DealerTrack Holdings, Inc.
Form DEF 14A
March 31, 2011

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

SCHEDULE 14A
(Rule 14a-101)

PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE SECURITIES EXCHANGE ACT OF 1934

Filed by the Registrant x

Filed by a Party other than the Registrant o

Check the appropriate box:

o Preliminary Proxy Statement

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

x Definitive Proxy Statement

o Definitive Additional Materials

o Soliciting Material Pursuant to § 240.14a-11(c) or § 240.14a-12

DealerTrack Holdings, Inc.
(Name of Registrant as Specified in Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

x No fee required.

o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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

2) Aggregate number of securities to which transaction applies:

3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

4) Proposed maximum aggregate value of transaction:

5) Total fee paid:

o Fee paid previously with preliminary materials.

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1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

March 31, 2011

Dear Stockholder:

On behalf of the board of directors and management of DealerTrack Holdings, Inc., I invite you to attend our Annual Meeting of Stockholders. The meeting will be held on May 23, 2011, at 3:30 p.m. local time, at DealerTrack Holdings, Inc. Corporate Headquarters, 1111 Marcus Avenue, Suite M04, Lake Success, New York 11042.

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

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

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

We look forward to seeing you at the Annual Meeting.

Sincerely,

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

NOTICE OF ANNUAL MEETING OF THE STOCKHOLDERS

Date:	May 23, 2011
Time:	3:30 p.m. local time
Location :	DealerTrack Holdings, Inc. 1111 Marcus Ave, Suite M04 Lake Success, New York 11042
Matters To Be Voted On:	(1) To elect two members of the board of directors for three-year terms as Class III directors to serve until our 2014 Annual Meeting of Stockholders or until their successors are elected; (2) To ratify the selection of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2011; (3) To hold an advisory vote on the compensation of our executive officers; and (4) To hold an advisory vote on the frequency of an advisory vote on the compensation of our executive officers.
Record Date:	March 28, 2011. You are eligible to vote if you were a stockholder of record at the close of business on this date.
Voting Methods:	By Mail In Person Via the Internet
Importance Of Vote :	Submit a proxy as soon as possible to ensure that your shares are represented. Voting promptly will insure that we have a quorum at the Annual Meeting and will save us proxy solicitation expenses.

By Order of the Board of Directors,

Gary N. Papilsky
Secretary

Lake Success, New York
March 31, 2011

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS
FOR THE ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON MAY 23, 2011.
The Proxy Statement and Annual Report on Form 10-K are available on our
website at http://ir.dealertrack.com/annual-proxy.cfm.

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

PROXY STATEMENT

For the Annual Meeting of Stockholders
to be held May 23, 2011

GENERAL INFORMATION

INFORMATION ABOUT THE NOTICE OF INTERNET AVAILABILITY OF PROXY MATERIALS

We have decided this year to continue to provide access to our proxy materials, including our Proxy Statement and Annual Report on Form 10-K, via the Internet rather than mailing a printed copy to each stockholder. This reduces the amount of paper necessary to produce these materials, as well as the costs associated with mailing these materials to all stockholders. Accordingly, on or about March 31, 2011, we began mailing a Notice of Internet Availability of Proxy Materials (the "Notice") to some of our stockholders and posted our proxy materials on the website referenced in the Notice (http://ir.dealertrack.com/2011proxy.cfm). As more fully described in the Notice, stockholders may choose to access our proxy materials on the website referred to in the Notice or may request to receive a printed set of our proxy materials. In addition, the Notice and website provide information regarding how you may request to receive proxy materials in printed form by mail or electronically by e-mail on an ongoing basis.

THE ANNUAL MEETING

Our board of directors is soliciting proxies to be used at our Annual Meeting of Stockholders to be held on May 23, 2011. This Proxy Statement, the accompanying Notice of Annual Meeting of Stockholders and form of proxy are being made available to our stockholders on or about March 31, 2011.

PURPOSE OF THE MEETING

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

INFORMATION CONCERNING VOTING AND SOLICITATION OF PROXIES

WHO CAN VOTE?

Only stockholders of record at the close of business on March 28, 2011 may vote at the Annual Meeting. As of March 28, 2011, there were 41,080,142 shares of our common stock outstanding.

HOW YOU CAN VOTE

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

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

You may vote using one of the following methods:

- By Mail. If you received proxy materials by mail, you may vote your shares by mail by marking your proxy card, dating, signing and returning it in the postage-paid envelope provided. If you received a Notice, you may request a proxy card at any time by following the instructions on the Notice. If you are a street name holder, you will receive instructions on how you may vote from your bank or broker, unless you previously enrolled in electronic delivery.
- In Person. If you are a stockholder of record, you may vote your shares in person by attending the Annual Meeting. If you are a street name holder, you may vote in person at the Annual Meeting if you have a legal proxy from the bank or broker that holds your shares. A legal proxy is a bank's or broker's authorization for you to vote the shares it holds in its name on your behalf.
- Via The Internet. If you received proxy materials by mail, you also can vote through the Internet using the procedures and instructions described on the proxy card. If you received a Notice, you can vote through the Internet using the procedures and instructions described on the Notice. Street name holders may vote by Internet if their bank or broker makes those methods available, in which case the bank or broker will enclose the instructions with the proxy materials.

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

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

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

HOW YOU CAN ACCESS THE PROXY MATERIALS FOR THE ANNUAL MEETING

Stockholders may access the proxy materials, which include the Notice of Annual Meeting, Proxy Statement (including a form of proxy card) and Annual Report on Form 10-K for the year ended December 31, 2010, on the Internet at http://ir.dealertrack.com/annual-proxy.cfm. We will also provide a hard copy of any of these documents free of charge upon request, which may be sent to Investor Relations, DealerTrack Holdings, Inc., 1111 Marcus Ave., Suite M04, Lake Success, NY 11042, submitted via the form set forth on our Investor Relations site at http://ir.dealertrack.com/contactus.cfm or submitted by calling our Investor Relations department at (888) 450-0478.

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

Stockholders of Record. If you vote on the Internet at www.proxyvote.com, simply follow the prompts for enrolling in the electronic proxy delivery service. You also may enroll in the electronic proxy delivery service at any time by going directly to http://ir.dealertrack.com/2011proxy.cfm and following the enrollment instructions.

