

DealerTrack Holdings, Inc.  
Form 10-K/A  
April 30, 2009

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549  
FORM 10-K/A  
Amendment No. 1**

**(Mark One)**

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934**

**For the fiscal year ended December 31, 2008**

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT**

**For the transition period from \_\_\_\_\_ to \_\_\_\_\_**

**Commission file number: 000-51653**

**DEALERTRACK HOLDINGS, INC.**

*(Exact Name of Registrant as Specified in Its Charter)*

**Delaware**

*(State or Other Jurisdiction of  
Incorporation or Organization)*

**52-2336218**

*(I.R.S. Identification Number)*

**1111 Marcus Ave., Suite M04**

**Lake Success, NY 11042**

*(Address of Principal Executive Offices, including Zip Code)*

**(516) 734-3600**

*(Registrant's telephone number, including area code)*

**Securities registered pursuant to Section 12(b) of the Act:**

**Common Stock, \$0.01 Par Value Per Share**

*(Title of each class)*

**The NASDAQ Stock Market, LLC**

*(Name of exchange on which registered)*

**Securities registered pursuant to Section 12(g) of the Act: None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes  No

Indicate by a check mark whether the Registrant (1) has filed all reports required to be filed by Sections 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K/A or an amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

The aggregate market value of the common stock held by non-affiliates of the registrant as of June 30, 2008, the last business day of the registrant's most recently completed second fiscal quarter, was approximately \$535 million (based on the closing price for the registrant's common stock on the NASDAQ Global Market of \$14.11 per share).

As of April 1, 2009, 40,023,759 shares of the registrant's common stock were outstanding.

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**EXPLANATORY NOTE**

This Amendment No. 1 to the registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2008 is filed solely to include the information required by Part III of Form 10-K that previously was to be incorporated by reference to the registrant's definitive proxy statement for the 2009 Annual Meeting of Stockholders. This Amendment No. 1 is being filed because the registrant's definitive proxy statement for the 2008 Annual Meeting of Stockholders will be filed more than 120 days after the end of the registrant's fiscal year. Accordingly, Part III of the Form 10-K is hereby amended as set forth below. This Amendment No. 1 also includes the certifications pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 ( "Sarbanes-Oxley" ). As no financial statements are contained within this Amendment, we do not include the certifications pursuant to Section 906 of Sarbanes-Oxley. Except as described above, no other amendments are being made to the Annual Report on Form 10-K. This Amendment No. 1 does not reflect events occurring after the filing of the Form 10-K or modify or update the disclosure contained therein in any way other than as required to reflect the amendments discussed above.

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Table of Contents**PART III****Item 10. Directors and Executive Officers of the Registrant.****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:

<b>Class</b>	<b>Directors</b>
Class I: Term expires 2009 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

*James Foy, 62*, 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.

*James David Power III, 77*, 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 serves as a director of IMPCO Technologies, Inc., a public company, which supplies alternative fuel products to the transportation, industrial and power generation industries. 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.

*Howard L. Tischler, 55*, 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 consulting 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.

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*Barry Zwarenstein, 60*, 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).

*Ann B. Lane, 54*, 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 is a Board Member of Musical Masterworks in Old Lyme, Connecticut. Ms. Lane holds a BS in Economics from the University of California at Berkeley.

*John J. McDonnell Jr., 71*, 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 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.

*Mary Cirillo-Goldberg, 61*, 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 three other public companies: ACE Limited, Health Care Property Investors, Inc. and Thomson Reuters Corporation.

*Mark F. O Neil, 50*, 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.



**Table of Contents****Information About Our Executive Officers**

The following individuals were serving as our executive officers as of April 20, 2009:

<b>Name</b>	<b>Age</b>	<b>Title</b>
Mark F. O Neil	50	Chairman of the Board, President and Chief Executive Officer
Ana M. Herrera	52	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	42	Senior Vice President, Solutions and Services Group
Rick G. Von Pusch	47	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 Administrative Officer since January 2009 and has also served as Chief Financial Officer and Treasurer since March 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. 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.



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*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 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, desking 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.

