

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

FORM 10-Q

(Mark One)

**Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the quarterly period ended September 30, 2007

OR

**Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

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

Commission file number: 001-31666

**FIRST ADVANTAGE CORPORATION**

(Exact name of registrant as specified in its charter)

**Incorporated in Delaware**

(State or other jurisdiction of incorporation or organization)

**61-1437565**

(I.R.S. Employer Identification Number)

**100 Carillon Parkway**

**St. Petersburg, Florida 33716**

(Address of principal executive offices, including zip code)

**(727) 214-3411**

(Registrant's telephone number, including area code)

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

Indicate by check mark whether the registrant is a large accelerated filer, accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act (check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

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

There were 11,353,053 shares of outstanding Class A Common Stock of the registrant as of October 26, 2007.

There were 47,726,521 shares of outstanding Class B Common Stock of the registrant as of October 26, 2007.

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**PART I. FINANCIAL INFORMATION**

**Item 1. Financial Statements –**

**First Advantage Corporation  
Consolidated Financial Statements  
For the Three and Nine Months Ended  
September 30, 2007 and 2006**

[Table of Contents](#)**First Advantage Corporation****Consolidated Balance Sheets (Unaudited)**

<i>(in thousands)</i>	<b>September 30, 2007</b>	<b>December 31, 2006</b>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 33,674	\$ 31,941
Accounts receivable (less allowance for doubtful accounts of \$7,291 and \$6,487 in 2007 and 2006, respectively)	150,617	138,563
Prepaid expenses and other current assets	10,011	10,182
Income tax receivable	4,769	6,155
Deferred income tax asset	15,574	12,051
Total current assets	214,645	198,892
Property and equipment, net	80,915	68,931
Goodwill	692,836	650,124
Customer lists, net	67,040	74,419
Other intangible assets, net	24,346	28,324
Database development costs, net	11,013	10,640
Investment in equity investee	57,316	55,001
Other assets	3,872	3,592
Total assets	<u>\$ 1,151,983</u>	<u>\$ 1,089,923</u>
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Accounts payable	\$ 43,977	\$ 46,281
Accrued compensation	42,285	35,299
Accrued liabilities	14,778	21,286
Deferred income	7,557	8,462
Due to affiliates	2,277	4,776
Current portion of long-term debt and capital leases	18,996	20,794
Total current liabilities	129,870	136,898
Long-term debt and capital leases, net of current portion	151,820	179,531
Deferred income tax liability	59,090	44,802
Other liabilities	5,503	5,338
Total liabilities	<u>346,283</u>	<u>366,569</u>
Minority interest	49,325	48,413
Stockholders' equity:		
Preferred stock, \$.001 par value; 1,000 shares authorized, no shares issued or outstanding	—	—
Class A common stock, \$.001 par value; 125,000 shares authorized; 11,349 and 10,452 shares issued and outstanding as of September 30, 2007 and December 31, 2006, respectively	11	10
Class B common stock, \$.001 par value; 75,000 shares authorized; 47,727 shares issued and outstanding as of September 30, 2007 and December 31, 2006	48	48
Additional paid-in capital	486,117	455,657
Retained earnings	266,181	218,566
Accumulated other comprehensive income	4,018	660
Total stockholders' equity	756,375	674,941
Total liabilities and stockholders' equity	<u>\$ 1,151,983</u>	<u>\$ 1,089,923</u>

The accompanying notes are an integral part of these consolidated financial statements.

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**First Advantage Corporation**

**Consolidated Statements of Income and Comprehensive Income (Unaudited)**

(in thousands, except per share amounts)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2007	2006	2007	2006
Service revenue	\$ 205,306	\$ 198,605	\$ 614,546	\$ 571,564
Reimbursed government fee revenue	14,107	13,431	41,926	39,943
Total revenue	219,413	212,036	656,472	611,507
Cost of service revenue	56,603	62,020	178,621	177,762
Government fees paid	14,107	13,431	41,926	39,943
Total cost of service	70,710	75,451	220,547	217,705
Gross margin	148,703	136,585	435,925	393,802
Salaries and benefits	67,865	60,414	207,685	177,794
Facilities and telecommunications	8,670	7,625	24,812	22,205
Other operating expenses	26,754	24,799	80,544	70,850
Depreciation and amortization	10,862	9,641	32,044	28,369
Total operating expenses	114,151	102,479	345,085	299,218
Income from operations	34,552	34,106	90,840	94,584
Other (expense) income:				
Interest expense	(2,946)	(3,571)	(9,269)	(10,062)
Interest income	323	252	975	554
Total other (expense), net	(2,623)	(3,319)	(8,294)	(9,508)
Equity in earnings of investee	865	747	2,315	1,407
Income before income taxes and minority interest	32,794	31,534	84,861	86,483
Provision for income taxes	13,610	12,151	35,058	36,038
Income before minority interest	19,184	19,383	49,803	50,445
Minority interest	231	759	1,260	2,439
Net income	18,953	18,624	48,543	48,006
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustments	1,643	(323)	3,358	(258)
Comprehensive income	\$ 20,596	\$ 18,301	\$ 51,901	\$ 47,748
Per share amounts:				
Basic	\$ 0.32	\$ 0.32	\$ 0.83	\$ 0.84
Diluted	\$ 0.32	\$ 0.32	\$ 0.82	\$ 0.83
Weighted-average common shares outstanding:				
Basic	59,064	58,096	58,799	57,282
Diluted	59,222	58,155	59,121	58,035

The accompanying notes are an integral part of these consolidated financial statements.

[Table of Contents](#)**First Advantage Corporation****Consolidated Statement of Changes in Stockholders' Equity  
For the Nine Months Ended September 30, 2007 (Unaudited)**

<i>(in thousands)</i>	<u>Common Stock Shares</u>	<u>Common Stock Amount</u>	<u>Additional Paid-in Capital</u>	<u>Retained Earnings</u>	<u>Accumulated Other Comprehensive Income</u>	<u>Total</u>
Balance at December 31, 2006	58,179	\$ 58	\$ 455,657	\$218,566	\$ 660	\$674,941
Cumulative effect of the adoption of FIN 48	—	—	—	(928)	—	(928)
Net income	—	—	—	48,543	—	48,543
Class A Shares issued in connection with prior year acquisitions	444	—	10,912	—	—	10,912
Class A Shares issued in connection with share based compensation	453	1	10,926	—	—	10,927
Tax benefit related to stock options	—	—	222	—	—	222
Share based compensation	—	—	8,400	—	—	8,400
Other comprehensive income	—	—	—	—	3,358	3,358
Balance at September 30, 2007	<u>59,076</u>	<u>\$ 59</u>	<u>\$ 486,117</u>	<u>\$266,181</u>	<u>\$ 4,018</u>	<u>\$756,375</u>

The accompanying notes are an integral part of these consolidated financial statements.

