Mr. Gaffney is also a director of the Newton (MA) YMCA. Mr. Gaffney holds a B.S. in accounting and economics from Boston College.

*Michael Kumin* joined as a member of our board of directors in July 2006. Mr. Kumin is a partner of Great Hill Partners, LLC, where he has served as an investment professional since June 2002. From August 1999 to June 2001, Mr. Kumin served as Executive Vice President of Creative Planet, Inc., an information and technology company targeting the entertainment industry. Previously, he served at separate times as an investment professional for Apollo Advisors, L.P. and Goldman, Sachs L.P. in their private equity funds. He holds a B.A. in public policy and international affairs from Princeton University.

*Scott Sassa* joined as a member of our board of directors in September 2006. Mr. Sassa is the Chief Executive Officer and Founder of W Cubed Media, a consumer Internet start up. From August 2005 until April 2006, he was Chief Executive Officer in Residence at Kleiner, Perkins, Caufield & Byers, a venture capital firm. From June 2004 to July 2005 he was president and chief executive officer of Friendster, Inc. and beginning in September 1997 until June 2003 he held various positions at General Electric, such as President, NBC West Coast, President, NBC Entertainment and President, NBC Television Station Group. Mr. Sassa has also held various positions at Turner Broadcasting System including serving on its board of directors and President of the entertainment division.

*David E. Siminoff* has served as our Chief Executive Officer since August 2004 and as a member of our board of directors since March 2004. He became chairman of our board of directors in September 2006. Mr. Siminoff also held the title of President from August 2004 to July 2006. From October 2003 to February 2004, Mr. Siminoff was Chief Financial Officer of PayByTouch, a company that produces biometric payment services and during interim periods of employment, Mr. Siminoff was a private investor of several start-up companies. From August 1994 to January 2003, Mr. Siminoff served as a Research Analyst and Portfolio Manager for Capital Research and Management Company, where he dealt primarily with Media and Internet technologies. In 1998 he was named Best of the Buyside by Institutional Investor Magazine. Prior to his work with Capital Research, Mr. Siminoff founded EastNet, a global syndicate barter company. Mr. Siminoff received both BA and MBA degrees from Stanford University and a Masters degree in Fine Arts from the University of Southern California film school.

#### **Vote Required**

With regards to the election and re-election of the directors, you may vote in favor or against each of the nominees and you may also withhold your vote as to any nominee. In order to elect or re-elect any of the directors a simple majority of the votes cast on each resolution is required.

## Directors Not Standing for Re-Election

The members of the board of directors who are not retiring by rotation and who therefore are not required to stand for re-election at this year's Annual General Meeting are set forth below.

Name	Age	Position
Michael A. Brown	41	Director
Martial Chaillet	59	Director
Benjamin Derhy	51	Director
Laura Lauder	45	Director

*Michael A. Brown* has served as a member of our board of directors since December 2004. Since September 2002, Mr. Brown has been a managing partner at government and public affairs consulting firm Alcalde & Fay, based in Washington, D.C. At Alcalde & Fay Mr. Brown is focused on international trade, foreign relations, federal and state representation and public policy. In addition to serving on our board of directors, Mr. Brown serves on the board of directors of Comcast of Washington, DC. From June 1996 to September 2002, he practiced law at Washington-based Patton Boggs LLP, where he concentrated on a range of municipal issues. Mr. Brown has twice been appointed as a member to the U.S. Presidential Delegations to Africa and serves as the president of the Ronald H. Brown Foundation, which seeks to carry on the work of Mr. Brown's father, who was U.S. Secretary of Commerce under former President Bill Clinton. Mr. Brown earned a BA degree from Clark University and a JD from Widener University School of Law.

*Martial Chaillet* has served as a member of our board of directors since February 2005. Mr. Chaillet founded MediaWin & Partners in January 2003. MediaWin is a private investment firm that focuses primarily on investments in media and media-related companies. Prior to founding MediaWin, Mr. Chaillet served in a variety of roles at The Capital Group for thirty years, most recently as Senior Vice President and Global Portfolio Manager of Capital Research and Management, the mutual fund arm of the financial institution. In addition to serving on our board of directors, Mr. Chaillet sits on the boards of directors of Infosearch, Wisekey, Snap TV and Media Partners. Mr. Chaillet earned a degree in Econometrics from the University of Geneva and graduated, with honors, from the Swiss Technical School.

*Benjamin Derhy* has served as a member of our board of directors since October 2004. Over the last five years, Mr. Derhy has not held any employment positions but has been a private investor and entrepreneur, focusing on Internet, consumer products and real estate sectors as well as start-up companies in Europe and Israel. His experience also includes working with American companies and their expansion internationally. In 1984, Mr. Derhy co-founded Turbo Sportswear, a successful clothing manufacturer, and was employed there until 1997. Previously, he was controller at the Hebrew University in Jerusalem, responsible for annual budgets, financial planning and cost accounting. Mr. Derhy holds both BA and MBA degrees from the Hebrew University.

*Laura Lauder* has served as a member of our board of directors since January 2005. Mrs. Lauder has served as a General Partner at Lauder Partners, a Silicon Valley-based venture capital fund, for the past ten years. At Lauder Partners, Mrs. Lauder focuses primarily on Internet and cable-related investments. In addition to her work at Lauder Partners, Mrs. Lauder is involved in a variety of philanthropic initiatives, particularly in the Jewish community. In the past, she has served on the boards of numerous organizations, including the San Francisco Jewish Community Federation and its Endowment Committee, the Jewish Education Service of North America, the Jewish Funders Network, American Jewish World Service and the National Public Radio Foundation. In 2004, Mrs. Lauder was named one of 10 Women to Watch by *Jewish Woman* magazine. Mrs. Lauder earned a BA in International Relations from the University of North Carolina - Chapel Hill and the Universidad de Sevilla, Spain.

## Executive Officers Who Are Not Also Directors

The following persons serve as executive officers of the Company:

Name	Age	Position
Gregory R. Liberman	34	President and Chief Operating Officer
Mark G. Thompson	45	Chief Financial Officer

*Gregory R. Liberman* was appointed President in June 2006 and since August 2005 he has served as Chief Operating Officer. Mr. Liberman also served as the Company's General Counsel from October 2004 to April 2006. From January 2004 to May 2004 Mr. Liberman served as General Counsel and Corporate Secretary of CytRx Corporation, a publicly-traded biotechnology company based in Los Angeles. During his tenure there, Mr. Liberman oversaw legal affairs, policy and strategy for the company. From January 2002 to December 2003, Mr. Liberman served as an independent strategic consultant. Immediately prior to that consulting work, from September 2001 to November 2001, he attended and completed the Program for Management Development at Harvard Business School. From March 1999 to August 2001, Mr. Liberman served in a variety of senior legal and corporate development roles at telecommunications firm Global Crossing and Internet infrastructure providers GlobalCenter (then, a subsidiary of Global Crossing) and Exodus Communications. Mr. Liberman joined Exodus, where he ultimately served as Vice President, Legal & Corporate Affairs, after Global Crossing's sale of GlobalCenter to Exodus. Immediately prior to Exodus' acquisition of GlobalCenter, Mr. Liberman served as GlobalCenter's Vice President, Corporate Development and Associate General Counsel. While at Global Crossing, Mr. Liberman served as Director, Business Development Counsel. Mr. Liberman earned a JD, with Honors, from The Law School at the University of Chicago and an AB, with University Distinction and Honors in Economics, from Stanford University.

*Mark G. Thompson* has served as our Chief Financial Officer since October 2004. He brings 18 years of financial management and capital markets experience to his current role. From December 2002 to October 2003 and from February 2004 to September 2004 Mr. Thompson served as CFO of Pay By Touch, a leading provider of biometric payment authentication and payment processing services. From October 2003 to February 2004, Mr. Thompson was Vice President Finance of Pay By Touch. From August 2001 to October 2002, Mr. Thompson was CFO of Vectiv and from July 1999 to July 2001, he was CFO of MarketTools, a provider of online marketing research. Previously, he was Corporate Treasurer of PeopleSoft and Assistant Treasurer of Chiron. Mr. Thompson also held senior positions in finance and engineering at Chevron. He holds a BS degree in electrical engineering from Texas A&M University and an MBA from The Haas School of Business at The University of California at Berkeley.

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

## Corporate Governance and Board Matters

### *Vacancies*

At each annual general meeting of shareholders one-third, or the number nearest to but not exceeding one-third, of our board of directors shall retire from office pursuant to the provisions set out in our Articles of Association. Any retiring director is eligible for re-election. The Company may by ordinary resolution elect, and without prejudice thereto, the directors shall have power at any time to appoint, any person to be a director either to fill a casual vacancy or as an additional director, but so that the total number of directors shall not thereby exceed the maximum number (if any) fixed by or in accordance with the Company's Articles of Association. Any person so appointed by the directors shall hold office until the next Annual General Meeting and shall then be eligible for election, but shall not be taken into account in determining the number of directors who are to retire by rotation at such meeting.

### *Compensation of Directors*

As of October 1, 2006, we pay our non-employee directors the following compensation, except Christopher Gaffney and Michael Kumin, who chose to waive any fees for their service on the board or any committee:

*Base Annual Board Service Fee:* Each director is paid \$2,500 per quarter (or \$10,000 annually).