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**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, 2008 through December 31, 2008 all reports were timely filed, except for (a) Form 4 filings to report the sale of stock by Mr. Charles Giglia on February 8, 2008; (b) a Form 4 by each of Messrs. Foy, Power, Tischler and Zwarenstein and Ms. Lane and Ms. Cirillo-Goldberg to report the receipt of restricted stock units on September 30, 2008; and (c) a Form 4 filing to report the sale of stock by Ms. Herrera on December 10, 2008.

**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 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) and/or in our public filings with the Securities and Exchange Commission (the SEC).

**Procedures for Security Holder Recommendations for Director Nominees**

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 by or before January 1, 2010 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.

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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.

**Our 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.

**Table of Contents****Item 11. Executive Compensation.****Non-Management Directors Compensation For Fiscal Year 2006**

Directors who are also employees receive no fees for their services as directors. During 2008, 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.
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.

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 2008.

Name	Fees Earned or Paid in	Stock	Option	Total
	Cash (1)	Awards (2)	Awards (3)	
Mary Cirillo-Goldberg	\$ 50,000	\$ 171,274	\$ 20,900	\$ 242,174
James Foy	14,167	37,295	25,083	76,545
Ann B. Lane	50,000	135,692	178,800	364,492
John J. McDonnell, Jr.	50,000	173,549	5,367	228,916
James David Power III	50,000	171,274	20,900	242,174
Howard L. Tischler	50,000	171,274	20,900	242,174
Barry Zwarenstein	50,000	183,700	214,400	448,100

(1) The following directors deferred all or a portion of their 2008 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.

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<b>Name</b>	<b>Compensation Deferred</b>	<b>Number of Deferred Stock Units</b>
Mary Cirillo-Goldberg	\$ 50,000	3,298
James Foy	14,167	1,150
Ann B. Lane	50,000	3,298
James David Power III	50,000	3,298
Howard L. Tischler	50,000	3,298
Barry Zwarenstein	50,000	3,298

(2) This column represents the dollar amount recognized for financial statement reporting purposes with respect to the 2008 fiscal year for the fair value of restricted common stock granted in 2008 as well as prior fiscal years in accordance with SFAS 123(R). For restricted common stock, fair value is calculated using the closing price of our common stock on the date of grant. For additional information, refer to Notes 2 and 13 of our financial statements in our Annual Report on Form 10-K for the year ended December 31,

2008. These amounts reflect our accounting expense for these awards, and do not correspond to the actual value that will be received by each director. The following chart shows the details for each director's grants of restricted common stock as of December 31, 2008, including the grant date fair value computed in accordance with SFAS 123(R).

Name	Restricted Common Stock	Number Granted	Grant Date	Outstanding Restricted Common Stock
	Grant Date		Fair Value	
Mary Cirillo-Goldberg		3,500	\$ 17.10	0
		3,500	21.94	1,167
		3,500	39.05	0
		6,828	19.77	6,828
James Foy		4,888	20.71	4,888
Ann B. Lane		3,500	39.05	0
		6,828	19.77	6,828
John J. McDonnell, Jr.		3,500	18.00	0
		3,500	21.94	1,167
		3,500	39.05	0
		6,828	19.77	6,828
James David Power III		3,500	17.10	0
		3,500	21.94	1,167
		3,500	39.05	0
		6,828	19.77	6,828
Howard L. Tischler		3,500	17.10	0
		3,500	21.94	1,167
		3,500	39.05	0
		6,828	19.77	6,828

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Barry Zwarenstein	11/06/2007	2,625	47.98	0
	6/03/2008	6,828	19.77	6,828

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- (3) This column represents the dollar amount recognized for financial statement reporting purposes with respect to the 2008 fiscal year for the fair value of stock options granted in 2008 as well as prior fiscal years in accordance with SFAS 123(R). Pursuant to SEC rules, the amounts shown exclude the impact of estimated forfeitures related to service-based vesting conditions. For additional information, refer to Notes 2 and 13 of our financial statements in our Annual Report on Form 10-K for the year ended December 31, 2008. These amounts reflect our accounting expense for these awards, and do not correspond to the actual value that will be

received by each director. The following chart shows the details for each director's outstanding options as of December 31, 2008, including the grant date fair value of each option computed in accordance with SFAS 123(R). For awards granted prior to January 1, 2006, the grant date fair value column represents the intrinsic value recorded under APB 25.