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

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

HOW TO REVOKE YOUR PROXY OR CHANGE YOUR VOTE

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

- Giving written notice of revocation to: Secretary, DealerTrack Holdings, Inc., 1111 Marcus Ave., Suite M04, Lake Success, NY 11042;
- Submitting another timely proxy or voting instruction card with a later date by mail;
- Voting again over the Internet prior to 11:59 p.m., Eastern Time, on May 22 , 2011 (or, if you are a street name holder, such earlier time as your bank or broker may direct); or
- Attending the Annual Meeting and voting in person. If your shares are held in street name, to vote at the Annual Meeting you must obtain a proxy executed in your favor from the holder of record. Attendance at the Annual Meeting will not, by itself, revoke your prior proxy.

HOW MANY VOTES YOU HAVE

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

QUORUM

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

VOTES REQUIRED

Election of Directors. The 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.

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

Advisory Vote on Compensation of Our Executive Officers. The affirmative vote of a majority of the votes present and entitled to vote in person or by proxy at the Annual Meeting is required to adopt this advisory resolution. Since this proposal is advisory in nature, the results of this vote are not binding on the board of directors. However, the board will consider the results of this advisory vote when considering future executive compensation decisions.

Frequency of Advisory Votes on Compensation of Our Executive Officers. Due to the unique nature of this proposal seeking the stockholders’ views on the frequency of future advisory votes on compensation of our executive officers, the voting option (e.g., 1 year, 2 years or 3 years), if any, that receives a majority of the votes present and entitled to vote in person or by proxy at the Annual Meeting will be the option adopted by the stockholders. Since this proposal is advisory in nature, the results of this vote are not binding on the board of directors, whether or not any option receives a majority vote under this voting standard. However, the board will consider the results of this advisory vote when considering how frequently to hold votes on executive compensation in the future.

ATTENDING THE ANNUAL MEETING

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

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

PROPOSAL ONE:
ELECTION OF DIRECTORS

GENERAL INFORMATION ABOUT OUR BOARD OF DIRECTORS

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

Class	Directors
Class I: Term expires 2012 and every three years thereafter	Messrs. Foy, Power and Tischler
Class II: Term expires 2013 and every three years thereafter	Ms. Lane and Messrs. McDonnell and Zwarenstein
Class III: Term expires 2011 and every three years thereafter	Ms. Cirillo-Goldberg and Mr. O'Neil

NOMINEES

The two nominees are listed below. If any nominee is unable or declines unexpectedly to stand for election as a director at the Annual Meeting, proxies will be voted for a nominee designated by the present board of directors to fill the vacancy. Each person elected as a director will continue to be a director until the 2014 Annual Meeting or until a successor has been elected.

RECOMMENDATION OF OUR BOARD OF DIRECTORS

Our board of directors recommends that you vote FOR the election of each nominee listed below:

- Mary Cirillo-Goldberg
- Mark F. O'Neil

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 during the term of his agreement. Mr. Tischler was initially appointed to our board of directors pursuant to a stockholders' agreement, which terminated on our initial public offering and is no longer in effect. There are no other arrangements between any director or nominee and any other person pursuant to which the director or nominee was selected.

INFORMATION ABOUT NOMINEES FOR ELECTION AS CLASS III DIRECTORS.

Mary Cirillo-Goldberg, 63, has served on our board of directors since December 2002, and served as lead director from May 2005 to April 2006. Since September 2003, Ms. Cirillo-Goldberg has served as an advisor to Hudson Venture Partners, L.P., a venture capital fund. Ms. Cirillo-Goldberg served as the Chairman and Chief Executive Officer of OPCENTER, LLC, a privately held company that provides help desk, e-commerce and network operations services, from March 2000 to September 2003. From June 1997 through March 2000, she served as Executive Vice President and Managing Director of Bankers Trust Corporation. Ms. Cirillo-Goldberg currently serves as a director of two other public companies: ACE Limited (since 2006) and Thomson Reuters Corporation (since 2005), and served as a director of Health Care Property Investors from 2004 through 2007, Cisco Systems, Inc. from 1998 through 2001, Quest Diagnostics, Inc. from 1996 through 2004 and GlobalServe Corporation, a private company, from 2003-2006. Our board has determined that Ms. Cirillo-Goldberg's independence and experience as a director of various public companies, as well as her prior experience as a chief executive officer, qualify her to serve as a member of our board of directors.

Mark F. O'Neil, 52, 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. Our board has determined that Mr. O'Neil's experience as our Chairman of the Board, President and Chief Executive Officer as well as his experience in the automotive retail industry provide him with extensive insight into our operations and qualify him to serve as Chairman of the Board.

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

Class I Directors (terms expire at the 2012 Annual Meeting)

James Foy, 64, has served on our board of directors since September 2008. Mr. Foy has been President and Chief Executive Officer of privately held Aspect Software, Inc. and two predecessor companies (Concerto Software, Inc. and Davox Corporation) since 2001. In 1991, he founded Constellation Software, Inc., a technology company, and served as its President and Chief Executive Officer for three years. In 1994, Constellation was acquired by VMark Software, Inc. a predecessor company of Ardent Software, which was subsequently acquired by Informix Corp. Mr. Foy remained with the surviving companies in a variety of senior executive positions including President of Informix until IBM acquired Informix in 2001. Earlier in his career, he was with Prime Computer, Inc. and International Computers Limited (ICL). Mr. Foy serves on the boards of both Aspect Software and privately held Kalido, Inc., an enterprise software company. From 2006 through 2008 Mr. Foy served on the board of Plant/CML, a privately held company that provides crisis communications and response technologies. Our board has determined that Mr. Foy's independence and experience as the chief executive officer of numerous software companies qualify him to serve as a member of our board of directors.

James David Power III, 79, 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 served as a director of IMPCO Technologies, Inc., a public company, which supplies alternative fuel products to the transportation, industrial and power generation industries, from 2000 to 2008. In 1992, Mr. Power was a recipient of the Automotive Hall of Fame's Distinguished Service Citation, awarded each year to seven of the industry's most accomplished leaders. Mr. Power holds honorary doctorate degrees from College of the Holy Cross, California Lutheran University, California State University, Northridge and College Misericordia. He also serves as an adjunct professor of marketing at California State University, Northridge. Mr. Power holds a BA from the College of the Holy Cross and an MBA from The Wharton School of Finance at the University of Pennsylvania. Our board has determined that Mr. Power's independence and experience founding and building the marketing information firm, J.D. Power and Associates, as well as his extensive experience in the automotive industry, qualify him to serve as a member of our board of directors.