*Excess In-Person Board Meeting Fee:* Each director is paid \$1,000 for in-person attendance at each in-person board meeting that is in excess of in-person attendance of four times in a calendar year, and such amount will not exceed the aggregate of \$4,000 per year. No fees are paid for telephonic meetings or telephonic attendance at in-person board meetings.

*Base Annual Committee Service Fee:* Each member of the Nominating and Compensation Committees receives \$1,000 annually and each member of the Audit Committee receives \$2,000 annually for committee service.

*Committee Chairmanship Annual Fee:* Each Chair of the Nominating and Compensation Committees is paid \$500 annually and the Chair of the Audit Committee is paid \$1,000 annually for service as a committee Chair.

*Excess Committee In-Person Meeting Fee:* Each committee member is paid \$500 for in-person attendance at each in-person committee meeting that is in excess of in-person attendance of four times in a calendar year; and such amount will not exceed the aggregate of \$2,000 per year. No fee is paid for telephonic meetings or telephonic attendance at in-person board meetings.

*Expenses:* Each director receives expense reimbursement for reasonable travel for in-person board and committee meeting attendance.

*Attendance Policy:* If a non-employee director is absent during any calendar year for two meetings of the board of directors or a committee for which approval of all members of the board or committee, as applicable, in attendance at the meeting is not obtained, then such non-employee director agrees to resign. Arriving substantially late to a meeting, without substantial prior notice, is deemed to be an absence from the meeting.

Previously, non-employee directors were paid \$30,000 per year and received a fee of \$1,000 for each in-person board and committee meeting attended and \$500 for each telephonic board and committee meeting attended. Officers of our company who are members of the board of directors are not paid any directors' fees. Under our new director compensation policy, upon initial appointment, each director, except Christopher Gaffney and Michael Kumin, receives options to purchase 50,000 ordinary shares, one-quarter of which vest on the first anniversary of the grant date and the remainder vest 1/16 per quarter. The vesting of the options accelerate if there is a change of control, as defined in the relevant share option certificate, and the director does not continue as a director following such change of control. Directors are eligible to receive, from time to time, grants of options to purchase shares under our 2004 Share Option Scheme as determined by the board of directors. Upon their appointment, each of Messrs. Bulkeley, Berger, Kumin and Sassa were granted options to purchase 50,000 shares with the acceleration provision described above. In 2004, we granted options to purchase 80,000 ordinary shares, which vest over a four-year period, to Michael Brown and Benjamin Derhy, and in February 2005 we made a similar grant of options to purchase 80,000 ordinary shares to Laura Lauder and Martial Chaillet. The options granted to Messrs. Brown and Derhy and Ms. Lauder accelerate upon a change of control, as defined in the relevant share option certificate, regardless of whether the director continues as a director following such change of control.

#### *Board Member Independence*

The board of directors has determined that each of the non-management directors Adam Berger, Michael Brown, Jonathan Bulkeley, Martial Chaillet, Benjamin Derhy, Christopher Gaffney, Michael Kumin, Laura Lauder and Scott Sassa is an independent director under the general guidelines for determining director independence of the American Stock Exchange.

#### *Attendance at Board and Committee Meetings*

Nine regular meetings of the board of directors were held during 2005. Each person who was a director during 2005 attended at least 75% of the aggregate of the total number of meetings held by the board of directors and a majority of the total number of meetings held by those committees of the board of directors on which such director served.

We encourage all directors to attend the annual meeting of shareholders. In 2005, Mr. Siminoff attended the annual meeting of shareholders by telephone. The other directors did not attend.

### *Committees and Corporate Governance*

The current standing committees of our board of directors are the Audit Committee, the Compensation Committee, and the Nominating Committee. Each of these committees has a written charter approved by our board of directors. The members of the committees and a description of the principal responsibilities of each committee are described below.

A copy of each committee charter can be found on our website at [www.spark.net](http://www.spark.net) by clicking [Investor Relations](#) and then [Corporate Governance](#), and is available in print upon request to the General Counsel of Spark Networks plc, 8383 Wilshire Boulevard, Suite 800, Beverly Hills, California 90211.

#### **Board Committees**

*Audit Committee.* The Audit Committee consists of Jonathan Bulkeley, Benjamin Derhy and Michael Brown, each of whom are independent directors under SEC Rule 10A-3(b) and the rules of the American Stock Exchange. Jonathan Bulkeley, Chairman of the Audit Committee, is an audit committee financial expert as defined under Item 401(h) of Regulation S-K. Prior to September 2006, the Audit Committee consisted of Martial Chaillet, Benjamin Derhy and Michael Brown. The Audit Committee held 18 meetings during 2005.

The purpose of the Audit Committee is to represent and assist our board of directors in its general oversight of our accounting and financial reporting processes, audits of the financial statements and internal control and audit functions. The Audit Committee's responsibilities include:

The appointment, replacement, compensation, and oversight of work of the independent auditor, including resolution of disagreements between management and the independent auditor regarding financial reporting, for the purpose of preparing or issuing an audit report or performing other audit, review or attest services.

Reviewing and discussing with management and the independent auditor various topics and events that may have significant financial impact on our company or that are the subject of discussions between management and the independent auditors.

A copy of the Audit Committee Charter is attached hereto as [Appendix A](#).

*Compensation Committee.* The Compensation Committee consists of Laura Lauder (Chair), Michael Kumin and Martial Chaillet, each of whom are independent directors. Messrs Kumin and Chaillet were appointed to the Compensation Committee in September 2006 at which time Mr. Derhy was no longer a member. The Compensation Committee is responsible for the design, review, recommendation and approval of compensation arrangements for our directors, executive officers and key employees, and for the administration of our share option schemes, including the approval of grants under such schemes to our employees, consultants and directors. The Compensation Committee also reviews and determines compensation of our executive officers, including our Chief Executive Officer. The Compensation Committee did not meet during 2005.

*Nominating Committee.* The Nominating Committee consists of Scott Sassa (Chair), Adam Berger and Christopher Gaffney, each of whom are independent directors under the American Stock Exchange listing standards. Prior to September 2006, the Nominating Committee consisted of Michael Brown, Martial Chaillet and Laura Lauder. The Nominating Committee assists in the selection of director nominees, approves director nominations to be presented for shareholder approval at our annual general meeting and fills any vacancies on our board of directors, considers any nominations of director candidates validly made by shareholders, and reviews and considers developments in corporate governance practices. The Nominating Committee did not meet during 2005.

#### *The Director Nomination Process*

The Nominating Committee considers nominees from all sources, including shareholders. Shareholder nominees are evaluated by the same criteria used to evaluate potential nominees from other sources. The board of directors will consist of a majority of directors who qualify as independent directors within the meaning of the listing standards of the AMEX, as the same may be amended from time to time. Minimally, nominees should have a reputation for integrity, honesty and adherence to high ethical standards. They should have demonstrated business experience and the ability to exercise sound



judgment in matters related to the current and long-term objectives of the Company, and should be willing and able to contribute positively to the decision-making process of the Company. In addition, they should not have, nor appear to have, a conflict of interest that would impair the nominee's ability to represent the interests of the Company or to fulfill the responsibilities of a director. The value of diversity on the board should be considered and the particular or unique needs of the Company shall be taken into account at the time a nominee is being considered. Additionally, the Nominating Committee considers the respective qualifications needed for directors serving on various committees of the board, and serving as chairs of such committees, should be taken into consideration. In recruiting and evaluating nominees, the Committee considers the appropriate mix of skills and experience and background needed for members of the board and for members of each of the board's committees, so that the board and each committee has the necessary resources to perform its respective functions effectively. The Committee also believes that a prospective nominee should be willing to limit the number of other corporate boards on which he or she serves so that the proposed director is able to devote adequate time to his or her duties to the Company, including preparing for and attending board and committee meetings. In addition, the re-nomination of existing directors is not viewed as automatic, but based on continuing qualification under the criteria set forth above. In addition, the Committee will consider the existing director's performance on the board and on any committee on which such director serves, which will include attendance at board and committee meetings.

*Director Nominees by Shareholders.* The Nominating Committee will consider nominees recommended in good faith by our shareholders as long as these nominees for the appointment to the board of directors meet the requirements set forth above. Possible candidates who have been suggested by shareholders are evaluated by the Nominating Committee in the same manner as are other possible candidates.

*Submission for Proxy Materials.* Shareholders are hereby notified that if they wish their director-nominee(s) to be included in our proxy statement and form of proxy relating to the 2007 Annual General Meeting of Shareholders, they must submit, in writing, the candidate's name, credentials, contact information, along with the other information set forth below, and his or her written consent to be considered as a candidate, to our General Counsel no later than June 29, 2007. If the date of next year's annual general meeting is changed by more than 30 days from the date of this year's meeting, then the deadline is a reasonable time before we begin to print and mail proxy materials. Director nominations must comply with the proxy rules relating to shareholder proposals, in particular Rule 14a-8 under the Securities Exchange Act of 1934, in order to be included in our proxy materials.