<b>Name</b>	<b>Option Grant Date</b>	<b>Number Granted</b>	<b>Exercise Price</b>	<b>Grant Date Fair Value</b>	<b>Outstanding Stock Options (Exercisable)</b>
James Foy	9/19/2008	30,000	\$ 20.71	\$ 8.60	0
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	10,000
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	11/06/07	30,000	47.98	21.44	10,000

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**COMPENSATION DISCUSSION AND ANALYSIS**

This section contains a discussion of the material elements of compensation awarded to, earned by or paid to our executive officers. These executive officers include the Chief Executive Officer, Chief Financial Officer and the three most highly compensated officers of DealerTrack, who we refer to in this section as the named executive officers.

**Overview**

The Company's compensation philosophy is designed to support the key objective of creating value for the stockholders by growing the revenue and earnings before interest, taxes, depreciation and amortization, or EBITDA, increasing the total market capitalization and growing the share price. The Compensation Committee is responsible for establishing and approving the compensation of our executive officers.

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

The Compensation Committee has established the following principles in determining the compensation of the 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.

The Compensation Committee has established a number of processes, described below, to ensure that the executive compensation achieves these objectives.

**Compensation Processes and Criteria**

***Peer Group Information and Benchmarking***

In connection with compensation decisions for 2008, the Compensation Committee reviewed market compensation data of a peer group of companies established by Ernst & Young, an independent compensation consultant that is retained by and reports to the Compensation Committee. The companies that comprised our 2008 peer group were: Choicepoint, Inc., 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, TNS, Inc. and Witness Systems, Inc.

The Compensation Committee uses the peer group compensation data primarily to ensure that the total direct compensation for executives is within the broad middle range of comparative pay while providing an opportunity for the annual cash bonus to attain the 75th percentile when targeted performance levels are exceeded. While 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 and individual performance in arriving at final compensation decisions. The elements of executive compensation include base salary, annual and long term incentive plans, and annual grants of equity awards. 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.

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On November 12, 2008, the Compensation Committee re-evaluated the 2008 peer group companies to determine if any revisions should be made in connection with compensation decisions for 2009. The Compensation Committee elected to remove two companies whose legal structures made them no longer appropriate peers for the Company: Choicepoint, Inc. and Witness Systems, Inc.

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

The Compensation Committee, in collaboration with senior management, annually establishes specific revenue and EBITDA targets that determine the size of bonus payouts under the annual incentive bonus plan. Individual performance directly determines total direct compensation levels (consisting of annual salary, annual bonus awards and long-term incentives) for the Chief Executive Officer and other executive officers.

The Compensation Committee meets with the Chief Executive Officer at the beginning of the year to establish the Chief Executive Officer's performance objectives (both individual and company) for the year. At the end of the year, the Compensation Committee conducts a performance review of the Chief Executive Officer based on his achievement of the pre-established objectives. The overall performance of the Chief Executive Officer and the company are considered by the Compensation Committee in setting the Chief Executive Officer's compensation.

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 objectives. The objectives for all executive officers are established by the CEO and include both corporate and individual objectives.

### ***Total Compensation Review***

The Compensation Committee annually 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, deferred compensation program and the payments that would be required under various severance and change-in-control scenarios.

### **Components of Executive Compensation for 2008**

#### ***Base Salary***

Base salaries for DealerTrack's named executive officers are pegged at the market median and are competitive with similar positions at the peer group companies. The base salaries of all executive officers are reviewed annually against market data and adjusted to reflect individual roles and performance. Adjustments to base salary are determined based upon market trends as well as individual performance and experience. Base salary may be adjusted during the year if a change in the scope of the executive officer's responsibilities justifies such consideration. In 2008, the Compensation Committee increased the base salaries of each of the named executive officers from 2007 by approximately 3.77%. These salary increases were consistent with the base salary increases for the rest of the company's employees. None of DealerTrack's named executive officers received an increase in base salary from 2008 to 2009. As of April 16, 2009, DealerTrack instituted a company-wide decrease of 5.29% in base salary for the rest of 2009 for all employees, including all executive officers.

