

DealerTrack Holdings, Inc.  
Form PRE 14A  
April 29, 2009

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

Proxy Statement Pursuant to Section 14(a) of the Securities  
Exchange Act of 1934 (Amendment No. \_\_)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

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

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-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):

No fee required.

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

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

(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.
- o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

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[ ], 2009

Dear Stockholder:

On behalf of the board of directors and management of DealerTrack Holdings, Inc., I invite you to attend our Annual Meeting of Stockholders. The meeting will be held on Wednesday, June 17, 2009, at 10:00 a.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*

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**NOTICE OF ANNUAL MEETING OF THE STOCKHOLDERS**

- Date:** Wednesday, June 17, 2009
- Time:** 10:00 a.m. local time
- Location:** DealerTrack Holdings, Inc.  
1111 Marcus Ave, Suite M04  
Lake Success, New York 11042
- Matters To Be Voted On:**
- (1) To elect three members of the board of directors for three-year terms as Class I directors to serve until our 2012 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, 2009;
  - (3) To approve amendments to our Second Amended and Restated 2005 Incentive Award Plan to allow for a one-time option exchange program for employees other than our executive officers and directors; and
  - (4) To amend and restate our Second Amended and Restated 2005 Incentive Award Plan to provide for an increase in the number of shares of common stock we may issue under the 2005 Plan by 4.9 million to 10.9 million shares.
- Record Date:** April 24, 2009. 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
- 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  
[ ], 2009

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON JUNE 17, 2009.**

**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 June 17, 2009**

**GENERAL INFORMATION**

**THE ANNUAL MEETING**

Our board of directors is soliciting proxies to be used at our Annual Meeting of Stockholders to be held on June 17, 2009. 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 April 30, 2009.

**PURPOSE OF MEETING**

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

**INFORMATION CONCERNING VOTING AND SOLICITATION OF PROXIES**

**WHO CAN VOTE?**

Only stockholders of record at the close of business on April 24, 2009 may vote at the Annual Meeting. As of April 24, 2009, there were 40,117,782 shares of our common stock outstanding.

**HOW YOU CAN VOTE**

You may vote using one of the following methods:

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

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

*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.

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*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 organization holding your account, who 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 organization on how to vote the shares held in your account.

If the bank, broker or organization 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, broker or other organization 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 election of directors and 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 amendments to our employee stock plan.

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

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

### **HOW TO REVOKE YOUR PROXY OR CHANGE YOUR VOTE**

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

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

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

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**VOTES REQUIRED**

**Election of Directors.** The three nominees for director receiving the highest vote totals will be elected. Abstentions 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.

**Approval of Stock Option Exchange Program.** 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 this proposal and broker non-votes will not be counted as present with respect to this proposal.

**Amendment and Restatement of our Second Amended and Restated 2005 Incentive Award Plan.** 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 this proposal and broker non-votes will not be counted as present with respect to this proposal.

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**PROPOSAL ONE:  
ELECTION OF DIRECTORS**

**GENERAL INFORMATION ABOUT OUR BOARD OF DIRECTORS**

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

<b>Class</b>	<b>Directors</b>
Class I: Term expires 2009 and every three years thereafter	Messrs. Foy, Power and Tischler
Class II: Term expires 2010 and every three years thereafter	Ms. Lane and Messrs. McDonnell and Zwarenstein
Class III: Term expires 2011 and every three years thereafter	Ms. Cirillo-Goldberg and Mr. O Neil

**NOMINEES**

The three nominees are listed below. If any nominee is unable or declines unexpectedly to stand for election as a director at the Annual Meeting, proxies will be voted for a nominee designated by the present board of directors to fill the vacancy. Each person elected as a director will continue to be a director until the 2012 Annual Meeting or until a successor has been elected.

**RECOMMENDATION OF OUR BOARD OF DIRECTORS**

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

James Foy

James David Power III

Howard L. Tischler

None of our directors or executive officers is related to another director or executive officer by blood, marriage or adoption. Mr. O Neil's employment agreement provides that he shall serve as Chairman of the board of directors during the term of his agreement. 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. In 2008, our Nominating and Corporate Governance Committee retained a third-party executive search firm to identify and evaluate potential director candidates. The firm assisted the committee in identifying Mr. Foy, who was appointed to our board of directors in September 2008.

