

DealerTrack Holdings, Inc.  
Form DEF 14A  
March 31, 2010

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

**SCHEDULE 14A  
(Rule 14a-101)**

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

Filed by the Registrant  x  
Filed by a Party other than the Registrant  o  
Check the appropriate box:

o Preliminary Proxy Statement  
**Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**  
 x Definitive Proxy Statement  
 o Definitive Additional Materials  
 o Soliciting Material Pursuant to §240.14a-12

**DEALERTRACK HOLDINGS, INC.**

(Name of Registrant as Specified in Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

x No fee required.  
 o 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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(1) Amount previously paid:

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

(3) Filing Party:

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March 31, 2010

Dear Stockholder:

On behalf of the board of directors and management of DealerTrack Holdings, Inc., I invite you to attend our Annual Meeting of Stockholders. The meeting will be held on May 24, 2010, at 11:00 a.m. local time, at DealerTrack Corporate Headquarters, 1111 Marcus Avenue, Suite M04, Lake Success, New York 11042.

The details of the business to be conducted at the Annual Meeting are provided in the attached Notice of the Annual Meeting of Stockholders and in the attached Proxy Statement.

It is important that your stock is represented, regardless of the number of shares you hold. After reading the enclosed Proxy Statement, please vote your proxy in accordance with the instructions provided.

If you have any questions about the meeting, please contact our Investor Relations Department at (888) 450-0478.

We look forward to seeing you at the Annual Meeting.

Sincerely,

Mark F. O Neil  
*Chairman of the Board,  
President and Chief Executive Officer*

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## NOTICE OF ANNUAL MEETING OF THE STOCKHOLDERS

Date: May 24, 2010  
Time: 11:00 a.m. local time  
Location : DealerTrack Holdings, Inc.  
1111 Marcus Ave, Suite M04  
Lake Success, New York 11042  
Matters To Be Voted On: (1) To elect three members of the board of directors for three-year terms as Class II directors to serve until our 2013 Annual Meeting of Stockholders or until their successors are elected; and  
(2) To ratify the selection of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2010.  
Record Date: March 30, 2010. You are eligible to vote if you were a stockholder of record at the close of business on this date.  
Voting Methods: By Mail  
In Person  
Via the Internet  
Importance Of Vote : Submit a proxy as soon as possible to ensure that your shares are represented.  
Voting promptly will insure that we have a quorum at the Annual Meeting and will save us proxy solicitation expenses.  
By Order of the Board of Directors,

Gary N. Papilsky  
Secretary

Lake Success, New York  
March 31, 2010

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON MAY 24, 2010.**  
The Proxy Statement and Annual Report on Form 10-K are available on our website at <http://ir.dealertrack.com/annual-proxy.cfm>.

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**DEALERTRACK HOLDINGS, INC.  
1111 Marcus Ave., Suite M04  
Lake Success, New York 11042**

**PROXY STATEMENT**

**FOR THE ANNUAL MEETING OF STOCKHOLDERS  
TO BE HELD MAY 24, 2010**

**GENERAL INFORMATION**

**Information About the Notice of Internet Availability of Proxy  
Materials**

This year, instead of mailing a printed copy of our proxy materials, including our Proxy Statement and Annual Report on Form 10-K, to each stockholder, we have decided to provide access to these materials to our stockholders in a fast and efficient manner via the Internet. This reduces the amount of paper necessary to produce these materials, as well as the costs associated with mailing these materials to all stockholders. Accordingly, on or about March 31, 2010, we began mailing a Notice of Internet Availability of Proxy Materials (the Notice ) to some of our stockholders and posted our proxy materials on the website referenced in the Notice (<http://ir.dealertrack.com/2010proxy.cfm>). As more fully described in the Notice, stockholders may choose to access our proxy materials on the website referred to in the Notice or may request to receive a printed set of our proxy materials. In addition, the Notice and website provide information regarding how you may request to receive proxy materials in printed form by mail or electronically by e-mail on an ongoing basis.

**The Annual Meeting**

Our board of directors is soliciting proxies to be used at our Annual Meeting of Stockholders to be held on May 24, 2010. This Proxy Statement, the accompanying Notice of Annual Meeting of Stockholders and form of proxy are being made available to our stockholders on or about March 31, 2010.



## Purpose of Meeting

The specific proposals to be considered and acted upon at the Annual Meeting are summarized in the accompanying Notice of Annual Meeting. The proposals are described in more detail in this Proxy Statement.

## Information Concerning Voting and Solicitation of Proxies

### Who Can Vote?

Only stockholders of record at the close of business on March 30, 2010 may vote at the Annual Meeting. As of March 29, 2010, there were 40,262,773 shares of our common stock outstanding.

### How You Can Vote

*Stockholders of Record.* If your shares are registered directly in your name with our transfer agent, American Stock and Transfer & Trust Company, LLC, you are considered a stockholder of record with respect to those shares, and the proxy materials, including the Proxy Statement and proxy card, were sent directly to you by the Company.

*Street Name Holders.* If you hold your shares in an account at a brokerage firm, bank, broker-dealer, or other similar organization, then you are the beneficial owner of shares held in street name. The proxy materials, including the Proxy Statement and voting instruction card, were forwarded to you by the bank or broker holding your account, which is considered the stockholder of record for purposes of voting at the Annual Meeting. As a beneficial owner, you have the right to direct that bank or broker on how to vote the shares held in your account.

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You may vote using one of the following methods:

*By Mail.* If you received proxy materials by mail, you may vote your shares by mail by marking your proxy card, dating, signing and returning it in the postage-paid envelope provided. If you received a Notice, you may request a proxy card at any time by following the instructions on the Notice. If you are a street name holder, you will receive instructions on how you may vote from your bank or broker, unless you previously enrolled in electronic delivery.

*In Person.* If you are a stockholder of record, you may vote your shares in person by attending the Annual Meeting. If you are a street name holder, you may vote in person at the Annual Meeting if you have a legal proxy from the bank or broker that holds your shares. A legal proxy is a bank's or broker's authorization for you to vote the shares it holds in its name on your behalf.

*Via the Internet.* If you received proxy materials by mail, you also can vote through the Internet using the procedures and instructions described on the proxy card. If you received a Notice, you may request a proxy card at any time by following the instructions on the Notice. Street name holders may vote by Internet if their bank or broker makes those methods available, in which case the bank or broker will enclose the instructions with the proxy materials.

If the bank or broker that holds your shares does not have discretion to vote shares held in street name on a particular proposal and does not receive voting instructions on how to vote those shares, the bank or broker may return the proxy card without voting on that proposal. This is generally referred to as a broker non-vote. Your bank or broker generally may vote without instructions on routine matters such as the ratification of our independent registered public accounting firm. Your bank or broker generally may not vote without instructions on non-routine matters such as the election of directors.

All shares that have been voted properly by an unrevoked proxy will be voted at the Annual Meeting in accordance with your instructions. If you sign your proxy card or vote via the Internet, but do not give voting instructions, the shares represented by that proxy will be voted as our board of directors recommends.

If any other matters are brought properly before the Annual Meeting, the persons named as proxies in the proxy card materials will have the discretion to vote on those matters for you. As of the date of this Proxy Statement, we did not know of any other matter to be raised at the Annual Meeting.

## **How You Can Access the Proxy Materials for the Annual Meeting**

Stockholders may access the proxy materials, which include the Notice of Annual Meeting, Proxy Statement (including a form of proxy card) and Annual Report on Form 10-K for the year ended December 31, 2009, on the Internet at <http://ir.dealertrack.com/annual-proxy.cfm>. We will also provide a hard copy of any of these documents free of charge upon request, which may be sent to Investor Relations, DealerTrack Holdings, Inc., 1111 Marcus Ave., Suite M04, Lake Success, NY 11042, submitted via the form set forth on our Investor Relations site at <http://ir.dealertrack.com/contactus.cfm> or submitted by calling our Investor Relations department at (888) 450-0478.

Instead of receiving future copies of our proxy materials by mail, you can elect to receive an e-mail that will provide electronic links to these documents. Opting to receive your proxy materials online will save the cost of producing and mailing documents to your home or business, will give you an electronic link to the proxy voting site and will help preserve environmental resources.

*Stockholders of Record.* If you vote on the Internet at [www.proxyvote.com](http://www.proxyvote.com), simply follow the prompts for enrolling in the electronic proxy delivery service. You also may enroll in the electronic proxy delivery service at any time by going directly to <http://ir.dealertrack.com/2010proxy.cfm> and following the enrollment instructions.

*Street Name Holders.* If you hold your shares in a bank or brokerage account, you also may have the opportunity to receive the proxy materials electronically. Please check the information provided in the proxy materials you receive from your bank or broker regarding the availability of this service.

Your election to receive proxy materials by email will remain in effect until you terminate it.

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### **How to Revoke Your Proxy or Change Your Vote**

You can revoke your proxy or change your vote before your proxy is voted at the Annual Meeting by:

Giving written notice of revocation to: Secretary, DealerTrack Holdings, Inc., 1111 Marcus Ave., Suite M04, Lake Success, NY 11042;

Submitting another timely proxy or voting instruction card with a later date by mail;

Voting again over the Internet prior to 11:59 p.m., Eastern Time, on May 23, 2010 (or, if you are a street name holder, such earlier time as your bank or broker may direct); or

Attending the Annual Meeting and voting in person. If your shares are held in street name, to vote at the Annual Meeting you must obtain a proxy executed in your favor from the holder of record. Attendance at the Annual Meeting will not, by itself, revoke your prior proxy.

### **How Many Votes You Have**

Each stockholder has one vote for each share of common stock that he or she owned on the record date for all matters being voted on.

### **Quorum**

A quorum is constituted by the presence, in person or by proxy, of holders of our common stock representing a majority of the aggregate number of shares of common stock entitled to vote. Abstentions and broker non-votes will be considered present to determine the presence of a quorum. If a quorum is not present, the Annual Meeting will be adjourned until a quorum is obtained.

### **Votes Required**

*Election of Directors.* The three nominees for director receiving the highest vote totals will be elected. Abstentions and broker non-votes will have no effect on the election of directors.

*Ratification of PricewaterhouseCoopers LLP as Our Independent Registered Public Accounting Firm.* To pass, this proposal must receive a for vote of a majority of the votes present and entitled to vote in person or by proxy at the Annual Meeting. Abstentions will have the effect of a vote against the ratification of our independent registered public accounting firm.

### **Attending the Annual Meeting**

*Stockholders of Record.* If you are a stockholder of record and received a Notice, the Notice is your admission ticket.

If you are a stockholder of record and received proxy materials by mail, your admission ticket is attached to your proxy card. You will need to bring the Notice or the admission ticket along with photo identification with you to the Annual Meeting in order to be admitted to the meeting.

*Street Name Holders.* If you hold your shares in street name, bring your most recent brokerage statement or a letter from your broker or other nominee along with photo identification with you to the Annual Meeting. We will use that statement or letter to verify your ownership of common stock and admit you to the Annual Meeting; however, you will not be able to vote your shares at the Annual Meeting without a legal proxy from your bank or broker.



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## PROPOSAL ONE: ELECTION OF DIRECTORS

### General Information About Our Board of Directors

Each of our directors is elected for a three-year staggered term. The eight members of our board of directors are divided into three classes: Class I, Class II and Class III. One class of directors is elected at each Annual Meeting. The following table shows our current directors, when the term of each class of directors expires and how each director is classified:

| Class   | Directors                                      |
|---|--|
| Class I: Term expires 2012 and every three years thereafter   | Messrs. Foy, Power and Tischler                |
| Class II: Term expires 2010 and every three years thereafter  | Ms. Lane and Messrs. McDonnell and Zwarenstein |
| Class III: Term expires 2011 and every three years thereafter | Ms. Cirillo-Goldberg and Mr. O Neil            |

### Nominees

The three nominees are listed below. If any nominee is unable or declines unexpectedly to stand for election as a director at the Annual Meeting, proxies will be voted for a nominee designated by the present board of directors to fill the vacancy. Each person elected as a director will continue to be a director until the 2013 Annual Meeting or until a successor has been elected.

### Recommendation of Our Board of Directors

**Our board of directors recommends that you vote FOR the nominees listed below:**

Ann B. Lane  
John J. McDonnell Jr.  
Barry Zwarenstein

None of our directors or executive officers is related to another director or executive officer by blood, marriage or adoption. Mr. O Neil's employment agreement provides that he shall serve as Chairman of the board of directors during the term of his agreement. Mr. Tischler was initially appointed to our board of directors pursuant to a stockholders agreement, which terminated on our initial public offering and is no longer in effect. There are no other arrangements between any director or nominee and any other person pursuant to which the director or nominee was selected.

### Information About Nominees for Election as Class II Directors.

*Ann B. Lane*, 55, has served on our board of directors since July 2007. From April 2000 to January 2005, Ms. Lane was Managing Director, Co-Head of Syndicated & Leveraged Finance and Head of Bank Loan Capital Markets at JPMorgan. From 1997 to 2000, Ms. Lane was Managing Director and Global Co-Head of Bank Loan Syndications at Citigroup Inc. From 1995 to 1997, Ms. Lane was Global Industry Head, Aviation and Defense at Citigroup Inc., and

from 1982 to 1995, Ms. Lane held a number of senior level positions at Citigroup, including Global Head of Corporate Debt Restructuring. Ms. Lane has been a Board Member of Musical Masterworks in Old Lyme, Connecticut since 2005 and was an Advisory Board Member of the New York City Ballet from 2005 to 2008. Ms. Lane holds a BS in Economics from the University of California at Berkeley. Ms. Lane's independence, qualification as an audit committee financial expert and extensive experience as a banking executive, qualify her to serve as a member of our Board of Directors.