[Table of Contents](#)**First Advantage Corporation****Consolidated Statements of Cash Flows****For the Nine Months Ended September 30, 2007 and 2006 (Unaudited)**

<i>(in thousands)</i>	<b>For the Nine Months Ended September 30,</b>	
	<b>2007</b>	<b>2006</b>
<b>Cash flows from operating activities:</b>		
Net income	\$ 48,543	\$ 48,006
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	32,044	28,369
Bad debt expense	5,592	2,744
Share based compensation	10,942	8,484
Minority interest in net income	1,260	2,439
Equity in earnings of investee	(2,315)	(1,407)
Deferred income tax	6,124	(2,770)
Change in operating assets and liabilities, net of acquisitions:		
Accounts receivable	(15,831)	(28,007)
Prepaid expenses and other current assets	62	(2,102)
Other assets	(220)	(5,121)
Accounts payable	(2,546)	(3,635)
Accrued liabilities	(6,256)	(6,007)
Deferred income	(1,336)	(1,536)
Due to affiliates	(2,522)	6,676
Net change in income tax accounts	2,991	9,876
Accrued compensation and other liabilities	13,268	7,890
Net cash provided by operating activities	<u>89,800</u>	<u>63,899</u>
<b>Cash flows from investing activities:</b>		
Database development costs	(2,699)	(2,757)
Purchases of property and equipment	(28,839)	(19,516)
Cash paid for acquisitions	(27,988)	(30,956)
Cash balance of companies acquired	120	3,254
Net cash used in investing activities	<u>(59,406)</u>	<u>(49,975)</u>
<b>Cash flows from financing activities:</b>		
Proceeds from long-term debt	50,076	42,865
Repayment of long-term debt	(83,245)	(53,961)
Cash contributions from First American to Leadclick LLC	3,785	—
Proceeds from class A shares issued in connection with stock option plan and employee stock purchase plan	3,479	1,916
Distribution to minority interest shareholders	(3,013)	(2,042)
Tax benefit related to stock options	222	46
Net cash used in financing activities	<u>(28,696)</u>	<u>(11,176)</u>
Effect of exchange rates on cash	35	(12)
Increase in cash and cash equivalents	1,733	2,736
Cash and cash equivalents at beginning of period	31,941	28,380
Cash and cash equivalents at end of period	<u>\$ 33,674</u>	<u>\$ 31,116</u>

The accompanying notes are an integral part of these consolidated financial statements.

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**First Advantage Corporation**

**Consolidated Statements of Cash Flows**

**For the Nine Months Ended September 30, 2007 and 2006 (Unaudited)**

	For the Nine Months Ended September 30,	
	2007	2006
<b>Supplemental disclosures of cash flow information:</b>		
Cash paid for interest	\$ 9,520	\$ 9,872
Cash paid for income taxes	\$ 26,208	\$ 30,415
<b>Non-cash investing and financing activities:</b>		
Class A shares issued in connection with prior year acquisitions	\$ 10,912	\$ 12,603
Notes issued in connection with acquisitions	\$ 3,432	\$ 8,758
Class A shares issued for share based compensation	\$ 5,518	\$ 1,642

The accompanying notes are an integral part of these consolidated financial statements.



**First Advantage Corporation**

**Notes to Consolidated Financial Statements  
September 30, 2007 and 2006 (Unaudited)**

**1. Organization and Nature of Business**

First Advantage Corporation (the "Company" or "First Advantage") is a global risk mitigation and business solutions provider and operates in six primary business segments: Lender Services, Data Services, Dealer Services, Employer Services, Multifamily Services, and Investigative and Litigation Support Services.

The First American Corporation and affiliates ("First American") own approximately 81% of the shares of capital stock of the Company as of September 30, 2007. The Class B common stock owned by First American is entitled to ten votes per share on all matters presented to the stockholders for vote.

On March 1, 2007, John Long submitted his resignation as the Chief Executive Officer and as a director of the Company, effective as of March 30, 2007. In connection with his resignation from the Company, Mr. Long and First Advantage entered into a Transition Agreement dated as of March 2, 2007. The Transition Agreement provides that Mr. Long will receive cash severance of \$4.4 million to be paid in two equal installments between April 2007 and March 2008. In addition, Mr. Long will receive an acceleration of his unvested options and two restricted stock awards, effective March 30, 2007. An additional restricted stock award made to Mr. Long will vest during the term of restrictive covenants set forth in the Transition Agreement. Restricted stock units, previously granted to Mr. Long, will continue to vest according to the terms of First Advantage's 2003 Incentive Compensation Plan. Based on the recommendation of the Compensation Committee, the Transition Agreement was approved by First Advantage's board of directors on March 1, 2007. In connection with the Transition Agreement, First Advantage recorded compensation expense of \$8.0 million in the first quarter of 2007 (included in salaries and benefits in the accompanying nine months ended September 30, 2007 Consolidated Statements of Income and Comprehensive Income), reflecting the value of the cash severance payment of \$4.4 million and the value of the previously unvested restricted stock, restricted stock units and stock options. The \$8.0 million of compensation expense reduced net income for the nine months ending September 30, 2007 by \$4.7 million or 8 cents per diluted share.

**2. Summary of Significant Accounting Policies**

*Basis of Presentation*

The consolidated financial information included in this report has been prepared in accordance with the instructions to Form 10-Q and does not include all of the information and notes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments are of a normal recurring nature and are considered necessary for a fair statement of the results for the interim period. The year-end balance sheet data was derived from audited financial statements, but does not include all disclosures required by generally

**First Advantage Corporation**

**Notes to Consolidated Financial Statements  
September 30, 2007 and 2006 (Unaudited)**

accepted accounting principles. This report should be read in conjunction with the Company's Annual Report on Form 10-K for the year ended December 31, 2006 filed with the Securities and Exchange Commission.

First Advantage completed one acquisition in the first quarter of 2007. The Company's operating results for the three and nine months ended September 30, 2007 include results for the acquired entity from the date of acquisition.

Operating results for the three and nine months ended September 30, 2007 and 2006 are not necessarily indicative of the results that may be expected for the entire fiscal year.

As of September 30, 2007, the Company's significant accounting policies and estimates, which are detailed in the Company's Annual Report on Form 10-K for the year ended December 31, 2006, have not changed from December 31, 2006.

Certain amounts for the three and nine months ended September 30, 2006 have been reclassified to conform with the 2007 presentation.

*Recent Accounting Pronouncements*

In September 2006, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 157 "Fair Value Measurements" ("SFAS 157"). SFAS 157 defines fair value, establishes a framework for measuring fair value within generally accepted accounting principles, and expands disclosure requirements regarding fair value measurements. The provisions for SFAS 157 are effective for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. The Company is currently evaluating the effects of adoption on its consolidated financial statements and the impact, if any, is not known at this time.