*Submission for Consideration at Shareholder Meeting.* Shareholders who wish to submit a director-nominee for consideration at a general meeting of shareholders, but who do not wish to submit the nominee for inclusion in our proxy statement, must, in accordance with Section 89 of our Articles of Association, deliver to our registered office notice of the intention to propose such nominee no later than seven nor more than 42 days (inclusive of the date on which the notice is given) before the date appointed for the meeting. The submission must be signed by an ordinary shareholder (other than the person to be proposed) duly qualified to attend and vote at such meeting along with consent of the person to be proposed indicating willingness to be elected. In this instance, proxies are given discretionary authority to vote on such nominees.

#### **Code of Business Conduct and Ethics**

Our board of directors has adopted a Code of Business Conduct and Ethics, which applies to all directors, officers and employees. The purpose of the Code is to promote honest and ethical conduct. The Code is posted in the corporate governance section of the investor relations page of our Web site located at [www.spark.net](http://www.spark.net), and is available in print, without charge, upon written request to the General Counsel at Spark Networks plc, 8383 Wilshire Boulevard, Suite 800, Beverly Hills, California 90211. We intend to promptly post any amendments to or waivers of the Code on our Web site.

#### *Communication with Our Board of Directors*

Shareholders who wish to contact any of our directors either individually or as a group may do so by writing them c/o General Counsel, Spark Networks plc, 8383 Wilshire Boulevard, Suite 800, Beverly Hills, California 90211, by telephone at (323) 836-3600 or by email to [jkreinberg@spark.net](mailto:jkreinberg@spark.net) specifying whether the communication is directed to the entire board or to a particular director. Shareholder letters are screened by Company personnel to filter out improper or irrelevant topics, such as solicitations, and to confirm that such communications relate to matters that are within the scope of responsibilities of the board or a Committee.

**EXECUTIVE COMPENSATION****Summary Executive Compensation Table**

The following table sets forth information concerning the annual and long-term compensation earned by our Chief Executive Officer and each of the other executive officers who served during the year ended December 31, 2005, and whose annual salary and bonus during the fiscal years ended December 31, 2003, 2004 and 2005 exceeded \$100,000 (the **Named Executive Officers** ).

Name and Principal Position	Year	Annual Compensation			Long-Term Compensation Securities	
		Salary	Bonus	Other Annual Compensation(3)	Underlying Options	All Other Compensation(4)
David E. Siminoff(1)	2005	\$ 480,000	\$	\$		\$ 14,000
Chief Executive Officer	2004	164,701			1,275,000	800
Joe Y. Shapira(2)	2005	365,833			250,000	14,000
Chairman of the Board	2004	370,207		20,000		12,645
	2003	528,000	1,372,000	20,000		14,000
Gregory R. Liberman(5)	2005	186,742	25,000		150,000	7,500
President and Chief Operating Officer	2004	33,409			100,000	
Philip C. Nelson(6)	2005	250,000				10,000
Chief Technology Officer	2004	61,553			250,000	10,000
Mark G. Thompson(7)	2005	200,000	25,000			8,000
Chief Financial Officer	2004	49,242			250,000	1,083

- (1) Mr. Siminoff became our Chief Executive Officer in August 2004 and has served on the board of directors since March 2004. From August 2004 to June 2006, Mr. Siminoff was our President.
- (2) Mr. Shapira served as our Chief Executive Officer in 2004 and 2003 and until he became Executive Co-Chairman in February 2004. Mr. Shapira became sole Executive Chairman in February 2005. Mr. Shapira resigned from an executive operating role with our company effective December 31, 2005, but remained chairman of the board until his resignation from the board on July 31, 2006. Compensation amounts for 2005 exclude a severance payment of \$125,000 from us to Mr. Shapira pursuant to a Separation Agreement entered into on January 27, 2006 with effect from January 1, 2006.
- (3) Represents an annual automobile allowance.
- (4) Represents the amount of our annual matching contribution to each individual's 401(k) account.
- (5) Mr. Liberman served as our General Counsel from October 2004 to April 2006 and has served as our President since June 2006 and our Chief Operating Officer since September 2005.
- (6) Mr. Nelson became our Chief Technology Officer in October 2004. Mr. Nelson's employment with our company ended on April 4, 2006.
- (7) Mr. Thompson became our Chief Financial Officer in October 2004.

**Employment Agreements**

We hired David E. Siminoff as our President and Chief Executive Officer in August 2004 at an annual salary of \$480,000. In addition, we granted Mr. Siminoff options to purchase 1,250,000 ordinary shares at a per share exercise price of \$4.24. Of these options, 156,250 vested and

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became exercisable on February 12, 2005, and 156,250 options vested and became exercisable on August 12, 2005 and 312,500 vest each of the three 12-month periods thereafter. If Mr. Siminoff is terminated, including voluntary termination, within six months after a change of control, which is defined in Mr. Siminoff's option agreement as an acquisition of more than 45% of our then outstanding shares, or other acquisition of effective control of our company, all of his options will vest immediately. If Mr. Siminoff is terminated without cause or if he terminates his employment with us for good reason, 30% of his unvested options will be accelerated and he will also be entitled to payment

of his monthly salary in effect at the time of termination for a period of nine months following such termination. Pursuant to the terms of his Employment Agreement, Mr. Siminoff may not directly or indirectly compete with us or solicit our customers during the term of his Employment Agreement and he may not disclose any confidential information during or after his employment. In August 2004, Mr. Siminoff also agreed to continue to serve as a member of our board of directors. During 2004, for his services as a director, Mr. Siminoff received options to purchase 25,000 ordinary shares at a per share exercise price of \$9.55, all of which are currently vested.

Pursuant to the offer letter and executive employment agreement with Mark Thompson, we hired Mr. Thompson as our Chief Financial Officer in October 2004 at an annual salary of \$200,000 and upon a successful listing of our shares or a derivative security of our shares on a national exchange or the Nasdaq National Market in the United States, we would pay him a bonus of \$80,000. This bonus was paid upon our listing on the American Stock Exchange in February 2006 and in September 2006 his annual salary was increased to \$225,000. In addition, we granted Mr. Thompson options to purchase 250,000 ordinary shares at a per share exercise price of \$6.69. Those options vest at a rate of 12,500 shares per quarter for quarterly periods commencing three months after the date his employment commenced; provided, however, that options to purchase 50,000 of those shares would accelerate upon a successful listing of our shares or a derivative security of our shares on a national exchange or the Nasdaq National Market in the United States. These options were accelerated upon our listing on the American Stock Exchange in February 2006. In addition, all of the options will accelerate upon a change of control of our company, which is defined in Mr. Thompson's Employment Agreement as the acquisition of more than 50% of our outstanding shares. Pursuant to the terms of his Employment Agreement, Mr. Thompson may not directly or indirectly solicit our customers using confidential information for a period of 12 months following the termination of his Employment Agreement, and he may not disclose any confidential information during or after his employment.

In August 2005, we entered into an executive employment agreement with Gregory R. Liberman, our President and Chief Operating Officer. Pursuant to terms of the employment agreement, Mr. Liberman will be compensated at an annual salary of \$200,000, and upon a successful listing of our shares or a derivative security of our shares on a national exchange or the Nasdaq National Market in the United States, we will pay him a bonus of \$25,000. This bonus was paid upon our listing on the American Stock Exchange in February 2006. In March 2006, Mr. Liberman's annual salary was raised to \$250,000. We also granted Mr. Liberman options, in addition to options granted to him prior to becoming our Chief Operating Officer, to purchase 115,000 ordinary shares at a per share exercise price of \$8.74. Those options will vest at a rate of 6.25% per quarter for quarterly periods commencing three months after the date his employment commenced; provided, however, that options to purchase 50,000 of those shares would accelerate upon a successful listing of our shares or a derivative security of our shares on a national exchange or the Nasdaq National Market in the United States. These options were accelerated upon our listing on the American Stock Exchange in February 2006. In addition, all of the options will accelerate upon a change of control of our company, which is defined in Mr. Liberman's employment agreement as the acquisition of more than 50% of our outstanding shares. Pursuant to the terms of his Employment Agreement, Mr. Liberman may not directly or indirectly solicit our customers using confidential information for a period of 12 months following the termination of his Employment Agreement and he may not disclose any confidential information during or after his employment.

We hired Philip Nelson as our Chief Technology Officer in October 2004 at an annual salary of \$250,000. Mr. Nelson's last date of employment with us was April 4, 2006. At the commencement of Mr. Nelson's employment, we granted him options to purchase 250,000 ordinary shares at a per share exercise price of \$6.69. According to the terms of the share option agreement, Mr. Nelson's options vested at a rate of 15,625 shares per quarter, with the first vesting date occurring in January 2005. In addition, all unvested options would have become vested upon a change of control of our company, which was defined in Mr. Nelson's employment agreement as the acquisition of more than 50% of our outstanding shares. Mr. Nelson had a total of 156,250 unvested options that expired and were cancelled upon the termination of his employment with us. Pursuant to the terms of his Employment Agreement, Mr. Nelson may not directly or indirectly solicit our customers using confidential information for a period of 12 months following the termination of his Employment Agreement and he may not disclose any confidential information during or after his employment.