Howard L. Tischler, 57, has served as lead director since April 2006 and on our board of directors since March 2003. Since January 2009, Mr. Tischler has been employed as Chairman and CEO of Enfocel, LLC, a management and online marketing consulting firm. From September 2005 through December 2008, Mr. Tischler was employed by First Advantage Corporation, where he served as Group President of First Advantage Dealer Services. From 2001 until September 2005, Mr. Tischler was President and Chief Executive Officer of First American Credit Management Solutions, Inc., or CMSI, which was a subsidiary of The First American Corporation, as well as Teletrack, Inc. From 1999 until our acquisition of Credit Online, Inc. from CMSI in 2003, Mr. Tischler was President and Chief Executive Officer of Credit Online. Mr. Tischler currently serves on the Engineering Advisory Board at George Washington University. He holds a BS in Mathematics from the University of Maryland and an MS in Engineering and Operations Research from The George Washington University. Our board has determined that Mr. Tischler's independence, experience as President and Chief Executive Officer of Credit Online, Inc., an early entrant into DealerTrack's industry, as well as his extensive experience with First Advantage Dealer Services and CMSI, have provided him with wide knowledge of our industry and qualify him to serve as a member of our board of directors.

Class II Directors (terms expire at the 2013 Annual Meeting)

Ann B. Lane, 56, has served on our board of directors since July 2007. From April 2000 to January 2005, Ms. Lane was Managing Director, Co-Head of Syndicated & Leveraged Finance and Head of Bank Loan Capital Markets at

JPMorgan. From 1997 to 2000, Ms. Lane was Managing Director and Global Co-Head of Bank Loan Syndications at Citigroup Inc. From 1995 to 1997, Ms. Lane was Global Industry Head, Aviation and Defense at Citigroup Inc., and from 1982 to 1995, Ms. Lane held a number of senior level positions at Citigroup, including Global Head of Corporate Debt Restructuring. Ms. Lane has been a Board Member of Musical Masterworks in Old Lyme, Connecticut since 2005 and was an Advisory Board Member of the New York City Ballet from 2005 to 2008. Ms. Lane holds a BS in Economics from the University of California at Berkeley. Our board has determined that Ms. Lane's independence, qualification as an audit committee financial expert and extensive experience as a banking executive, qualify her to serve as a member of our board of directors.

John J. McDonnell Jr., 73, 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 Renssalaer Polytechnic Institute and an Honorary Doctorate of Humane Letters from Marymount University. Our board has determined that Mr. McDonnell’s independence, experience as a chairman and chief executive officer of a public company and experience with companies providing transaction processing services and network services, qualify him to serve as a member of our board of directors.

Barry Zwarenstein, 62, 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). Our board has determined that Mr. Zwarenstein’s independence, qualification as an audit committee financial expert and experience as a chief financial officer of various public companies, qualify him to serve as a member of our board of directors.

BOARD MEETINGS HELD DURING 2010

Our board of directors held ten meetings during 2010 and acted one time by written consent. During 2010, each director attended at least 75% of the board of directors and committee meetings held while such director served as a director and committee member. At each regular meeting of the board of directors, the non-management directors met in executive session with our lead director presiding.

BOARD INDEPENDENCE

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

BOARD LEADERSHIP STRUCTURE

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

BOARD OVERSIGHT OF RISK

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

STOCKHOLDER COMMUNICATIONS WITH THE BOARD OF DIRECTORS

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

DIRECTOR ATTENDANCE AT ANNUAL MEETING

Our board of directors' policy regarding director attendance at the Annual Meeting is that they are welcome to attend, and that we will make all appropriate arrangements for directors who choose to attend. Mr. O'Neil attended our 2010 Annual Meeting.

CODE OF BUSINESS CONDUCT AND ETHICS

We have adopted a "code of ethics," as defined by regulations promulgated under the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended, that applies to all of our directors and employees, including our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. A current copy of our Code of Business Conduct and Ethics is available on our website at www.dealertrack.com. 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.

COMMITTEES

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

Audit Committee. Our Audit Committee consists of Ms. Lane and Messrs. Zwarenstein and McDonnell. Mr. Zwarenstein serves as chairperson of the Audit Committee. Our board of directors has determined that each member of the Audit Committee is independent and that Ms. Lane and Mr. Zwarenstein are each audit committee financial experts, as defined by SEC rules, and have financial sophistication, in accordance with the applicable NASDAQ listing standards. During 2010, the Audit Committee held twelve meetings. The purpose of the Audit Committee is to oversee our accounting and financial reporting processes and the audits of our financial statements. The Audit Committee's responsibilities include assisting our board of directors in its oversight and evaluation of:

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

The Audit Committee has the sole and direct responsibility for appointing, evaluating and retaining our independent registered public accounting firm and for overseeing their work. All audit and non-audit services, other than de minimis non-audit services, to be provided to us by our independent registered public accounting firm must be approved in advance by our Audit Committee. The Audit Committee also reports to stockholders as required by the SEC (please see page 14).

Compensation Committee. We have a Compensation Committee consisting of Ms. Cirillo-Goldberg and Messrs. Foy and McDonnell. Mr. McDonnell serves as chairperson of the Compensation Committee. During 2010, the Compensation Committee held six 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 and recommending approval of compensation of our executive officers;
- administering our stock incentive and employee stock purchase plans;
- reviewing and making recommendations to our board of directors with respect to incentive compensation and equity plans; and
- reviewing and planning for the succession of the Chief Executive Officer and other key executives.

Our board of directors has determined that each member of the Compensation Committee is independent in accordance with the applicable NASDAQ listing standards. The Compensation Committee also reports to stockholders on executive compensation items as required by the SEC (please see page 26).

Nominating and Corporate Governance Committee. We have a Nominating and Corporate Governance Committee consisting of Ms. Cirillo-Goldberg and Messrs. Power and Tischler. Mr. Tischler serves as chairperson of the Nominating and Corporate Governance Committee. During 2010, the Nominating and Corporate Governance Committee held four meetings. The responsibilities of the Nominating and Corporate Governance Committee include:

- identifying and recommending nominees for election to our board of directors;
- determining committee membership and composition;
- evaluating non-financial risks to our business; 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. Our Secretary will forward all recommendations to the committee. Stockholders must submit their recommendations on or before January 1, 2012 and provide the following information:

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

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

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

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

Investment Committee. We have an Investment Committee consisting of Ms. Lane and Messrs. Foy and Tischler. Ms. Lane serves as chairperson of the Investment Committee. The Investment Committee was formed in January 2006. The purpose of our Investment Committee is to review investment and acquisition opportunities, approve certain acquisition and investment transactions and also make recommendations to our board of directors. During 2010, the Investment Committee held nine meetings.