#### ***Annual Incentive Bonus Plan***

Under the annual incentive bonus plan, the cash incentive bonus amounts are targeted at the 50th percentile of the peer group's annual bonus compensation. Awards under the annual incentive plan are based upon the achievement of both corporate and individual goals, including EBITDA, total revenue and business unit revenue targets and individual performance. If we exceed the targets and achieve the stretch goals, the annual incentive bonus amount is then targeted at the 75th percentile of the peer group's annual bonus compensation in order to provide rewards consistent with performance. The 2008 corporate performance targets were: an EBITDA target of \$74.1 million, a corporate-wide revenue target of \$282.4 million, as well as separate revenue targets for each of the business units. Under this plan, no annual bonuses were required to be paid in 2008 if the company did not meet an EBITDA threshold of \$67.3 million. The company did not meet this threshold; accordingly, the payout of the 2008 bonus was at the discretion of the Compensation Committee.



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EBITDA was used as the principal metric to review and assess the operating performance and the performance of the management team because EBITDA provides useful information with respect to the performance of the fundamental business activities and is also frequently used by equity research analysts and others in the evaluation of the company. For executive officers with company-wide responsibility, equal weight is given to total corporate revenue and EBITDA targets. For other executive officers who are responsible for business units, depending on their position, different weights are given to corporate and business unit revenues. In each case, additional weight is given to individual performance and attainment of individual goals.

The annual incentive bonus target amounts, expressed as a percentage of base salary, are established for the named executive officers each year, with a target range of 50% to 80% of base salary for 2008 and a maximum range of 175% to 210% of base salary for 2008, depending on the executive officer's position. As stated above, no bonuses are required to be paid under the plan if the company does not meet the pre-determined EBITDA threshold amount. If the EBITDA threshold amount and the respective revenue targets are exceeded, the Compensation Committee may increase or reduce payouts by up to 5% depending on performance relative to specific subscription and transaction revenue targets. The Compensation Committee may further positively or negatively adjust the actual award to each 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, the Compensation Committee considers additional non-financial factors such as leadership, leadership development, talent management and succession planning in determining the annual incentive bonus amount. 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 2008, the financial metrics were not adjusted.

The company had a challenging year in 2008 due to the unprecedented decline in the number of vehicles financed. However, despite the challenging economic environment for our business, the company achieved 3.8% growth in revenue. The growth achieved reflects the fact that the company was able to grow its subscription business 26.2%. Growing the subscription business is a key focus to eliminate our dependency on the transaction business.

The actual revenue and EBITDA in 2008 were \$242.7 million and \$41.4 million, respectively. Although no bonuses were required to be paid under the plan because the minimum EBITDA target for 2008 was not met, the Compensation Committee used its discretion to award cash incentive bonuses to executive officers that ranged from 0% to 45% of their respective base salaries. The Chief Executive Officer requested that the Compensation Committee not consider awarding him a bonus for 2008. The other named executive officers received bonus payouts equal to less than 45% of their respective bonus target amounts.

***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 50<sup>th</sup> percentile of the company's peer group and established awards within the competitive range of the 50<sup>th</sup> percentile of the peer group. 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.

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The Compensation Committee uses non-qualified stock options instead of incentive stock options in order to preserve the company's compensation expense tax deduction. The 2008 equity grants to our executive officers consisted solely of time-vesting stock options. The rationale for a grant consisting solely of stock options was the Compensation Committee's desire to focus our executive officers directly on increasing stockholder value through the growth in share price. In future years the Compensation Committee may elect to provide equity in the form of restricted stock, stock options or restricted stock units.

The annual equity grants also serve as a retention device because they are vested and earned through service with us over a four-year period and the options have a seven-year life. These equity grants further the long-term perspective necessary for continued success of the business.

The Compensation Committee typically makes the annual stock option grants at the first regularly scheduled meeting of the Compensation Committee 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. We set the exercise price of the options at the closing price of the stock on the date of grant. All equity grants to our named executive officers in 2008 were made pursuant to the Amended and Restated 2005 Incentive Award Plan.

***Stock Ownership Requirements***

The Compensation Committee has also implemented stock ownership requirements for members of the executive team equal to multiples of their base salary, which vary from one time to six times base salary. The CEO 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 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 each named executive officer's compliance with the minimum stock ownership requirement once a year. Shares acquired through the company's Employee Stock Purchase Plan are counted toward the stock ownership requirement.