**John J. McDonnell Jr.**, 72, has served on our board of directors since July 2005. Mr. McDonnell has been Chief Executive Officer and a Director of ExaDigm, Inc., a leading innovator of modular IP-based technology, since October 2008. Mr. McDonnell is the founder of TNS, Inc., a leading provider of data communications services to processors of credit card, debit card and ATM transactions worldwide. Mr. McDonnell served as Chairman and Chief Executive Officer of TNS, Inc. from April 2001 to September 2006. Previously, he served as chairman and CEO of PaylinX Corp., a software provider for transaction processing, from

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November 1999 until it was sold to CyberSource Corp. in September 2000. He remains a director of CyberSource, a publicly held company. Prior to that, Mr. McDonnell was President, Chief Executive Officer and a director of Transaction Network Services, Inc. from the time he founded the company in 1990. Mr. McDonnell is also a founder and director of the Electronic Funds Transfer Association. He was the recipient of KPMG Peat Marwick LLP's 1997 High Tech Entrepreneur Award and the Rensselaer Polytechnic Institute 2002 Entrepreneur of the Year Award. Mr. McDonnell holds a BS in Electrical Engineering from Manhattan College, a MSEE from Rensselaer Polytechnic Institute and an Honorary Doctorate of Humane Letters from Marymount University. Mr. McDonnell's independence, experience as a chairman and chief executive officer of a public company and experience with companies providing transaction processing services and network services, qualify him to serve as a member of our Board of Directors.

**Barry Zwarenstein**, 61, has served on our board of directors since November 2007. Since September 2008, Mr. Zwarenstein has been employed by SMART Modular Technologies, Inc., where he serves as Senior Vice President and Chief Financial Officer. From June 2004 through August 2008, Mr. Zwarenstein served as Executive Vice President and Chief Financial Officer for VeriFone Holdings, Inc. Prior to joining VeriFone, Mr. Zwarenstein served as Chief Financial Officer of Iomega Corporation from November 2001 to June 2004, of Mellanox Technologies Limited from January 2001 to June 2001, of Acuson Corporation from October 1998 to December 2000 and of Logitech S.A. from July 1996 to September 1998. Mr. Zwarenstein started his career at FMC Corporation, where he held a variety of financial positions, including, at the time of his departure, Chief Financial Officer for FMC Europe in Brussels, Belgium. Mr. Zwarenstein received a Bachelor of Commerce degree from the University of Natal, South Africa and an M.B.A. from the Wharton School of Business at the University of Pennsylvania. He is qualified as a Chartered Accountant (South Africa). Mr. Zwarenstein's independence, qualification as an audit committee financial expert and experience as a chief financial officer of various public companies, qualify him to serve as a member of our Board of Directors.

## **Information About the Members of Our Board of Directors Whose Terms of Office Do Not Expire at the Annual Meeting**

### **Class III Directors (Term Expires at the 2011 Annual Meeting)**

**Mary Cirillo-Goldberg**, 62, has served on our board of directors since December 2002, and served as lead director from May 2005 to April 2006. Since September 2003, Ms. Cirillo-Goldberg has served as an advisor to Hudson Venture Partners, L.P., a venture capital fund. Ms. Cirillo-Goldberg served as the Chairman and Chief Executive Officer of OPCENTER, LLC, a privately held company that provides help desk, e-commerce and network operations services, from March 2000 to September 2003. From June 1997 through March 2000, she served as Executive Vice President and Managing Director of Bankers Trust Corporation. Ms. Cirillo-Goldberg currently serves as a director of two other public companies: ACE Limited (since 2006) and Thomson Reuters Corporation (since 2005), and served as a director of Health Care Property Investors from 2004 through 2007, Cisco Systems, Inc. from 1998 through 2001, Quest Diagnostics, Inc. from 1996 through 2004 and GlobalServe Corporation, a private company, from 2003-2006. Ms. Cirillo-Goldberg's independence and experience as a director of various public companies, as well as her prior experience as a chief executive officer, qualify her to serve as a member of our Board of Directors.

**Mark F. O Neil**, 51, has served as our Chairman of the Board, President and Chief Executive Officer since May 2005 and has served as a member of the board of directors since August 2001. From August 2001 to May 2005, Mr. O Neil served as our Chief Executive Officer and President. Mr. O Neil began his career at Intel Corporation, where he first developed knowledge of the technology industry. He subsequently worked for McKinsey & Co. before moving to the automotive industry in the late 1980s. His experience in the automotive industry includes serving as President of



Ertley MotorWorld, a dealer group based in Pennsylvania. From this traditional retail dealer group, Mr. O Neil went on to co-found and lead the development and rollout of CarMax, Inc., a publicly-held used automobile retailer. From June 2000 through January 2001, Mr. O Neil was President and Chief Operating Officer of Greenlight.com, an online automotive sales website. He also serves as a director of DealerTire LLC, a privately held company. Mr. O Neil holds a BS in Industrial Engineering from Worcester Polytechnic Institute and an MBA from Harvard Business School. Mr. O Neil's experience as our Chairman of the Board, President and Chief Executive Officer as well as his experience in

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the automotive retail industry provide him with extensive insight into our operations and qualify him to serve as Chairman of our Board of Directors.

**Class I Directors (Term Expires at the 2012 Annual Meeting)**

**James Foy**, 63, has served on our board of directors since September 2008. Mr. Foy has been President and Chief Executive Officer of privately held Aspect Software, Inc. and two predecessor companies (Concerto Software, Inc. and Davox Corporation) since 2001. In 1991, he founded Constellation Software, Inc., a technology company, and served as its President and Chief Executive Officer for three years. In 1994, Constellation was acquired by VMark Software, Inc. a predecessor company of Ardent Software, which was subsequently acquired by Informix Corp. Mr. Foy remained with the surviving companies in a variety of senior executive positions including President of Informix until IBM acquired Informix in 2001. Earlier in his career, he was with Prime Computer, Inc. and International Computers Limited (ICL). Mr. Foy serves on the boards of both Aspect Software and privately held Kalido, Inc., an enterprise software company. From 2006 through 2008 Mr. Foy served on the board of Plant/CML, a privately held company that provides crisis communications and response technologies. Mr. Foy's independence and experience as the chief executive officer of numerous software companies qualify him to serve as a member of our Board of Directors.

**James David Power III**, 78, has served on our board of directors since June 2002. Mr. Power has spent more than 35 years at, is a founder of and, from 1996 until April 2005, served as the Chairman of the Board of J.D. Power and Associates, a marketing information firm. Mr. Power also is a director of Cobalt Group, Inc. Mr. Power served as a director of IMPCO Technologies, Inc., a public company, which supplies alternative fuel products to the transportation, industrial and power generation industries, from 2000 to 2008. In 1992, Mr. Power was a recipient of the Automotive Hall of Fame's Distinguished Service Citation, awarded each year to seven of the industry's most accomplished leaders. Mr. Power holds honorary doctorate degrees from College of the Holy Cross, California Lutheran University, California State University, Northridge and College Misericordia. He also serves as an adjunct professor of marketing at California State University, Northridge. Mr. Power holds a BA from the College of the Holy Cross and an MBA from The Wharton School of Finance at the University of Pennsylvania. Mr. Power's independence and experience founding and building the marketing information firm, J.D. Power and Associates, as well as his extensive experience in the automotive industry, qualify him to serve as a member of our Board of Directors.

**Howard L. Tischler**, 56, has served as lead director since April 2006 and on our board of directors since March 2003. Since January 2009, Mr. Tischler has been employed as Chairman and CEO of Enfocel, LLC, a management and online marketing consulting firm. From September 2005 through December 2008, Mr. Tischler was employed by First Advantage Corporation, where he served as Group President of First Advantage Dealer Services. From 2001 until September 2005, Mr. Tischler was President and Chief Executive Officer of First American Credit Management Solutions, Inc., or CMSI, which was a subsidiary of The First American Corporation, as well as Teletrack, Inc. From 1999 until our acquisition of Credit Online, Inc. from CMSI in 2003, Mr. Tischler was President and Chief Executive Officer of Credit Online. Mr. Tischler currently serves on the Engineering Advisory Board at George Washington University. He holds a BS in Mathematics from the University of Maryland and an MS in Engineering and Operations Research from The George Washington University. Mr. Tischler's independence, experience as President and Chief Executive Officer of Credit Online, Inc., an early entrant into DealerTrack's industry, as well as his extensive experience with First Advantage Dealer Services and CMSI, have provided him with wide knowledge of our industry and qualify him to serve as a member of our Board of Directors.

## **Board Meetings Held During 2009**

Our board of directors held nine meetings during 2009 and acted two times by written consent. During 2009, each director attended at least 75% of the board of directors and committee meetings held while such director served as a director and committee member. At each regular meeting of the board of directors, the non-management directors met in executive session with our lead director presiding.

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### **Board Independence**

The Nominating and Corporate Governance Committee and our board of directors annually assess the independence of the non-management directors by reviewing the financial and other relationships between the directors and us. This review is designed to determine whether these directors are independent under the criteria established by the NASDAQ Stock Market ( NASDAQ ) for independent board members. The Nominating and Governance Committee and our board of directors have determined that all of our non-management directors (i.e., directors other than Mr. O Neil) and our director nominees qualify as independent under those standards.

### **Board Leadership Structure**

Mark O Neil serves as both Chairman of the Board and Chief Executive Officer. The Board believes that having Mr. O Neil serve in both capacities is in the best interests of the company and its stockholders because it enhances communication between the Board and management and allows Mr. O Neil to more effectively execute the company's strategic initiatives and business plans and confront its challenges. Mr. O Neil possesses detailed and in-depth knowledge of the issues, opportunities and challenges facing the company and is best positioned to develop agendas that ensure that the Board's time and attention are focused on the most critical matters. The Board believes that the appointment of an independent Lead Director and the use of regular executive sessions of the non-management directors, along with the Board's strong committee system and substantial majority of independent directors, allow it to maintain effective oversight of management. The Board of Directors has designated Mr. Tischler as the Lead Director.

### **Board Oversight of Risk**

Our Board of Directors oversees our management, which is responsible for the day-to-day issues of risk management. Our board's committees assist the board in fulfilling its oversight responsibilities in certain areas of risk. The audit committee focuses on financial risk, such as including the areas of financial reporting, internal controls, and compliance with legal and regulatory requirements. The compensation committee assists the board in fulfilling its oversight responsibilities with respect to the management of risks arising from our compensation policies and programs. The nominating and governance committee manages risks associated with corporate governance, board organization, membership and structure. In addition, members of management may also report directly to the Board of Directors on significant risk management issues.

### **Stockholder Communications With the Board of Directors**

Stockholders and other interested parties may communicate with any of our directors, including our non-management directors, by writing to them c/o Secretary, DealerTrack Holdings, Inc., 1111 Marcus Ave., Suite M04, Lake Success, NY 11042. Our Secretary will forward all correspondence to the board of directors, except for spam, junk mail, mass mailings, product complaints or inquiries, job inquiries, surveys, business solicitations or advertisements, or patently offensive or otherwise inappropriate material. Our Secretary may forward certain correspondence, such as product-related inquiries, elsewhere within DealerTrack for review and possible response.

### **Director Attendance at Annual Meeting**

Our board of directors' policy regarding director attendance at the Annual Meeting is that they are welcome to attend, and that we will make all appropriate arrangements for directors who choose to attend. Mr. O Neil attended our 2009

Annual Meeting.

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

We have adopted a code of ethics, as defined by regulations promulgated under the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended, that applies to all of our directors and employees, including our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. A current copy of our Code of Business Conduct and Ethics is available on our website at [www.dealertrack.com](http://www.dealertrack.com). A copy of our Code of Business Conduct and Ethics may also be obtained, free of charge, from us upon request directed to: DealerTrack Holdings, Inc., 1111 Marcus Avenue, Suite M04, Lake Success, NY 11042, Attention: Investor Relations. We intend to disclose any amendment to or waiver of a provision of the Code of Business Conduct and Ethics that applies to

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our principal executive officer, principal financial officer, principal accounting officer or controller or persons performing similar functions, by posting such information on our website at [www.dealertrack.com](http://www.dealertrack.com).

## **Committees**

Our board of directors has four standing committees: Audit Committee, Compensation Committee, Nominating and Corporate Governance Committee and Investment Committee. All committee members are non-management directors who, in the opinion of our board of directors, are independent as defined under applicable NASDAQ listing standards. Our board of directors has approved a written charter for each committee which is available at [www.dealertrack.com](http://www.dealertrack.com).

*Audit Committee.* Our Audit Committee consists of Ms. Lane and Messrs. Zwarenstein and McDonnell. Mr. Zwarenstein serves as chairperson of the Audit Committee. Our board of directors has determined that each member of the Audit Committee is independent and that Ms. Lane and Mr. Zwarenstein are each audit committee financial experts, as defined by SEC rules, and have financial sophistication, in accordance with the applicable NASDAQ listing standards. During 2009, the Audit Committee held nine meetings. The purpose of the Audit Committee is to oversee our accounting and financial reporting processes and the audits of our financial statements. The Audit Committee's responsibilities include assisting our board of directors in its oversight and evaluation of:

the integrity of our financial statements;  
the independent registered public accounting firm's qualifications and independence; and  
the performance of our independent registered public accounting firm.

The Audit Committee has the sole and direct responsibility for appointing, evaluating and retaining our independent registered public accounting firm and for overseeing their work. All audit and non-audit services, other than de minimis non-audit services, to be provided to us by our independent registered public accounting firm must be approved in advance by our Audit Committee. The Audit Committee also reports to stockholders as required by the SEC (please see page 13).

*Compensation Committee.* We have a Compensation Committee consisting of Ms. Cirillo-Goldberg and Messrs. Foy and McDonnell. Mr. McDonnell serves as chairperson of the Compensation Committee. During 2009, the Compensation Committee held seven meetings and acted two times by written consent. The purpose of our Compensation Committee is to discharge the responsibilities of our board of directors relating to compensation of our executive officers. Specific responsibilities of our Compensation Committee include:

reviewing and recommending approval of compensation of our executive officers;  
administering our stock incentive and employee stock purchase plans;  
reviewing and making recommendations to our board of directors with respect to incentive compensation and equity plans; and

reviewing and planning for the succession of the Chief Executive Officer and other key executives.

Our board of directors has determined that each member of the Compensation Committee is independent in accordance with the applicable NASDAQ listing standards. The Compensation Committee also reports to stockholders on executive compensation items as required by the SEC (please see page 23).

*Nominating and Corporate Governance Committee.* We have a Nominating and Corporate Governance Committee consisting of Ms. Cirillo-Goldberg and Messrs. Power and Tischler. Mr. Tischler serves as chairperson of the Nominating and Corporate Governance Committee. During 2009, the Nominating and Corporate Governance Committee held four meetings. The responsibilities of the Nominating and Corporate Governance Committee include:

identifying and recommending nominees for election to our board of directors;  
determining committee membership and composition; and  
overseeing the evaluation of our board of directors.