**INFORMATION ABOUT NOMINEES FOR ELECTION AS CLASS I DIRECTORS**

*James Foy, 62*, has served on our board of directors since September 2008. Mr. Foy has been President and Chief Executive Officer of privately held Aspect Software, Inc. and two predecessor companies (Concerto Software, Inc. and Davox Corporation) since 2001. In 1991, he founded Constellation Software, Inc., a technology company, and served as its President and Chief Executive Officer for three years. In 1994, Constellation was acquired by VMark Software, Inc. a predecessor company of Ardent Software, which was subsequently acquired by Informix Corp. Mr. Foy remained with the surviving companies in a variety of senior executive positions including President of Informix until IBM acquired Informix in 2001. Earlier in his career, he was with Prime Computer, Inc. and International Computers Limited (ICL). Mr. Foy serves on the boards of both Aspect Software and privately held Kalido, Inc., an enterprise software company.

*James David Power III, 77*, has served on our board of directors since June 2002. Mr. Power has spent more than 35 years at, is a founder of and, from 1996 until April 2005, served as the Chairman of the Board of J.D. Power and Associates, a marketing information firm. Mr. Power also serves as a director of IMPCO Technologies, Inc., a public company, which supplies alternative fuel products to the transportation, industrial and power generation industries. In 1992, Mr. Power was a recipient of the Automotive Hall of Fame's Distinguished Service Citation, awarded each year to seven of the industry's most accomplished leaders. Mr. Power holds honorary doctorate degrees from College of the Holy Cross, California Lutheran University, California State University, Northridge and College Misericordia. He also serves as an adjunct professor of marketing at California State University, Northridge. Mr. Power holds a BA from the College of the Holy Cross and an MBA from The Wharton School of Finance at the University of Pennsylvania.

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*Howard L. Tischler, 55*, has served as lead director since April 2006 and on our board of directors since March 2003. Since January 2009, Mr. Tischler has been employed as Chairman and CEO of Enfocel, LLC, a management consulting and online marketing consulting firm. From September 2005 through December 2008, Mr. Tischler was employed by First Advantage Corporation, where he served as Group President of First Advantage Dealer Services. From 2001 until September 2005, Mr. Tischler was President and Chief Executive Officer of First American Credit Management Solutions, Inc., or CMSI, which was a subsidiary of The First American Corporation, as well as Teletrack, Inc. From 1999 until our acquisition of Credit Online, Inc. from CMSI in 2003, Mr. Tischler was President and Chief Executive Officer of Credit Online. Mr. Tischler currently serves on the Engineering Advisory Board at George Washington University. He holds a BS in Mathematics from the University of Maryland and an MS in Engineering and Operations Research from The George Washington University.

**INFORMATION ABOUT THE MEMBERS OF OUR BOARD OF DIRECTORS WHOSE TERMS OF OFFICE DO NOT EXPIRE AT THE ANNUAL MEETING*****Class II Directors (term expires at the 2010 Annual Meeting)***

*Barry Zwarenstein, 60*, has served on our board of directors since November 2007. Since September 2008, Mr. Zwarenstein has been employed by SMART Modular Technologies, Inc., where he serves as Senior Vice President and Chief Financial Officer. From June 2004 through August 2008, Mr. Zwarenstein served as Executive Vice President and Chief Financial Officer for VeriFone Holdings, Inc. Prior to joining VeriFone, Mr. Zwarenstein served as Chief Financial Officer of Iomega Corporation from November 2001 to June 2004, of Mellanox Technologies Limited from January 2001 to June 2001, of Acuson Corporation from October 1998 to December 2000 and of Logitech S.A. from July 1996 to September 1998. Mr. Zwarenstein started his career at FMC Corporation, where he held a variety of financial positions, including, at the time of his departure, Chief Financial Officer for FMC Europe in Brussels, Belgium. Mr. Zwarenstein received a Bachelor of Commerce degree from the University of Natal, South Africa and an M.B.A. from the Wharton School of Business at the University of Pennsylvania. He is qualified as a Chartered Accountant (South Africa).

*Ann B. Lane, 54*, has served on our board of directors since July 2007. From April 2000 to January 2005, Ms. Lane was Managing Director, Co-Head of Syndicated & Leveraged Finance and Head of Bank Loan Capital Markets at JPMorgan. From 1997 to 2000, Ms. Lane was Managing Director and Global Co-Head of Bank Loan Syndications at Citigroup Inc. From 1995 to 1997, Ms. Lane was Global Industry Head, Aviation and Defense at Citigroup Inc., and from 1982 to 1995, Ms. Lane held a number of senior level positions at Citigroup, including Global Head of Corporate Debt Restructuring. Ms. Lane is a Board Member of Musical Masterworks in Old Lyme, Connecticut. Ms. Lane holds a BS in Economics from the University of California at Berkeley.