Pursuant to the Executive Employment Agreement with Joe Y. Shapira, effective March 1, 2005, Mr. Shapira served as the Executive Chairman of our board of directors at an annual salary of \$350,000. On December 31, 2005, Mr. Shapira resigned from an executive operating role with our company. On January 27, 2006, we entered into a separation agreement with Mr. Shapira (the **Separation Agreement**) with effect from January 1, 2006 pursuant to which Mr. Shapira's Employment Agreement was terminated. Mr. Shapira continued to be a director and serve as Chairman of our board of directors until his resignation from those positions on July 31, 2006. In connection with Mr. Shapira's departure from an executive role with our company in January 2006, and pursuant to the Separation Agreement, Mr. Shapira received a one-time severance

payment of \$125,000. Furthermore, Mr. Shapira retained all share options previously awarded to him, and such options vested and became exercisable on the terms set forth in the respective option certificates. In the past, we had granted Mr. Shapira options to purchase 250,000 ordinary shares at a per share exercise price of \$10.50. The options vested at a rate of 31,250 shares per quarter commencing June 1, 2005 and continued to vest until such time as Mr. Shapira was a director. Mr. Shapira may not disclose any confidential information during or after his employment.

### Options Granted in the Year Ended December 31, 2005

The following table sets forth information concerning individual grants of stock options in 2005 to the Named Executive Officers:

Name	Number of Securities Underlying Options	Individual Grants		Expiration	Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for Option Term(3)	
		Percent of Total Options Granted to	Exercise or Base Price			
		Employees(1)	Per Share(2)		5%	10%
Granted				Date		
David E. Siminoff		%	\$		\$	\$
Joe Y. Shapira	250,000	18.1	9.12	03/01/12	928,189	2,163,075
Gregory R. Liberman	35,000	2.5	7.72	02/03/12	109,999	256,343
Gregory R. Liberman	115,000	8.3	8.47	08/31/12	396,536	924,098
Mark G. Thompson						
Philip C. Nelson						

- (1) The total number of options granted to our employees, excluding 160,000 shares underlying options granted to non-employee directors, during 2005 was 1,384,000.
- (2) The exercise price per share of options granted represents the fair market value of the underlying shares on the date the options were granted and are converted from Euros to U.S. dollars using the exchange rate as of December 31, 2005.
- (3) In order to comply with the rules of the SEC, we are including the gains or option spreads that would exist for the respective options we granted to the Named Executive Officers. We calculated these gains by assuming an annual compound stock price appreciation of 5% and 10% from the date of the option grant until the termination date of the option, which is the seventh anniversary of the grant date. These gains do not represent our estimate or projection of the future price of the ordinary shares.

### Options Exercises and Options Values for Year Ended December 31, 2005

The following table sets forth information concerning option exercises in 2005 and option values as of December 31, 2005 to the Named Executive Officers:

Name	Shares Acquired on Exercise(1)	Value Realized(2)	Number of Securities Underlying Unexercised Options at Fiscal Year-End		Value of Unexercised In-the-Money Options at Fiscal Year-End(3)	
			Exercisable	Un-exercisable	Exercisable	Un-exercisable
David E. Siminoff		\$	337,500	937,500	\$ 1,162,193	\$ 3,486,578
Joe Y. Shapira	2,500,000	10,689,588	93,750	156,250		
Gregory R. Liberman			38,751	211,249	37,013	111,038
Mark G. Thompson			50,000	200,000	79,947	319,788
Philip C. Nelson			62,500	187,500	99,934	299,801

- (1) Shares acquired on exercise includes all shares underlying the share option or portion of the option exercised, without deducting shares held to satisfy tax obligations, if any, sold to pay the exercise price or otherwise disposed of.

- (2) The value realized of exercised options is the product of (a) the excess of the per share fair market value of the ordinary share on the date of exercise over the per share option exercise price and (b) the number of shares acquired upon exercise.

- (3) The value of unexercised in-the-money options is based on a price per share of \$7.42, which was the price of a share as quoted on the Frankfurt Stock Exchange at the close of business on December 31, 2005, minus the exercise price, multiplied by the number of shares underlying the option.

**BENEFIT PLANS**

***2004 Share Option Scheme ( 2004 Option Plan )***

Our 2004 Option Plan provides us the ability to grant share options to employees, consultants and directors, and is administered by our board of directors, which determines the option grant date, option price and vesting schedule of each option in accordance with the terms of our 2004 Option Plan. Although our board of directors determines the exercise prices of options granted under the 2004 Option Plan, the exercise price per share may not be less than 85% of the fair market value, as defined in the 2004 Option Plan, on the date of grant. Options granted under the 2004 Option Plan vest and terminate over various periods at the discretion of our board of directors, but subject to the terms of the 2004 Option Plan. Moreover, the exercise of options may be made subject to such performance or other conditions as our board of directors may determine. Options granted under the 2004 Option Plan are personal to the option holder to whom they are granted and no transfer or assignment is permitted, other than a transfer to the option holder's personal representatives on death.

Our 2004 Option Plan terminates on September 20, 2014, unless our board of directors terminates it earlier. Nevertheless, options granted under the 2004 Option Plan may extend beyond the date of termination. Our board of directors has the discretion, subject to limitations set forth in the 2004 Option Plan, to determine different exercise and lapse provisions. If a third party makes an offer to all shareholders to acquire all or a majority of our issued and outstanding shares, other than those shares which are already owned by the offeror, an option holder under the 2004 Option Plan may exercise any of his or her options at any time within six months of the offeror obtaining control of us; provided, however that the options do not lapse pursuant to a separate provision under the 2004 Option Plan prior to exercise. If an effective resolution in general meeting for our voluntary winding-up is passed before the date on which an option lapses, such an outstanding option then becomes exercisable for a period of three months after such resolution becomes effective. However, no exercise of an option is permitted at any time after the option has lapsed under a separate provision of the 2004 Option Plan. At the end of the three month period all options will lapse.

In addition to the terms described above, options granted to employees and service providers of our Israeli subsidiary who are resident in Israel are also subject to the Sub-Plan for Israeli Employees and Service Providers. The Sub-Plan, which incorporates the 2004 Plan by reference, provides additional rules applicable to options granted to those Israeli Employees and Service Providers, as defined by the Sub-Plan.

As of June 30, 2006, 2,542,326 share options were outstanding under the 2004 Option Plan at prices ranging from \$5.99 to \$9.73 per share.

***2000 Share Option Scheme***

Under the terms of our 2000 Executive Share Option Scheme ( **2000 Option Scheme** ), our board of directors was able to grant options, in their discretion, to our employees, directors and consultants. The board of directors determined the option price, vesting schedule and termination provisions of each option, subject to limitations contained in the 2000 Option Scheme. In September 2004, our board of directors resolved to cease granting options under the 2000 Option Scheme although, pursuant to the provisions of the 2000 Option Scheme, all outstanding options previously granted under the 2000 Option Scheme continue in full force and effect. Our board of directors intends to use our 2004 Option Scheme to grant options to employees, consultants and directors in the future.

As of June 30, 2006, 1,840,600 share options were outstanding under the 2000 Option Scheme at prices ranging from \$0.91 to \$9.90 per share.

**Employee Benefit Plan**

We have a defined contribution plan under Section 401(k) of the U.S. Internal Revenue Code covering all full-time employees, and providing for matching contributions by us, as defined in the plan. Participants in the plan may direct the investment of their personal accounts to a choice of mutual funds consisting of various portfolios of stocks, bonds, or cash instruments. Contributions made by us to the plan for the years ended December 31, 2005, 2004 and 2003 were approximately \$234,000, \$184,000, and \$110,000, respectively.

**Equity Compensation Plan Information**

The following table provides information as of December 31, 2005 regarding compensation plans, including individual compensation arrangements, under which equity securities of Spark Networks plc are authorized for issuance.

Plan Category	Number of Securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	5,133,250(1)	\$ 5.32	14,386,500(2)
Equity compensation plans not approved by security holders			
<b>Total</b>	<b>5,133,250</b>		<b>14,386,500</b>

(1) Represents share options outstanding under the 2004 Share Option Scheme and the 2000 Executive Share Option Scheme.

(2) Represents share options available for future grants under the 2004 Share Option Scheme. The 2000 Executive Share Option Scheme has been terminated and no future issuances of options are available; however, all outstanding options granted under the plan continue in full force and effect.

**Set forth below is the report of our Compensation Committee, a graph depicting our performance and the report of the Audit Committee. The information contained in these three sections of this proxy shall not be deemed to be soliciting material or to be filed with the Securities and Exchange Commission, nor shall such information be incorporated by reference into any future filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that we specifically incorporate such information by reference in such filing.**



## REPORT OF THE COMPENSATION COMMITTEE

### *Compensation Policies and Philosophy*

The Compensation Committee administers the policies governing our executive compensation program. All issues pertaining to executive compensation are reviewed and approved by the Compensation Committee and approved by our board of directors. The Compensation Committee believes that executive compensation should reward long-term value created for shareholders, promote increased performance and reflect our corporate goals and objectives.

The Compensation Committee's objectives regarding executive compensation are to maintain efforts to attract and retain key high caliber executives and to provide levels of compensation which provide incentives to create shareholder value. Consistent with attaining these objectives, our executive compensation philosophy is to establish base salary amounts in view of comparative data and other factors such as level of responsibility and prior experience.