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The board of directors has determined that each member of the Nominating and Corporate Governance Committee is independent in accordance with the applicable NASDAQ listing standards.

Candidates may come to the attention of the Nominating and Corporate Governance Committee through current members of the board of directors, stockholders or other persons. These candidates are evaluated at regular or special meetings of the Nominating and Corporate Governance Committee. Stockholders wishing to recommend director candidates for consideration by the committee may do so by writing to the Secretary at 1111 Marcus Avenue, Suite M04, Lake Success, NY 11042 who will forward all recommendations to the committee. Stockholders must submit their recommendations on or before January 1, 2011 and provide the following information:

- the name, address and telephone number of the recommending stockholder;
- a representation that the stockholder is a record holder of our securities, or evidence of ownership;
- the number of shares owned by the recommending stockholder and the time period for which such shares have been held;
- a statement from the recommending stockholder as to whether the stockholder has a good faith intention to continue to hold the reported shares through the date of our next Annual Meeting;
- the name, age, business and residential address, educational background, current principal occupation or employment, and principal occupation or employment for the preceding five full fiscal years of the proposed director candidate;
- a description of the qualifications and background of the proposed director candidate;
- a description of all arrangements or understandings between the recommending stockholder and the proposed director candidate;
- the consent of the proposed director candidate (i) to be named in the proxy statement and (ii) to serve as a director if elected; and
- any other information regarding the proposed director candidate that is required to be included in a proxy statement filed pursuant to SEC rules.

The Nominating and Corporate Governance Committee may consider the following criteria in recommending candidates for election to the board of directors:

- personal and professional integrity, ethics and values;
- experience in corporate management, such as serving as an officer or former officer of a publicly held company;
- experience in the company's industry and with relevant social policy concerns;
- experience as a board member of another publicly held company;
- academic expertise in an area of the company's operations; and
- practical and mature business judgment.

The Nominating and Corporate Governance Committee seeks to recommend candidates that further the objective of having a board that encompasses a broad range of talents and expertise and reflects a diversity of background, experience and viewpoints. The Nominating and Corporate Governance Committee does not, however, have a formal policy with regard to the consideration of diversity in identifying board candidates.

*Investment Committee.* We have an Investment Committee consisting of Ms. Lane and Messrs. Foy and Tischler. Ms. Lane serves as chairperson of the Investment Committee. The Investment Committee was formed in January 2006.

The purpose of our Investment Committee is to review investment and acquisition opportunities, approve certain acquisition and investment transactions and also make recommendations to our board of directors. During 2009, the Investment Committee held six meetings and acted once by written consent.



TABLE OF CONTENTS**Non-Management Directors Compensation for Fiscal Year 2009**

Directors who are also employees receive no fees for their services as directors. During 2009, all other directors received the following compensation for their services:

|                       |  |
|-----------------------|--|
| Annual Fee:           | \$50,000 per director.   |
| Initial Equity Grant: | Options to purchase 30,000 shares of our common stock upon becoming a director. The grant vests in three equal annual installments commencing on the first anniversary of the grant date, subject to the director's continued service on the board. No Initial Equity Grants were granted in 2009 because no new directors were appointed. |
| Annual Equity Grant:  | Restricted common stock equal to a fixed dollar value of \$135,000 is granted each year on the date of our Annual Meeting. This grant vests on the day of the following Annual Meeting, subject to the director's continued service on the board.  |

For 2010, the annual equity grant will be in restricted stock units, rather than restricted common stock. Directors are eligible to participate in the Directors' Deferred Compensation Plan, a non-qualified retirement plan. The Directors' Deferred Compensation Plan allows our non-employee directors to elect to defer between zero and 100% of the fees they would otherwise be entitled to receive in cash for services rendered as directors. Amounts deferred under the Directors' Deferred Compensation Plan are general liabilities of ours and are represented by bookkeeping accounts maintained on behalf of the participants. Such accounts are deemed to be invested in share units that track the value of our common stock. Distributions will generally be made to a participant either following the end of the participant's service on our board of directors, following a change of control if so elected, or at a specified time elected by the participant prior to the deferral. Distributions will generally be made in the form of shares of our common stock. Our Directors' Deferred Compensation Plan is intended to comply with Section 409A of the Internal Revenue Code.

Our stock ownership and retention program requires non-employee members of our board of directors to own shares equal in value to four times their annual retainer. Directors are expected to attain the required share ownership level within five years from joining our board of directors.

The following table sets forth our non-management directors' compensation for 2009.

| Name                   | Fees                                  |                             |                              | Total      |
|------------------------|---------------------------------------|-----------------------------|------------------------------|------------|
|                        | Earned or Paid in Cash <sup>(1)</sup> | Stock Awards <sup>(2)</sup> | Option Awards <sup>(3)</sup> |            |
| Mary Cirillo-Goldberg  | \$ 50,000                             | \$ 134,997                  | \$                           | \$ 184,997 |
| James Foy              | 50,000                                | 134,997                     |                              | 184,997    |
| Ann B. Lane            | 50,000                                | 134,997                     |                              | 184,997    |
| John J. McDonnell, Jr. | 50,000                                | 134,997                     |                              | 184,997    |
| James David Power III  | 50,000                                | 134,997                     |                              | 184,997    |
| Howard L. Tischler     | 50,000                                | 134,997                     |                              | 184,997    |
| Barry Zwarenstein      | 50,000                                | 134,997                     |                              | 184,997    |

(1) The following directors deferred all of their 2009 cash compensation pursuant to our Directors' Deferred Compensation Plan and received deferred stock units. Each deferred stock unit converts into one share of common stock upon the payment commencement date selected by the director. Directors receive 25% of their annual cash compensation at the end of each quarter. The rate of conversion into deferred stock units is based on the closing price of the company's common stock at the end of each quarter. The closing prices at the end of each quarter in 2009 were \$13.10, \$16.99, \$18.91, and \$18.79 respectively.

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| Name                  | Compensation<br>Deferred | Number of<br>Deferred<br>Stock<br>Units |
|-----------------------|--------------------------|---|
| Mary Cirillo-Goldberg | \$ 50,000                | 3,016                                   |
| James Foy             | 50,000                   | 3,016                                   |
| Ann B. Lane           | 50,000                   | 3,016                                   |
| James David Power III | 50,000                   | 3,016                                   |
| Howard L. Tischler    | 50,000                   | 3,016                                   |
| Barry Zwarenstein     | 50,000                   | 3,016                                   |

(2) The following chart shows the details for each director's outstanding restricted common stock as of December 31, 2009, including the grant date fair value of each award.

| Name                   | Restricted<br>Common<br>Stock Grant<br>Date | Number<br>Granted | Grant Date<br>Fair Value | Outstanding<br>Restricted<br>Common<br>Stock |
|------------------------|---|-------------------|--------------------------|--|
| Mary Cirillo-Goldberg  | 5/26/2005                                   | 3,500             | \$ 17.10                 |  |
|                        | 6/14/2006                                   | 3,500             | 21.94                    |  |
|                        | 7/11/2007                                   | 3,500             | 39.05                    |  |
|                        | 6/03/2008                                   | 6,828             | 19.77                    |  |
|                        | 6/17/2009                                   | 8,749             | 15.43                    | 8,749  |
| James Foy              | 9/19/2008                                   | 4,888             | 20.71                    |  |
|                        | 6/17/2009                                   | 8,749             | 15.43                    | 8,749  |
| Ann B. Lane            | 7/11/2007                                   | 3,500             | 39.05                    |  |
|                        | 6/03/2008                                   | 6,828             | 19.77                    |  |
|                        | 6/17/2009                                   | 8,749             | 15.43                    | 8,749  |
| John J. McDonnell, Jr. | 7/28/2005                                   | 3,500             | 18.00                    |  |
|                        | 6/14/2006                                   | 3,500             | 21.94                    |  |
|                        | 7/11/2007                                   | 3,500             | 39.05                    |  |
|                        | 6/03/2008                                   | 6,828             | 19.77                    |  |
| James David Power III  | 6/17/2009                                   | 8,749             | 15.43                    | 8,749  |
|                        | 5/26/2005                                   | 3,500             | 17.10                    |  |
|                        | 6/14/2006                                   | 3,500             | 21.94                    |  |
|                        | 7/11/2007                                   | 3,500             | 39.05                    |  |
|                        | 6/03/2008                                   | 6,828             | 19.77                    |  |
| Howard L. Tischler     | 6/17/2009                                   | 8,749             | 15.43                    | 8,749  |
|                        | 5/26/2005                                   | 3,500             | 17.10                    |  |
|                        | 6/14/2006                                   | 3,500             | 21.94                    |  |
|                        | 7/11/2007                                   | 3,500             | 39.05                    |  |
| Barry Zwarenstein      | 6/03/2008                                   | 6,828             | 19.77                    |  |
|                        | 6/17/2009                                   | 8,749             | 15.43                    | 8,749  |
|                        | 11/06/2007                                  | 2,625             | 47.98                    |  |
|                        | 6/03/2008                                   | 6,828             | 19.77                    |  |
|                        | 6/17/2009                                   | 8,749             | 15.43                    | 8,749  |

(3)

The following chart shows the details for each director's outstanding options as of December 31, 2009, including the grant date fair value of each option computed in accordance with ASC Topic 718, *Compensation - Stock Compensation*. For awards granted prior to January 1, 2006, the grant date fair value column represents the intrinsic value recorded under APB 25.

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| Name                   | Option Grant Date | Number Granted | Exercise Price | Grant Date Fair Value | Outstanding Stock Options (Exercisable) |
|------------------------|-------------------|----------------|----------------|-----------------------|---|
| James Foy              | 9/19/2008         | 30,000         | \$ 20.71       | \$ 8.60               | 10,000                                  |
| Mary Cirillo-Goldberg  | 1/30/2003         | 6,250          | 2.80           | 0.00                  | 6,250                                   |
|                        | 5/26/2005         | 50,000         | 12.92          | 4.18                  | 50,000                                  |
| Ann B. Lane            | 7/11/2007         | 30,000         | 39.05          | 17.88                 | 20,000                                  |
| John J. McDonnell, Jr. | 7/28/2005         | 30,000         | 17.08          | 0.92                  | 10,000                                  |
| James David Power III  | 6/18/2002         | 6,250          | 2.80           | 0.00                  | 6,250                                   |
|                        | 5/26/2005         | 50,000         | 12.92          | 4.18                  | 50,000                                  |
| Howard L. Tischler     | 5/26/2005         | 40,000         | 12.92          | 4.18                  | 40,000                                  |
| Barry Zwarenstein      | 11/06/2007        | 30,000         | 47.98          | 21.44                 | 20,000                                  |

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## **AUDIT COMMITTEE REPORT**

The Audit Committee of DealerTrack Holdings, Inc. hereby reports as follows:

1. Management has the primary responsibility for the consolidated financial statements and the reporting process, including the system of internal accounting controls. The Audit Committee, in its oversight role, has reviewed and discussed the audited consolidated financial statements with the Company's management.
2. The Audit Committee has discussed the overall scope of and plans for its audit with the company's independent registered public accounting firm. The Audit Committee has met with the independent registered public accounting firm, with and without management present, to discuss the Company's financial reporting process and internal accounting controls in addition to other matters required to be discussed by the Statement on Auditing Standards No. 61, as amended (AICPA Professional Standards, Vol. 1. AU Section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T.
3. The Audit Committee has received the written disclosures and the letter from PricewaterhouseCoopers LLP, or PwC, required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with the audit committee concerning independence, and has discussed with PwC its independence.
4. The Audit Committee has policies and procedures that require the pre-approval by the Audit Committee of all fees paid to, and all services performed by, the Company's independent registered public accounting firm, unless entered into pursuant to the pre-approval policies and procedures established by the Audit Committee. At the beginning of each year, the Audit Committee approves the proposed services, including the nature, type and scope of service contemplated and the related fees, to be rendered by the firm during the year. In addition, Audit Committee pre-approval is also required for those engagements that may arise during the course of the year that are outside the scope of the initial services and fees approved by the Audit Committee. For each category of proposed service, the independent registered public accounting firm is required to confirm that the provision of such services does not impair their independence.
5. Based on the review and discussions referred to in paragraphs (1) through (3) above, the Audit Committee recommended to the board of directors of DealerTrack Holdings, Inc. that the audited consolidated financial statements be included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2009, for filing with the SEC.

Respectfully Submitted by the Audit Committee,

Barry Zwarenstein (chairperson)

Ann B. Lane

John J. McDonnell, Jr.

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**PRINCIPAL ACCOUNTANT FEES AND SERVICES**

The following table represents the fees billed by PwC for 2009 and 2008:

|                                     | 2009         | 2008         |
|-------------------------------------|--------------|--------------|
| Audit fees <sup>(1)</sup> :         | \$ 1,035,700 | \$ 1,098,565 |
| Audit-related fees <sup>(2)</sup> : | 507,500      | 288,102      |
| All other fees <sup>(3)</sup> :     | 1,500        | 1,500        |
| Total:                              | \$ 1,544,700 | \$ 1,388,167 |

(1) Audit fees consisted of audit work performed on our consolidated financial statements, as well as work normally performed by the independent registered public accounting firm in connection with statutory and regulatory filings.

(2) Audit-related fees consisted of due diligence work related to potential acquisitions and attestation services not required for statutory or regulatory purposes.

(3) All other fees are related to work associated with Regulation AB compliance.

All of the audit-related and other services provided by PwC to us in 2009 and 2008 were approved by the Audit Committee by means of specific pre-approvals or pursuant to the procedures contained in the pre-approval policies and procedures established by the Audit Committee.

**PROPOSAL TWO: RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Audit Committee of our board of directors has selected, subject to ratification by our stockholders, PwC to serve as our independent registered public accounting firm for the 2010 fiscal year. Additional information concerning the Audit Committee and its activities with PwC can be found in the Audit Committee Report on page 13 and the section titled Principal Accountant Fees and Services.

The Sarbanes-Oxley Act of 2002 and Section 10A of the Securities Exchange Act of 1934 require that the Audit Committee of the board of directors be directly responsible for the appointment, compensation and oversight of the audit work of our independent registered public accounting firm. Ratification by the stockholders of the selection of PwC is not required by law, our bylaws or otherwise. However, the board of directors is submitting the selection of PwC for stockholder ratification to ascertain stockholders' views on the matter.

