

DealerTrack Holdings, Inc.
Form DEF 14A
April 28, 2006

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A INFORMATION
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 ..

Check the appropriate box:

.. Preliminary Proxy Statement

.. Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

x Definitive Proxy Statement

.. Definitive Additional Materials

.. 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.

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

2) Aggregate number of securities to which transaction applies:

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April 28, 2006

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 Wednesday, June 14, 2006, at 10 a.m. local time, at the Sheraton New York Hotel & Towers, 811 7th Avenue, New York, NY 10019.

Details of the business to be conducted at the meeting are given in the attached Notice of Annual Meeting of Stockholders and 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 (516) 734-3758.

We look forward to seeing you at the meeting.

Sincerely,

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

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NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

Date: Wednesday, June 14, 2006

Time: 10:00 a.m. local time

Location: Sheraton New York Hotel & Towers
811 7th Avenue
New York, NY 10019

Matters To Be Voted On: (1) To elect two members to the board of directors for a three-year term as Class I directors to serve until our 2009 Annual Meeting of Stockholders and until their successors are elected; and

(2) To transact such other business as may properly come before the Annual Meeting or any postponements or adjournment thereof.

Record Date: April 20, 2006 You are eligible to vote if you were a stockholder of record on this date.

Voting Methods: By mail
In person

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 meeting and will save us proxy solicitation expenses.

By Order of the Board of Directors,

Eric D. Jacobs
Secretary

Lake Success, New York
April 28, 2006

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

PROXY STATEMENT

**For the Annual Meeting of Stockholders
to be held June 14, 2006**

GENERAL INFORMATION

THE ANNUAL MEETING

Our board of directors is soliciting proxies to be used at our Annual Meeting of Stockholders to be held on June 14, 2006. This Proxy Statement and the accompanying Notice of Annual Meeting and form of proxy are being made available to our stockholders on or about April 28, 2006.

PURPOSE OF MEETING

The specific proposal to be considered and acted upon at the Annual Meeting is summarized in the accompanying Notice of Annual Meeting. The proposal is 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 April 20, 2006 may vote at the Annual Meeting. As of April 20, 2006, there were 35,620,673 shares of our Common Stock outstanding.

HOW YOU CAN VOTE

You may vote using one of the following methods:

Mail. You may vote by mail by marking your proxy card, dating and signing it, and returning it in the postage-paid envelope provided.

In Person. You may vote your shares in person by attending the Annual Meeting.

If a broker holds your shares in street name, the broker is required to vote those shares in accordance with your instructions. If you do not give instructions to the broker, the broker may vote your shares with respect to 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, 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 enclosed proxy card 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 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; or

Submitting another timely proxy by mail; or

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Attending the Annual Meeting and voting in person. If your shares are held in the name of a bank, broker or other holder of record, 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.

VOTES REQUIRED

Election of Directors. The two 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. (See General Information about our Board of Directors on page 3).

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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 seven 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 each class of directors is elected and how each director is classified:

Class	Directors
Class I: Term expires 2006 and every three years thereafter	Messrs. Power and Tischler
Class II: Term expires 2007 and every three years thereafter	Messrs. Dietz and McDonnell
Class III: Term expires 2008 and every three years thereafter	Ms. Cirillo-Goldberg and Messrs. Gibson and O Neil

NOMINEES

All of the nominees listed below are currently directors and have agreed to serve another term. 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 2009 Annual Meeting or until a successor has been elected.

RECOMMENDATION OF OUR BOARD

Our Board of Directors recommends that you vote FOR the nominees listed below:

James David Power III

Howard L. Tischler

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. Messrs. Dietz and Tischler were 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 I DIRECTORS

James David Power III, 74, has served as a director of DealerTrack 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. He 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, 52, has served as lead director of DealerTrack since April 2006 and as a director of DealerTrack since March 2003. Since September 2005, Mr. Tischler has been employed by First Advantage Corporation, where he serves as Group President of First Advantage Dealer Services. From 2001 until September

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2005, Mr. Tischler was President and Chief Executive Officer of First American Credit Management Solutions, Inc. (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 degree in Mathematics from the University of Maryland and an MS degree in Engineering and Operations Research from George Washington University.