*John J. McDonnell Jr., 71*, has served on our board of directors since July 2005. Mr. McDonnell has been Chief Executive Officer and a Director of ExaDigm, Inc., a leading innovator of modular IP-based technology, since October 2008. Mr. McDonnell is the founder of TNS, Inc., a leading provider of data communications services to processors of credit card, debit card and ATM transactions worldwide. Mr. McDonnell served as Chairman and Chief Executive Officer of TNS, Inc. from April 2001 to September 2006. Previously, he served as chairman and CEO of PaylinX Corp., a software provider for transaction processing, from November 1999 until it was sold to CyberSource Corp. in September 2000. He remains a director of CyberSource, a publicly held company. Prior to that, Mr. McDonnell was President, Chief Executive Officer and a director of Transaction Network Services, Inc. from the time he founded the company in 1990. Mr. McDonnell is also a founder and director of the Electronic Funds Transfer Association. He was the recipient of KPMG Peat Marwick LLP's 1997 High Tech Entrepreneur Award and the Rensselaer Polytechnic Institute 2002 Entrepreneur of the Year Award. Mr. McDonnell holds a BS in Electrical Engineering from Manhattan College, a MSEE from Rensselaer Polytechnic Institute and an Honorary Doctorate of Humane Letters from Marymount University.

***Class III Directors (term expires at the 2011 Annual Meeting)***

*Mary Cirillo-Goldberg, 61*, has served on our board of directors since December 2002, and served as lead director from May 2005 to April 2006. Since September 2003, Ms. Cirillo-Goldberg has served as an advisor to Hudson Venture Partners, L.P., a venture capital fund. Ms. Cirillo-Goldberg served as the Chairman and Chief Executive Officer of OPCENTER, LLC, a privately held company that provides help desk, e-commerce and network operations

services, from March 2000 to September 2003. From June 1997 through March 2000, she served as Executive Vice President and Managing Director of Bankers Trust Corporation. Ms. Cirillo-Goldberg currently serves as a director of three other public companies: ACE Limited, Health Care Property Investors, Inc. and Thomson Reuters Corporation.



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*Mark F. O Neil, 50*, has served as our Chairman of the Board, President and Chief Executive Officer since May 2005 and has served as a member of the board of directors since August 2001. From August 2001 to May 2005, Mr. O Neil served as our Chief Executive Officer and President. Mr. O Neil began his career at Intel Corporation, where he first developed knowledge of the technology industry. He subsequently worked for McKinsey & Co. before moving to the automotive industry in the late 1980s. His experience in the automotive industry includes serving as President of Ertley MotorWorld, a dealer group based in Pennsylvania. From this traditional retail dealer group, Mr. O Neil went on to co-found and lead the development and rollout of CarMax, Inc., a publicly-held used automobile retailer. From June 2000 through January 2001, Mr. O Neil was President and Chief Operating Officer of Greenlight.com, an online automotive sales website. He also serves as a director of DealerTire LLC, a privately held company. Mr. O Neil holds a BS in Industrial Engineering from Worcester Polytechnic Institute and an MBA from Harvard Business School.

**BOARD MEETINGS HELD DURING 2008**

Our board of directors held six meetings during 2008 and acted one time by written consent. During 2008, 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 and our director nominees qualify as independent under those standards.

**STOCKHOLDER COMMUNICATIONS WITH THE BOARD OF DIRECTORS**

Stockholders and other interested parties may communicate with any of our directors, including our non-management directors, by writing to them c/o Secretary, DealerTrack Holdings, Inc., 1111 Marcus Ave., Suite M04, Lake Success, NY 11042. Our Secretary will forward all correspondence to the board of directors, except for spam, junk mail, mass mailings, products complaints or inquiries, job inquiries, surveys, business solicitations or advertisements, or patently offensive or otherwise inappropriate material. 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 2008 Annual Meeting.

**CODE OF BUSINESS CONDUCT AND ETHICS**

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

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**COMMITTEES**

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

*Audit Committee.* Our Audit Committee consists of Ms. Lane and Messrs. Zwarenstein and McDonnell.

Mr. Zwarenstein serves as chairperson of the Audit Committee. Our board of directors has determined that each member of the Audit Committee is independent and that Ms. Lane and Mr. Zwarenstein are each audit committee financial experts, as defined by SEC rules, and have financial sophistication, in accordance with the applicable NASDAQ listing standards. During 2008, the Audit Committee held 16 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 [ ]).