A representative of PwC will attend the Annual Meeting to respond to appropriate questions and to make a statement if he or she desires to do so.

***Our board of directors recommends that you vote FOR the Proposal to ratify the selection of PwC as our independent registered public accounting firm for fiscal 2010.***

TABLE OF CONTENTS**EXECUTIVE OFFICERS**

The following individuals serve as our executive officers:

| Name              | Age | Title  |
|-------------------|-----|--|
| Mark F. O Neil    | 51  | Chairman of the Board, President and Chief Executive Officer                               |
| Ana M. Herrera    | 53  | Senior Vice President, Human Resources   |
| Eric D. Jacobs    | 42  | Senior Vice President, Chief Financial Officer, Chief Administrative Officer and Treasurer |
| Richard McLeer    | 44  | Senior Vice President and Chief Information Officer  |
| Raj Sundaram      | 43  | Senior Vice President, Solutions and Services Group  |
| Rick G. Von Pusch | 48  | Senior Vice President, Sales, Marketing and International                                  |

**Mark F. O Neil** has served as our Chairman of the Board, President and Chief Executive Officer since May 2005 and has served as a member of the board of directors since August 2001. From August 2001 to May 2005, Mr. O Neil served as our Chief Executive Officer and President. Mr. O Neil began his career at Intel Corporation, where he first developed knowledge of the technology industry. He subsequently worked for McKinsey & Co. before moving to the automotive industry in the late 1980 s. His experience in the automotive industry includes serving as President of Ertley MotorWorld, a dealer group based in Pennsylvania. From this traditional retail dealer group, Mr. O Neil went on to co-found and lead the development and rollout of CarMax, Inc., a publicly-held used automobile retailer. From June 2000 through January 2001, Mr. O Neil was President and Chief Operating Officer of Greenlight.com, an online automotive sales website. He also serves as a director of DealerTire LLC, a privately held company. Mr. O Neil holds a BS in Industrial Engineering from Worcester Polytechnic Institute and an MBA from Harvard Business School.

**Ana M. Herrera** has served as Senior Vice President, Human Resources since February 2007. From May 2005 to January 2007, Ms. Herrera served as Vice President, Human Resources, of DealerTrack, Inc. From September 2002 to May 2005, Ms. Herrera was Vice President of Human Resources at MeadWestvaco Corporation, where she led the global human resources function for the company s Consumer Packaging Group. Prior to this, Ms. Herrera spent two years as a consultant, working on a wide range of human resources assignments for a diverse group of clients. Other previous experience includes having served as Vice President of Human Resources for Revlon Consumer Products Corporation s International Division, and as, first, Director and later Vice President of Human Resources for Duracell Corporation. Ms. Herrera holds a BS in Business Administration from California State Polytechnic University.

**Eric D. Jacobs** has served as Senior Vice President and Chief Financial Officer since March 2009 and has also served as Chief Administrative Officer and Treasurer since January 2009. From January 2004 through January 2009 Mr. Jacobs served as our Senior Vice President, General Counsel and Secretary. From August 2006 through January 2009 Mr. Jacobs also served as President of DealerTrack Canada, Inc., our Canadian subsidiary, formerly known as dealerAccess Canada, Inc. From April 2002 to December 2003, Mr. Jacobs served as our Vice President, General Counsel and Secretary. Mr. Jacobs was an associate at the international law firm of O Melveny & Myers LLP where he specialized in general corporate and securities law from August 1998 to April 2002. He also serves as a director of Garden State Consumer Credit Counseling, Inc., a non-profit financial management social service agency. Prior to becoming an attorney, Mr. Jacobs was an audit manager and CPA at KPMG LLP. Mr. Jacobs holds a BS in Business Administration with a major in Accounting, magna cum laude, from Rider University and a JD, with honors, from the Rutgers School of Law-Newark.

**Richard McLeer** has served as Senior Vice President and Chief Information Officer since January 2009. From August 2006 through January 2009, Mr. McLeer served as Senior Vice President, Strategy & Development. From April 2005



to August 2006, Mr. McLeer served as Vice President, Credit and Contract Solutions for DealerTrack, Inc., and served as our National Lender Development Manager from February 2001 to April 2005. From 1996 to 2001, Mr. McLeer was Senior Vice President and National Product Director for the Bank of America Auto Group, and previously held a variety of marketing, sales and business development positions at Bank of America. Prior to that, Mr. McLeer worked at Trans Union Corporation from 1993 to

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1996. Other previous experience includes two years serving as controller of Ellesse, U.S.A., a division of Reebok, and four years in public accounting. Mr. McLeer holds a BS in Accounting from Hofstra University and is a CPA.

**Rajesh (Raj) Sundaram** has served as Senior Vice President, Solutions and Services Group, since January 2009. From August 2006 through January 2009, Mr. Sundaram served as Senior Vice President, Dealer Solutions. Mr. Sundaram served as President of Automotive Lease Guide (alg), Inc. and President of Automotive Lease Guide (alg), LLC, from 2002 until its acquisition by us in May 2005, and continued to hold those positions from May 2005 to August 2006.

Prior to joining ALG as Vice President and General Manager in 1999, Mr. Sundaram served as Senior Manager, Strategic Planning and Pricing at Nissan North America, Inc. from 1997 to 1999, and held various positions in financial planning including Finance Manager, Infiniti division at Nissan North America, Inc. from 1994 to 1997. Mr. Sundaram previously held roles in the controller's office of the Ford division of Ford Motor Company from 1991 to 1994. Mr. Sundaram holds a BS and MS in Accounting from the University of Mumbai in India and an MBA in Finance from Lehigh University.

**Rick G. Von Pusch** has served as Senior Vice President, Sales, Marketing and International, since January 2009. Mr. Von Pusch served as Senior Vice President, Customer Development from August 2006 through January 2009. From April 2006 to August 2006, Mr. Von Pusch served as President of Sales and Marketing at 5Square Systems, a provider of CRM, deskings and menu products. Mr. Von Pusch served as Vice President of U.S. Retail Sales at Reynolds and Reynolds Corporation from April 2005 to October 2005, Area Vice President from October 2001 to April 2005 and held various positions in sales and sales management at Reynolds and Reynolds from 1988 to 2001. Mr. Von Pusch also was a sales representative for NCR Corporation from 1985-1987. Mr. Von Pusch holds a BA in Management Information Systems from the University of South Florida.

# COMPENSATION DISCUSSION AND ANALYSIS

This section contains a discussion of the material elements of DealerTrack's compensation awarded to, earned by or paid to its named executive officers. DealerTrack's named executive officers for fiscal 2009 are the Chief Executive Officer, Chief Financial Officer and the three most highly compensated executive officers at the end of fiscal 2009, plus our former Chief Financial Officer, Robert Cox, whose employment terminated effective March 2, 2009.

## Overview

The Compensation Committee of the board of directors is responsible for establishing with our management the compensation philosophy of DealerTrack. The company's compensation philosophy is designed to support the key objective of creating value for the stockholders by growing revenue and Adjusted EBITDA, as well as increasing the company's total market capitalization and stock price. A significant portion of each named executive officer's total compensation opportunity is directly related to DealerTrack's stock price performance, as well as other performance factors that measure our progress against the goals of our strategic plan. The Compensation Committee is responsible for overseeing the design and administration of our compensation programs for our executive officers, certain other key employees designated by our Compensation Committee, and the board of directors.

DealerTrack believes that a sound compensation philosophy and strategy serve to align team members and focus the executive team and the entire company on the vision and the achievement of our stated strategic plan.

The company has established the following principles in determining the compensation of the named executive officers:

balance rewards for executives between short-term results and the long-term strategic decisions needed to ensure sustained success for the company and its stockholders over time;

attract and retain high-performing executive talent by paying competitive compensation;

provide rewards consistent with performance by tying both the annual cash incentive program and the long-term equity incentive program to corporate performance; and

provide equity-based long term incentives which align management and stockholder interests.

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## **Peer Group and Benchmarking**

In connection with compensation decisions for 2009, the Compensation Committee reviewed market compensation data of a peer group of companies established by Ernst & Young, an independent compensation consultant that was retained by and reported to the Compensation Committee. On November 12, 2008, the Compensation Committee evaluated the thirteen peer group companies that comprised the peer group for 2008 and elected to remove two companies that were acquired: Choicepoint, Inc. and Witness Systems, Inc. The following companies from the 2008 peer group remained as part of the 2009 peer group: Digital River, Inc., f5 Networks Inc., Radiant Systems, Inc., Salesforce.com, Inc., Tier Technologies, Inc., Websense, Inc., Blackbaud, Inc., Blackboard Inc., Heartland Payment Systems, Jack Henry & Associates and TNS, Inc.

The Compensation Committee uses the peer group compensation data primarily to ensure that the total direct compensation for executives is within 15% above or below the peer group median, while providing an opportunity for the annual cash bonus to attain the 75th percentile of the peer group median when targeted performance levels are exceeded. While the peer group market data provides a useful starting point for compensation decisions, the Compensation Committee also takes into account factors such as level of responsibility, prior experience, individual performance and internal pay relationships in arriving at final compensation decisions. The elements of executive compensation are base salary, annual and long term incentive compensation, and annual grants of equity awards. Our executive compensation has a high proportion of total direct compensation delivered through pay-for-performance incentive and long-term equity compensation, equating to a greater proportion of at-risk compensation.

In September 2009, the Compensation Committee re-evaluated the 2009 peer group companies to determine if any revisions should be made in connection with compensation decisions for 2010. At that time, the Compensation Committee elected to remove Heartland Payment Systems., whose level of revenues made it no longer an appropriate peer for the company. The Compensation Committee replaced Heartland Payment Systems in the 2010 peer group with Ariba Inc., whose level of revenue and business model are closer to the company s.

## **Role of Compensation Consultant**

The Compensation Committee, with our management, establishes our compensation philosophy and approves our compensation programs with input from our outside compensation consultants. The Compensation Committee is responsible for selecting any consultant they may use, negotiating the fees that are paid to the consultant and determining the scope of the engagement. The Compensation Committee retained Ernst & Young, an outside consulting firm, to provide independent, third-party advice to assist it in the evaluation and design of the company s policies and programs on executive compensation and with other compensation decisions for 2009. E&Y has provided compensation information on an annual basis to the Compensation Committee and management on market compensation trends, but has not had a material additional relationship outside of the services that it provided to the Compensation Committee. The Compensation Committee decided in the fourth quarter of 2009 to retain a new compensation consultant, Frederic W. Cook, to assist with compensation matters for 2010. The Compensation Committee is responsible for making all compensation decisions, incorporating feedback from our outside consultants and our Chief Executive Officer.

## **Assessment of Company and Individual Performance**

Annually, the Compensation Committee, in collaboration with the executive team, establishes the specific revenue and adjusted EBITDA targets that will be used to determine the size of the bonus pool under the annual incentive bonus plan. Both company and individual performance are factored into the determination of total direct compensation levels

(consisting of annual salary, annual bonus awards and long-term incentives) for the Chief Executive Officer and other named executive officers.

The Compensation Committee meets with the Chief Executive Officer at the beginning of the year to establish the Chief Executive Officer's individual and company performance objectives. At the end of the year, the Compensation Committee conducts a performance review of the Chief Executive Officer based on his level of achievement of these objectives. In setting the Chief Executive Officer's compensation, the Compensation Committee considers the overall performance of the Chief Executive Officer and the company.

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For all other executive officers, the Compensation Committee receives a performance assessment and compensation recommendation from the Chief Executive Officer. The performance evaluation of the other executive officers is based on achievement of pre-established corporate and individual objectives that have been established by the Chief Executive Officer after consulting with each executive officer.

### **Total Compensation Review**

Annually, the Compensation Committee reviews each executive officer's base pay, bonus and equity incentive awards with the guidance of the Compensation Committee's independent consultant. In addition to these compensation elements, the Compensation Committee reviews the long-term incentive program, the deferred compensation program, as well as the payments that would be required to be paid to the executive officers under various severance and change in control scenarios.

In making compensation decisions, the Compensation Committee considers all elements of compensation, including both direct, and indirect and current and deferred compensation. This consideration includes severance and change in control provisions, perquisites and employee benefits. The Compensation Committee uses market information to ensure that compensation programs for our executive officers are competitive in our industry and in the areas in which we compete for talent, and reflect the scope and responsibilities of each executive's role.

### **Risk Considerations**

The Compensation Committee believes the elements of the company's executive compensation program effectively link performance-based compensation to financial goals and shareholder interests without encouraging executives to take unnecessary or excessive risks in the pursuit of those objectives. The Compensation Committee believes that the overall mix of compensation elements is appropriately balanced and does not encourage the taking of short-term risks at the expense of long-term results. Long-term incentives for our executives are awarded in the form of equity instruments reflecting, or valued by reference to, our common stock. Long-term incentive awards are generally made on an annual basis and are subject to a multi-year vesting schedule which helps ensure that award recipients always have significant value tied to long-term stock price performance. The Compensation Committee believes that the combination of granting 100% of long-term incentives in the form of stock awards, together with the company stock actually owned by our executives, appropriately links the long-term interests of executives and shareholders, and balances the short-term nature of annual incentive cash bonuses and any incentives for undue risk-taking in our other compensation arrangements.

## **Components of Executive Compensation for 2009**

### **Base Salary**

The Compensation Committee believes that payment of competitive base salaries is an important element in attracting, retaining and motivating our executive officers. In addition, the Compensation Committee believes that having a certain level of fixed compensation allows our executive officers to dedicate their full time business attention to our company. Each named executive officer's base salary is designed to provide the executive with a fixed amount of annual compensation that is competitive with the marketplace. Base salaries represent less than 25% of the total direct compensation opportunity for each named executive officer.

Our Compensation Committee reviews base salary levels annually, but only makes adjustments when warranted based

on performance, market trends or surveys of peer group compensation levels.

The annual base salary for each named executive officer is the primary form of fixed compensation. The base salary is set at the market median and is competitive with similar positions at the peer group companies. Base salary may be adjusted during the year if a change in the scope of the executive officer's responsibilities justifies such consideration.