INFORMATION ABOUT THE MEMBERS OF OUR BOARD WHOSE TERMS OF OFFICE DO NOT EXPIRE AT THE ANNUAL MEETING

Class II Directors (term expires at the 2007 Annual Meeting)

Steven J. Dietz, 42, has served as a director of DealerTrack since April 2002. Mr. Dietz is employed by GRP Management Services, Inc., a private equity firm and affiliate of GRP II, L.P., GRP II Partners, L.P. and GRP II Investors, L.P., where he has been a Partner since 1996 when the firm was created. Prior to 1996, Mr. Dietz served as a Senior Vice President in the investment banking division of the Donaldson, Lufkin & Jenrette Securities Company. Mr. Dietz also serves as a director of several privately held companies, including UGO Networks, Inc., an Internet advertising business, EMN8, Inc., a provider of automated self-service technologies and Zag, Inc., a company whose technology and services solution is available on a private label basis to affinity and membership organizations as a way of improving the consumers car buying experience. Mr. Dietz served as a director and member of the audit committee of Garden.com from 1998 until January 2001, when the company s securities were no longer registered pursuant to Section 12 of the Exchange Act. Mr. Dietz holds a BS in Finance from the University of Colorado.

John J. McDonnell, Jr., 68, has served as a director of DealerTrack since July 2005. Mr. McDonnell is the founder, and has served since April 2001 as Chairman and Chief Executive Officer of TNS, Inc., a publicly held leading provider of data communications services to processors of credit card, debit card and ATM transactions worldwide. Previously, he served as Chairman and Chief Executive Officer 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. Mr. McDonnell holds a BS in Electrical Engineering from Manhattan College, an MSEE from Rensselaer Polytechnic Institute and an Honorary Doctorate of Humane Letters from Marymount University.

Class III Directors (term expires at the 2008 Annual Meeting)

Mary Cirillo-Goldberg, 58, has served as a director of DealerTrack since December 2002 and as lead director from May 2005 to April 2006. Since September 2003, Ms. Cirillo-Goldberg has served as an advisor to Hudson Ventures, 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 publicly held companies: Health Care Property Investors, Inc. and The Thomson Corporation.

Thomas R. Gibson, 63, has served as a director of DealerTrack since June 2005. Mr. Gibson has served as Chairman Emeritus of Asbury Automobile Group, one of the nation s largest automotive retailers, from 2004 to the present. Mr. Gibson served as Asbury s Chairman from 1994 to 2003, Chief Executive Officer between 1994 and 1999 and interim Chief Executive Officer for a portion of 2001. Prior to joining Asbury, he served as President and Chief Operating Officer of Subaru of America, Inc. and as Director of Marketing Operations and General Manager of

Import Operations for Chrysler. Mr. Gibson began his career in 1967 with Ford Motor Company and held key marketing and field management positions in both the Lincoln-Mercury and Ford divisions. He also serves on the board of directors of IKON Office Solutions, which is publicly held, and DealerTire LLC. Mr. Gibson is a graduate of DePauw University and holds an MBA from Harvard University.

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Mark F. O Neil, 47, 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. From February 2001 to May 2005, Mr. O Neil served as President, and he continues to serve as Chairman of the Board, Chief Executive Officer and a director of DealerTrack, Inc. Mr. O Neil began his career at Intel Corporation and 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 WPI and an MBA from Harvard Business School.

COMPENSATION OF DIRECTORS

Directors who are also employees receive no fees for their services as directors. All other directors receive the following compensation for their services:

Annual Fee:	\$25,000 per director.
Annual Committee Chair Retainer:	\$5,000 for the chair of each of our Compensation and Nominating and Corporate Governance Committees. \$10,000 for the chair of our Audit Committee.
Attendance Fee for Board Meetings:	\$2,000 for each board of directors meeting attended in person, \$1,000 for telephonic attendance. We also reimburse directors for their expenses to attend meetings.
Committee Member Retainer:	\$2,000 for each committee meeting attended other than the Investment Committee, with the Audit and Compensation Committee chairs receiving \$2,500 for each committee meeting attended.
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 as a director.
Annual Equity Grant:	3,500 shares of restricted stock each year on the date of our Annual Meeting. This grant vests in three equal annual installments commencing on the first anniversary of the grant date, subject to the director s continued service as a director.

Directors also 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 certain of the fees they would otherwise be entitled to receive for services rendered as directors. Amounts deferred under the Directors Deferred Compensation Plan are general liabilities of DealerTrack 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.