### *Compensation in 2005*

Each executive officer's compensation is primarily comprised of three principal components: salary, stock options and bonus. The salary for each named executive officer is determined pursuant to the terms of an employment agreement and the salary may be adjusted by the Compensation Committee based on factors such as the officer's level of responsibility and performance. The Compensation Committee typically determines each executive officer's annual bonus and will consider the officer's performance in light of corporate goals and objectives relevant to executive compensation, such as our net revenues, competitive market data pertaining to executive compensation at comparable companies, and such other factors, including factors unrelated to our financial performance, as it may deem relevant. All of our executive officers are eligible to receive an annual bonus at the discretion of the Compensation Committee. There is no specific limit on the amount of a bonus that an officer may receive. Because the Compensation Committee did not hold any meetings during 2005, decisions related to executive compensation during 2005 were handled by the Company's board of directors, in which case Mr. Siminoff did not participate.

During 2005, of the named executive officers, only Messrs. Liberman and Thompson received bonuses. They received bonuses of \$25,000 each because of their efforts in completing the acquisition of MingleMatch, Inc. In addition, pursuant to the terms of their respective agreements, Mr. Thompson received a bonus of \$80,000 and Mr. Liberman received a bonus of \$25,000 in February 2006 upon our listing on the American Stock Exchange.

Periodically, the Company grants stock options to its employees, including its executive officers. We do not have any limit on the amount of options or awards that may be granted to any executive officer. During 2005, Messrs Liberman and Shapira each received option grants while the remaining executive officers did not receive any options grants as they had received option grants in previous years, some of which, in the case of Messrs. Thompson's and Liberman's options, received accelerated vesting upon our listing on the American Stock Exchange.

In addition to the primary compensation elements of base salary, cash incentive bonuses and equity awards discussed above, we review other annual compensation, including the dollar value to the executive and cost to the Company of all perquisites and other personal benefits, and payments that would be required under various severance and change-in-control scenarios. Overall, we determined that the elements of compensation were reasonable in the aggregate and that the current employment agreements align such officers with the Company's performance.

### *Compensation of Our Chief Executive Officer in 2005*

For 2005, the board of directors applied the principles and policies discussed above in examining the compensation of David E. Siminoff, our Chief Executive Officer. Mr. Siminoff's compensation is based on the terms of his current employment agreement. The board of directors believes that Mr. Siminoff, as Chief Executive Officer, significantly and directly influences our overall performance. The board of directors has reviewed all components of Mr. Siminoff's compensation, including salary, stock option grants and other awards, if any, and benefits. Mr. Siminoff's salary is subject to adjustments in the discretion of the Compensation Committee or board of directors. Mr. Siminoff did not receive a bonus nor any stock

option grants during 2005 because he had received a significant option grant when he became our Chief Executive Officer in 2004. We believe Mr. Siminoff's total compensation in 2005 was reasonable based upon Mr. Siminoff's leadership and overall individual performance, and the Company's performance.

***Policy of Deductibility of Compensation***

Section 162(m) was added to the Internal Revenue Code as part of the Omnibus Budget Reconciliation Act of 1993. Section 162(m) limits the deduction for compensation paid to the Chief Executive Officer and the other Named Executive Officers to the extent that compensation of a particular executive exceeds \$1.0 million, unless such compensation was based upon performance goals determined by a Compensation Committee consisting solely of two or more outside directors, the material terms of which are approved by a majority vote of the stockholders prior to the payment of such remuneration.

The Compensation Committee or board of directors may review our compensation programs to determine the deductibility of the future compensation paid or awarded pursuant thereto and may seek guidance with respect to changes to our existing compensation program that will enable the Company to continue to attract and retain key individuals while optimizing the deductibility to the Company of amounts paid as compensation. However, this policy does not rule out the possibility that compensation may be approved that may not qualify for the compensation deduction.

***Conclusion***

The board of directors believes that the Company's overall executive compensation program will be successful in providing competitive compensation appropriate to attract and retain highly qualified executives and also to encourage increased performance from the executive group, which will create added shareholder value. The board of directors and committee will continue to evaluate and administer the Company's executive compensation program in a manner that we believe will be in shareholder's interests and reasonable in light of the Company's circumstances and performance, as well as individual performance.

**2005 Non-Employee Board Members**

Michael Brown

Martial Chaillet

Benjamin Derhy

Laura Lauder

**Compensation Committee Interlocks and Insider Participation**

No interlocking relationship exists between our board of directors and the board of directors or Compensation Committee of any other company.

### **REPORT OF THE AUDIT COMMITTEE**

The Audit Committee of our board of directors is responsible for providing independent, objective oversight of our accounting functions. The Audit Committee is currently comprised of three directors, each of whom is independent as defined by the American Stock Exchange listing standards. The Audit Committee operates under a written audit committee charter, which was adopted on March 2, 2005.

Management is responsible for our financial reporting process. Ernst & Young LLP, or EY, the independent registered public accounting firm, is responsible for performing an independent audit of our consolidated financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States) and to issue a report thereon. The audit committee's responsibility is to monitor and oversee these management processes and related independent audit.

In connection with these responsibilities, the Audit Committee met with management and EY to review and discuss the December 31, 2005 financial statements. The audit committee also discussed with EY the matters required by Statement on Auditing Standards (SAS) No. 61 (Communication with Audit Committees) as may be modified or supplemented.

In addition, the Audit Committee also received written disclosures and the letter from EY required by Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees), which requires the written disclosure of all relationships between us and our independent registered public accounting firm that, in the independent registered public accounting firm's professional judgment, may reasonably be thought to bear on independence and confirmation that, in its professional judgment, it is independent of the Company that it is auditing.

The Audit Committee has also reviewed the non-audit fees described below and has concluded that the amount and nature of those fees is compatible with maintaining EY's independence.

Based on the Audit Committee's discussions with management, review of EY's letter and discussions with EY, the Audit Committee recommended to the board of directors that the audited financial statements be included in our annual report on Form 10-K for the fiscal year ended December 31, 2005.

#### **Audit Committee**

Michael Brown

Benjamin Derhy

Martial Chaillet (member until September 2006)

**STOCKHOLDER RETURN PERFORMANCE PRESENTATION**

Set forth below is a performance graph comparing the cumulative total stockholder return on our ADSs as traded on the American Stock Exchange, the AMEX Market Value (US & Foreign) Index and the RDG Internet Composite Index of comparable companies for the period commencing on February 14, 2006 and ending on June 14, 2006. The graph assumes \$100 invested on February 14, 2006 in our ADSs, the AMEX Market Value (US & Foreign) Index, the RDG Internet Composite Index and reinvestment of dividends. The stock price performance shown on the graph is not necessarily indicative of future price performance.

**RESOLUTION NO. 7**

**RESOLUTION TO RECEIVE THE INTERNATIONAL FINANCIAL REPORTING  
STANDARDS ( IFRS ) ACCOUNTS FOR THE PERIOD ENDED DECEMBER 31, 2005 AND**

**THE DIRECTORS AND AUDITORS REPORTS ON THOSE ACCOUNTS**

The board of directors wishes to obtain from the shareholders their approval for the Meeting to receive the Company's Accounts for the financial year ended December 31, 2005 as calculated pursuant to IFRS together with the directors' report and Auditors' report on those accounts, all of which are attached to this proxy statement as Appendix B. This resolution is traditionally proposed at the annual shareholder meetings of most English companies and provides an opportunity for the shareholders to ask questions relating to the accounts.

**Vote Required**

Adoption of Resolution No. 7 requires the affirmative vote of a majority of the holders of Ordinary Shares cast in person at the Meeting or, if a poll is taken, the holders of a majority of the Ordinary Shares cast in person or by proxy at the Meeting, including those Ordinary Shares represented by ADRs and GDRs.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR THIS PROPOSAL TO  
ALLOW THE MEETING TO RECEIVE THE COMPANY'S ACCOUNTS FOR THE PERIOD ENDED  
DECEMBER 31, 2005 AND THE DIRECTORS AND AUDITOR'S REPORTS ON THOSE ACCOUNTS.**

**RESOLUTION NO. 8**

**APPROVAL OF THE DIRECTORS' REMUNERATION REPORT FOR THE PERIOD ENDED  
DECEMBER 31, 2005**

The board of directors wishes to obtain from the shareholders their approval of the Directors' Remuneration Report for the period ended December 31, 2005, which is attached to this proxy statement as part of the Accounts at Appendix B. The Directors' Remuneration Report Regulations (the Regulations) came into force in August 2002 and apply to companies incorporated in England whose equity share capital is quoted on certain stock exchanges including the Frankfurt Stock Exchange. The Regulations require the Company to prepare a directors' remuneration report. The report is approved by the board of directors and contains details of individual directors' remuneration packages and justification of any compensation packages given in the preceding year. It also sets out matters such as details of the Board's consideration of directors' remuneration, the membership of the remuneration committee and a statement of the Company's future policy on directors' pay as well as a Company performance graph. Certain parts of the report are auditable by the Company's auditors.

The Regulations also require that an ordinary resolution approving the Directors' Remuneration Report is put to the vote of the members of the Company at the Meeting. No aspect of an individual director's entitlement to remuneration is conditional upon the resolutions being carried.