In February 2007, the FASB issued FAS 159 "*The Fair Value Option for Financial Assets and Liabilities.*" FAS 159 allows companies to report selected financial assets and liabilities at fair value at their discretion. FAS 159 also establishes presentation and disclosure requirements designed to facilitate comparisons between companies that choose different measurement attributes for similar types of assets and liabilities. FAS 159 is effective at the beginning of a company's first fiscal year after November 15, 2007. The Company is currently evaluating the effects of adoption on its consolidated financial statements and the impact, if any, is not known at this time.

**3. Acquisitions**

During the first quarter of 2007, the Company completed one acquisition for \$4.5 million in cash and notes. In addition, the Company paid consideration of \$36.4 million related to earnout provisions from prior year acquisitions and an additional purchase of a portion of the minority interest in LeadClick Media Inc.

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September 30, 2007 and 2006 (Unaudited)**

The aggregate purchase price of the acquisition and the earnouts completed during 2007 is as follows:

<i>(in thousands)</i>	
Cash	\$27,988
Notes payable	3,432
Stock (378 Class A shares)	9,466
Purchase price	<u>\$40,886</u>

The cash paid includes \$3.8 million contributed by First American to LeadClick Holding Company, LLC (70% owned by First Advantage and 30% owned by First American), a consolidated subsidiary of First Advantage, to fund their portion of an overall \$12.6 million capital contribution in LeadClick Media, Inc.

The preliminary allocation of the aggregate purchase price of this acquisition and the earnouts are as follows:

<i>(in thousands)</i>	
Goodwill	\$37,932
Identifiable intangible assets	1,046
Net assets acquired	<u>1,908</u>
	<u>\$40,886</u>

The changes in the carrying amount of goodwill, by operating segment, are as follows for the nine months ended September 30, 2007:

<i>(in thousands)</i>	<b>Balance at December 31, 2006</b>	<b>Acquisitions and Earnouts</b>	<b>Adjustments to net assets acquired</b>	<b>Balance at September 30, 2007</b>
Lender Services	\$ 46,800	\$ —	\$ —	\$ 46,800
Data Services	218,248	11,495	2,068	231,811
Dealer Services	55,995	—	—	55,995
Employer Services	224,012	18,280	2,701	244,993
Multifamily Services	48,100	1,000	—	49,100
Investigative and Litigation Support Services	56,969	7,157	11	64,137
Consolidated	<u>\$ 650,124</u>	<u>\$ 37,932</u>	<u>\$ 4,780</u>	<u>\$ 692,836</u>

The adjustments to net assets acquired represent post acquisition adjustments for those companies not acquired in the period.

**4. Goodwill and Intangible Assets**

In accordance with Statement of Financial Accounting Standards (“SFAS”) No. 142, “Goodwill and Other Intangible Assets,” the Company will complete the goodwill

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September 30, 2007 and 2006 (Unaudited)**

impairment test for all reporting units in the fourth quarter of 2007 (using the September 30 valuation date). There have been no impairments of goodwill during the nine months ended September 30, 2007.

Goodwill, customer lists and other intangible assets as of September 30, 2007 and December 31, 2006 are as follows:

<i>(in thousands)</i>	<u>September 30, 2007</u>	<u>December 31, 2006</u>
Goodwill	\$ 692,836	\$ 650,124
Customer lists	\$ 97,908	\$ 96,917
Less accumulated amortization	(30,868)	(22,498)
Customer lists, net	\$ 67,040	\$ 74,419
Other intangible assets:		
Noncompete agreements	\$ 14,735	\$ 15,084
Trade names	21,620	21,607
	36,355	36,691
Less accumulated amortization	(12,009)	(8,367)
Other intangible assets, net	\$ 24,346	\$ 28,324

Amortization of customer lists and other intangible assets totaled approximately \$12.5 million and \$11.9 million for the nine months ended September 30, 2007 and 2006, respectively. Estimated amortization expense relating to intangible asset balances as of September 30, 2007, is expected to be as follows over the next five years:

<i>(in thousands)</i>	
2007	\$ 4,124
2008	16,012
2009	15,089
2010	14,139
2011	11,207
Thereafter	30,815
	<u>\$91,386</u>

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September 30, 2007 and 2006 (Unaudited)**

The changes in the carrying amount of identifiable intangible assets are as follows for the nine months ended September 30, 2007:

<i>(in thousands)</i>	<u>Other Intangible Assets</u>	<u>Customer Lists</u>
Balance, at December 31, 2006	\$ 28,324	\$74,419
Acquisitions	174	872
Adjustments	40	87
Amortization	(4,192)	(8,338)
Balance, at September 30, 2007	<u>\$ 24,346</u>	<u>\$67,040</u>

**5. Debt**

Long-term debt and capital leases consist of the following at September 30, 2007:

*(in thousands, except percentages)*

Acquisition notes:	
Weighted average interest rate of 6.52% with maturities through 2010	\$ 35,705
Bank notes:	
\$225 million Secured Credit Facility, interest at 30-day LIBOR plus 1.25% (6.54% at September 30, 2007), matures September 2010	135,000
Capital leases and other debt:	
Various interest rates with maturities through 2009	111
Total long-term debt and capital leases	170,816
Less current portion of long-term debt and capital leases	18,996
Long-term debt and capital leases, net of current portion	<u>\$151,820</u>

At September 30, 2007, the Company was in compliance with the financial covenants of its loan agreement.

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September 30, 2007 and 2006 (Unaudited)****6. Earnings Per Share**

A reconciliation of earnings per share and weighted-average shares outstanding is as follows:

*(in thousands, except per share amounts)*

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	2006	2007	2006
Net Income - numerator for basic and fully diluted earnings per share	\$18,953	\$18,624	\$48,543	\$48,006
Denominator:				
Weighted-average shares for basic earnings per share	59,064	58,096	58,799	57,282
Effect of restricted stock	59	16	74	35
Effect of contingent shares related to DealerTrack	—	—	—	490
Effect of dilutive securities - employee stock options and warrants	99	43	248	228
Denominator for diluted earnings per share	<u>59,222</u>	<u>58,155</u>	<u>59,121</u>	<u>58,035</u>
Earnings per share:				
Basic	\$ 0.32	\$ 0.32	\$ 0.83	\$ 0.84
Diluted	\$ 0.32	\$ 0.32	\$ 0.82	\$ 0.83

For the three months ended September 30, 2007 and 2006, options totaling 3,207,035 and 2,521,213, respectively, were excluded from the weighted average diluted shares outstanding, as they were antidilutive. For the nine months ended September 30, 2007 and 2006, options totaling 2,092,430 and 1,520,983, respectively, were excluded from the weighted average diluted shares outstanding, as they were antidilutive.