BOARD MEETINGS HELD DURING 2005

Our board of directors held eight meetings during 2005 and acted six times by written consent. During 2005, each director attended at least 75 percent of the board of directors and committee meetings held while such director served as a director and committee member. At each meeting of the board of directors since May 2005, the non-

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management directors met in executive session. Mary Cirillo-Goldberg, our lead director at the time, presided over these executive sessions.

BOARD INDEPENDENCE

The Nominating and Corporate Governance Committee and the board of directors will 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 NASDAQ for independent board members. The Nominating and Governance Committee and the board of directors have determined that all of our non-management directors are independent under those standards.

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. DealerTrack's Secretary will forward all correspondence to the board of directors, except for spam, junk mail, mass mailings, products complaints, or inquiries, job inquiries, surveys, business solicitations or advertisements, or patently offensive or otherwise inappropriate material. DealerTrack's Secretary may forward certain correspondence, such as product-related inquiries, elsewhere within DealerTrack for review and possible response.

DIRECTOR ATTENDANCE AT ANNUAL MEETING

The 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.

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. 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 and/or in our public filings with the SEC.

COMMITTEES

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

Audit Committee. We have an Audit Committee consisting of Messrs. Dietz, Gibson, and McDonnell. Mr. Dietz chairs the Audit Committee. The board of directors has determined that each member of the Audit Committee is independent and that Mr. Dietz is an audit committee financial expert, as defined by SEC rules, and has financial

sophistication, in accordance with the applicable NASDAQ listing standards. During 2005, the Audit Committee held nine meetings. A copy of our Audit Committee Charter is included as Exhibit I to this Proxy Statement. The purpose of the Audit Committee is to oversee our accounting and financial reporting processes and

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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 20).

Compensation Committee. We have a Compensation Committee consisting of Ms. Cirillo-Goldberg and Messrs. Gibson and McDonnell. Ms. Cirillo-Goldberg chairs the committee. During 2005, the Compensation Committee held three meetings. 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 our compensation philosophy;

Reviewing and recommending approval of compensation of our executive officers; and

Administering our stock incentive and employee stock purchase plans.

The 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 11).

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 chairs the committee. The Nominating and Corporate Governance Committee did not hold any meetings during 2005. The purposes 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.

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 by or before December 29, 2006 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;

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The name, age, business and residential address, educational background, current principal occupation or employment, and principal occupation or employment for the preceding five (5) 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.

Investment Committee. We have an Investment Committee consisting of Messrs. Dietz, Gibson and Tischler. Mr. Dietz chairs the 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.

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The following individuals were serving as our executive officers as of April 28, 2006:

Name	Age	Title
Mark F. O Neil	47	Chairman of the Board, President and Chief Executive Officer
John A. Blair	45	President DealerTrack Data Services, Inc.
Robert J. Cox III	40	Senior Vice President, Chief Financial Officer and Treasurer
Charles J. Giglia	54	Senior Vice President, and Chief Information Officer DealerTrack, Inc.
Ana M. Herrera	49	Vice President, Human Resources DealerTrack, Inc.
Eric D. Jacobs	39	Senior Vice President, General Counsel and Secretary
Vincent Passione	44	President DealerTrack, Inc.
David P. Trinder	47	President DealerTrack Aftermarket Services, Inc.

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. From February 2001 to May 2005, Mr. O Neil served as President, and he continues to serve as Chairman of the Board, Chief Executive Officer and a director of DealerTrack, Inc. 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.

John A. Blair has served as President of DealerTrack Data Services, Inc. and Chief Executive Officer of our Automotive Lease Guide (alg), Inc. subsidiary since May 2005. Mr. Blair served as Chief Executive Officer of Automotive Lease Guide (alg), LLC, from 1996 until its acquisition by us in May 2005. Mr. Blair also served as Chief Executive Officer of webalg, Inc., the developer of PaymentTrack, from March 2000 to March 2002. webalg was also acquired by us in August 2001. Prior to joining ALG, Mr. Blair held marketing and management positions with Xerox Corporation and IBM Corporation. Mr. Blair holds a BA in Economics from the University of California, Santa Barbara.