As of the end of 2008, each executive officer met the minimum share ownership requirement.

***Long-Term Equity Incentive Program***

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 are 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 will be fully earned and vested only if during the three fiscal year measurement period: (i) we achieve annual growth for the EBITDA and market capitalization metrics as set forth below; and (ii) if the executive officers remain continuously employed with us through January 31, 2010. As provided in the award agreements, the EBITDA goals are adjusted by the Compensation Committee from time to time to reflect both the positive and negative impact of acquisitions, in order to neutralize the impact of those acquisitions. Awards of performance-based long-term equity incentive awards were granted pursuant to the Amended and Restated 2005 Incentive Award Plan.

**Performance Goals**

<b>EBITDA</b>	<b>Market Cap</b>
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





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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 year 2008 for either EBITDA or market capitalization. The awards related to each 2008 performance goal remain eligible for vesting should the company meet its 2009 performance goals in that category. For example, if the company meets its 2009 EBITDA performance goal, participants in the company's Long-Term Equity Incentive Plan will be entitled to receive their performance awards for EBITDA for both 2008 and 2009.

### **Employment Agreements**

The company has entered into employment agreements with each of the named executive officers. These agreements were amended in 2007 to reduce the amount of severance provided in the event of termination without cause or for good reason from two years of base salary to one year of base salary generally payable over the one year period following the executive's termination. The purpose of these amendments was to bring the company's employment agreements more in line with peer group companies. Additionally, these agreements provide for pro-rata annual cash incentive and 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 a named executive officer for good reason. In return, each executive covenants not to compete or solicit the employees for one year from the date of termination. Severance is stopped if the executive violates these covenants during the one-year severance period.

The employment agreements also provide change in control benefits. In the event we were to undergo a change in 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 12 months of the change in control. The performance-based restricted common stock grants provide for full acceleration upon a change in control. We believe that it is fair to provide for accelerated vesting because equity grants provide such a high proportion of the 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 in control. This protection also aligns the interests of the named executive officers with that of the stockholders.

The employment agreements also provide for a tax gross-up payment to the named executive officers in the event they become subject to the 20% golden parachute excise tax. We have agreed to this payment because it is market practice and because we believe that the named executive officers should be able to receive what they have bargained for without being subject to this punitive tax.

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

In 2006, Mr. Sundaram's promotion to Senior Vice President, Dealer Solutions, required him to move across the country to corporate headquarters in Lake Success, New York. Accordingly, we entered into a relocation agreement with Mr. Sundaram that provided, among other things, reimbursement of his moving expenses, temporary housing expenses, forfeited tuition deposits and certain expenses in connection with the purchase and sale of his primary residence, as well as a car allowance.

In 2008, Mr. Sundaram was paid a gross amount of \$37,814.67. This amount represents the final reimbursement for certain expenses (described above) in connection with his relocation. Specifically, the expenses included the forfeiture of automobile benefits and the differential in property taxes.

### **Perquisites**

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

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**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 2008 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 2008, the matching contribution was 50% of each employee's contribution up to 6% of eligible pay, subject to IRS limitations. The matching contribution vests incrementally over a five-year period.

**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 Companies' 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.

**Compensation Committee Actions Taken After Fiscal Year 2008**

In January 2009, DealerTrack announced a realignment of its workforce, including plans to reduce its workforce by approximately 90 individuals. This included the departures of Robert Cox, Senior Vice President and Chief Financial Officer (effective March 2, 2009) and David Trinder, Senior Vice President, Network Solutions. Additionally Charles Giglia, Senior Vice President and Chief Information Officer, moved to a non-executive role.

Effective April 16, 2009, DealerTrack implemented a 5.29% reduction in the base salaries of all employees, including the executive officers.

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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 (chairperson)

James D. Foy

John J. McDonnell, Jr.