For 2009, the Compensation Committee, based on the recommendation of the Chief Executive Officer, determined that due to the downturn of the automotive industry and its negative financial impact on our business, the base salaries for the executive officers would not be increased (other than Mr. McLeer, whose scope of responsibility changed when he became the company's Senior Vice President and Chief Information

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Officer). Then, DealerTrack instituted a company-wide decrease as of April 16, 2009, of 5.29% in base salary for the remainder of 2009 for all employees, including executive officers. In November 2009, the company decided to pay the amount of the 2009 salary reduction as lump sum bonuses to all employees (including all executive officers with the approval of the Compensation Committee). Base salaries, however, remained at the decreased level.

### **Annual Incentive Bonus Plan**

Annual incentive bonuses are paid to reward achievement of critical shorter term operating, financial, strategic and individual performance objectives that are expected to contribute to stockholder value creation over time.

The Compensation Committee believes that the primary portion of the annual target cash compensation of each named executive officer should be in the form of variable incentive pay. The pay philosophy is to target annual cash compensation at the 50<sup>th</sup> percentile of the peer group, with the opportunity to earn annual cash compensation in excess of that level based on superior performance. Under the annual incentive plan, if the company's achievement level is superior to the target goals, the annual incentive bonus amount for each executive officer is then targeted at the 75<sup>th</sup> percentile of the peer group's annual bonus compensation.

For fiscal year 2009 corporate performance targets were: adjusted EBITDA before the payment of bonuses to the company's employees and officers of \$42.9 million and revenue of \$250.0 million.

For each named executive officer, the bonus awards are calculated by multiplying the individual's annual base salary by the individual's target award percentage, and multiplying the result by a company performance factor. The result is then increased or decreased based on the performance related to individual goals.

Adjusted EBITDA is a key metric used to review and assess the operating performance and the performance of the management team because adjusted EBITDA provides useful information with respect to the performance of the company's fundamental business activities and is also frequently used by equity research analysts and others in the evaluation of the company. For all executive officers, equal weight is given to total company revenue and adjusted EBITDA targets. This approach is intended to drive a balanced focus on growth in revenues and earnings.

The annual incentive bonus target amounts, expressed as a percentage of base salary, are established for the executive officers each year, with a target range of 50% to 85% of base salary for 2009 and a maximum range of 170% to 210% of base salary for 2009. For fiscal 2009, we achieved revenues of \$225.6 million and pre-bonus adjusted EBITDA of \$43.8 million. The Compensation Committee may positively or negatively adjust the actual award to each executive officer (other than the chief executive officer) depending on its assessment of each individual's performance. In making this assessment, the Compensation Committee also considers the input of the Chief Executive Officer with respect to awards to the other executive officers. In the case of the chief executive officer, unlike the rest of the named executive officers, the Compensation Committee may negatively adjust, but may not positively adjust, the actual incentive bonus award depending on its assessment of his performance, considering additional non-financial factors such as leadership development, talent management and succession planning. The Compensation Committee may adjust the financial metrics in appropriate circumstances, such as the acquisition or divestiture of a business or the impact of foreign exchange rates.

In 2009, the company's revenue declined 7% from 2008 due to the unprecedented decline in the number of vehicles financed and the closing of auto dealerships. However, despite the challenging economic environment for our business, the company achieved 21% growth in revenue in its subscription business. Growing the subscription business is a key focus in reducing our dependency on our transaction business, which declined 29%. In addition,



through aggressive cost saving efforts, the company exceeded its pre-bonus adjusted EBITDA targets by \$0.9 million. Based on fiscal 2009 financial performance, the Compensation Committee approved a payout of 83% to 93% of target bonus amounts for our named executive officers. These bonus payments, which were calculated based on the reduced base salary of each executive officer, were paid to the named executive officers in February 2010, and were in addition to the payout of the 5.29% salary reduction amounts that were paid to all employees in November 2009.

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**Annual Equity Grants**

In order to align the executive officers' interests with those of the stockholders, the Compensation Committee makes an annual equity grant each year to each executive officer. The Compensation Committee reviewed and considered competitive market information at or near the 75<sup>th</sup> percentile for total direct compensation and the impact to the value of historical equity grants due to the economic downturn. The following factors were also considered in determining the level of long-term incentives awarded to the executive officers:

- the executive's performance;
- the executive's potential future contributions to the company;
- the current compensation of the executive; and
- the current overall value of the executive's long-term incentives.

The Compensation Committee uses non-qualified stock options instead of incentive stock options in order to preserve the company's compensation expense tax deduction. For 2009, approximately 50% of the named executive officers equity incentive award value was granted in the form of restricted stock units and approximately 50% in the form of stock options.

The annual equity grants also serve as a retention tool because they become vested and earned through service with the company over a four-year period, and have a seven-year life. These equity grants further the long-term perspective necessary for continued success of the business. The equal split between award types balances the objectives of retention (i.e., time vested restricted stock units) and stock price appreciation (i.e., stock options, which only have value to the extent that the stock price appreciates from the date of grant).

The Compensation Committee typically makes the annual equity grants at its first regularly scheduled meeting of the year. Option grants to new hires are generally made at the first regularly scheduled Compensation Committee meeting that follows the date of hire. The Compensation Committee adopted an equity grant policy that commences in 2010 under which equity grants will be granted on the fifth business day each quarter after earnings are released.

All equity grants to our named executive officers in 2009 were made pursuant to our Third Amended and Restated 2005 Incentive Award Plan.

**Stock Ownership Requirements**

In 2005, the Compensation Committee implemented stock ownership requirements for members of the senior management team that required these individuals to hold shares equal to defined multiples of their base salaries. The senior management team includes all vice presidents and executive officers of the Company. In September 2009, the Compensation Committee approved a revision to the policy. The new requirements employ a combination approach whereby covered individuals are required to maintain the lesser of (a) a multiple of base salary and (b) a fixed number of shares. The Chief Executive Officer is required to hold shares with a value equal to six times his base salary, and the other named executive officers are required to hold shares with a value equal to two times their respective base salaries.

Each executive officer is expected to attain his or her stock ownership level within five years of becoming an executive officer. Stock options are not included in determining compliance with the share ownership requirement. Named executive officers are expected to retain 25% of the net after-tax shares acquired pursuant to the exercise of a stock option until they achieve the minimum share ownership position. The Compensation Committee reviews compliance with the stock ownership requirements annually. Shares acquired through the company's Employee Stock

Purchase Plan are counted toward the stock ownership requirement.

As of the end of 2009, the Chief Executive Officer and the other named executive officers each met the stock ownership requirements.

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In August 2006, the Compensation Committee implemented a performance-based long-term equity incentive program and made significant grants of restricted common stock to the named executive officers. These grants were targeted to deliver total direct compensation (annual base salary, annual bonus awards and long-term incentives) at the 75th percentile of the peer group upon the achievement of exceptional performance. These grants would be fully earned and vested only if during the three fiscal year measurement period: (i) we achieved annual growth for the EBITDA and market capitalization metrics as set forth below; and (ii) the executive officers remained continuously employed with us through January 31, 2010. As provided in the award agreements, the EBITDA goals could be adjusted by the Compensation Committee from time to time to reflect both the positive and negative impact of acquisitions, in order to neutralize their impact. The performance-based long-term equity incentive awards were granted pursuant to the Amended and Restated 2005 Incentive Award Plan.

| Performance Goals | EBITDA          | Market Cap       |
|-------------------|-----------------|------------------|
| December 31, 2007 | \$ 54.1 million | \$ 928 million   |
| December 31, 2008 | \$ 66.9 million | \$ 1,136 million |
| December 31, 2009 | \$ 82.9 million | \$ 1,400 million |

The company met its performance goals for fiscal year 2007 for both EBITDA and market capitalization but did not meet its performance goals for fiscal year 2008 and 2009 for either EBITDA or market capitalization. Accordingly 1/3 of each executive's initial long-term equity incentive program grant vested on January 31, 2010 and the remaining 2/3 were cancelled.

**Employment Agreements**

The company has entered into employment agreements with each of the named executive officers. These agreements provide for severance equal to twelve months base salary in the event of termination without cause or for resignation for good reason, payable on the sixtieth day following the severance commencement date. However, in the event that the executive's termination of employment is within twelve months after a change in control, the severance amount is increased to twenty-four months of base salary.

In November 2009, the employment agreements were amended to comply with Section 162(m) of the Internal Revenue Code by changing the calculation of the annual cash incentive payout upon termination from a pro-rata calculation based on the officer's bonus target for the year to a pro-rata calculation determined by multiplying the actual incentive achievement for the fiscal year, as though the executive's employment had not terminated, by the fraction of the year the executive is employed in the fiscal year, payable at the time the company pays bonuses for such fiscal year.

Additionally, these agreements provide for limited accelerated vesting of equity grants (other than performance-based restricted common stock) in the event of a termination of employment by us without cause or by the named executive officer for good reason. Furthermore, these agreements contain restrictive covenants requiring that the executive not compete with the company or solicit the company's employees for two years from the date of termination.

The employment agreements also provide change in control benefits. In the event we were to undergo a change of control, the employment agreements provide for 36 months of accelerated vesting for time-based stock option and restricted common stock grants and full vesting of such grants in the event of termination within twelve months of the change of control. The performance-based restricted common stock grants provide for full acceleration upon a change

in control. We believe that it is important to provide for accelerated vesting because equity grants provide such a high proportion of the named executive officers' total compensation. Very often, members of senior management lose their jobs in connection with a change of control. By agreeing up front to protect the named executive officers from losing their equity in the event of a change in control, we believe we can reinforce and encourage the continued attention and dedication of the executive officers to their assigned duties without distraction in the face of an actual or threatened change of control. This protection also aligns the named executive officers' interests with the stockholders' interests.

The employment agreements also provide for a tax gross-up payment to the named executive officers should they become subject to the 20% golden parachute excise tax.

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Mr. Sundaram's employment agreement contains an additional term that resulted from his joining the company upon the acquisition of certain assets of Automotive Lease Guide (alg), LLC. We agreed to honor an existing arrangement that he had with respect to a promissory note owed to his former employer in order to encourage Mr. Sundaram to remain with the company after the acquisition. This arrangement terminated on December 31, 2009.

Please see page 33 for more information regarding the material terms of the named executive officers' employment agreements.

## **Perquisites**

We believe that cash and equity compensation are the two key components in attracting and retaining management talent and therefore do not provide any perquisites other than relocation expenses.

## **Deferred Compensation Plan**

We have a deferred compensation plan that allows the named executive officers to defer bonus compensation by investing it in deferred stock units based on the fair market value of the common stock on the date the bonuses would otherwise be paid. This plan provides a tax effective means of allowing the executive officers to invest in the stock and fulfills the objective of encouraging equity ownership. None of our named executive officers elected to have any portion of their 2009 bonuses deferred.

## **401(k) Plan**

We maintain a 401(k) plan which covers substantially all employees. The 401(k) plan is an essential part of the retirement package needed to attract and retain employees in the industry. The 401(k) plan permits employees to contribute up to the lesser of 20% of earnings or the annual dollar limit prescribed by the tax laws. The company provides a matching contribution, the amount of which is determined at our discretion. For the first quarter of 2009, the matching contribution was 50% of each employee's contribution up to 6% of eligible pay, subject to Internal Revenue Code limitations. As part of cost reduction initiatives described previously, the company match was eliminated for all employees, including the named executive officers, for the period of April 1, 2009 through December 31, 2009. However, the company later made a discretionary contribution of 1% of base salary and commissions for all employees, including all named executive officers, for 2009.

## **Section 162(m) Policy**

Section 162(m) of the Internal Revenue Code generally disallows a tax deduction to public companies for compensation over \$1,000,000 paid to their chief executive officers and the four other most highly compensated executive officers unless certain tests are met. The Compensation Committee's general intent is to design and administer our executive compensation programs to preserve the deductibility of compensation payments to named executive officers. However, our goal of preserving the deductibility of compensation is secondary in importance to achievement of the company's compensation objectives. We believe that the potential increased tax liability is of insufficient magnitude to warrant alteration of our current executive compensation programs, which we believe are achieving our desired compensation objectives while retaining our flexibility to exercise judgment in assessing our named executive officers' performance.

## **Actions Taken After the 2009 Fiscal Year**

On March 9, 2010, the Compensation Committee approved long-term performance equity awards consisting of performance stock units ( PSUs ) for certain of the company's named executive officers. Subject to adjustment as described below, the PSUs vest in full on January 31, 2013, provided that the executive officer remain employed at the company on such date. The target number of PSUs (100%) awarded is subject to adjustment ranging from 0% (threshold) to 137.5% (maximum) based solely upon achievement of certain pre-established performance goals. These performance goals are equally based on both the company's Adjusted Net Income for calendar year 2010 and the total shareholder return of the company's common stock as compared to other companies in the NASDAQ Internet Index in the aggregate for calendar years 2010, 2011 and 2012. The awards will accelerate in full if an executive is terminated without cause, or resigns for good reason, in each case, within 12 months of a change of control.

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## **Compensation Committee Report**

This report is submitted by the Compensation Committee of the Board of Directors. The Compensation Committee has reviewed the Compensation Discussion and Analysis and discussed that Analysis with management. Based on its review and discussion with management, the Compensation Committee has recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this Proxy Statement for filing with the Securities and Exchange Commission.

No portion of this Compensation Committee Report shall be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, through any general statement incorporating by reference in its entirety the Proxy Statement in which this report appears, except to the extent that the company specifically incorporates this report or a portion of it by reference. In addition, this report shall not be considered soliciting material or deemed filed under either the Securities Act or the Exchange Act.

Respectfully submitted by the Compensation Committee,

Mary Cirillo-Goldberg  
James D. Foy  
John J. McDonnell, Jr. (chairperson)



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## EXECUTIVE COMPENSATION

### Summary Compensation Table

(1) In April 2009 the company instituted a company-wide decrease of 5.29% in base salary for all employees, including all executive officers. The amount of salary lost in 2009 was paid back to all employees and executive officers in a lump sum payment in November 2009. The amounts shown for 2009 in this column represent the amount of the salary reduction paid back to each named executive officer.