*Compensation Committee.* We have a Compensation Committee consisting of Ms. Cirillo-Goldberg and Messrs. Foy and McDonnell. Ms. Cirillo-Goldberg serves as chairperson of the Compensation Committee. Mr. Foy joined our Compensation Committee in September 2008. During 2008, the Compensation Committee held 11 meetings and acted one time by written consent. The purpose of our Compensation Committee is to discharge the responsibilities of our board of directors relating to compensation of our executive officers. Specific responsibilities of our Compensation Committee include:

reviewing and recommending approval of compensation of our executive officers;

administering our stock incentive and employee stock purchase plans;

reviewing and making recommendations to our board of directors with respect to incentive compensation and equity plans; and

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

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

*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 2008, the Nominating and Corporate Governance Committee held five meetings. The responsibilities of the Nominating and Corporate Governance Committee include:

identifying and recommending nominees for election to our board of directors;

determining committee membership and composition; and

overseeing the evaluation of our board of directors.

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.

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Candidates may come to the attention of the Nominating and Corporate Governance Committee through current members of the board of directors, stockholders or other persons. These candidates are evaluated at regular or special meetings of the Nominating and Corporate Governance Committee. Stockholders wishing to recommend director candidates for consideration by the committee may do so by writing to the Secretary at 1111 Marcus Avenue, Suite M04, Lake Success, NY 11042 who will forward all recommendations to the committee. Stockholders must submit their recommendations by or before January 1, 2010 and provide the following information:

the name, address and telephone number of the recommending stockholder;

a representation that the stockholder is a record holder of our securities, or evidence of ownership;

the number of shares owned by the recommending stockholder and the time period for which such shares have been held;

a statement from the recommending stockholder as to whether the stockholder has a good faith intention to continue to hold the reported shares through the date of our next Annual Meeting;

the name, age, business and residential address, educational background, current principal occupation or employment, and principal occupation or employment for the preceding five full fiscal years of the proposed director candidate;

a description of the qualifications and background of the proposed director candidate;

a description of all arrangements or understandings between the recommending stockholder and the proposed director candidate;

the consent of the proposed director candidate (i) to be named in the proxy statement and (ii) to serve as a director if elected; and

any other information regarding the proposed director candidate that is required to be included in a proxy statement filed pursuant to SEC rules.

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

personal and professional integrity, ethics and values;

experience in corporate management, such as serving as an officer or former officer of a publicly held company;

experience in the company's industry and with relevant social policy concerns;

experience as a board member of another publicly held company;

academic expertise in an area of the company's operations; and

practical and mature business judgment.

*Investment Committee.* We have an Investment Committee consisting of Ms. Lane and Messrs. Foy and Tischler. Mr. Foy joined our Investment Committee in September 2008. 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 2008, the Investment Committee held nine meetings.



**Table of Contents****NON-MANAGEMENT DIRECTORS' COMPENSATION FOR FISCAL YEAR 2008**

Directors who are also employees receive no fees for their services as directors. During 2008, all other directors received the following compensation for their services:

Annual Fee:	\$50,000 per director.
Initial Equity Grant:	Options to purchase 30,000 shares of our common stock upon becoming a director. The grant vests in three equal annual installments commencing on the first anniversary of the grant date, subject to the director's continued service on the board.
Annual Equity Grant:	Restricted common stock equal to a fixed dollar value of \$135,000 is granted each year on the date of our Annual Meeting. This grant vests on the day of the following Annual Meeting, subject to the director's continued service on the board.

Directors are eligible to participate in the Directors' Deferred Compensation Plan, a non-qualified retirement plan. The Directors' Deferred Compensation Plan allows our non-employee directors to elect to defer between zero and 100% of the fees they would otherwise be entitled to receive in cash for services rendered as directors. Amounts deferred under the Directors' Deferred Compensation Plan are general liabilities of ours and are represented by bookkeeping accounts maintained on behalf of the participants. Such accounts are deemed to be invested in share units that track the value of our common stock. Distributions will generally be made to a participant either following the end of the participant's service on our board of directors, following a change of control if so elected, or at a specified time elected by the participant prior to the deferral. Distributions will generally be made in the form of shares of our common stock. Our Directors' Deferred Compensation Plan is intended to comply with Section 409A of the Internal Revenue Code. Our stock ownership and retention program requires non-employee members of our board of directors to own shares equal in value to four times their annual retainer. Directors are expected to attain the required share ownership level within five years from joining our board of directors.

The following table sets forth our non-management directors' compensation for 2008.

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

(1) The following directors deferred all or a portion of their 2008 cash compensation pursuant to our Directors

Deferred  
Compensation  
Plan and  
received  
deferred stock  
units. Each  
deferred stock  
unit converts  
into one share of  
common stock  
upon the  
payment  
commencement  
date selected by  
the director.

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

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



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

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