**7. Share-Based Compensation**

At September 30, 2007, there are 7.0 million shares of the Company's common stock available for issuance. Approximately 357,000 restricted stock awards, and approximately 71,000 restricted stock units were granted under the First Advantage Corporation 2003 Incentive Compensation Plan. Share-based grants generally vest over three years at a rate of 33.4% for the first year and 33.3% for each of the two following years. The option grants expire ten years after the grant date. As of January 1, 2006, the Company accounts for these share-based grants in accordance with SFAS No. 123R, which requires that the cost resulting from all share-based payment transactions be recognized in the financial statements. Share-based compensation for the three months ending September 30, 2007 and 2006 was \$2.0 million and \$2.5 million, respectively. Share-based compensation for the nine months ending September 30, 2007 and 2006 was \$10.9 million and \$8.5 million, respectively.

*Warrants and Options to Purchase Class A Common Stock*

The Company had outstanding warrants to purchase up to 47,994 shares of its common stock at exercise prices ranging from \$0.25 to \$22.50 per share as of September 30, 2007. The weighted average remaining contractual life in years for the warrants outstanding is 2.76 and the weighted average exercise price is \$14.01.

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**First Advantage Corporation**

**Notes to Consolidated Financial Statements  
September 30, 2007 and 2006 (Unaudited)**

Stock option activity under the Company's stock plan since December 31, 2006 is summarized as follows:

<i>(in thousands)</i>	<b>Number of Shares</b>	<b>Weighted Average Exercise Price</b>
Options outstanding at December 31, 2006	4,201	\$ 21.89
Options granted	806	\$ 25.69
Options exercised	(155)	\$ 16.55
Options canceled	(167)	\$ 23.98
Options outstanding at September 30, 2007	<u>4,685</u>	<u>\$22.63</u>
Options exercisable, end of the quarter	<u>3,044</u>	<u>\$ 21.51</u>

The following table summarizes information about stock options outstanding at September 30, 2007:

*(in thousands, except for exercise prices, years and weighted average amounts)*

<b>Range of Exercise Prices</b>	<b>Options Outstanding</b>			<b>Options Exercisable</b>	
	<b>Shares</b>	<b>Weighted Avg Remaining Contractual Life in Years</b>	<b>Weighted Average Exercise Price</b>	<b>Shares</b>	<b>Weighted Average Exercise Price</b>
\$ 7.00 - \$ 12.50	12	3.9	\$10.31	12	\$10.31
\$12.51 - \$ 25.00	3,405	5.8	\$20.82	2,592	\$20.28
\$25.01 - \$ 50.00	1,257	8.5	\$27.07	429	\$27.52
\$50.01 - \$242.25	11	2.8	\$87.74	11	\$87.74
	<u>4,685</u>			<u>3,044</u>	

**8. Income Taxes**

The Company or one of its subsidiaries files income tax returns in the U.S. federal jurisdiction, various state jurisdictions, and foreign jurisdictions. With few exceptions, the Company is no longer subject to U.S. federal examinations by tax authorities for years before 2003, and state and local, and non-U.S. income tax examinations by tax authorities for years before 2002. The Internal Revenue Service has commenced an examination of Leadclick Media, Inc.'s separate 2005 federal income tax return. The Company does not anticipate material adjustments as a result of this examination.

The Company adopted the provisions of FASB Interpretation No. 48 ("FIN 48"), Accounting for Uncertainty in Income Taxes, on January 1, 2007. As a result of the implementation of FIN 48, the Company recognized approximately a \$0.2 million

**First Advantage Corporation**

**Notes to Consolidated Financial Statements  
September 30, 2007 and 2006 (Unaudited)**

increase in the liability for uncertain tax benefits as well as approximately \$0.7 million increase in the liability for related penalties and interest, which was accounted for as a reduction to the January 1, 2007 retained earnings.

As of September 30, 2007, the Company has a \$0.4 million total liability recorded for unrecognized tax benefits as well as a \$1.0 million total liability for income tax related penalties and interest. The total amount of unrecognized tax benefits that, if recognized, would affect the effective tax rate is \$0.4 million. The majority of the unrecognized tax benefits and associated interest and penalties relates to international operations. The Company recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. The Company does not currently anticipate that the total amount of unrecognized tax benefits will significantly increase or decrease by the end of 2007.

**9. Segment Information**

The Company operates in six primary business segments: Lender Services, Data Services, Dealer Services, Employer Services, Multifamily Services, and Investigative and Litigation Support Services.

The Lender Services segment offers lenders credit reporting solutions for mortgage and home equity needs.

The Data Services segment includes business lines that provide transportation credit reporting, motor vehicle record reporting, fleet management, supply chain theft and damage mitigation consulting, consumer location, criminal records reselling, specialty finance credit reporting, consumer credit reporting services, and lead generation services. Revenue for the Data Services segment includes \$1.2 million and \$1.1 million of inter-segment sales for the three months ended September 30, 2007 and 2006, respectively, and \$3.7 million and \$3.5 million of inter-segment sales for the nine months ended September 30, 2007 and 2006, respectively.

The Dealer Services business segment serves the automotive dealer marketplace by delivering consolidated consumer credit reports, credit automation software and vehicle lead generation services.

The Employer Services segment includes employment background screening, occupational health services, tax incentive services and hiring solutions. Products and services relating to employment background screening include criminal records searches, employment and education verification, social security number verification and credit reporting. Occupational health services include drug-free workplace programs, physical examinations and employee assistance programs. Hiring solutions include applicant tracking software, recruiting services and outsourced management of payroll and human resource functions. Tax incentive



**First Advantage Corporation**

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services include services related to the administration of employment-based and location-based tax credit and incentive programs, sales and use tax programs and fleet asset management programs. Revenue for the Employer Services segment includes \$0.1 million and \$0.2 million of inter-segment sales for each of the three month periods ended September 30, 2007 and 2006, respectively and includes \$0.7 million and \$0.8 million of inter-segment sales for each of the nine month periods ended September 30, 2007 and 2006, respectively.

The Multifamily Services segment includes resident screening and software services. Resident screening services include criminal background and eviction searches, credit reporting, employment verification and lease performance and payment histories. Revenue for the Multifamily Services segment includes \$0.1 million of inter-segment sales for each of the three month periods ended September 30, 2007 and 2006, and \$0.4 million and \$0.3 million of inter-segment sales for each of the nine month periods ended September 30, 2007 and 2006, respectively.

The Investigative and Litigation Support Services segment includes all investigative services. Products and services offered by the Investigative and Litigation Support Services segment includes surveillance services, field interviews, computer forensics, electronic discovery, due diligence reports and other high level investigations. Revenue for the Investigative and Litigation Support Services segment includes \$0.1 million of inter-segment sales for each of the three month period ended September 2006, and \$0.3 million of inter-segment sales for the nine month period ended September 30, 2006.