(2) This column represents the aggregate grant date fair value of restricted stock awards and does not correspond to the actual value that will be recognized by the named executive officers. For restricted common stock and restricted stock units, fair value is calculated using the closing price of our common stock on the date of grant. For a discussion of the assumptions and methodologies used to calculate the amounts reported, refer to Notes 2 and 11 of our consolidated financial statements in our Annual Report on Form 10-K for the year ended December 31, 2009. Under general accounting principles, stock-based compensation expense is generally recognized over the vesting periods applicable to the awards. The SEC's disclosure rules previously required that the company present stock award and option award information for 2008 and 2007 based on the amount recognized during the corresponding year for financial statement reporting purposes with respect to these awards (which meant, in effect, that in any given year the company could recognize for financial statement reporting purposes amounts with respect to grants made in that year as well as with respect to grants from past years that vested in or were still vesting during that year). However, the recent changes in the SEC's disclosure rules require that we now present the stock award and option award amounts in the applicable columns of the table above with respect to 2008 and 2007 on a similar basis as the 2009 presentation using the grant date fair value of the awards granted during the corresponding year (regardless of the period over which the awards are scheduled to vest). Since this requirement differs from the SEC's past disclosure rules, the amounts reported in the table above for stock award and option awards in 2008 and 2007 differ from the amounts previously reported in our Summary Compensation Table for these years. As a result, each named executive officer's

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total compensation amounts for 2008 and 2007 also differ from the amounts previously reported in our Summary Compensation Table for these years.

(3) This column represents the aggregate grant date fair value of stock options granted in such year, as well as prior fiscal years. Pursuant to SEC rules, the amounts shown exclude the impact of estimated forfeitures related to service-based vesting conditions. For a discussion of the assumptions and methodologies used to calculate the amounts reported, refer to Notes 2 and 11 of our consolidated financial statements in our Annual Report on Form 10-K for the year ended December 31, 2009. See the Grants of Plan-Based Awards Table for information on options granted in 2009. These amounts reflect the grant date fair value for these awards, and do not correspond to the monetary value that will be recognized by the named executive officers. As described in footnote (2) above, the amounts shown in this column for 2008 and 2007 are presented on a similar basis as the 2009 presentation using the grant date fair value of the awards as required under recent changes in the SEC rules and differ from the amounts reported in our Summary Compensation Table for those years.

(4) The amounts shown include awards earned under our annual incentive bonus plan in fiscal year 2009 although such amounts are payable in the following year.

(5) Mr. O Neil notified the Compensation Committee that he did not wish to be considered for a bonus for 2008 due to overall company performance. No other form of compensation was provided in lieu of Mr. O Neil's forgone bonus.

(6) See the table below for a listing and description of each component of All Other Compensation.

Mr. Jacobs became DealerTrack's Senior Vice President and Chief Administrative Officer as of January 5, 2009.

(7) Mr. Jacobs also assumed the role of Chief Financial Officer and Treasurer on March 2, 2009. Mr. Jacobs served as DealerTrack's Senior Vice President, General Counsel and Secretary in 2008.

(8) Mr. Cox's employment at DealerTrack ended on March 2, 2009.

TABLE OF CONTENTS**All Other Compensation Table**

The following table describes each component of the All Other Compensation column in the Summary Compensation Table.

| Name                              | Year | 401(k)<br>Match/<br>Contribution <sup>(1)</sup> | Tax<br>Gross-Up        | Relocation             | Other                  | Total    |
|-----------------------------------|------|---|------------------------|------------------------|------------------------|----------|
| Mark F. O Neil                    | 2009 | \$ 1,969  | \$                     |                        | \$ 2,450               | \$ 4,419 |
|                                   | 2008 | 6,750   |                        |                        |                        | 6,750    |
|                                   | 2007 | 6,750   |                        |                        | 3,919 <sup>(4)</sup>   | 10,669   |
| Eric D. Jacobs                    | 2009 | 2,089   |                        |                        | 2,450                  | 4,539    |
|                                   | 2008 | 6,750   |                        |                        |                        | 6,750    |
|                                   | 2007 | 6,750   |                        |                        |                        | 6,750    |
| Raj Sundaram                      | 2009 | 2,089   | 8,392 <sup>(2)</sup>   | 14,000 <sup>(3)</sup>  | 53,450 <sup>(5)</sup>  | 77,931   |
|                                   | 2008 | 5,893   | 13,815 <sup>(2)</sup>  | 24,000 <sup>(3)</sup>  | 73,229 <sup>(5)</sup>  | 116,937  |
|                                   | 2007 | 5,852   | 144,305 <sup>(2)</sup> | 276,150 <sup>(3)</sup> | 84,000 <sup>(5)</sup>  | 510,307  |
| Rick Von Pusch                    | 2009 | 1,931   |                        |                        | 2,450                  | 4,381    |
|                                   | 2008 | 6,750   |                        |                        |                        | 6,750    |
|                                   | 2007 | 6,750   |                        |                        |                        | 6,750    |
| Richard McLeer                    | 2009 | 1,875   |                        |                        | 2,387                  | 4,262    |
|                                   | 2008 | 4,700   |                        |                        |                        | 4,700    |
|                                   | 2007 | 4,750   |                        |                        |                        | 4,750    |
| Former Executive<br>Robert J. Cox | 2009 | 1,424   |                        |                        | 451,723 <sup>(6)</sup> | 453,147  |
|                                   | 2008 | 6,750   |                        |                        |                        | 6,750    |
|                                   | 2007 | 6,750   |                        |                        |                        | 6,750    |

This column reports our matching contributions to the named executive's 401(k) savings account of up to 3.0% of salary in 2007, 2008 and 2009, subject up to the limitations imposed under IRS rules. These contributions vest over a five year period. As part of company-wide cost reduction initiatives, matching contributions for all employees, (1) including the named executive officers, were eliminated for the period of April 1, 2009 through December 31, 2009. The company later made a discretionary contribution of 1% of base salary and commissions for all employees, including all named executive officers, for 2009. The amount of this discretionary contribution is set forth in the Bonus column of the Summary Compensation Table.

(2) This amount includes amounts reimbursed for the payment of taxes on imputed income for Mr. Sundaram's relocation expenses.

This amount includes relocation expenses paid by the company including (a) for 2009 \$14,000 reimbursement for higher property taxes paid; (b) for 2008 (i) \$10,000 temporary car allowance and (ii) \$14,000 reimbursement for higher property taxes paid; and (c) for 2007 (i) \$46,697 reimbursement for temporary housing; (ii) \$15,000 (3) temporary car allowance; (iii) \$14,000 reimbursement for higher property taxes paid; (iv) \$132,235 reimbursement of commissions and closing costs on the sale of his existing home; and (v) \$68,218 toward the purchase of a new home near company headquarters.

(4) This amount represents the 15% discount received on shares purchased through our employee stock purchase plan. This discount was available to all employees.

(5)

This amount includes reimbursements of \$51,000 in 2009, \$73,229 in 2008 and \$84,000 in 2007 pursuant to Mr. Sundaram's employment agreement for interest due on a loan from Automotive Lease Guide (alg), LLC, his prior employer and the company from which we purchased substantially all of the assets of ALG.

(6) This amount includes a severance payment of \$447,752 and COBRA premiums of \$3,971 paid to Mr. Cox related to his separation from the company.

Please see the discussions under Components of Executive Compensation for 2009, above, and Employment Agreements With Named Executive Officers, below, for a discussion of the material factors necessary to an understanding of the information disclosed in this table.

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## Grants of Plan-Based Awards in 2009

The following table provides information about equity and non-equity awards granted to the named executive officers in 2009:

- These columns show the potential value of the payout of the annual cash incentive bonuses for 2009 performance for each named executive officer if the minimum, target and maximum performance levels are achieved. The
- (1) potential payout is performance based and driven by company and individual performance. The actual amount of the annual cash incentive bonuses paid for 2009 performance is shown in the Summary Compensation Table under the Non-Equity Plan Compensation column.
  - (2) This column shows the number of restricted stock units granted in 2009 to the named executive officers pursuant to the company's Third Amended and Restated 2005 Incentive Award Plan. 25% of these awards vest each year on the anniversary of the grant date, such that 100% of the awards subject to the grant will be fully vested four years after the grant date.
  - (3) This column shows the number of stock options granted in 2009 to the named executive officers pursuant to the company's Third Amended and Restated 2005 Incentive Award Plan. 25% of the shares subject to the options vest on the one year anniversary of the date of grant, and 1/36th of the remaining shares subject to the options vest each month thereafter, such that 100% of the shares subject to the options will be fully vested four years after the date of grant.
  - (4) This column shows the exercise price for the stock options granted during 2009. All option awards granted during 2009 were granted under the DealerTrack Holdings, Inc. Third Amended and Restated 2005 Incentive Award Plan.
  - (5) This column shows the grant date fair value of stock options granted to the named executive officers during 2009. Please see the discussions under Components of Executive Compensation for 2009, above, and Employment Agreements With Named Executive Officers, below, for a discussion of the material factors necessary to an understanding of the information disclosed in this table.

## Outstanding Equity Awards at 2009 Fiscal Year End

The following table provides information on the current holdings of equity awards by the named executive officers. This table includes unexercised and unvested option awards; unvested restricted common stock; unvested restricted stock units and restricted common stock with performance conditions that have not yet been satisfied. Each equity grant is shown separately for each named executive officer. The vesting schedule for each grant is shown following this table, based on the award grant date.

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|    |   |
|----|---|
| 28 | (1) These awards vest in four equal annual installments from date of grant. |
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- (2) The market value is based on the closing price of our common stock as of December 31, 2009, which was \$18.79. These are performance based restricted common stock awards that vested in full on January 31, 2010, provided that the executive officer remained employed on such date. The amount that vested at such time was subject to the achievement of certain pre-established performance goals for fiscal years 2007, 2008 and 2009. These performance
- (3) goals were equally based on both our earnings before interest, taxes, depreciation and amortization, as adjusted, or EBITDA, and market capitalization, in each case as measured on the last day of the fiscal year. The company met its performance goals for fiscal year 2007 related to both EBITDA and market capitalization but did not meet its performance goals for fiscal years 2008 or 2009 for either EBITDA or market capitalization.
- (4) The market value is based on the closing price of our common stock as of December 31, 2009, which was \$18.79, without taking any discounts and assuming that targets are achieved (EBITDA and market cap).
- (5) Mr Cox's stock options expire two years from his date of termination.

**Option Vesting Schedule**

Except for grant dates set forth below, the vesting schedule for stock options is 25% of the shares subject to the option vest on the one year anniversary of the date of grant, and 1/36th of the remaining shares subject to the option vest each month thereafter, such that 100% of the shares subject to the option will be fully vested four years after the date of grant.

| Stock Option Grant Date | Vesting Schedule   |
|-------------------------|--|
| January 30, 2003        | The vesting commencement date was January 1, 2003.   |
| January 30, 2004        | 10,000 options vested immediately for Mr. Jacobs.<br>The remaining options began vesting on January 1, 2004. |

**Option Exercises and Stock Vested in Fiscal 2009**

| Name                               | Option Awards                         |                            | Stock Awards                         |  |
|------------------------------------|---------------------------------------|----------------------------|--------------------------------------|--|
|                                    | Number of Shares Acquired on Exercise | Value Realized on Exercise | Number of Shares Acquired on Vesting | Value Realized on Vesting <sup>(1)</sup> |
| Mark F. O Neil                     | 250,000 <sup>(1)</sup>                | \$ 2,474,189               | 28,750 <sup>(5)</sup>                | \$ 386,575                               |
| Eric D. Jacobs                     | 12,000 <sup>(2)</sup>                 | 134,744                    | 8,500 <sup>(6)</sup>                 | 118,058                                  |
| Raj Sundaram                       |                                       |                            | 7,250 <sup>(7)</sup>                 | 108,983                                  |
| Rick Von Pusch                     |                                       |                            | 5,750 <sup>(8)</sup>                 | 91,053                                   |
| Richard McLeer                     | 42,000 <sup>(3)</sup>                 | 465,507                    | 4,500 <sup>(9)</sup>                 | 66,018                                   |
| Former Executive:<br>Robert J. Cox | 91,098 <sup>(4)</sup>                 | 1,098,178                  | 40,000 <sup>(10)</sup>               | 389,560                                  |

(1) Mr. O'Neil exercised 200,000 stock options on February 27, 2009 and 50,000 stock options on August 7, 2009 with an exercise price of \$2.80. The closing prices on these dates were \$10.93 and \$19.75 respectively.

(2) Mr. Jacobs exercised 4,000 stock options on each of February 20, 2009, April 1, 2009 and July 1, 2009. The exercise price for these options was \$2.80 and the closing prices on these dates were \$12.00, \$12.98 and \$17.11 respectively.

(3) Mr. McLeer exercised 15,000 stock options on March 10, 2009; 5,000 stock options on March 17, 2009; 2,000 stock options on March 23, 2009; and 5,000 stock options on each of April 15, 2009, June 15, 2009, August 17, 2009 and November 16, 2009. The exercise price for all options was \$2.80 and the closing prices on these dates

were \$9.77, \$12.50, \$13.63, \$14.30, \$15.71, \$20.38, and \$18.96 respectively.

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- (4) Mr. Cox exercised 65,317 stock options on April 16, 2009 with an exercise price of \$2.80 and a closing price of \$14.53. Mr. Cox exercised 16,537 stock options on April 24, 2009, 400 stock options on May 1, 2009 and 8,844 stock options on June 19, 2009, each with an exercise price of \$3.12. The closing prices on these dates were \$16.00, \$15.00 and \$16.06 respectively.
- These shares vested upon the lapse of restricted common stock. 8,750 shares lapsed on January 27, 2009, 10,000 (5) shares lapsed on February 6, 2009, 7,500 shares lapsed on May 26, 2009 and 2,500 shares lapsed on August 8, 2009.
- These shares vested upon the lapse of restricted common stock. 2,500 shares lapsed on January 27, 2009, 2,250 (6) shares lapsed on February 6, 2009, 2,500 shares lapsed on May 26, 2009 and 1,250 shares lapsed on August 8, 2009.
- These shares vested upon the lapse of restricted common stock. 1,250 shares lapsed on January 27, 2009, 2,250 (7) shares lapsed on February 6, 2009, 1,250 shares lapsed on August 8, 2009, and 2,500 shares lapsed on November 2, 2009.
- (8) These shares vested upon the lapse of restricted common stock. 2,000 shares lapsed on February 6, 2009, 1,250 shares lapsed on August 8, 2009 and 2,500 shares lapsed on November 2, 2009.
- (9) These shares vested upon the lapse of restricted common stock. 1,000 shares lapsed on January 27, 2009, 1,500 shares lapsed on February 6, 2009, 750 shares lapsed on May 26, 2009 and 1,250 shares lapsed on August 8, 2009.
- These shares vested upon the lapse of restricted common stock. 3,000 shares lapsed on January 27, 2009, 3,000 shares lapsed on February 6, 2009, and 34,000 shares were accelerated and lapsed on March 9, 2009. The (10) accelerated shares were from the following grants: 2,500 shares from May 26, 2005; 3,000 shares from January 27, 2006; 6,000 shares from February 6, 2007; 20,000 shares from August 2, 2006; and 2,500 shares from August 8, 2007.
- (11) The closing prices of our common stock were \$11.76 on January 27, 2009, \$12.92 on February 6, 2009, \$14.12 on May 26, 2009, \$19.43 on August 8, 2009 and \$16.37 on November 2, 2009.