**Table of Contents****SUMMARY COMPENSATION TABLE**

<b>Name and Principal Position</b>	<b>Year</b>	<b>Salary</b>	<b>Stock Awards (1)</b>	<b>Option Awards (2)</b>	<b>Non-Equity Incentive Plan Compensation (3)</b>	<b>All Other Compensation (4)</b>	<b>Total</b>
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(1) This column represents the dollar amount recognized for financial statement reporting purposes with respect to the applicable fiscal year for the fair value of restricted common stock granted in fiscal year 2006 and 2007, in accordance with SFAS 123(R). Pursuant to SEC rules, the amounts shown exclude the impact of estimated forfeitures related to service-based vesting conditions. For restricted common stock, 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 13 of our consolidated financial statements in our Annual Report on Form 10-K for the year ended December 31, 2008. These amounts reflect the company's accounting expense for these awards, and do not correspond to the actual value that will be recognized by the named executive officers.

- (2) This column represents the dollar amount recognized for financial statement reporting purposes with respect to the applicable fiscal year for the fair value of stock options granted in such year, as well as prior fiscal years in accordance with SFAS 123(R). 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 Note 2 and 13 of our consolidated financial statements in our Annual Report on Form 10-K for the year ended December 31, 2008. See the Grants of Plan-Based Awards Table for information on options granted in 2008. These amounts reflect our accounting expense for these awards, and do not correspond to the actual value that will be recognized by the named executive officers.

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- (3) The amounts shown include awards earned under our annual incentive bonus plan in fiscal year 2008 although such amounts are payable in the subsequent year.
- (4) See the table below for additional information on all other compensation.
- (5) Mr. O Neil notified the Compensation Committee that he did not wish to be considered for a bonus for 2008 due to market conditions.
- (6) Mr. Cox's employment at DealerTrack ended as of March 2, 2009.
- (7) Mr. Jacobs became DealerTrack's Senior Vice President and Chief Administrative Officer as of January 5, 2009. On March 2, 2009 Mr. Jacobs also assumed

the role of Chief  
Financial  
Officer and  
Treasurer. In  
2008 Mr. Jacobs  
served as  
DealerTrack's  
Senior Vice  
President,  
General Counsel  
and Secretary.

- (8) Mr. Trinder's  
employment at  
DealerTrack  
ended as of  
January 5, 2009,  
prior to the  
payment of  
bonuses for  
2008.



**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) Match(1)	Tax Gross-Up	Relocation	Other	Total
Mark F. O Neil	2008	\$ 6,750	\$		\$	\$ 6,750
	2007	6,750			3,919(4)	10,669
	2006	6,600			3,199(4)	9,799
Robert J. Cox III	2008	6,750				6,750
	2007	6,750				6,750
	2006	6,500				6,500
Eric D. Jacobs	2008	6,750				6,750
	2007	6,750				6,750
	2006	6,600				6,600
Raj Sundaram	2008	5,893	13,815(2)	24,000(3)	73,229(5)	116,937
	2007	5,852	144,305(2)	276,150(3)	84,000(5)	510,307
	2006	5,686	41,715(2)	68,258(3)	84,000(5)	199,659
David Trinder	2008					
	2007			55,000(6)		55,000
	2006			55,000(6)		55,000

(1) This column reports our matching contributions to the named executive s 401(k) savings account of up to 3.0% of salary, subject up to the limitations imposed under IRS rules. These contributions vest over a five year period.

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

relocation  
expenses.

- (3) This amount includes relocation expenses paid by the company including for 2008; (i) \$10,000 temporary car allowance and (ii) \$14,000 reimbursement for higher property taxes paid; for 2007: (i) \$46,697 reimbursement for temporary housing, (ii) \$15,000 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 purchase of a new home near company headquarters; and for 2006: (i) \$35,258 reimbursement for temporary housing, (ii) \$20,000 temporary car allowance, and (iii) \$13,000

reimbursement  
for tuition  
payments  
forfeited due to  
his relocation.

(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  
payments  
pursuant to  
Mr. Sundaram's  
employment  
agreement that  
are  
reimbursements  
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, including  
in 2008, a  
\$73,229  
payment and in  
each of 2006  
and 2007, an  
\$84,000  
payment.

(6) This amount  
represents an

allowance paid  
through  
December 31,  
2007 to cover  
increased cost of  
living expenses  
due to the  
executive s  
relocation.