Robert J. Cox III has served as our Senior Vice President, Chief Financial Officer and Treasurer since November 2004. From May 2002 to October 2004, Mr. Cox was our Vice President of Finance and Treasurer, from January 2002 to April 2002, Mr. Cox served as our Vice President of Finance, Treasurer and Secretary, from August 2001 to December 2001, Mr. Cox served as our Director of Finance, Treasurer and Secretary, and from June 2001 to July 2001, Mr. Cox served as Director of Finance, Treasurer and Secretary for DealerTrack, Inc. In 1998, Mr. Cox joined Triton International, Inc., a facilities-based provider of wireless and wire-line telecommunications products, as its Executive Vice President and Chief Financial Officer and left in January 2001. Triton filed a bankruptcy petition

under Chapter 7 of the Bankruptcy Code on August 29, 2001. In 1991, he joined Green Stamp America, Inc., a real estate investment company, as their Controller and was elevated to the position of Chief Financial Officer in 1996. Mr. Cox began his career at KPMG LLP in the audit practice. Mr. Cox holds a BS in Accounting from St. Bonaventure University and an MBA from the Columbia University Graduate School of Business and is a CPA.

Charles J. Giglia has served as Senior Vice President and Chief Information Officer of DealerTrack, Inc. since January 2003. From February 2001 until January 2003 he served as Vice President and Chief Information Officer of DealerTrack, Inc. Previously, he served as a Vice President of the Chase Manhattan Bank, responsible for Internet

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development in its Diversified Consumer Services business. Prior to that, from 1980 to 1995, he served as online delivery group project manager with responsibility for managing multiple service delivery applications. Mr. Giglia holds a BS in Computer Science with a minor in Business and an MBA in Management Information Systems, both from the New York Institute of Technology.

Ana M. Herrera has served as Vice President, Human Resources of DealerTrack, Inc. since May 2005. 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 our Senior Vice President, General Counsel and Secretary since January 2004. 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 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, and is a CPA.

Vincent Passione has served as President of DealerTrack, Inc. since May 2005. From September 2003 to May 2005 he served as its Executive Vice President and Chief Operating Officer. From August 1999 until he joined DealerTrack, Mr. Passione served as Chief Executive Officer of OnMoney.com, a financial management web site, and President of Ameritrade's Institutional Client Division's new custodial platform, Ameritrade Connection. Prior to joining OnMoney.com, Mr. Passione spent six years at Citigroup where he managed its U.S. technology organization and served as Chief Technology Officer for its U.S. Consumer Bank. Mr. Passione holds a BS in computer science, cum laude, from New York Polytechnic Institute.

David P. Trinder has served as President of DealerTrack Aftermarket Services, Inc. since June 2005 and Chief Executive Officer and President of our dealerAccess Canada, Inc. subsidiary since January 2004. Mr. Trinder served as President and Chief Executive Officer of dealerAccess Canada, Inc., from April 2002 until its acquisition by DealerTrack in January of 2004. In the years before joining dealerAccess, Mr. Trinder built and operated two businesses in South Africa, and followed this as director of a venture capital fund that focused on IT investments. Mr. Trinder holds a Bachelor of Commerce and an MBA from the University of Cape Town, South Africa, and is a South African Chartered Accountant.

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COMPENSATION COMMITTEE REPORT ON EXECUTIVE COMPENSATION

The following report by our Compensation Committee shall not be deemed to be (i) soliciting material, (ii) filed with the SEC, (iii) subject to Regulations 14A or 14C of the Securities Exchange Act of 1934, or (iv) subject to the liabilities of Section 18 of the Securities Exchange Act of 1934. The report shall not be deemed incorporated by reference into any of our other filings under the Securities Exchange Act of 1934 or the Securities Act of 1933, except to the extent we specifically incorporate it by reference into such filing.

The Compensation Committee is comprised exclusively of non-management directors. We review the compensation program for the chief executive officer and other members of senior management, including the named executive officers, and determine and administer their compensation. We also oversee the administration of DealerTrack's incentive plans and employee benefit plans. We have retained Ernst & Young, LLP, an independent consultant, to assist us in fulfilling our responsibilities. Ernst & Young reports directly to us.

Compensation Policy

Philosophy

Our objective is to attract and retain highly qualified executive officers in a manner which provides incentives to create stockholder value. This objective is accomplished by establishing compensation which provides significant risk and opportunity for reward based on company and individual performance.

The program consists of both annual and long-term components, with a mix of cash and equity-based compensation. Our belief is that this combination of programs provides an appropriate mix of fixed and variable pay, balances short-term operational performance with long-term stock price performance, and encourages executive retention. Equity ownership is emphasized through our share ownership and retention program, discussed later on in this report.