**Vote Required**

Adoption of Resolution No. 8 requires the affirmative vote of a majority of the holders of Ordinary Shares cast in person at the Annual Meeting or, if a poll is taken, the holders of a majority of the Ordinary Shares cast in person or by proxy at the Annual Meeting, including those Ordinary Shares represented by ADRs and GDRs.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR THIS PROPOSAL TO  
APPROVE THE DIRECTORS' REMUNERATION REPORT FOR THE PERIOD ENDED DECEMBER 31, 2005**

**RESOLUTION NO. 9****APPROVAL OF REAPPOINTMENT OF ERNST & YOUNG LLP**

In accordance with the Companies Act 1985, the Company's auditors must be appointed or reappointed at each general meeting at which accounts are laid. In accordance with the recommendation of the Company's Audit Committee, Resolution No. 9 proposes the reappointment of the Company's existing auditors, Ernst & Young LLP, until the conclusion of the next general meeting of the Company at which accounts are laid. Resolution No. 9 also gives authority to the Directors to determine the auditors' remuneration.

A representative of Ernst & Young LLP is expected to be present telephonically at the Meeting, will have the opportunity to make a statement and is expected to be available to answer appropriate questions.

**Information Regarding Auditors' Fees**

During the fiscal years ended December 31, 2005 and 2004, we retained Ernst & Young LLP to provide services as follows:

	Fees for the Year Ended December 31,	
	2005	2004
<b>Service</b>		
Audit fees <sup>(1)</sup>	\$ 569,047	\$ 1,130,977
Audit-related fees <sup>(2)</sup>	112,669	62,213
Tax fees <sup>(3)</sup>		24,162
All other fees		
 Total audit and non-audit fees	 \$ 681,716	 \$ 1,217,352

- (1) These are fees for professional services performed by Ernst & Young LLP for the audit of our annual financial statements, review of our quarterly reports, review of our Registration Statement on Form S-1, and the issuance of opinions on our filings with the Companies House which must be compliant with Generally Accepted Accounting Principles in the United Kingdom.
- (2) These are fees for assurance and related services performed that are reasonably related to the performance of the audit or review of the Company's financial statements. Audit-related fees included reviews of valuations used in connection with acquisitions conducted by the Company, as well as reviews and audits of non-U.S. filings based on U.K. GAAP and review of the Company's SFAS 123(R) model and related expense calculation.
- (3) These are fees for guidance regarding the severance and related taxes of an international employee.

**Pre-Approval Policy**

In accordance with our Audit Committee Charter, the Audit Committee pre-approves all auditing services and permitted non-audit services, if any, including tax services, to be performed for us by our independent auditor, subject to the *de minimis* exceptions for non-audit services described in Section 10A(i)(1)(B) of the Securities Exchange Act of 1934, as amended, which are approved by the Audit Committee prior to the completion of the audit. The scope of the pre-approval shall include pre-approval of all fees and terms of engagement. The Audit Committee may form and delegate authority to subcommittees consisting of one or more members when appropriate, including the authority to grant pre-approvals of audit and permitted non-audit services, provided that decisions of such subcommittee to grant pre-approvals shall be presented to the full Audit

Committee at its next scheduled meeting. In pre-approving the services under audit-related fees and tax fees or all other fees, the Audit Committee did not rely on the *de minimis* exception to the SEC pre-approval requirements.

#### **Previous Change in Accountants**

On March 23, 2004, upon the authorization of our board of directors, we dismissed Stonefield Josephson, Inc. as our U.S. auditors and engaged Ernst & Young LLP as our independent auditors. Chantrey Vellacott DFK resigned as our UK auditors on the same date.

During the years ended December 31, 2003 and 2002, and the subsequent period from January 1, 2004 to March 23, 2004, Stonefield Josephson, Inc. did not have any disagreement with us on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure, which disagreements, if not resolved to the satisfaction of Stonefield Josephson, Inc., would have caused them to make reference to the subject matter of the disagreement in connection with their reports on our financial statements for such years. The reports of Stonefield Josephson, Inc. on financial statements for the years ended December 31, 2002 and 2001 did not contain an adverse opinion or disclaimer of opinion, and were not qualified or modified as to uncertainty, audit scope or accounting principles. We did not consult with Ernst & Young LLP on any financial or accounting reporting matters before its appointment. Notwithstanding the foregoing, during the course of the preparation of our financial statements for the year ended December 31, 2003, we discovered accounting inaccuracies in previously reported financial statements, including those for the years ended December 31, 2002 and 2001 that were covered by reports issued by Stonefield Josephson, Inc. Difficulties arose from differing views between Ernst & Young LLP and Stonefield Josephson, Inc. regarding the necessity and scope of a restatement of 2002 and 2001 financial statements. Up to that point, we had expected to include Stonefield Josephson, Inc.'s reports on those years in a registration statement that MatchNet, Inc. filed on August 4, 2004. However, we were unable to timely obtain concurrence from Stonefield Josephson, Inc. that restatements were required and the extent of such restatements. As a result, we directed Ernst & Young LLP to reaudit the years ended December 31, 2002 and 2001 and restated our financial statements for these years and for the first three quarters of 2003 to correct inappropriate accounting entries.

The restatements primarily related to the timing of recognition of deferred revenue and the capitalization of bounty costs, which are the amounts paid to online marketers to acquire members. The restatements, which are in accordance with United States generally accepted accounting principles, pertained primarily to timing matters and had no impact on cash flow from operations or our ongoing operations. The impact on net loss for 2002 and 2001 was an increase of \$1.0 million and \$1.5 million, respectively.

#### **Vote Required**

Resolution No. 9 requires the affirmative vote of a majority of the holders of Ordinary Shares cast in person at the Annual Meeting or, if a poll is taken, the holders of a majority of the Ordinary Shares cast in person or by proxy at the Annual Meeting, including those Ordinary Shares represented by ADRs and GDRs.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR THIS PROPOSAL  
TO APPROVE THE REAPPOINTMENT OF ERNST & YOUNG LLP AS OUR INDEPENDENT AUDITORS.**

#### **CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

##### **Efficient Frontier**

In 2004, we entered into an agreement with Efficient Frontier, a provider of online marketing optimization services to procure and manage a portion of our online paid search and keyword procurement efforts. The Chief Executive Officer of Efficient Frontier is Ms. Ellen Siminoff, who is the wife of our Chief Executive Officer, David E. Siminoff. We paid approximately \$335,000 to Efficient Frontier in 2005 and \$61,000 in 2004 and we paid approximately \$190,000 to Efficient Frontier in the second quarter of 2006.

## Great Hill

Great Hill Partners LLC and its affiliates (the **Great Hill Group**), as of August 31, 2006, collectively owns 9,085,000 shares of the Company, or approximately 29.9% of the Company's outstanding shares, and, as of June 13, 2006 and according to documents filed with the Securities and Exchange Commission, has voting control of an aggregate of approximately 50.3% of the Company's securities to elect a director of the Company subject to the terms and conditions of the share purchase agreements entered into on December 1, 2005 with each of Joe Shapira, Alon Carmel, affiliates of Tiger Global Management, and Criterion Capital Management, LLC ( **Criterion Capital Management**, and collectively with Mr. Shapira, Mr. Carmel and affiliates of Tiger Global Management, the **Selling Shareholders** ). Mr. Shapira is a former Chairman of the board of directors of the Company and Alon Carmel is a former Co-Executive Chairman of the Company's board. The Great Hill Group entered into an additional share purchase agreement with the affiliates of the Tiger Global Management on June 13, 2006. Tiger Global Management was our largest shareholder prior to the sale of the its shares, and one of our former directors, Scott Shleifer, is a limited partner of Tiger Global, L.P., an affiliate of Tiger Global Management and one of the sellers of the shares.

Pursuant to the terms of the share purchase agreements with each of the Selling Shareholders, for so long as the Great Hill Group collectively owns: (i) in the case of the share purchase agreements entered into with Messrs. Shapira and Carmel, at least 10% of the outstanding ordinary shares; and (ii) in the case of the share purchase agreements entered into with Tiger Global Management and Criterion Capital Management, at least 5% of the outstanding ordinary shares, each Selling Shareholder agreed that:

if at any time the Great Hill Group notifies a Selling Shareholder of its desire and intention to designate a single director ( **Great Hill Director** ) in advance of any meeting of the shareholders for the election of directors or when any other approval is sought with respect to the election of directors, such Selling Shareholder agreed to vote all of its voting shares that are owned or held of record by such Selling Shareholder or to which it has voting power or can direct, restrict or control any such voting power (the **Remaining Shares** ) to elect such Great Hill Director; and

if at any time the Great Hill Group notifies a Selling Shareholder of its desire and intention to remove or replace a Great Hill Director or to fill a vacancy caused by the resignation of a Great Hill Director, such Selling Shareholder agreed to cooperate in causing the requested removal and/or replacement by voting in the appropriate manner.

Each Selling Shareholder also irrevocably granted, and appointed Michael A. Kumin, and any other person who shall be designated by the Great Hill Group, as such Selling Shareholder's proxy and attorney (with full power of substitution), to vote all of such Selling Shareholder's Remaining Shares held at the time such consent is sought or meeting is held in any circumstances where a vote, consent or other approval is sought to elect a Great Hill Director. The covenants and obligations of each Selling Shareholder terminate after a Great Hill Director (together with any replacements therefore) has served a single, full term of office of three years, in accordance with the Company's articles and memorandum of association, as in effect on December 1, 2005.