**Nonqualified Deferred Compensation**

We have a deferred compensation plan that allows the executive officers to defer up to 100% of annual bonus earnings by investing it in deferred stock units based on the fair market value of the common stock on the date the bonuses would otherwise be paid. None of our named executive officers elected to defer any portion of their 2007, 2008 or 2009 bonuses.

The table below sets forth information with respect to voluntary contributions, earnings and distributions for the named executive officers under our executive deferred compensation plan, or Executive Plan. Cash compensation voluntarily deferred by the executive under the Executive Plan is invested in DealerTrack deferred stock units.

|                | Executive Contribution in 2009 | Registrant Contributions in 2009 | Aggregate Earnings in 2009 | Aggregate Withdrawals/ Distributions | Aggregate Balance at December 31, 2009 |
|----------------|--------------------------------|----------------------------------|----------------------------|--------------------------------------|--|
| Mark F. O'Neil |                                |                                  |                            |                                      |  |
| Eric D. Jacobs |                                |                                  |                            |                                      |  |
| Raj Sundaram   |                                |                                  |                            |                                      |  |
| Rick Von Pusch |                                |                                  |                            |                                      |  |
| Richard McLeer |                                |                                  |                            |                                      |  |
|                |                                |                                  | \$ 8,525 <sup>(1)</sup>    |                                      |  |

Former Executive:  
Robert J. Cox

Mr. Cox elected to defer the payment of \$39,600 of his 2006 incentive bonus award pursuant to our deferred compensation plan. Accordingly, on March 6, 2007, Mr. Cox acquired 1,309.52 deferred stock units through this (1) deferral. Each deferred stock unit is the economic equivalent of one share of common stock. The aggregate earnings set forth above reflect the difference in the value of Mr. Cox's deferred stock units from the beginning of 2009 through the date the deferred stock units converted into common stock.

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## POTENTIAL PAYMENTS UPON TERMINATION

The tables set forth below describe and quantify certain compensation that would become payable under existing plans and arrangements if the named executive officer's employment had terminated on December 31, 2009, based on our closing stock price on that date, with the exception of Mr. Cox, whose employment terminated effective March 2, 2009. Due to the number of factors that affect the nature and amount of any benefits provided upon the events discussed below, any actual amounts paid or distributed may be different. Factors that could affect these amounts include the timing during the year of any such event and our stock price. None of our named executive officers are entitled to any compensation in the event of a voluntary termination without good reason or an involuntary termination for cause.

Represents incremental compensation associated with an involuntary termination by the Company without cause or (1) a voluntary termination by the executive with Good Reason. Calculations are based on a stock price of \$18.79 (the closing price of DealerTrack's stock on December 31, 2009, the assumed termination date).

Represents incremental compensation associated with a termination due to death or disability on December 31, (2) 2009. Equity is valued using the closing stock price of \$18.79 (the closing price of DealerTrack's stock on December 31, 2009, the assumed termination date).

Represents incremental compensation associated with a termination in connection with a change in control on (3) December 31, 2009. Equity is valued using the closing stock price of \$18.79 (the closing price of DealerTrack's stock on December 31, 2009, the assumed termination date).

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12 months base salary continuation calculated based on the salary in effect on the date of termination if terminated without cause, death or disability, or by executive for good reason. If termination is without cause or by executive (4) for good reason within 12 months of a change in control, executive will receive 24 months of base salary continuation. Severance will cease if the executive violates the non-compete provision of his employment agreement.

Named executive officers are entitled to receive a pro-rata bonus payment calculated based on the number of days during the fiscal year through the date of termination, applied to executive's target bonus. The pro rata bonus is (5) payable at the time that the Company pays bonuses for such fiscal year to its other employees, but in no event later than seventy-five days following the last day of the calendar year. This bonus payment is not considered an incremental termination-related payment.

The Death or Disability amounts represent accelerated vesting of a pro-rata portion of the performance shares awarded in August 2006 for the named executive officers other than Mr. Von Pusch, who received his performance (6) share award in November 2006. The Change of Control amounts represent the intrinsic value of the full vesting of the performance shares. Value is based on \$18.79, the closing price of our common stock on December 31, 2009.

Named executive officers are eligible for acceleration of the vesting of certain of such officer's outstanding stock (7) options upon termination under certain circumstances, including involuntary termination or resignation for good reason or a change of control.

The Involuntary or Good Reason Termination amounts represent two years acceleration of the vesting of the (8) named executive officer's restricted common stock. The Change of Control amounts represent the intrinsic value of all restricted common stock that would vest due to a termination in connection with a change in control. Value is based on \$18.79, the closing price of our common stock on December 31, 2009.

(9) Represents the reimbursement of premiums otherwise payable by the named executive officer pursuant to COBRA for a period of 12 months.

Represents the actual cash severance amount paid to Mr. Cox in connection with his termination in March 2009, (10) which consists of (1) 12 months of base salary continuation (\$288,500) and (2) the payout of 75% of Mr. Cox's target bonus for fiscal 2008 (\$129,825).

(11) Represents pro-rata bonus for 2009.

(12) Represents the value of performance shares that vested in connection with Mr. Cox's termination. Value is based on \$9.28, the closing price of our common stock on March 9, 2009.

(13) All stock options that vested in connection with Mr. Cox's termination did not have any intrinsic value on the acceleration date.

(14) Represents the value of restricted shares that vested in connection with Mr. Cox's termination. Value is based on \$9.28, the closing price of our common stock on March 9, 2009.

(15) Represents the value of three months of COBRA premiums.

## **Compensation Committee Interlocks and Insider Participation**

During the fiscal year ended December 31, 2009, Ms. Cirillo-Goldberg and Messrs. Foy and McDonnell were members of our Compensation Committee and none of our executive officers served as: (i) a member of the compensation committee (or other committee of the board of directors performing equivalent functions or, in the absence of any such committee, the entire board of directors) of another entity, one of whose executive officers served on our Compensation Committee; (ii) a director of another entity, one of whose executive officers served on our Compensation Committee; or (iii) a member of the compensation committee (or other committee of the board of directors performing equivalent functions or, in the absence of any such committee, the entire board of directors) of another entity, one of whose executive officers served as a director on our board of directors. No member of our Compensation Committee has ever been an employee of DealerTrack.



TABLE OF CONTENTS**Employment Agreements With Named Executive Officers**

Each of our named executive officers has entered into a written employment agreement with us or one of our subsidiaries that governs the terms and conditions of his employment. Each employment agreement with respect to the named executive officers provides:

The initial term of employment for each of Mr. O Neil, Mr. Jacobs, Mr. Sundaram, Mr. Von Pusch and Mr. McLeer ended on August 8, 2008 and was automatically renewed for successive one-year periods according to its terms. Each agreement will continue automatically to be extended for additional one-year periods unless either party notifies the other of non-extension at least 60 days prior to the end of a term.

The annual base salary for 2010 and 2009 for each of the named executive officers is as follows:

|                                    | 2010       | 2009 <sup>(1)</sup>       |
|------------------------------------|------------|---------------------------|
| Mark F. O Neil                     | \$ 522,100 | \$ 497,227                |
| Eric D. Jacobs                     | \$ 300,000 | \$ 263,767                |
| Raj Sundaram                       | \$ 300,000 | \$ 263,767                |
| Rick Von Pusch                     | \$ 256,100 | \$ 243,878                |
| Richard McLeer                     | \$ 250,000 | \$ 236,775                |
| Former executive:<br>Robert J. Cox |            | \$ 288,500 <sup>(2)</sup> |

None of DealerTrack's named executive officers received an increase in base salary from 2008 to 2009 other than Mr. McLeer. As of April 16, 2009, the company instituted a company-wide decrease in base salary for the remainder of 2009 for all officers and employees. The amounts set forth reflect the officers' base salaries as in effect following the 5.29% decrease, which took effect April 16, 2009. In November 2009, the company decided to pay the amount of the 2009 salary reduction as lump sum bonuses to all employees (including all executive officers with the approval of the Compensation Committee). Base salaries, however, remained at the decreased level.

(2) Mr. Cox's employment with DealerTrack ended as of March 2, 2009.

Each named executive officer is eligible to receive an annual performance-based cash bonus. Each year, the amount of such bonus, if any, is determined based upon our performance relative to certain performance benchmark targets as described above under Annual Incentive Bonus.

Each named executive officer is prohibited from competing with us or soliciting our employees or customers during the term of his employment and for a period of two years thereafter, and from disclosing our confidential or proprietary information indefinitely.

In the event that a named executive officer's employment is terminated by us without cause, death or disability, or by the executive for good reason, the named executive officer will be entitled to be reimbursed for COBRA payments for a period of one year following termination and to continue to be paid his base salary for a period of one year following termination, however, if the termination is following a change in control, he will continue to be paid his base salary for a period of two years. Additionally, the named executive officer shall be entitled to receive a pro rata annual bonus based on the percentage of the year worked through the date of termination. Notwithstanding the foregoing, in no event will any named executive officer be entitled to receive any such payment or benefits after he or she violates any non-compete, non-disclosure or non-solicit covenant. Cause means any of the following: (i) the executive officer's conviction for a felony, commission of fraud or embezzlement upon us; (ii) the executive officer's commission of any willful act intended to injure our reputation, business, or business relationships; (iii) the refusal or failure to perform his duties with us in a competent and professional manner (in certain cases, with a cure period of ten business days); or (iv) the refusal or failure of the executive officer to comply with any of his material obligations

under his employment agreement (in certain cases, with a cure period of ten business days). Good reason means any of the following: (i) a material breach by us of an

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executive officer's employment agreement or in connection with our stock incentive plans (which has not been cured within the allotted time); (ii) a material reduction of an executive officer's title or duties or the assignment to the officer of any duties materially inconsistent with his or her then current position; (iii) any material reduction in the executive officer's salary or benefits; (iv) the failure of any successor entity to assume the terms of the executive officer's employment agreement upon a change of control; or (v) relocation of the officer's location a distance of at over fifty miles; or (vi) if we do not renew the executive officer's employment agreement upon its expiration. In the event that a named executive officer's employment is terminated by us without cause or by the executive for good reason, the named executive officer shall be credited with twenty-four months of accelerated vesting with respect to any options or other equity-based awards granted under the 2001 Stock Option Plan or the Amended and Restated 2005 Incentive Award Plan. Upon a change of control, the named executive officer shall automatically be credited with thirty-six months of accelerated vesting with respect to any options or other equity-based awards granted under the 2001 Stock Option Plan or the Amended and Restated 2005 Incentive Award Plan. Further, in the event that, within twelve months following a change of control, a named executive officer's employment is terminated or his position is eliminated or he experiences a material negative change in his compensation or responsibilities or he is required to be based at a location more than 50 miles from his current work location, any remaining unvested options or other equity-based awards granted under the 2001 Stock Option Plan or the Amended and Restated 2005 Incentive Award Plan shall become fully vested. Change of control means any of the following: (i) certain transactions or series of transactions in which a third party directly or indirectly acquires more than 50% of the total combined voting power of our securities (other than through registered public offerings, employee benefit plans and transactions with affiliates); (ii) over a two year period, our directors who were nominated by our stockholders or elected by our board cease to constitute a majority of our board; (iii) a merger, consolidation, reorganization, business combination, sale or other disposition of all or substantially all of our assets or the acquisition of assets or stock of another entity, in which our voting securities outstanding immediately before the transaction cease to represent at least a majority of the combined voting power of the successor entity's outstanding voting securities immediately after the transaction, or after which a person or group beneficially owns voting securities representing 50% or more of the combined voting power of the successor entity; *provided, however*, that no person or group shall be deemed to beneficially own 50% or more of combined voting power of the successor entity solely as a result of the voting power held in us prior to the consummation of the transaction; or (iv) our stockholder's approval of a liquidation or dissolution. In the case of those named executive officers who have entered into employment agreements with one of our subsidiaries rather than with the parent company, change of control also means the occurrence of any of the above with respect to such subsidiary.

Each named executive officer is entitled to a gross-up payment that, on an after-tax basis, is equal to the taxes imposed on the severance payment under the named executive officer's employment agreement in the event any payment or benefit to the named executive officer is considered an excess parachute payment and subject to an excise tax imposed by Section 4999 of the Internal Revenue Code.

Mr. Sundaram's employment agreement contains the following additional provisions:

A monthly payment equal to 1 / 12 of \$1,200,000 multiplied by the prime interest rate plus 1%, up to a maximum rate of 7% until the note described in the subsequent bullet point is issued.

Eligibility to receive additional compensation payable in the form of a note based on the fiscal performance of certain data products. The note, when and if issued, will accrue interest monthly and is payable in full on June 30, 2010, although it can be prepaid at any time at our option.

A separate Unfair Competition and Nonsolicitation Agreement in which he agreed not to solicit from or compete with our ALG business for a period of ten years from May 25, 2005.