NON-MANAGEMENT DIRECTORS' COMPENSATION FOR FISCAL YEAR 2010

Directors who are also employees receive no fees for their services as directors. During 2010, all other directors received the following compensation for their services:

Annual Fee:	$50,000 per director.
Initial Equity Grant:	Options to purchase 30,000 shares of our common stock upon becoming a director. The grant vests in three equal annual installments commencing on the first anniversary of the grant date, subject to the director's continued service on the board. No Initial Equity Grants were granted in 2010 because no new directors were appointed.
Annual Equity Grant:	Restricted stock units equal to a fixed dollar value of $135,000 are 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 2010.

Name	Fees Earned or Paid in Cash	Restricted Stock Unit Awards (RSU's) (1)	Option Awards (2)	Total
Mary Cirillo-Goldberg	$ 50,000	$ 135,005	$ -	$ 185,005
James Foy	50,000	135,005	-	185,005
Ann B. Lane	50,000	135,005	-	185,005
John J. McDonnell, Jr.	50,000	135,005	-	185,005
James David Power III	50,000	135,005	-	185,005
Howard L. Tischler	50,000	135,005	-	185,005
Barry Zwarenstein	50,000	135,005	-	185,005

(1) The following chart shows the details for each director's outstanding restricted common stock and RSU's as of December 31, 2010, including the grant date fair value of each award.

Name	Restricted Common Stock Grant Date	Number Granted	Grant Date Fair Value	Outstanding Restricted Common Stock / RSU's
Mary Cirillo-Goldberg	5/26/2005	3,500	$ 17.10	-
	6/14/2006	3,500	21.94	-
	7/11/2007	3,500	39.05	-
	6/03/2008	6,828	19.77	-
	6/17/2009	8,749	15.43	-
	5/24/2010	8,610	15.68	8,610
James Foy	9/19/2008	4,888	20.71	-
	6/17/2009	8,749	15.43	-
	5/24/2010	8,610	15.68	8,610
Ann B. Lane	7/11/2007	3,500	39.05	-
	6/03/2008	6,828	19.77	-
	6/17/2009	8,749	15.43	-
	5/24/2010	8,610	15.68	8,610
John J. McDonnell, Jr.	7/28/2005	3,500	18.00	-
	6/14/2006	3,500	21.94	-
	7/11/2007	3,500	39.05	-
	6/03/2008	6,828	19.77	-
	6/17/2009	8,749	15.43	-
	5/24/2010	8,610	15.68	8,610
James David Power III	5/26/2005	3,500	17.10	-
	6/14/2006	3,500	21.94	-
	7/11/2007	3,500	39.05	-
	6/03/2008	6,828	19.77	-
	6/17/2009	8,749	15.43	-
	5/24/2010	8,610	15.68	8,610
Howard L. Tischler	5/26/2005	3,500	17.10	-
	6/14/2006	3,500	21.94	-
	7/11/2007	3,500	39.05	-
	6/03/2008	6,828	19.77	-
	6/17/2009	8,749	15.43	-
	5/24/2010	8,610	15.68	8,610
Barry Zwarenstein	11/06/2007	2,625	47.98	-
	6/03/2008	6,828	19.77	-
	6/17/2009	8,749	15.43	-
	5/24/2010	8,610	15.68	8,610

(2) The following chart shows the details for each director's outstanding options as of December 31, 2010, including the grant date fair value of each option computed in accordance with ASC Topic 718, Compensation- Stock Compensation. For awards granted prior to January 1, 2006, the grant date fair value column represents the intrinsic value recorded under APB 25.

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

AUDIT COMMITTEE REPORT

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

1. Management has the primary responsibility for the consolidated financial statements and the reporting process, including the system of internal accounting controls. The Audit Committee, in its oversight role, has reviewed and discussed the audited consolidated financial statements with the company's management.

2. The Audit Committee has discussed with the company's independent registered public accounting firm the overall scope of and plans for its audit. The Audit Committee has met with the independent registered public accounting firm, with and without management present, to discuss the company's financial reporting process and internal accounting controls in addition to other matters required to be discussed by the Statement on Auditing Standards No. 61, as amended (Communications with Audit Committee), as may be modified or supplemented.

3. The Audit Committee has received the written disclosures and the letter from PricewaterhouseCoopers LLP, or PwC, required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with the Audit Committee concerning independence, and has discussed with PwC its independence.

4. The Audit Committee has policies and procedures that require the pre-approval by the Audit Committee of all fees paid to, and all services performed by, the company's independent registered public accounting firm, unless entered into pursuant to the pre-approval policies and procedures established by the Audit Committee. At the beginning of each year, the Audit Committee approves the proposed services, including the nature, type and scope of service contemplated and the related fees, to be rendered by the firm during the year. In addition, Audit Committee pre-approval is also required for those engagements that may arise during the course of the year that are outside the scope of the initial services and fees approved by the Audit Committee. For each category of proposed service, the independent registered public accounting firm is required to confirm that the provision of such services does not impair their independence.

5. Based on the review and discussions referred to in paragraphs (1) through (4) above, the Audit Committee recommended to the board of directors of DealerTrack Holdings, Inc. and the board of directors has approved, that the audited consolidated financial statements be included in the company's Annual Report on Form 10-K for the fiscal year ended December 31, 2010 for filing with the Securities and Exchange Commission.

Respectfully Submitted by the Audit Committee,

Barry Zwarenstein (chairperson)
Ann B. Lane
John J. McDonnell, Jr.

PRINCIPAL ACCOUNTANT FEES AND SERVICES

The following table sets forth the fees billed by PwC for 2010 and 2009:

	2010	2009
Audit fees (1) :	$ 967,549	$ 1,035,700
Audit-related fees (2) :	608,680	507,500
All other fees (3):	1,500	1,500
Total:	$ 1,577,729	$ 1,544,700

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

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

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

All of the audit-related and other services that PwC provided us in 2010 and 2009 were approved by the Audit Committee by means of specific pre-approvals or pursuant to the procedures contained in the pre-approval policies and procedures established by the Audit Committee.

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

The Audit Committee of our board of directors has selected, subject to ratification by our stockholders, PwC to serve as our independent registered public accounting firm for the 2011 fiscal year. Additional information concerning the Audit Committee and its activities with PwC can be found in the "Audit Committee Report" on page 14 and the section titled "Principal Accountant Fees and Services."