The elimination of intra-segment revenue and cost of service revenue is included in Corporate. These transactions are recorded at cost.

International operations included in the Employer Services segment include service revenue of \$12.5 million and \$5.9 million for the three months ended September 30, 2007 and 2006, respectively, and \$30.9 million and \$13.7 million for the nine months ended September 30, 2007 and 2006, respectively. International operations included in the Investigative and Litigation Support Services segment include service revenue of \$14.4 million and \$20.5 million for the three and nine months ended September 30, 2007.

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September 30, 2007 and 2006 (Unaudited)**

The following table sets forth segment information for the three and nine months ended September 30, 2007 and 2006.

<i>(in thousands)</i>	Service Revenue	Depreciation and Amortization	Income (Loss) From Operations	Assets
<b>Three Months Ended September 30, 2007</b>				
Lender Services	\$ 35,110	\$ 1,699	\$ 6,660	\$ 73,388
Data Services	35,138	2,911	9,230	323,986
Dealer Services	28,720	668	4,150	114,935
Employer Services	59,013	2,478	6,550	372,900
Multifamily Services	19,699	1,193	6,076	84,858
Investigative and Litigation Support Services	28,051	832	11,056	108,396
Corporate and Eliminations	(425)	1,081	(9,170)	73,520
Consolidated	<u>\$205,306</u>	<u>\$ 10,862</u>	<u>\$ 34,552</u>	<u>\$1,151,983</u>
<b>Three Months Ended September 30, 2006</b>				
Lender Services	\$ 44,072	\$ 1,649	\$ 14,603	\$ 77,507
Data Services	37,153	2,836	10,283	321,713
Dealer Services	31,993	714	4,913	120,294
Employer Services	53,399	2,110	5,960	333,234
Multifamily Services	18,616	1,136	4,933	79,451
Investigative and Litigation Support Services	14,336	791	2,666	85,711
Corporate and Eliminations	(964)	405	(9,252)	53,782
Consolidated	<u>\$198,605</u>	<u>\$ 9,641</u>	<u>\$ 34,106</u>	<u>\$1,071,692</u>
<b>Nine Months Ended September 30, 2007</b>				
Lender Services	\$123,580	\$ 5,033	\$ 31,002	\$ 73,388
Data Services	113,874	8,690	31,946	323,986
Dealer Services	88,364	2,100	11,238	114,935
Employer Services	171,534	7,617	18,460	372,900
Multifamily Services	56,980	3,550	16,256	84,858
Investigative and Litigation Support Services	62,289	2,629	17,672	108,396
Corporate and Eliminations	(2,075)	2,425	(35,734)	73,520
Consolidated	<u>\$614,546</u>	<u>\$ 32,044</u>	<u>\$ 90,840</u>	<u>\$1,151,983</u>
<b>Nine Months Ended September 30, 2006</b>				
Lender Services	\$135,023	\$ 5,112	\$ 42,469	\$ 77,507
Data Services	108,312	8,838	29,185	321,713
Dealer Services	92,790	2,101	13,814	120,294
Employer Services	139,901	5,554	13,961	333,234
Multifamily Services	54,068	3,373	13,023	79,451
Investigative and Litigation Support Services	44,451	2,307	8,822	85,711
Corporate and Eliminations	(2,981)	1,084	(26,690)	53,782
Consolidated	<u>\$571,564</u>	<u>\$ 28,369</u>	<u>\$ 94,584</u>	<u>\$1,071,692</u>

**10. Subsequent Events**

In October 2007, the Company completed the sale of its US Search business for \$26.5 million in cash resulting in a gain before income taxes of approximately \$21.1 million. The transaction will be recorded in the fourth quarter 2007.

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**First Advantage Corporation**

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In October 2007, the Company sold 2,875,000 shares of DealerTrack Holdings, Inc. (“DealerTrack”) common stock. The sale will result in a gain, before income taxes, of approximately \$97.7 million or \$0.96 per diluted share. The Company will discontinue using the equity method of accounting for its remaining investment in DealerTrack, which will be accounted for on the cost method. After the sale, First Advantage will continue to own approximately 2,553,000 million shares of DealerTrack common stock, which is approximately 6% of the outstanding shares. The transaction will be recorded in the fourth quarter 2007.

**Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations**

**Note of Caution Regarding Forward Looking Statements**

Certain statements in this quarterly report on Form 10-Q relate to future results of the Company and are considered “forward-looking statements”. These statements, which may be expressed in a variety of ways, including the use of future or present tense language, relate to among other things, sufficiency and availability of cash flows and other sources of liquidity, current levels of operations, anticipated growth, future market positions, synergies from integration, ability to execute its growth strategy, levels of capital expenditures and ability to satisfy current debt. These forward-looking statements, and others forward-looking statements contained in other public disclosures of the Company are based on assumptions that involve risks and uncertainties, and that are subject to change based on various important factors (some of which are beyond the Company’s control). Risks and uncertainties exist that may cause results to differ materially from those set forth in these forward-looking statements. Factors that could cause the anticipated results to differ from those described in the forward-looking statements include: general volatility of the capital markets and the market price of the Company’s Class A common stock; the Company’s ability to successfully raise capital; the Company’s ability to identify and complete acquisitions and to successfully integrate businesses it acquires; changes in applicable government regulations; the degree and nature of the Company’s competition; increases in the Company’s expenses; continued consolidation among the Company’s competitors and customers; unanticipated technological changes and requirements; the Company’s ability to identify suppliers of quality and cost-effective data; and other factors described in this quarterly report on Form 10-Q. Actual results may differ materially from those expressed or implied as a result of these risks and uncertainties. The forward-looking statements speak only as of the date they are made. The Company does not undertake to update forward-looking statements to reflect circumstances or events that occur after the date the forward-looking statements are made.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### Overview

First Advantage Corporation (NASDAQ: FADV) ("First Advantage" or the "Company") provides global risk mitigation, screening services and credit reporting to enterprise and consumer customers. The Company operates in six primary business segments: Lender Services, Data Services, Dealer Services, Employer Services, Multifamily Services, and Investigative & Litigation Support Services. First Advantage is headquartered in St. Petersburg, Florida, and has approximately 4,800 employees in offices throughout the United States and abroad. For the nine months ended September 30, 2007, First Advantage has acquired one company, which is included in the Employer Services segment.