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**Table of Contents****GRANTS OF PLAN-BASED AWARDS IN 2006**

The following table provides information about equity and non-equity awards granted to the named executives in 2008:

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards (1)			All Other Option Awards; Number of Securities Underlying Options (2)	Exercise or Base Price of Option Awards (3)	Grant Date Fair Value of Stock and Option Awards (4)
		Threshold	Target	Maximum			
Mark F. O Neil	1/24/2008	\$ 315,000	\$ 420,000	\$ 882,000	100,000	\$ 24.5	\$ 998,400
Robert J. Cox III	1/24/2008	\$ 129,825	\$ 173,100	\$ 320,234	45,000	\$ 24.5	\$ 449,280
Eric D. Jacobs	1/24/2008	\$ 114,881	\$ 153,175	\$ 283,373	45,000	\$ 24.5	\$ 449,280
Raj Sundaram	1/24/2008	\$ 114,881	\$ 153,175	\$ 268,056	40,000	\$ 24.5	\$ 399,360
David Trinder	1/24/2008	\$ 114,881	\$ 153,175	\$ 268,056	40,000	\$ 24.5	\$ 399,360

(1) These columns show the potential value of the payout of the annual cash incentive bonuses for 2008 performance for each named executive officer if the minimum, target and maximum performance levels are achieved. The potential payout is performance based and driven by company and individual performance. The actual amount of the annual cash incentive bonuses paid for

2008 performance is shown in the Summary Compensation Table under the Non-Equity Plan Compensation column.

- (2) This column shows the number of stock options granted in 2008 to the named executive officers. These options vest as follows: 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.
- (3) This column shows the exercise price for the stock options granted during 2008. All option awards granted during 2008 were

granted under  
the DealerTrack  
Holdings, Inc.  
Second  
Amended and  
Restated 2005  
Incentive Award  
Plan.

- (4) This column shows the grant date fair value of stock options computed in accordance with SFAS 123(R) granted to the named executive officers during 2008.

**Table of Contents****OUTSTANDING EQUITY AWARDS AT 2008 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; 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.

Name	Grant Date	Number of Securities Underlying Unexercised Options	Number of Securities Underlying Unexercised Options	Option Exercise Price	Option Expiration Date	Stock Award Grant Date	Number of Shares or Units of Stock That Have Not Vested (1)	Market Value of Shares or Units of Stock That Have Not Vested (2)	Equity Incentive Plan Awards: Market or Value of	Equity Incentive Plan Awards: Payout
									Unearned Shares, Units or Other Rights That Have Not Vested (3)	Unearned Shares, Units or Other Rights That Have Not Vested (4)
Mark F. O Neil	1/16/2002	164,941		\$ 3.12	1/15/2012	5/26/2005	7,500	\$ 89,175		
	1/30/2003	197,452		2.80	1/29/2013	1/27/2006	17,500	208,075		
	5/3/2004	7,501		2.80	2/13/2011	8/2/2006			170,000	\$ 2,021,300
	5/3/2004	235,000		2.80	5/2/2014	2/6/2007	30,000	356,700		
	8/18/2004	167,000		2.80	8/17/2014	8/8/2007	7,500	89,175		
	5/26/2005	111,977	13,023	12.92	5/25/2015					
	1/27/2006	65,624	24,376	20.68	1/26/2016					
	2/6/2007	18,333	21,667	28.73	2/5/2017					
	8/8/2007	3,333	6,667	38.98	8/7/2014					
	1/24/2008		100,000	24.50	1/23/2015					
Robert J. Cox III	1/16/2002	25,781		3.12	1/15/2012	5/26/2005	2,500	29,725		
	1/30/2003	18,620		2.80	1/29/2013	1/27/2006	6,000	71,340		
	5/3/2004	11,697		2.80	6/26/2011	8/2/2006			60,000	713,400
	5/3/2004	35,000		2.80	5/02/2014	2/6/2007	9,000	107,010		
	8/18/2004	65,000		2.80	8/17/2014	8/8/2007	3,750	44,588		
	5/26/2005	44,791	5,209	12.92	5/25/2015					
	1/27/2006	18,228	6,772	20.68	1/26/2016					