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

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

Our board of directors recommends that you vote FOR the ratification of the selection of PwC as our independent registered public accounting firm for the fiscal year ending December 31, 2011.

PROPOSAL THREE:
ADVISORY VOTE ON THE COMPENSATION OF EXECUTIVE OFFICERS

General

The recently enacted Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, or the Dodd-Frank Act, enables stockholders to vote to approve on an advisory, nonbinding basis, the compensation of our named executive officers, as we have described it in the "Executive Compensation" section of this proxy statement, beginning on Page 27. This vote, commonly known as a "say-on-pay" vote, provides stockholders with the opportunity to express their views on our named executive officers' compensation. The vote is not intended to address any specific item of our executive compensation, but rather the overall compensation of our named executive officers and the philosophy, policies and practices described in this proxy statement.

Compensation Philosophy

As described in the section of this proxy statement entitled "Compensation Discussion and Analysis", our executive compensation program is designed to

- 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 that align management and stockholder interests.

We seek to provide executive compensation that is competitive with a peer group of companies similar in size to ours. The Compensation Committee uses the peer group compensation data primarily to ensure that salary is targeted at the median and performance based compensation is targeted at the 75%, providing an opportunity for the annual cash bonus and equity value to attain the 75th percentile when targeted performance levels are exceeded. While the peer group market data provide a useful starting point for compensation decisions, the Compensation Committee also takes into account factors such as level of responsibility, prior experience, individual performance, and internal pay relationships in arriving at final compensation decisions. The elements of executive compensation are base salary, annual and long term incentive 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.

Please see our "Compensation Discussion and Analysis" (beginning on page 19), the compensation tables and related narrative disclosures for detailed information about our executive compensation programs, including information about the fiscal 2010 compensation of our named executive officers.

Compensation Adjustments

In an effort to align executive compensation with company performance, the performance metrics in our executive compensation plans include revenue, EBITDA, adjusted net income and total stockholder return. The objective of these programs is to focus our named executive officers on achieving both short and long-term financial results. Our financial performance for 2010 ended below expectations, and accordingly each of our named executive officers received only 60% of his or her target bonus amount for 2010.

We are adjusting our compensation program to introduce additional performance-based metrics to our executives’ total annual compensation to ensure that at least 33% of our executives’ incentive awards are performance-based.

Text of Resolution

“RESOLVED, that the stockholders of DealerTrack Holdings, Inc. approve, on an advisory basis, the compensation of the named executive officers, as disclosed in this proxy statement for the 2011 Annual Meeting of Stockholders pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the Compensation Discussion and Analysis, the compensation tables and the related narrative disclosures.”

This say-on-pay vote is advisory and, therefore, not binding on DealerTrack, our Board, or the Compensation Committee of the Board. Our Board and Compensation Committee value the opinions of our stockholders and will take into account the outcome of the vote when considering future executive compensation decisions and arrangements.

Recommendation of the Board

Our Board of Directors recommends that you vote FOR the approval of the compensation of our named executive officers, as disclosed in this proxy statement pursuant to the compensation disclosure rules of the SEC.

PROPOSAL FOUR:
ADVISORY VOTE ON THE FREQUENCY OF AN ADVISORY VOTE ON THE COMPENSATION OF EXECUTIVE OFFICERS

General

The Dodd-Frank Act also enables stockholders to express their views on how frequently DealerTrack should conduct advisory stockholder votes on our executive compensation, such as the say-on-pay vote under Proposal Three of this proxy statement. On the proxy card or voter instruction card distributed with this proxy statement, stockholders have the opportunity to indicate whether they prefer to hold an advisory vote on executive officer compensation every one, two or three years.

After careful consideration, our board of directors has determined that it believes a stockholder advisory vote on executive compensation that is conducted every three years is the appropriate approach for DealerTrack at this time and, therefore, the board recommends that you vote for a three-year interval for the advisory vote on executive compensation.

We believe that the structure of executive compensation arrangements should be in place for a number of years between stockholder advisory votes, in order to allow the board of directors and stockholders time to evaluate the effectiveness of those arrangements. A vote every three years will also allow stockholders to better judge our executive compensation program with respect to our long-term performance.

You may cast your vote on your preferred voting frequency by choosing the option of one year, two years or three years, or abstain from voting when you indicate your preference in response to the resolution set forth below.

Text of Resolution

“RESOLVED, that a non-binding advisory vote of the stockholders of DealerTrack Holdings, Inc. to approve, on an advisory basis, the compensation of the named executive officers, as disclosed pursuant to the compensation disclosure rules of the Securities and Exchange Commission, be held at an Annual Meeting of the Stockholders, beginning with the 2011 Annual Meeting of the Stockholders, every one, two or three years.”

This stockholder vote is advisory and, therefore, not binding on DealerTrack or the Board. The Board will carefully consider and expects to be guided by the alternative that receives the most stockholder support in determining the frequency of future advisory votes on our executive compensation. Notwithstanding the outcome of this stockholder vote, the Board may in the future decide to conduct advisory votes on a more or less frequent basis and may vary its practice based on factors such as discussions with stockholders and the adoption of material changes to compensation programs.

Recommendation of the Board

Our Board of Directors recommends that you vote for holding an advisory vote once every THREE YEARS to approve the compensation of executive officers.

EXECUTIVE OFFICERS

The following individuals serve as our executive officers:

Name	Age	Title
Mark F. O'Neil	52	Chairman of the Board, President and Chief Executive Officer
Mark Furcolo	49	Senior Vice President, Processing Solutions Group
Ana M. Herrera	54	Senior Vice President, Human Resources
Eric D. Jacobs	43	Senior Vice President, Chief Financial Officer, Chief Administrative Officer and Treasurer
Richard McLeer	45	Senior Vice President and Chief Information Officer
Raj Sundaram	44	Senior Vice President, Solutions and Services Group
Rick G. Von Pusch	49	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.

Mark Furcolo has served as Senior Vice President, Processing Solutions Group, since February 2011. From December 2008 through its acquisition by us in February 2011, Mr. Furcolo served as the Chief Executive Officer of triVIN, Inc. Mr. Furcolo also held the position of President and Chief Operating Officer of General Systems Solutions, Inc. (GSS), a subsidiary of triVIN, from March of 2007 through the acquisition. Mr. Furcolo served as Vice President and Chief Financial Officer of triVIN from June 1998 through March 2007, and as the Chief Financial Officer of GSS from November 1995 through March 2007. Mr. Furcolo joined GSS in June 1992 as its Controller and Finance Manager. Before joining GSS, Mr. Furcolo served as a commercial loan officer of Fleet Bank from June 1989 to June 1992. Before joining Fleet Bank, Mr. Furcolo was an adjunct faculty member at the University of Rhode Island where he instructed courses on software development. Mr. Furcolo holds a BA and an MBA from the University of Rhode Island.