Operating results for the three and nine months ended September 30, 2007 included total service revenue of \$205.3 million and \$614.5 million, respectively. This represents an increase of 3.4% and 7.5% over the same periods in 2006. The organic growth rate was 1.7% and 3.6% for the three and nine months ended September 30, 2007, respectively. Operating income for the three and nine months ended September 30, 2007 was \$34.6 million and \$90.8 million, respectively. Operating income increased \$4 million for the three months ended September 30, 2007 and decreased \$3.7 million for the nine months ended September 30, 2007 in comparison to the same periods in 2006. In connection with the former CEO's Transition Agreement, First Advantage recorded compensation expense of \$8.0 million in the first quarter of 2007 (included in salaries and benefits in the accompanying nine months ended September 30, 2007 Consolidated Statements of Income and Comprehensive Income), reflecting the value of the cash severance payment of \$4.4 million and the value of the previously unvested restricted stock, restricted stock units and stock options. The \$8.0 million of compensation expense reduced net income for the nine months ending September 30, 2007 by \$4.7 million or 8 cents per diluted share.

### Critical Accounting Policies and Estimates

Critical accounting policies are those policies used in the preparation of the company's financial statements that require management to make estimates and judgments that affect the reported amounts of certain assets, liabilities, revenue, expenses and related disclosure of contingencies. A summary of these policies can be found in Management's Discussion and Analysis in the Company's Annual Report on Form 10-K for year ended December 31, 2006.

### Recent Accounting Pronouncements

In September 2006, the FASB issued SFAS 157 "Fair Value Measurements." SFAS 157 defines fair value, establishes a framework for measuring fair value within generally accepted accounting principles (GAAP), and expands disclosure requirements regarding fair value measurements. The provisions for SFAS 157 are effective for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. The Company is currently evaluating the effects of adoption on its consolidated financial statements and the impact, if any, is not known at this time.

In February 2007, the FASB issued FAS 159 "*The Fair Value Option for Financial Assets and Liabilities.*" FAS 159 allows companies to report selected financial assets and liabilities at fair value at their discretion. FAS 159 also establishes presentation and disclosure requirements designed to facilitate comparisons between companies that choose different measurement attributes for similar types of assets and liabilities. FAS 159 is effective at the beginning of a company's first fiscal year after November 15, 2007. The Company is currently evaluating the effects of adoption on its consolidated financial statements and the impact, if any, is not known at this time.

The following is a summary of the operating results by the Company's business segments for the three and nine months ended September 30, 2007 and 2006.

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(in thousands, except percentages)

<b>Three Months Ended September 30, 2007</b>	<b>Lender Services</b>	<b>Data Services</b>	<b>Dealer Services</b>	<b>Employer Services</b>	<b>Multifamily Services</b>	<b>Invest/Litigation Support Services</b>	<b>Corporate and Eliminations</b>	<b>Total</b>
Service revenue	\$35,110	\$35,138	\$28,720	\$59,013	\$ 19,699	\$ 28,051	\$ (425)	\$205,306
Reimbursed government fee revenue	—	11,218	—	3,769	—	—	(880)	14,107
Total revenue	35,110	46,356	28,720	62,782	19,699	28,051	(1,305)	219,413
Cost of service revenue	11,979	9,120	15,115	16,419	1,906	2,792	(728)	56,603
Government fees paid	—	11,218	—	3,769	—	—	(880)	14,107
Total cost of service	11,979	20,338	15,115	20,188	1,906	2,792	(1,608)	70,710
Gross margin	23,131	26,018	13,605	42,594	17,793	25,259	303	148,703
Salaries and benefits	11,697	6,190	3,781	22,156	6,757	10,166	7,118	67,865
Facilities and telecommunications	1,926	958	264	2,858	914	688	1,062	8,670
Other operating expenses	1,149	6,729	4,742	8,552	2,853	2,517	212	26,754
Depreciation and amortization	1,699	2,911	668	2,478	1,193	832	1,081	10,862
Income (loss) from operations	\$ 6,660	\$ 9,230	\$ 4,150	\$ 6,550	\$ 6,076	\$ 11,056	\$ (9,170)	\$ 34,552
Operating margin percentage	19.0%	26.3%	14.4%	11.1%	30.8%	39.4%	N/A	16.8%

<b>Three Months Ended September 30, 2006</b>	<b>Lender Services</b>	<b>Data Services</b>	<b>Dealer Services</b>	<b>Employer Services</b>	<b>Multifamily Services</b>	<b>Invest/Litigation Support Services</b>	<b>Corporate and Eliminations</b>	<b>Total</b>
Service revenue	\$44,072	\$37,153	\$31,993	\$53,399	\$ 18,616	\$ 14,336	\$ (964)	\$198,605
Reimbursed government fee revenue	—	11,360	—	2,818	—	—	(747)	13,431
Total revenue	44,072	48,513	31,993	56,217	18,616	14,336	(1,711)	212,036
Cost of service revenue	13,913	11,049	17,147	16,421	1,803	2,624	(937)	62,020
Government fees paid	—	11,360	—	2,818	—	—	(747)	13,431
Total cost of service	13,913	22,409	17,147	19,239	1,803	2,624	(1,684)	75,451
Gross margin	30,159	26,104	14,846	36,978	16,813	11,712	(27)	136,585
Salaries and benefits	12,381	5,764	3,945	18,771	6,514	5,996	7,043	60,414
Facilities and telecommunications	1,855	737	415	2,103	1,007	404	1,104	7,625
Other operating expenses	(329)	6,484	4,859	8,034	3,223	1,855	673	24,799
Depreciation and amortization	1,649	2,836	714	2,110	1,136	791	405	9,641
Income (loss) from operations	\$14,603	\$10,283	\$ 4,913	\$ 5,960	\$ 4,933	\$ 2,666	\$ (9,252)	\$ 34,106
Operating margin percentage	33.1%	27.7%	15.4%	11.2%	26.5%	18.6%	N/A	17.2%

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Nine Months Ended September 30, 2007	Lender Services	Data Services	Dealer Services	Employer Services	Multifamily Services	Invest/Litigation Support Services	Corporate and Eliminations	Total
Service revenue	\$ 123,580	\$ 113,874	\$ 88,364	\$ 171,534	\$ 56,980	\$ 62,289	\$ (2,075)	\$ 614,546
Reimbursed government fee revenue	—	34,503	—	10,474	—	—	(3,051)	41,926
Total revenue	123,580	148,377	88,364	182,008	56,980	62,289	(5,126)	656,472
Cost of service revenue	41,826	30,438	46,779	48,450	5,350	7,817	(2,039)	178,621
Government fees paid	—	34,503	—	10,474	—	—	(3,051)	41,926
Total cost of service	41,826	64,941	46,779	58,924	5,350	7,817	(5,090)	220,547
Gross margin	81,754	83,436	41,585	123,084	51,630	54,472	(36)	435,925
Salaries and benefits	37,087	18,928	11,974	64,584	20,391	24,911	29,810	207,685
Facilities and telecommunications	5,742	2,710	1,054	7,613	2,831	1,800	3,062	24,812
Other operating expenses	2,890	21,162	15,219	24,810	8,602	7,460	401	80,544
Depreciation and amortization	5,033	8,690	2,100	7,617	3,550	2,629	2,425	32,044
Income (loss) from operations	\$ 31,002	\$ 31,946	\$ 11,238	\$ 18,460	\$ 16,256	\$ 17,672	\$ (35,734)	\$ 90,840
Operating margin percentage	25.1%	28.1%	12.7%	10.8%	28.5%	28.4%	N/A	14.8%