In addition, the Company entered into a confidentiality agreement dated October 14, 2005 with Great Hill Equity Partners II ( **Great Hill** ) that contained a provision (the **Standstill Provision** ) pursuant to which Great Hill agreed not to, among other things, directly or indirectly acquire, offer to acquire, or propose to acquire more than 2% of any class of our securities or rights to acquire more than 2% of any class of our securities for a period of one year from the date of the confidentiality agreement without our prior written consent. On December 1, 2005, we and Great Hill entered into a standstill agreement (the **Standstill Agreement** ) pursuant to which we waived the Standstill Provision and Great Hill agreed that its ability to increase its beneficial ownership of our securities would be subject to the terms and conditions of the Standstill Agreement, which has a term of five years unless terminated earlier. Pursuant to the Standstill Agreement, for a period of 14 months from the date of the Standstill Agreement (the **Fourteen Month Period** ), Great Hill agreed that it would not, without the prior written consent by us:

acquire or seek to acquire, directly or indirectly, by purchase or otherwise, ownership of any of our voting securities (or rights to acquire any of our class of securities or any subsidiary thereof) such that Great Hill and its affiliates (the **Great Hill Group** ) would beneficially own more than 29.9% of our total voting power (the **Total Voting Power** ), which is defined as the aggregate number of votes which may be cast by holders of outstanding voting



securities on a poll at a general meeting of ours taking into account any voting restrictions imposed by our Articles of Association, or take any action that would require us to make a public announcement regarding the foregoing under applicable law;

participate in any of the following with respect to us or our subsidiaries: (i) any tender, takeover or exchange offer or other business combination, (ii) any recapitalization, restructuring, liquidation, dissolution or other extraordinary transaction, or (iii) any solicitation of proxies or consents to vote any voting securities;

form, join or participate in a group as defined in Section 13(d)(3) of the Securities Exchange Act of 1934, as amended, in connection with any of the foregoing;

seek to control our board of directors; and

enter into any arrangements with any third party with respect to any of the above.

After the expiration of the Fourteen Month Period, Great Hill agreed that it would not acquire or seek to acquire beneficial ownership of any of our voting securities (or rights to acquire any class of our securities or any subsidiary thereof) or participate in any tender, takeover or exchange offer or other business combination, or any recapitalization, restructuring, dissolution or other extraordinary transaction *if* (i) prior to giving effect thereto, the Great Hill Group beneficially owns less than 60% of Total Voting Power and (ii) after giving effect, the Great Hill Group would beneficially own more than 29.9% of Total Voting Power.

Notwithstanding the foregoing, the Great Hill Group, after the Fourteen Month Period, would not be deemed to beneficially own any voting securities owned by another person if the sole reason is being a member of a group with such person and there are no other indicia of beneficial ownership of such securities that are attributable to the Great Hill Group. The provisions of the Standstill Agreement do not apply to (i) repurchases, redemptions, a rights issue, recapitalizations and consolidation or a share capital reduction by us, and (ii) offers to acquire securities by the Great Hill Group to all of the holders of our voting securities. The Standstill Agreement is subject to applicable takeover regulations in the UK and Germany as a result of the European Union Directive on Takeover Bids.

#### Joe Shapira

On December 1, 2005, in connection with the exercise of options, Joe Y. Shapira entered into a tax indemnification agreement with us. Until July 31, 2006, Mr. Shapira was the Chairman of our board of directors, and currently holds more than 5% of our ordinary shares. Pursuant to the indemnification agreement, Mr. Shapira agreed to indemnify and to pay us any taxes (including income, employment or other withholding taxes), interest and/or penalties and other costs and expenses (including attorney's fees incurred by us) we are required to pay as a result of our failure to withhold any federal, state, local or foreign taxes in respect of the exercise of each of their options, respectively.

On January 27, 2006, we entered into a separation agreement with Joe Y. Shapira (the **Separation Agreement**) with effect from January 1, 2006 pursuant to which Mr. Shapira's employment agreement dated March 1, 2005 (the **Employment Agreement**) was terminated. Until July 31, 2006, Mr. Shapira served as the non-executive Chairman of our board of directors. According to the Separation Agreement, we paid Mr. Shapira severance pay in the lump sum amount of \$125,000, minus applicable state and federal withholdings. Mr. Shapira retained all share options previously awarded to him, and such options vested and became exercisable on the terms set forth in the respective option certificates. Until his resignation as a director, we paid Mr. Shapira a director's fee at the rate of \$30,000 per year, payable in monthly installments of \$2,500 for each month of service. In addition, Mr. Shapira received \$1,000 for his in-person attendance at a board or committee meeting and \$500 for his attendance at a telephonic board or committee meeting, in addition to reimbursement for approved expenses incurred in the performance of his duties. We also agreed to defend and indemnify Mr. Shapira to the fullest extent permitted by our charter documents and applicable law against any demand, claim, cause of action, action, loss, and/or liability that is made against him arising from or relating to Mr. Shapira's employment with us, service as a director of our company, or otherwise. Mr. Shapira agreed to release and discharge us from any and all employment termination claims, actions, demands, rights, or damages of any kind for termination of Mr. Shapira's employment, Employment Agreement and/or separation from our company.

## SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information with respect to the beneficial ownership of our ordinary shares, as of August 31, 2006 for:

each person or entity who we know beneficially owns more than 5% of our ordinary shares;

each of our Named Executive Officers and each of our directors; and

all of our executive officers and directors as a group.

Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission and includes voting or investment power with respect to the securities. The number of ordinary shares outstanding, on an as-converted basis, used in calculating the percentage for each listed person or entity includes ordinary shares underlying options or a warrant held by the person or entity, but excludes ordinary shares underlying options or warrants held by any other person or entity. In addition, each person's or entity's warrants and options that are exercisable within 60 days of August 31, 2006 is disclosed below. Percentage of beneficial ownership is based on 30,339,846 ordinary shares outstanding as of August 31, 2006.

To our knowledge, except as indicated by footnote and subject to applicable community property laws, each person named in the table has sole voting and investment power with respect to the ordinary shares set forth opposite such person's name. Unless otherwise indicated, the address of our officers and directors is c/o: Spark Networks plc, 8383 Wilshire Blvd., Suite 800, Beverly Hills, California 90211.

Name of Beneficial Owner	Ordinary Shares Beneficially Owned	
	Number of Shares	Percentage of Shares
<b>5% stockholders:</b>		
Great Hill Investors, LLC(1)	9,085,000	29.9%
Tiger Global Management, L.L.C.(2)	1,546,085	5.1%
Capital Research and Management Company(3)	3,261,580	10.8%
Joe Y. Shapira(4)	2,755,039	9.1%
FM Fund Management Limited(5)	2,201,890	7.3%
Absolute Return Europe Fund (6)	1,627,088	5.4%
<b>Named Executive Officers and Directors:</b>		
David E. Siminoff(7)	1,499,500	4.8%
Gregory R. Liberman(8)	154,377	*
Mark Thompson(9)	150,000	*
Michael Brown (10)	35,000	*
Benjamin Derhy(11)	40,000	*
Laura Lauder(12)	130,000	*
Martial Chaillet(13)	150,000	*
Michael A. Kumin		*
Adam S. Berger		*
Jonathan B. Bulkeley		*
Christopher S. Gaffney (1)	9,085,000	29.9%
Scott Sassa		*
All directors and executives as a group (13 persons)(14)	11,243,877	36.1%

\* Less than 1%.

- (1) Consists of 81,221 shares held by Great Hill Investors, LLC ( GHI ); 5,713,465 shares held by Great Hill Equity Partners II, Limited Partnership ( GHEP II ); and 3,072,641 shares held by Great Hill Affiliate Partners II, L.P. ( GHAP II, and together GHI and GHEP II, the Funds ). Each Fund is an investment fund, principally engaged in



the business of making private equity and other investments. Great Hill Partners GP II, LLC ( GP II, and together with the Funds, the Great Hill Entities ) is the sole general partner of GHEP II and GHAP II. Stephen F. Gormley, Christopher S. Gaffney, a director of the Company, and John G. Hayes (collectively, the Controlling Persons ) are the managers of GP II and GHI. The principal business office of the Funds, GP II and the Controlling Persons is c/o Great Hill Partners, LLC, One Liberty Square, Boston, Massachusetts 02109.