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

Eric D. Jacobs has served as Senior Vice President and Chief Financial Officer since March 2009 and has also served as Chief Administrative Officer and Treasurer since January 2009. From January 2004 through January 2009 Mr.

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

Richard McLeer has served as Senior Vice President and Chief Information Officer since January 2009. From August 2006 through January 2009, Mr. McLeer served as Senior Vice President, Strategy & Development. From April 2005 to August 2006, Mr. McLeer served as Vice President, Credit and Contract Solutions for DealerTrack, Inc., and served as our National Lender Development Manager from February 2001 to April 2005. From 1996 to 2001, Mr. McLeer was Senior Vice President and National Product Director for the Bank of America Auto Group, and previously held a variety of marketing, sales and business development positions at Bank of America. Prior to that, Mr. McLeer worked at Trans Union Corporation from 1993 to 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.

COMPENSATION DISCUSSION AND ANALYSIS

Overview

The board of directors of DealerTrack is providing stockholders with the opportunity to cast an advisory vote on the compensation of our named executive officers. This proposal, known as “say on pay”, provides stockholders with the opportunity to endorse or choose not to endorse our fiscal 2011 executive compensation programs and policies and the compensation we pay our named executive officers.

Although the vote is non-binding, the board of directors and the Compensation Committee will take into account the outcome of the vote when making future decisions about DealerTrack’s executive compensation policies and procedures.

DealerTrack’s compensation program is designed and administered by the Compensation Committee, which is composed entirely of independent directors, and carefully considers many different factors, as described below in this Compensation Discussion and Analysis, or CD&A, in order to provide appropriate compensation for our named executive officers.

The Compensation Committee has designed our compensation program to be competitive with the compensation offered by a peer group of companies identified later in this CD&A. Targets for base salaries, annual cash incentive and long-term incentive awards for our named executive officers are based on competitive data. A large proportion of the compensation for the named executive officers is performance-based and is intended to align their interests with those of our stockholders, place more of their compensation at risk and emphasize a long-term strategic view.

Fiscal 2010 was anticipated to be a difficult year for the economy and our business.   The Compensation Committee considered our company's fiscal 2010 budget and financial performance expectations in designing the fiscal 2010 named executive officer compensation program.

Actual financial performance for the year ended below expectations, and consequently each of our executive officers was paid less than the target amount of his or her fiscal 2010 total direct annual compensation (base salary, target incentive award opportunity and awarded value of stock options and restricted stock units) in alignment with the Committee's pay-for performance philosophy. Specifically, each named executive officer received only 60% of his or her target bonus.

In order to focus our named executive officers on key milestones in the company's long-term strategic growth plan, the Compensation Committee in January 2010 implemented a three year performance-based long-term equity incentive program, with vesting generally tied to the achievement of the following key, strategic goals:

- company adjusted net income of $24.3 million in 2010.
- three year total stockholder return (TSR) equal to the 50th percentile of the companies that comprise the NASDAQ Internet Index.

In 2010, based on actual performance, the adjusted net income component of the program achieved a vesting percentage of 51%. The measurement period for the TSR Performance Award does not end until December 31, 2012 and, as such, no awards vested as of December 31, 2010.

The performance metrics in our executive compensation plans include revenue, adjusted EBITDA, adjusted net income and TSR. The objective of these programs is to focus our executive officers on achieving both short and long-term financial results.

In January 2011, the Compensation Committee directed Frederic W. Cook, an independent compensation consultant, to conduct a review of the company's compensation programs. For our 2011 annual grant, we added an additional performance measure requiring that stock options not vest unless the company improves its EBITDA performance between the year issued and the following year. Following implementation of the performance based vesting terms, 67% of our named executive officers' future equity grants will be based on company performance.

Compensation Discussion and Analysis

This section contains a discussion of the material elements of DealerTrack's compensation awarded to, earned by, or paid to its named executive officers. DealerTrack's named executive officers for fiscal 2010 are the Chief Executive Officer, Chief Financial Officer and the three most highly compensated executive officers at the end of fiscal 2010.

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

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

The Compensation Committee has established the following objectives 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 that align management and stockholder interests.

Peer Group and Benchmarking

In connection with compensation decisions for 2011, the Compensation Committee reviewed the market compensation data of a peer group of companies recommended by Frederic W. Cook, an independent compensation consultant that the Compensation Committee retained. In view of changed circumstances that impacted the appropriate applicability for DealerTrack of our peer companies from prior years, the Compensation Committee updated and expanded the selection of executive compensation benchmarking peers for fiscal year 2011.

In revising our peer group, the Compensation Committee:

§ increased the number of companies from 11 to 16 in order to minimize the potential impact of outliers when analyzing market data;

§ removed five companies from the peer group that that were materially larger or smaller than DealerTrack; and

§ added ten new companies.

Our revised peer group consists of 16 companies, with levels of revenue and market capitalization comparable to DealerTrack. The six companies remaining from our 2010 peer group are: BlackBaud, Inc., Blackboard, Inc., Digital River, Inc., Radiant Systems, Inc., TNS, Inc. and Websense, Inc. The ten companies we added are: ACI Worldwide, Inc., Art Technology Group, Inc., Bottomline Technologies, Inc., Liquidity Services, Inc., NetSuite, Inc., RightNow Technologies, Inc., S1 Corporation, Synchronnoss Technologies, Inc., Tyler Technologies, Inc. and Wright Express Corporation.

The Compensation Committee uses the peer group compensation data primarily to structure executive salaries such that they are targeted at the median and performance based compensation is targeted at the 75th percentile. This provides an opportunity for the executives' annual cash bonus and equity value to reach the 75th percentile against our peer group when the company exceeds targeted performance levels. While the peer group market data provide a useful starting point for compensation decisions, the Compensation Committee also takes into account factors such as level of responsibility, prior experience, individual performance, and internal pay relationships in arriving at final compensation decisions. Executive compensation consists of the following elements: base salary; annual and long term incentive plans; and annual grants of equity awards. Executive compensation has a high proportion of total direct compensation that is at risk delivered through pay-for-performance incentive and long-term equity compensation.