Methodology

In determining actual compensation levels for the chief executive officer and other executive officers, we consider many factors, including competitive market data, overall company performance, and individual contributions. In determining compensation levels for our named executive officers, we use market data provided by Ernst & Young, which consisted of information from a group of 15 peer companies.

We use the peer group data primarily to ensure that the total direct compensation for senior management is within the broad middle range of comparative pay of the peer group companies while providing an opportunity for annual cash bonuses to attain approximately the 75th percentile when the company achieves its targeted performance levels. We do not target a specific position in the range of comparative data for each individual or for each component of compensation. We establish individual amounts in view of the comparative data and such other factors as level of responsibility, prior experience, and our judgment as to individual performance.

The use of an independent consultant provides additional assurance that our programs are reasonable and consistent with both market competitive practices and the company's objectives.

Components of Executive Compensation for 2005

Annual cash compensation for 2005 consisted generally of base salary and a cash bonus.

Base Salaries

We determined base salaries for executive officers based on company and individual performance in the prior year, internal relativity, and market data, which includes pay at the peer group companies.

Annual Cash Bonuses

Annual cash bonuses for executive officers are determined under the Senior Executive Incentive Bonus Plan. Under the plan, bonus target amounts, expressed as a percentage of base salary, are established for executive officers

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each year based on position level, with a target range of 30 percent to 70 percent of base salary for 2005 and a maximum range for 2005 of 45 percent to 140 percent of base salary, depending on position. Generally, no bonuses are payable if the company does not meet the pre-determined performance goals tied to revenue and EBITDA growth. If the company meets the pre-determined performance goals, we may adjust the actual award to each executive officer, up or down, depending on our assessment of the individual performance of the executive officer. For 2005, the actual cash bonuses awarded to executive officers ranged from 36 percent to 126 percent of base compensation.

Long-Term Incentives

We currently employ two forms of long-term equity incentives granted under the 2005 Incentive Award Plan: non-qualified stock options and restricted Common Stock, with stock options targeted to deliver approximately 50 percent of the total long-term incentive value, and restricted Common Stock targeted to deliver 50 percent of the total long-term incentive value for executive officers. These incentives foster the long-term perspective necessary for continued success in our business. They also ensure that our management is properly focused on stockholder value. Our objective is to have a combined grant value of non-qualified stock options and restricted Common Stock that is competitive within the broad middle range of peer company long-term incentive grant amounts. Stock options have traditionally been granted broadly within the organization, with approximately 460 team members now participating. All options are granted with an exercise price equal to the fair market value of the company's Common Stock on the date of grant, and option re-pricing is expressly prohibited by the terms of the 2005 Incentive Award Plan. Certain senior executives, including the named executive officers, are required to hold 25 percent of the net after-tax gain received upon option exercises in the form of the company's Common Stock in order to satisfy our stock ownership and retention program discussed below.

The ten-year term and four-year vesting terms of these awards help keep team members focused on long-term performance. In determining the size of equity grants, we consider job responsibility, individual performance, peer group data, accounting costs, the number of options and shares of restricted Common Stock previously granted and the amount of Common Stock reserved under the 2005 Incentive Award Plan for future grants.

Employee Deferred Compensation Plan

The company established an Employee Deferred Compensation Plan, effective as of June 30, 2005, that allows a select group of our management or highly compensated employees, including our executive officers, to defer payment of all or a specified part of any bonuses earned. The deferred compensation is deemed invested in deferred stock units. Each unit has the same value as one share of the company's Common Stock. Deferred compensation is converted into deferred stock units based on the fair market value of the company's Common Stock on each date that the bonuses would otherwise have been payable. If the company pays any dividend on shares of the company's Common Stock each executive's deferred compensation account will be credited with additional stock units equivalent to the aggregate value of the dividends that would have been payable had the shares of Common Stock represented by the deferred stock units been outstanding on the payment date.

The Employee Deferred Compensation Plan is an unfunded plan and participants are unsecured general creditors of the company. The Deferred Compensation Plan is designed to meet all requirements of Section 409A of the Internal Revenue Code. When payments are due, actual shares of the company's Common Stock will be issued.

Other Compensation

In 2005, we undertook a total executive compensation review with the guidance of our independent consultant. In addition to the primary compensation elements of salary, annual bonuses, long-term incentives and deferred compensation discussed above, we reviewed other annual compensation and payments that would be required under

various severance and change-in-control scenarios. We determined that these elements of compensation were reasonable in the aggregate.

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