TABLE OF CONTENTS**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

Based on our review of information on file with the SEC and our stock records, the following table provides certain information about beneficial ownership of our common stock as of March 15, 2010 for: (i) each person (or group of affiliated persons) which is known by us to own beneficially more than 5% of our common stock, (ii) each of our directors, (iii) each named executive officer and (iv) all directors and current executive officers as a group. Unless otherwise indicated, the address for those listed below is c/o DealerTrack Holdings, Inc., 1111 Marcus Ave., Suite M04, Lake Success, NY 11042. Except as indicated by footnote, and subject to applicable community property laws, the persons named in the table have sole voting and investment power with respect to all shares of common stock shown as beneficially owned by them.

| Shares   | Number of<br>Shares<br>Beneficially<br>Owned | Percent<br>Owned |
|--|--|------------------|
| Mark F. O Neil <sup>(1)</sup>  | 1,166,159                                    | 2.83 %           |
| Robert J. Cox III <sup>(2)</sup>   | 193,769                                      | *                |
| Eric D. Jacobs <sup>(3)</sup>  | 317,353                                      | *                |
| Raj Sundaram <sup>(4)</sup>  | 232,406                                      | *                |
| Rick Von Pusch <sup>(5)</sup>  | 152,159                                      | *                |
| Richard McLeer <sup>(6)</sup>  | 127,061                                      | *                |
| James Foy <sup>(7)</sup>   | 23,637                                       | *                |
| Mary Cirillo-Goldberg <sup>(8)</sup>   | 151,911                                      | *                |
| Ann B. Lane <sup>(9)</sup>   | 39,077                                       | *                |
| John J. McDonnell, Jr. <sup>(10)</sup>   | 66,076                                       | *                |
| James David Power III <sup>(11)</sup>  | 85,327                                       | *                |
| Howard L. Tischler <sup>(12)</sup>   | 71,077                                       | *                |
| Barry Zwarenstein <sup>(13)</sup>  | 38,202                                       | *                |
| All current directors and current executive officers as a group (13 persons) <sup>(14)</sup> | 2,587,780                                    | 6.18 %           |
| BlackRock Inc. <sup>(15)</sup>   | 2,802,542                                    | 6.96 %           |
| Kornitzer Capital Management, Inc. <sup>(16)</sup>   | 2,429,834                                    | 6.04 %           |
| FMR LLC <sup>(17)</sup>  | 2,136,061                                    | 5.31 %           |

\*

Indicates less than 1%

(1) Includes 875,020 shares which Mr. O Neil has the right to acquire within 60 days after March 15, 2010 upon the exercise of stock options. Also includes 15,000 shares of restricted common stock, 112,350 restricted stock units and 58,550 performance stock units.

(2) Includes 191,061 shares which Mr. Cox has the right to acquire within 60 days after March 15, 2010 upon the exercise of stock options.

(3) Includes 240,211 shares which Mr. Jacobs has the right to acquire within 60 days after March 15, 2010 upon the exercise of stock options. Also includes 4,750 shares of restricted common stock, 40,340 restricted stock units and 15,960 performance stock units.

(4) Includes 102,980 shares which Mr. Sundaram has the right to acquire within 60 days after March 15, 2010 upon the exercise of stock options. Also includes 9,750 shares of restricted common stock, 40,340 restricted stock units

and 15,960 performance stock units.

(5) Includes 67,209 shares which Mr. Von Pusch has the right to acquire within 60 days after March 15, 2010 upon the exercise of stock options. Also includes 7,000 shares of restricted common stock, 37,960 restricted stock units and 15,960 performance stock units.

(6) Includes 71,493 shares which Mr. McLeer has the right to acquire within 60 days after March 15, 2010 upon the exercise of stock options. Also includes 4,000 shares of restricted common stock, 33,030 restricted stock units and 12,780 performance stock units.

(7) Includes 10,000 shares which Mr. Foy has the right to acquire within 60 days after March 15, 2010 upon the exercise of stock options and 8,749 shares of restricted common stock.

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- (8) Includes 56,250 shares which Ms. Cirillo-Goldberg has the right to acquire within 60 days after March 15, 2010 upon the exercise of stock options and 8,749 shares of restricted common stock.
- (9) Includes 20,000 shares which Ms. Lane has the right to acquire within 60 days after March 15, 2010, upon the exercise of stock options. Also includes 8,749 shares of restricted common stock.
- (10) Includes 10,000 shares which Mr. McDonnell has the right to acquire within 60 days after March 15, 2010 upon the exercise of stock options. Also includes 8,749 shares of restricted common stock.
- (11) Includes 56,250 shares which Mr. Power has the right to acquire within 60 days after March 15, 2010 upon the exercise of stock options and 8,749 shares of restricted common stock.
- (12) Includes 40,000 shares which Mr. Tischler has the right to acquire within 60 days after March 15, 2010 upon the exercise of stock options and 8,749 shares of restricted common stock.
- (13) Includes 20,000 shares which Mr. Zwarenstein has the right to acquire within 60 days after March 15, 2010 upon the exercise of stock options. Also includes 8,749 shares of restricted common stock.
- (14) Includes 1,629,348 shares which this group has the right to acquire within 60 days after March 15, 2010 upon the exercise of stock options, 105,743 shares of restricted common stock, 289,550 restricted stock units and 129,860 performance stock units.
- (15) The shares shown as beneficially owned by BlackRock, Inc. and related entities were reported in its Schedule 13G filed with the SEC on January 29, 2010. Its address is 40 East 52nd Street, New York, NY 10022.
- (16) The shares shown as beneficially owned by Kornitzer Capital Management, Inc. and related entities were reported in its Schedule 13G filed with the SEC on January 22, 2010. Its address is 5420 West 61st Place, Shawnee Mission, KS 66205.
- (17) The shares shown as beneficially owned by FMR LLC were reported in its Schedule 13G filed with the SEC on February 16, 2010. Its address is 82 Devonshire Street, Boston, Massachusetts 02109.

## **SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Securities Exchange Act of 1934 requires our executive officers, directors and persons who beneficially own more than 10% of either class of our common stock to file reports of ownership and changes of ownership with the SEC and to furnish us with copies of the reports they file. Based solely on our review of the reports received by us, or written representations from certain reporting persons, we believe that during the period from January 1, 2009 through December 31, 2009 all reports were timely filed, except for Form 4 filings to report (a) the acquisition and sale of stock by Mr. McLeer on February 17, 2009; (b) the acquisition of stock by Mr. McLeer on February 23, 2009; (c) the acquisition and sale of stock by Ana Herrera on March 26, 2009; (d) the receipt of deferred stock units on June 17, 2009 by each of Messrs. Tischler, Foy, Power and Zwarenstein and Ms. Lane and Ms. Cirillo-Goldberg; and (e) the sale of stock by Mr. Von Pusch on August 10, 2009.

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## **CERTAIN RELATIONSHIPS AND TRANSACTIONS**

In accordance with its written charter, the Audit Committee, which is comprised solely of independent directors, is responsible for reviewing all related party transactions for potential conflict of interest situations on an ongoing basis. The approval of the Audit Committee is required for all such transactions. The term "related party transactions" refers to transactions required to be disclosed in our filings with the SEC pursuant to Item 404 of Regulation S-K.

### **Registration Rights**

We are party to a Fourth Amended and Restated Registration Rights Agreement, dated March 19, 2003, among ACF Investment Corp., ADP, Inc., Capital One Auto Finance, Inc., DJR US, LLC, (formerly known as Automotive Lease Guide (alg), LLC), First American Credit Management Solutions, Inc., GRP II, L.P., GRP II Investors, L.P., GRP II Partners, L.P., J.P. Morgan Partners, Wells Fargo Financial, Inc., Wells Fargo Small Business Investment Company, Inc., WFS Web Investments, Janet Clarke, Robert J. Cox III, Mary Cirillo-Goldberg and Mark F. O'Neil which provides for:

An unlimited number of piggyback registrations pursuant to which we are required to register sales of a holder's shares under the Securities Act when we undertake a public offering either on our own behalf or on behalf of another stockholder, subject to the discretion of the managing underwriter of the offering to decrease the amount that holders may register, with priority given, in the case of a public offering undertaken on our own behalf, first to the shares to be sold by us, then to shares to be sold by the holders exercising these piggyback registration rights and then to all other shares and, in the case of a public offering on behalf of another stockholder, first to the shares to be sold by such stockholder, then to shares to be sold by us, and then to all other shares;

Two demand registrations pursuant to which we are required to register sales of a holder's shares under the Securities Act that would result in aggregate net proceeds of at least \$30,000,000, subject to certain rights to delay up to 180 days the filing or effectiveness of any such registration statements; and

One registration on Form S-3 (or equivalent short-form registration statement) per year pursuant to which we are required to register sales of a holder's shares under the Securities Act, subject to the aggregate market value (at the time of a holder's request) of the shares registered by such holder being no less than \$5,000,000.

Generally, we have agreed to pay all expenses of any registration pursuant to the registration rights agreement, except that underwriters' discounts and commissions shall be borne pro rata by the parties selling shares pursuant to the applicable registration statement.

### **Earn Out Provision**

In connection with our purchase of substantially all of the assets of Automotive Lease Guide (alg) LLC on May 25, 2005, we agreed to pay to DJR US, LLC (the former owner of the assets of Automotive Lease Guide (alg) LLC) \$750,000 on each of the first through fifth anniversaries of the closing date of the acquisition. Additionally, we agreed to pay additional consideration of up to \$11.3 million contingent upon certain future increases in revenue of ALG and another of our subsidiaries through December 2009. In February 2009, we paid \$1.1 million to DJR as additional consideration based on 2008 revenue. Raj Sundaram, our Senior Vice President, Solutions and Services Group, is a member of DJR US, LLC.

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## **MISCELLANEOUS**

### **Solicitation of Proxies**

We will bear the entire cost of this solicitation of proxies, including the preparation, assembly, printing, and mailing of this Proxy Statement, the proxy, and any additional solicitation material that we may provide to stockholders. Copies of solicitation material will be provided to brokerage firms, fiduciaries and custodians holding shares in their names that are beneficially owned by others so that they may forward the solicitation material to such beneficial owners. In addition, we have retained Georgeson Inc. to act as a proxy solicitor in conjunction with the meeting. We have agreed to pay that firm \$7,000, plus reasonable out of pocket expenses, for proxy solicitation services. The original solicitation of proxies by mail may be supplemented by solicitation by telephone, telegram and other means by our directors, officers and employees. No additional compensation will be paid to these individuals for any such services.

### **Deadline for Receipt of Stockholder Proposals for Our 2011 Annual Meeting**

If you want to make a proposal for consideration at next year's Annual Meeting and have it included in our proxy materials, we must receive your proposal by December 1, 2010 and the proposal must comply with the rules of the SEC.

If you want to make a proposal for consideration at next year's Annual Meeting without having the proposal included in our proxy materials, we must receive your proposal at least 90 days prior to the 2011 Annual Meeting. If we give less than 100 days' notice of the 2010 Annual Meeting, we must receive your proposal within ten days after we give the notice.

If we do not receive your proposal by the appropriate deadline, then it may not be brought before the 2011 Annual Meeting.

Proposals should be addressed to the Secretary, DealerTrack Holdings, Inc., 1111 Marcus Ave., Suite M04, Lake Success, NY 11042.

### **Annual Report**

Our Annual Report for the year ended December 31, 2009 has been mailed to our stockholders of record and is not part of this Proxy Statement.

Upon written request of any person solicited, our Annual Report on Form 10-K for the year ended December 31, 2009 as filed with the SEC may be obtained, without charge, by writing to Investor Relations, DealerTrack Holdings, Inc., 1111 Marcus Ave., Suite M04, Lake Success, NY 11042.

THE BOARD OF DIRECTORS  
DEALERTRACK HOLDINGS, INC.

Gary N. Papilsky  
*Secretary*

Lake Success, New York  
March 31, 2010

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EXHIBIT I  
FORM OF PROXY

PROXY

DEALERTRACK HOLDINGS, INC.

1111 Marcus Avenue, Suite M04  
Lake Success, NY 11042

ANNUAL MEETING OF STOCKHOLDERS  
TO BE HELD ON May 24, 2010

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

The undersigned hereby appoints Eric D. Jacobs and Gary N. Papilsky, and each of them individually, the proxies of the undersigned, with power of substitution to each of them, to vote all shares of DealerTrack Holdings, Inc., a Delaware corporation ( DealerTrack ), which the undersigned is entitled to vote at the Annual Meeting of Stockholders of DealerTrack to be held on May 24, 2010, at 11:00 a.m. (local time) at DealerTrack Corporate Headquarters, 1111 Marcus Avenue, Lake Success, New York 11042 (the Annual Meeting ).

In their discretion, the proxies are authorized to vote on such other matters as may properly come before the Annual Meeting or any adjournment thereof.

Vote by Internet:

1. Log on to the Internet and go to *www.proxyvote.com*
2. Follow the steps outlined on the secure website.

[Continued and to be dated and signed on reverse side.]

COMMENTS:

ANNUAL MEETING OF STOCKHOLDERS OF

**DEALERTRACK HOLDINGS, INC.**

May 24, 2010

Please date, sign and mail  
your proxy card in the  
envelope provided as soon  
as possible.

If you have not voted via the Internet, fold along perforated line, detach and return the bottom portion in the envelope provided.

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THE DEALERTRACK BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE FOR EACH OF THE PROPOSALS. PLEASE SIGN, DATE AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPE. PLEASE MARK YOUR VOTE IN BLUE OR BLACK INK AS SHOWN HERE x

1.

To elect three members to the board of directors for three-year terms as Class II Directors to serve until the 2013 Annual Meeting of Stockholders and until their successors are elected.

NOMINEES:

- Ann B. Lane
- John J. McDonnell Jr.
- Barry Zwarenstein

FOR ALL NOMINEES

WITHHOLD AUTHORITY

FOR ALL NOMINEES

FOR ALL EXCEPT

(See instructions below)

INSTRUCTION:

To withhold authority to vote for any individual nominee(s), mark **FOR ALL EXCEPT** and fill in the circle next to each nominee you wish to withhold, as shown here:





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To change the address on your account, please check the box at right and indicate your new address in the address space above. Please note that changes to the registered name(s) on the account may not be submitted via this method.

2.  **FOR**  **AGAINST**  **ABSTAIN**

To ratify the selection of PricewaterhouseCoopers LLP as  DealerTrack's independent registered public accounting firm for the fiscal year ending December 31, 2010.

THE SHARES REPRESENTED BY THIS PROXY WILL BE VOTED AS SPECIFIED, OR WHERE NO DIRECTION IS GIVEN, WILL BE VOTED FOR PROPOSALS 1 and 2. TO INCLUDE ANY COMMENTS, USE THE COMMENTS BOX ON THE REVERSE SIDE OF THIS CARD.

Signature of Stockholder Date: Signature of Stockholder Date:

Please sign exactly as your name or names appear on this Proxy. When shares are held jointly, each holder should sign. When signing as executor, administrator, attorney, trustee or guardian, please give full title as such. If the signer is a corporation, please sign full corporate name by duly authorized officer, giving full title as such. If signer is a partnership, please sign in partnership name by authorized person.

Note:

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