Assessment of Company and Individual Performance

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

The Compensation Committee meets with the company's chief executive officer at the beginning of the year to establish the chief executive officer's performance objectives. At the end of the year, the Compensation Committee reviews the chief executive officer's achievement of these objectives. In setting the chief executive officer's compensation, the Compensation Committee considers the company's overall performance along with the chief executive officer's individual performance.

For all other executive officers, our chief executive officer provides our Compensation Committee with a performance assessment and compensation recommendation. The performance evaluation of the other executive officers is based on the achievement of objectives that the chief executive officer establishes after consulting with each executive officer.

Total Compensation Review

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

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

Components of Executive Compensation for 2010

Base Salary

The Compensation Committee believes that payment of competitive base salaries is an important element in attracting, retaining and motivating our executive officers. The Compensation Committee also believes that having a certain level of fixed compensation allows our executive officers to dedicate their full time business attention to our company. Each executive officer's base salary is designed to provide the executive with a fixed amount of annual compensation that is competitive within the marketplace. Base salaries, however, represent less than 26% of the total direct compensation opportunity for each named executive officer.

Our Compensation Committee reviews base salary levels annually, but only makes adjustments based on performance, market trends and surveys of peer group compensation levels.

The annual base salary for each named executive officer is the primary form of fixed (not at-risk) compensation. The base salary is set at the market median and is competitive with similar positions at our peer group companies, as described above. Base salary may be adjusted during the year if a change in the scope of the executive officer's responsibilities justifies such consideration.

For 2010, the Compensation Committee, based on the chief executive officer's recommendation, granted our named executive officers salary increases of, on average, 3%. In April 2009 the company instituted a company-wide decrease of 5.29% in base salary for all employees, including all executive officers. The amount of salary lost in 2009 was paid back to all employees and executive officers in a lump sum payment in November 2009. The amounts paid back at such time are included for purposes of calculating the executives' salary increases from 2009 to 2010.

Annual Incentive Bonus Plan

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

The Compensation Committee believes variable incentive pay should be a significant portion of each named executive officer's annual target cash compensation. The company targets annual cash compensation for each named executive officer at the 50th percentile of the peer group described above, with the opportunity for each to earn additional cash compensation upon superior performance. If the company exceeds its target goals, the annual incentive bonus amount for each executive officer is then targeted at the 75th percentile of the peer group's annual bonus compensation.

The annual incentive bonus targets are established for the named executive officers each year. In 2010 the named executive officers' target bonuses ranged from 55% to 85% of their respective base salaries, and their maximum bonuses ranged from 165% to 210% of their respective target bonuses.

Each named executive officer's bonus award is calculated by multiplying the officer's annual base salary by the officer's target award percentage, and multiplying the product by a factor based on the extent to which the company achieved its (a) pre-bonus adjusted EBITDA target and (b) total company revenue target for the year, as described below. The pre-bonus adjusted EBITDA and total company revenue goals were weighted equally in this determination. This approach is intended to balance the named executives' focus on growth in both revenues and earnings. Our board may then decrease this result based on overall company and individual performance.

The Compensation Committee uses pre-bonus adjusted EBITDA as a key metric to review and assess the company's operating performance and the management team's performance because it provides useful information with respect to the performance of the company's fundamental business activities and is also frequently used by equity research analysts and others in the evaluation of the company. Our pre-bonus adjusted EBITDA target for 2010 for purposes of calculating named executive compensation was $57 million. The company was required to achieve a threshold of at least $38.8 million in order for our executive officers to be eligible to receive any credit toward their annual incentive bonuses from adjusted EBITDA.

The pre-bonus adjusted EBITDA bonus pool contribution, which constituted 50% of the total bonus pool contribution, was determined as follows:

2010 Company Pre-Bonus Adjusted EBITDA	Pre-Bonus Adjusted EBITDA Bonus Pool Contribution
Less than $38.8 million	None
$38.8 million	25% of the target bonus pool contribution
Between $45.6 million and $57 million	Prorated between 25% and 100% of the target bonus pool contribution.
$57 million (target)	100% of the target bonus pool contribution
Between $57 million and $64.5 million (above target)	Prorated between 100% and 125% of the target bonus pool contribution.
Over $64.5 million (maximum)	125% of the target bonus pool contribution

The Compensation Committee uses total company revenue as the other key metric to review and assess the company's operating performance and the management team's performance because our total revenue reflects the extent to which we have been able to grow our businesses and increase our presence in the markets we serve. Our total company revenue target for 2010 for purposes of calculating named executive compensation was $249.1 million. The company was required to achieve a threshold of at least 90% of this target in order for our executive officers to be eligible to receive any credit toward their annual incentive bonuses from total company revenue.

The total company revenue bonus pool contribution, which constituted the other 50% of the bonus pool contribution, was determined as follows:

2010 Total Company Revenue	Total Company Income Bonus Pool Contribution
Less than $224.2 million (below 90% of target)	None
Less than $224.2 million (90% of target)	25% of the target company bonus pool contribution
Between $224.2 million and $249.1 million	Prorated between 25% and 100% of the target bonus pool contribution.
$249.1 million (target)	100% of the target company bonus pool contribution
Between $249.1 million and 261.6 million (above target)	Prorated between 100% and 125% of the target bonus pool contribution.
Over $261.6 million (maximum)	125% of the target company bonus pool contribution

For fiscal 2010, our total company revenue was $243.8 million and our pre-bonus adjusted EBITDA was $50.2 million. Based on the formula set forth in the preceding paragraph and these results, the company bonus pool would have been funded at 78% of target. However, based on company performance, the Compensation Committee reduced the overall bonus pool to 70% of target.

Our Compensation Committee has the ability to reduce the bonus awarded to each executive officer depending on its assessment of performance. In making this assessment for executive officers other than our chief executive officer, the Compensation Committee also considers input from our chief executive officer. For 2010 the Compensation Committee reduced each executive officer's (including our chief executive officer's) bonus award negatively, to 60% of their respective target bonuses.

Annual Equity Grants

In order to align the executive officers' interests with our stockholders', each executive officer receives an annual equity grant. Our Compensation Committee reviewed and considered competitive market information at or near the 75th percentile for total direct compensation. 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. For 2010, approximately 34% of the named executive officers' equity incentive award value was granted in the form of restricted stock units, approximately 30% in the form of stock options and approximately 36% in the form of performance based stock units. In 2011, the company introduced a performance based vesting component to the stock option grants.