Nine Months Ended September 30, 2006	Lender Services	Data Services	Dealer Services	Employer Services	Multifamily Services	Invest/Litigation Support Services	Corporate and Eliminations	Total
Service revenue	\$ 135,023	\$ 108,312	\$ 92,790	\$ 139,901	\$ 54,068	\$ 44,451	\$ (2,981)	\$ 571,564
Reimbursed government fee revenue	—	33,610	—	8,600	—	—	(2,267)	39,943
Total revenue	135,023	141,922	92,790	148,501	54,068	44,451	(5,248)	611,507
Cost of service revenue	44,013	32,356	49,087	41,354	5,183	8,600	(2,831)	177,762
Government fees paid	—	33,610	—	8,600	—	—	(2,267)	39,943
Total cost of service	44,013	65,966	49,087	49,954	5,183	8,600	(5,098)	217,705
Gross margin	91,010	75,956	43,703	98,547	48,885	35,851	(150)	393,802
Salaries and benefits	37,515	17,467	12,459	51,642	20,168	17,776	20,767	177,794
Facilities and telecommunications	5,436	2,192	1,195	6,090	2,811	1,250	3,231	22,205
Other operating expenses	478	18,274	14,134	21,300	9,510	5,696	1,458	70,850
Depreciation and amortization	5,112	8,838	2,101	5,554	3,373	2,307	1,084	28,369
Income (loss) from operations	\$ 42,469	\$ 29,185	\$ 13,814	\$ 13,961	\$ 13,023	\$ 8,822	\$ (26,690)	\$ 94,584
Operating margin percentage	31.5%	26.9%	14.9%	10.0%	24.1%	19.8%	N/A	16.5%

### Lender Services Segment

#### Three Months Ended September 30, 2007 Compared to Three Months Ended September 30, 2006

Service revenue was \$35.1 million for the three months ended September 30, 2007, a decrease of \$9.0 million compared to service revenue of \$44.1 million for the three months ended September 30, 2006. A decrease in transactions related to the decline in the mortgage lending industry was partially offset by an increase in revenue from new products and services.

Cost of service revenue was \$12.0 million for the three months ended September 30, 2007, a decrease of \$1.9 million compared to cost of service revenue of \$13.9 million in the same period of 2006. The impact of the decrease in transactions resulted in an overall decrease in the cost of service revenue despite an increase in credit data costs.

Salaries and benefits decreased by \$.7 million. Salaries and benefits were 33.3% of service revenue in the third quarter of 2007 compared to 28.1% during the same period in 2006. The decreased expense is due to staff reductions.

Facilities and telecommunication expenses were 5.5% of service revenue in the third quarter of 2007 compared to 4.2% in the third quarter of 2006.

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Other operating expenses increased by \$1.5 million. Other operating expenses were 3.3% of service revenue in the third quarter of 2007. The change in 2007 is primarily due to an increase in bad debt expense and costs related to off-shoring activities, and a decrease in the amounts allocated to other segments for shared services.

Depreciation and amortization expense was flat to the comparable period of 2006.

Income from operations was \$6.7 million for the three months ended September 2007 compared to \$14.6 million in the same period of 2006. The operating margin percentage decreased from 33.1% to 19.0% primarily due to the impact of the decrease in service revenue, a decrease in allocations to other segments, an increase in bad debt expense, an increase in credit data costs and costs of off-shoring activities, as partially offset by a reduction in salaries and benefits.

### **Data Services Segment**

#### **Three Months Ended September 30, 2007 Compared to Three Months Ended September 30, 2006**

Total service revenue was \$35.1 million for the three months ended September 30, 2007, a decrease of \$2.1 million compared to service revenue of \$37.2 million in the same period of 2006. The lead generation business has experienced decreased transactions due to the decline in the mortgage and sub-prime lending industry. This is offset by an increase in revenue at the consumer location and credit businesses.

Cost of service revenue was \$9.1 million for the three months ended September 30, 2007, a decrease of \$1.9 million compared to cost of service revenue of \$11.0 million in the same period of 2006. The decrease is primarily due to a change in the revenue mix of the businesses in the third quarter of 2007 compared to the same period in 2006.

Salaries and benefits increased \$.4 million compared to the third quarter of 2006. Salaries and benefits were approximately 17.6% and 15.5% of service revenue in the third quarter of 2007 and 2006, respectively. The increase is primarily due to increased staffing levels needed to support the consumer businesses.

Facilities and telecommunication expenses increased \$.2 million compared to the third quarter of 2006. Facilities and telecommunication expenses were approximately 2.7% and 2.0% of service revenue in the third quarter of 2007 and 2006, respectively. The increase is primarily due to the increase in rent and telecommunication costs as a result of two businesses moving offices.

Other operating expenses increased by \$.2 million. Other operating expenses were 19.2% of service revenue in the third quarter of 2007 and 17.5% in the third quarter of 2006. The increase is largely attributable to increased advertising costs, bad debt expense and shared services allocations.

Depreciation and amortization expense was flat to the comparable period of 2006.

The operating margin percentage decreased from 27.7% to 26.3% in comparing the third quarter of 2006 to the third quarter of 2007. Income from operations was \$9.2 million for the third quarter of 2007, a decrease of \$1.1 million compared to \$10.3 million in the third quarter of 2006. The decrease in the operating income is primarily due to a decrease in the lead generation business offset by an increase in the consumer location and credit businesses.



## **Dealer Services Segment**

### **Three Months Ended September 30, 2007 Compared to Three Months Ended September 30, 2006**

Service revenue was \$28.7 million for the three months ended September 30, 2007, a decrease of \$3.3 million compared to service revenue of \$32.0 million for the three months ended September 30, 2006. An increase in credit report related revenue accounted for a 4.0% increase, however, a larger decrease in revenue in the automotive lead generation business resulted in an overall decrease in service revenue.

Cost of service revenue was \$15.1 million for the three months ended September 30, 2007 compared to \$17.1 million for the three months ended September 30, 2006. The decrease in cost of service revenue was driven by reduced cost of service revenue on the lower margin automotive lead generation business which was offset by an increase in credit report related transaction costs.