- (2) Consists of 1,014,386 shares held by Tiger Global, L.P.; 508,817 shares held by Tiger Global, Ltd.; and 22,882 shares held by Tiger Global II, L.P. Each entity has sole voting power over the shares it holds; Tiger Global Management, L.L.C. is the investment manager of Tiger Global, L.P., Tiger Global, Ltd. and Tiger Global II, L.P. and it has shared investment power over the 1,546,085 shares; Charles P. Coleman III is the sole managing member of the Tiger Global Management, L.L.C. Tiger Global Performance, L.L.C. is the sole general partner of Tiger Global, L.P.; Charles P. Coleman III is the sole managing member of the general partner of Tiger Global, L.P.; Tiger Global Performance, L.L.C. is the sole general partner of Tiger Global II, L.P.; Charles P. Coleman III is the sole managing member of Tiger Global II, L.P. The address for Tiger Global Management, L.L.C., Tiger Global, L.P. and Tiger Global II, L.P. is 101 Park Avenue, 48th Floor, New York, New York 10178. The address for Tiger Global, Ltd. is c/o Ironshore Corporate Services Limited, Queensgate House, South Church Street, P.O. Box 1234, George Town, Grand Cayman, Cayman Islands.
- (3) Capital Research and Management Company ( CRMC ), an investment adviser registered under Section 203 of the Investment Advisers Act of 1940, is deemed to be the beneficial owner of 3,261,580 shares as a result of acting as investment adviser to various investment companies registered under Section 8 of the Investment Company Act of 1940. CRMC has sole dispositive power over these shares. Included in the holdings of CRMC is the holding of SMALLCAP World Fund, Inc., an investment company registered under the Investment Company Act of 1940, which is advised by CRMC. SMALLCAP World Fund, Inc. is the beneficial owner of 2,403,000 shares, of which it has sole voting power. Based on information provided to us by CRMC, CRMC is an affiliate of a broker-dealer and it acquired these securities in the ordinary course of business and that at the time of the acquisition of these securities, it had no agreements or understandings, directly or indirectly, with any person to distribute these securities. The persons controlling the investment decisions with respect to the shares held by CRMC and SMALLCAP World Fund are Gordon Crawford, J. Blair Frank, J. Dale Harvey, Claudia Huntington, Jonathan Knowles and Mark Denning. The address for both entities is 333 South Hope Street, Los Angeles, California 90071.
- (4) Based on information filed with the Securities and Exchange Commission, includes (i) 1,061,915 shares held by the Joe Shapira Family Trust of which Mr. Shapira is trustee, (ii) 550,000 shares held by the Shapira Children s Trust of which Alon Carmel is trustee and Mr. Shapira has the right to substitute the corpus, and (iii) 12,000 shares held by a third-party custodian for Mr. Shapira s children. Mr. Shapira disclaims beneficial ownership of the shares held by the Shapira Children s Trust and by third-party custodian for his children, except to the extent of his pecuniary interest.
- (5) The registered office of FM Fund Management Limited is Queensgate House, South Church Street, George Town, Grand Cayman, Cayman Islands. Florian Homm has voting and investment powers for the shares held by FM Fund Management Limited.
- (6) Share ownership is based on a Schedule 13D with the Securities and Exchange Commission. Florian Homm is director of Absolute Return Europe Fund. The address is c/o 9300 Wilshire Blvd., Penthouse Suite, Beverly Hills, CA 90212
- (7) Includes 337,500 shares underlying options exercisable within 60 days of August 31, 2006.
- (8) Includes 141,877 shares underlying options that are currently exercisable or exercisable within 60 days of August 31, 2006.
- (9) Consists of 150,000 shares underlying options that are currently exercisable or exercisable within 60 days of August 31, 2006.
- (10) Consists of 35,000 shares underlying options exercisable within 60 days of August 31, 2006.

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- (11) Consists of 40,000 shares underlying options exercisable within 60 days of August 31, 2006.
- (12) Represents 100,000 shares held by Mrs. Lauder's husband and 30,000 shares underlying options exercisable within 60 days of August 31, 2006.
- (13) Includes 30,000 shares underlying options exercisable within 60 days of August 31, 2006.
- (14) Shares beneficially owned by all executive officers and directors as a group include options to purchase 764,377 shares that are currently exercisable or exercisable within 60 days of August 31, 2006. See also footnote (1) with regards to the beneficial ownership of the Company's shares by Mr. Gaffney.

**COMPLIANCE WITH SECTION 16(A) OF THE SECURITIES EXCHANGE ACT OF 1934**

Section 16(a) of the Exchange Act requires the Company's officers, directors and persons who own more than ten percent of a registered class of the Company's securities, to file with the Securities Exchange Commission (the "SEC") initial reports of ownership and reports of changes in ownership of securities of the Company. Officers, directors and greater than ten percent stockholders are required by the SEC's regulations to furnish the Company with copies of all Section 16(a) forms that they file. Based solely on the Company's review of the copies of such reports furnished to the Company, management believes that all officers, directors and greater than ten percent stockholders complied with the filing requirements of Section 16(a) for the fiscal year ended December 31, 2005, except that Alon Carmel filed an untimely Form 3 after our securities became registered under Section 12 of the Securities Exchange Act of 1934, as amended, in 2005.

**RESOLUTION NO. 10**

**TO APPROVE THE COMPANY'S SHARE REPURCHASE PLAN**

The board of directors wishes to obtain from the shareholders their approval of the Company's Share Repurchase Plan (the "**Plan**") pursuant to which the Company will purchase or procure its nominees to purchase in the market Global Depositary Shares ("**GDSs**") and American Depositary Shares ("**ADSs**"), respectively traded on the Frankfurt Stock Exchange and the American Stock Exchange, so enabling the Company to repurchase up to 2,000,000 of the Company's Ordinary Shares ("**Sale Shares**") represented by the GDSs and ADSs purchased. If the Plan is approved by shareholders, the process by which the Sale Shares will be repurchased can be summarized as follows:

- (i) the Company or its nominees will purchase GDSs and ADSs on the Frankfurt Stock Exchange and/or the American Stock Exchange respectively, the maximum prices for the GDSs and ADSs being 7.98 euro per GDS and \$10.00 per ADS and the minimum amount for the GDSs and the ADSs being 0.01 euro per GDS and \$0.01 per ADS, the GDSs and ADSs so purchased in aggregate representing not more than 2,000,000 Sale Shares;
- (ii) when the Company has purchased the maximum number of GDSs and ADSs which it intends to purchase pursuant to the Plan it will then purchase from BNY (Nominees) Limited for the nominal sum of £1 the Sale Shares represented by the GDSs and ADSs purchased;
- (iii) the Sale Shares will be cancelled, and the Company's issued share capital will be reduced accordingly, although the Company's authorized share capital will remain the same;
- (iv) the authority given for such purchases will expire on May 16, 2008;
- (v) the Company shall not purchase GDSs and/or ADSs and/or ordinary shares pursuant to this resolution if (i) any person in respect of interests notified by such person from time to time to the Company; and/or (ii) any group of persons who from time to time have specifically and expressly notified the Company that they are a group of persons acting in concert in respect of the Company would as a result of any such purchase be subject to an obligation to make an offer pursuant to Rule 9 of the City Code on Takeovers and Mergers ("**Code**") in the absence of a waiver of such obligation by the Panel on Takeovers and Mergers ("**Panel**"), and such a waiver has not been obtained; and
- (vi) a failure to comply with paragraph (v) above shall not render a purchase of GDSs and/or ADSs and/or the cancellation of ordinary shares associated with any such purchase unauthorised and/or unlawful, and shall not affect the validity of any purchase of GDSs and/or ADSs and/or the cancellation of ordinary shares associated with any such purchase;

(in this resolution, references to the Act, the Code and the Panel refer to the Act, the Code and the Panel as amended or replaced or constituted from time to time).

Resolution No. 10 has two elements:- (a) to approve the purchase by the Company of the Sale Shares in accordance with Part V Chapter VII of the Companies Act 1985 ( **Companies Act** ); and (b) to give the Company authority to purchase GDSs and ADSs from its directors and persons connected with its directors in accordance with Section 320 of the Companies Act and (if and to the extent that such authority is required, given the approval for the purchase of the Sale Shares) to give the Company authority to purchase the GDSs and ADSs on the same basis as if the Company were seeking authority under the Companies Act to purchase its issued shares in the market.

#### **Advantages and Disadvantages**

In approving the Plan, the board of directors considered the advantages and disadvantages associated with the Plan. Among the potential advantages considered were the directors' opinion that the Plan may have a positive impact on earnings per share and the value of the Company shares. The board of directors also considered the disadvantages related to the Plan. In particular, the board of directors considered that under the Companies Act the Company may only purchase its own shares using distributable profits (defined in accordance with the Companies Act) or the proceeds of a new issuance of shares made for the purpose of the share repurchase. The board of directors do not regard a new issuance of shares for the purpose of funding a share repurchase to be in the Company's best interests at this time so it is therefore intended that the shares to be repurchased pursuant to the Plan will be paid for out of the Company's distributable profits. One disadvantage of the Plan is therefore the fact that the distributable profits to be used to repurchase shares pursuant to the Plan will no longer be available to be distributed, for example, as a dividend to shareholders.

#### **Implementation of the Share Repurchase Plan**

The repurchase of any securities on the American Stock Exchange will be in compliance with Rule 10b-18 of the Exchange Act of 1934 and Section 9(a)(2) and 10 of the Securities Exchange Act of 1934, as amended (the **1934 Act** ) and Rule 10b-5 promulgated under Section 10 prohibit any person buying and selling securities registered on a national securities exchange by means of any manipulative device or misleading statement or omission. To the extent shares are repurchased on the American Stock Exchange, the Plan will be implemented in accordance with Rule 10b-18 promulgated under the 1934 Act which provides a safe harbor from the effects of Rule 10b-5 and Section 9(a)(2) for issuers purchasing shares of their own stock. The Company intends the repurchase of any securities on the Frankfurt Stock Exchange to be conducted, to the extent practicable, as though such repurchases were made in compliance with Rule 10b-18.

Rule 10b-18 prescribes price, volume and procedural restrictions for an issuer purc