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

The Compensation Committee typically approves the company's annual equity grants at its first regularly scheduled meeting of a given year. Option grants to new hires are generally approved at the first regularly scheduled Compensation Committee meeting that follows the date of hire. In 2010 the Compensation Committee adopted an equity grant policy under which equity grants are granted on the fifth business day each quarter after earnings are released.

All equity grants to our named executive officers in 2010 were made pursuant to our Amended and Restated 2005 Incentive Award Plan.

Stock Ownership Requirements

The Compensation Committee has implemented stock ownership requirements for members of the senior management team, including all vice presidents and executive officers, that require these individuals to hold shares equal to the lesser of (a) a multiple of their respective base salaries and (b) a fixed number of shares. Our chief executive officer is required to hold shares with a value equal to six times his base salary, and the other named executive officers are required to hold shares with a value equal to two times their respective base salaries.

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

As of the end of 2010, our chief executive officer and the other named executive officers each met the stock ownership requirements.

Long-Term Equity Incentive Program

In February 2010, the Compensation Committee implemented a performance-based long-term equity incentive program and made grants of performance stock units to the named executive officers. These grants were targeted to deliver total direct compensation (annual base salary, annual bonus awards and long-term incentives) at the 75th percentile of our peer group if the company achieves performs exceptionally. These grants will be fully earned and vest only if during the three fiscal year measurement period: (i) we achieve our Adjusted Net Income Performance and Total Stockholder Return targets as set forth below; and (ii) the executive officer remains continuously employed with the company through January 31, 2013.

50% of the Performance Stock Units (the "Adjusted Net Income Units") will be eligible for vesting only to the extent the relevant Adjusted Net Income targets are met.

The Actual Net Income Payout will be determined as follows:

2010 Company Adjusted Net Income	Annual Net Income Payout
$26,700,000 or greater	125% of the Target Adjusted Net Income Award
$24,300,000- $26,699,999	100% of the Target Adjusted Net Income Award
$20,700,000- $24,299,999	25% of the Target Adjusted Net Income Award
Below $20,700,000	None

Based on the adjusted net income performance for fiscal year 2010, the Actual Net Income Payout will be at 51 % of the target payout.

The other 50% of the Performance Stock Units (the “TSR Units”) will be eligible for vesting only to the extent the relevant total stockholder return (TSR) targets are met. If the target TSR measurement is achieved, the executive will be eligible to vest in the TSR Units (the “Target TSR Award”). The number of actual TSR Units that will be eligible to be paid to the executive, subject to his or her continued employment (the “Actual TSR Payout”), if any, is determined based on the company’s TSR for the three period ending December 31, 2012 (the “TSR Performance Period”).

The Actual TSR Payout will be determined as follows:

Total Stockholder Return During TSR Performance Period	Actual TSR Payout
75th percentile or greater	150% of Target TSR Reward
50th – 74th percentile	100% of Target TSR Award
25th percentile or below	None

Employment Agreements

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

There were no changes or amendments to the company’s employment agreements in 2010. However, the Compensation Committee approved a change in the employment agreements for future executives, which will exclude the provision of a tax gross-up payment in the event the executives become subject to the 20% golden parachute excise tax. Accordingly, the company’s employment agreement with Mark Furcolo, an executive officer that joined the company through our recent acquisition of triVIN Holdings, Inc., does not have a tax gross-up payment provision.

Additionally, the company’s employment agreements provide for limited accelerated vesting of equity grants (other than performance-based restricted common stock) in the event of a termination of employment by the company without cause or by the named executive officer for good reason. In return, each executive covenants not to compete or solicit the company’s employees for one year from the date of termination.

The employment agreements also provide change in control benefits. In the event we undergo a change of control, the employment agreements provide for 36 months of accelerated vesting for time-based stock option and restricted common stock grants and full vesting of such grants in the event of termination within twelve months of the change of control. The performance-based restricted common stock grants provide for full acceleration upon a change in control. We believe that it is important to provide for accelerated vesting because equity grants provide such a high proportion of the total compensation. Very often, members of senior management lose their jobs in connection with a change of control. By agreeing up front to protect the named executive officers from losing their equity in the event of a change in control, we believe we can reinforce and encourage the continued attention and dedication of the executive officers to their assigned duties without distraction in the face of an actual or threatened change of control. This protection also aligns the 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.

Please see page 31 for more information regarding the material terms of the named executive officers' employment agreements.

Perquisites

We believe that cash and equity compensation are the two key components in attracting and retaining management talent and therefore do not provide any perquisites other than relocation expenses. For the 2010 fiscal year, no relocation expenses were paid on behalf of our named executive officers.

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 2010 bonuses deferred.

401(k) Plan

We maintain a 401(k) plan that covers substantially all of our employees. The 401(k) plan is an essential part of the retirement package needed to attract and retain employees in our industry. The 401(k) plan permits employees to contribute up to the lesser of 60% of earnings or the annual dollar limit prescribed by law. The company provides a matching contribution, the amount of which is determined at our discretion. For 2010, the matching contribution was 25% of each employee's contribution up to 6% of eligible pay, subject to Internal Revenue Code limitations. In addition, an additional company match may be earned based solely on the overall financial performance of the company. For 2010 the company provided an additional discretionary match equal to 70% of the matching contribution that was already provided.

Section 162(m) Policy

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

COMPENSATION COMMITTEE REPORT

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

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

Respectfully submitted by the Compensation Committee,

Mary Cirillo-Goldberg
James D. Foy

John J. McDonnell, Jr. (chairperson)

EXECUTIVE COMPENSATION

SUMMARY COMPENSATION TABLE

Name and Principal Position	Fiscal Year	Salary	Bonus (1)	Stock Awards (2)	Stock Options (3)	Non-Equity Incentive Comp (4)	All Other Compensation (6)	Total
Mark F. O'Neil Chairman and Chief Executive	2010	$ 522,100	-	$ 1,799,994	$ 760,840	$ 266,271	$ 6,657	$ 3,355,862
Officer	2009	$ 505,328	$ 19,672	$ 940,800	$ 877,743	$ 350,800	$ 4,419	$ 2,698,762
	2008	$ 525,000	-	-	$ 998,400	-(5)	$ 6,750	$ 1,530,150
Eric D. Jacobs Senior Vice President, Chief Financial Officer, Chief Administrative Officer and	2010	$ 300,000	-	$ 544,671	$ 230,573	$ 108,000	$ 7,012	$ 1,190,256
Treasurer (7)	2009	$ 268,0						