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	2/6/2007	5,499	6,501	28.73	2/5/2017					
	8/8/2007	1,666	3,334	38.98	8/7/2014					
	1/24/2008		45,000	24.50	1/23/2015					
Eric D. Jacobs	5/15/2002	26,250		2.80	5/14/2012	5/26/2005	2,500	29,725		
	1/30/2003	9,753		2.80	1/29/2013	1/27/2006	5,000	59,450		
	1/30/2004	45,000		2.80	1/29/2014	8/2/2006			50,000	594,500
	8/18/2004	50,000		2.80	8/17/2014	2/6/2007	6,750	80,258		
	5/26/2005	44,791	5,209	12.92	5/25/2015	8/8/2007	3,750	44,588		
	1/27/2006	14,583	5,417	20.68	1/26/2016					
	2/6/2007	4,124	4,876	28.73	2/5/2017					
	8/8/2007	1,666	3,334	38.98	8/7/2014					
	1/24/2008		45,000	24.50	1/23/2015					
Raj Sundaram	5/26/2005	22,395	2,605	12.92	5/25/2015	1/27/2006	2,500	29,725		
	1/27/2006	7,291	2,709	20.68	1/26/2016	11/2/2006	5,000	59,450		
	11/2/2006	10,416	9,584	25.39	11/1/2016	8/2/2006			35,000	416,150
	2/6/2007	4,124	4,876	28.73	2/5/2017	2/6/2007	6,750	80,258		
	8/8/2007	1,666	3,334	38.98	8/7/2014	8/8/2007	3,750	44,588		
	1/24/2008		40,000	24.50	1/23/2015					
David Trinder	1/30/2004	8,334		2.80	1/29/2014	5/26/2005	1,250	14,863		
	7/01/2004	3,000		2.80	7/20/2014	1/27/2006	4,500	53,505		
	8/18/2004	10,000		2.80	8/17/2014	8/2/2006			35,000	416,150
	5/26/2005	31,353	3,647	12.92	5/25/2015	2/6/2007	6,750	80,258		
	1/27/2006	13,124	4,876	20.68	1/26/2016	8/8/2007	3,750	44,588		
	2/6/2007	4,124	4,876	28.73	2/5/2017					
	8/8/2007	1,666	3,334	38.98	8/7/2014					
	1/24/2008		40,000	24.50	1/23/2015					

(1) These awards vest in four equal annual installments from date of grant.

(2) The market value is based on the closing price of our common stock as of December 31, 2008, which was \$11.89.

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- (3) These are performance based restricted common stock awards that vest in full on January 31, 2010, provided that the executive officer remains employed on such date. The amount that will vest at such time is subject to the achievement of certain pre-established performance goals for fiscal years 2007, 2008 and 2009. These performance goals are 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 year 2008 for either EBITDA or market capitalization.
- (4) The market value is based on the closing price of our common stock as of December 31, 2008, which was \$11.89, without taking any discounts and assuming that targets are achieved (EBITDA and market cap).

**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.

<b>Stock Option Grant Date</b>	<b>Vesting Schedule</b>
January 30, 2003	The vesting commencement date was January 1, 2003.
January 30, 2004	10,000 options vested immediately for Mr. Jacobs, the remaining 60,000 began vesting on January 1, 2004.
May 3, 2004	14,609 of Mr. Cox's options were immediately vested. Of the remaining 41,016 options, 6,016 vested in 14 equal monthly installments ending on June 27, 2005 and the remaining 35,000 options had a vesting commencement date of January 1, 2004. 152,462 of Mr. O'Neil's options were immediately vested. Of the remaining 262,491, 37,491 vested in 10 equal monthly installments ending on February 14, 2005 and the remaining 225,000 had a vesting commencement date of January 1, 2004.

**OPTION EXERCISES AND STOCK VESTED IN FISCAL 2008**

<b>Name</b>	<b>Option Awards</b>		<b>Stock Awards</b>	
	<b>Number of Shares Acquired on Exercise</b>	<b>Value Realized On Exercise</b>	<b>Number of Shares Acquired on Vesting</b>	<b>Value Realized on Vesting (7)</b>
Mark F. O'Neil		\$	28,750(2)	\$ 641,750
Robert J. Cox III			9,750(3)	214,780
Eric D. Jacobs			8,500(4)	185,278
Raj Sundaram				