Salaries and benefits decreased by \$.2 million. Salaries and benefits were 13.2% of service revenue in the third quarter of 2007 compared to 12.3% during the same period in 2006. Salaries and benefits expense decreased due to operational efficiencies which included relocation and consolidation of certain functions of the automotive lead generation business during the fourth quarter of 2006 and first quarter of 2007.

Facilities and telecommunication expenses were 0.9% of service revenue in the third quarter of 2007 compared to 1.3% in the third quarter of 2006. Facilities and telecommunication expense decreased due to operational efficiencies which included relocation and consolidation of facilities for the automotive lead generation business.

Other operating expenses decreased by \$.1 million. Other operating expenses were 16.5% of service revenue in the third quarter of 2007 compared to 15.2% for the same period in 2006. The decrease in 2007 is due to a decrease in bad debt expense and contract labor at the automotive lead generation business.

Depreciation and amortization was 2.3% of service revenue during the third quarter of 2007 compared to 2.2% in the same period in 2006.

Income from operations was \$4.2 million for the three months ended September 2007 compared to \$4.9 million in the same period in 2006. The operating margin percentage decreased from 15.4% to 14.4% primarily due to the impact of the decrease in revenue and profitability in the automotive lead generation business.

## **Employer Services Segment**

### **Three Months Ended September 30, 2007 Compared to Three Months Ended September 30, 2006**

Total service revenue was \$59.0 million for the three months ended September 30, 2007, an increase of \$5.6 million compared to service revenue of \$53.4 million in the same period of 2006. The increase was driven by the addition of \$2.8 million of revenue from acquisitions and \$2.8 million of revenue from existing businesses, primarily in the tax service and background screening businesses.

Salaries and benefits increased by \$3.4 million. Salaries and benefits were 37.5% of service revenue in the third quarter of 2007 compared to 35.2% in the same period of 2006. The number of employees has increased due to growth in international operations and the growth of the existing businesses in the segment in comparison to the same period in 2006. In addition, approximately \$.9 million in severance expense was recorded related to the office consolidations.

Facilities and telecommunication expenses increased by \$.8 million. Facilities and telecommunication expenses were 4.8% of service revenue in the third quarter of 2007 and 3.9% in the third quarter of 2006. The segment recorded approximately \$.3 million in future lease expense related to office consolidations. The remaining increase is primarily due to the growth in international operations.

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Other operating expenses increased by \$.5 million. Other operating expenses were 14.5% of service revenue in the third quarter of 2007 and 15.0% for the same period of 2006. The increase in other operating expenses is due to costs incurred in integrating and consolidating operations, product and geographic expansion and cross-selling initiatives.

Depreciation and amortization increased by \$.4 million primarily due to the addition of intangible assets related to the acquisitions and the rollout of new software projects.

The operating margin percentage was flat compared to the same quarter of 2006.

Income from operations was \$6.6 million for the three months ended September 30, 2007, an increase of \$.6 million compared to income from operations of \$6.0 million in the same period of 2006. Income from operations increased primarily due to the growth in the tax service and background screening businesses, offset by \$1.7 million in expense related to consolidating operations.

### **Multifamily Services Segment**

#### **Three Months Ended September 30, 2007 Compared to Three Months Ended September 30, 2006**

Total service revenue was \$19.7 million for the three months ended September 30, 2007, an increase of \$1.1 million compared to service revenue of \$18.6 million in the same period of 2006. The 5.8% organic growth is driven by expanded market share and an increase in products and services.

Salaries and benefits costs increased \$.2 million compared to the same period in 2006. Salaries and benefits were 34.3% of service revenue for the third quarter of 2007 compared to 35.0% of service revenue in the same period of 2006.

Facilities and telecommunication expenses are comparable to the same period of 2006. Facilities and telecommunication expenses were 4.6% of service revenue in the third quarter of 2007 and 5.4% in the third quarter of 2006. The decrease as a percentage of service revenue is due to service revenue increasing as facilities and telecommunication expense remained stable.

Other operating expenses decreased \$.4 million compared to the same period in 2006. Other operating expenses were 14.5% of service revenue in the third quarter of 2007 compared to 17.3% in the same period of 2006.

Depreciation and amortization is comparable to the same period of 2006.

Income from operations was \$6.1 million in the third quarter of 2007 compared to income from operations of \$4.9 million in the same period of 2006. The operating margin increased from 26.5% to 30.8% due to increased revenue growth with a larger variety of products delivered to the customers while containing infrastructure costs.

### **Investigative and Litigation Services Support Segment**

#### **Three Months Ended September 30, 2007 Compared to Three Months Ended September 30, 2006**

Total service revenue was \$28.1 million for the three months ended September 30, 2007, an increase of \$13.8 million compared to service revenue of \$14.3 million in the same period of 2006. The organic growth of \$13.3 million is predominately driven by continued growth in the Litigation Support Services' international operations.

Salaries and benefits increased by \$4.2 million. Salaries and benefits were 36.2% of service revenue in the third quarter of 2007 compared to 41.8% in the same period of 2006. The increase is mainly due to

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the increase of employees needed to support the revenue growth in the Litigation Support Services international operations as well as increased incentive compensation and commissions as a result of revenue growth.

Facilities and telecommunication expenses increased by \$.3 million compared to the same period in 2006. Facilities and telecommunication expenses were 2.5% of service revenue in the third quarter of 2007 and 2.8% in the third quarter of 2006. The increase is primarily due to a new European office.

Other operating expenses increased by \$.7 million. Other operating expenses were 9.0% of service revenue in the third quarter of 2007 and 12.9% for the same period of 2006. The increase is related to international expansion and new business development efforts in this segment.

Depreciation and amortization is comparable to the same period of 2006. Depreciation and amortization was 3.0% of service revenue in the third quarter of 2007 and 5.5% for the same period of 2006.

The operating margin percentage increased from 18.6% to 39.4%. The increase is due to an increase in revenue in the Litigation Support Services businesses which have higher margin services.

Income from operations was \$11.1 million for the third quarter of 2007 compared to \$2.7 million for the same period of 2006. The increase is due to the continued growth in the Litigation Support Services businesses.

### **Corporate**

#### **Three Months Ended September 30, 2007 Compared to Three Months Ended September 30, 2006**

Corporate costs and expenses primarily represent compensation and benefits for senior management, administrative staff, technology personnel and their related expenses in addition to an administrative fee paid to First American. The corporate expenses were \$9.2 million in the third quarter of 2007 compared to expenses of \$9.3 million in the same period of 2006. Corporate expenses were 4.5% of consolidated service revenue in 2007 compared to 4.7% in 2006.

### **Consolidated Results**

#### **Three Months Ended September 30, 2007 Compared to Three Months Ended September 30, 2006**

Consolidated service revenue for the three months ended September 30, 2007 was \$205.3 million, an increase of \$6.7 million compared to service revenue of \$198.6 million in the same period in 2006. Acquisitions accounted for \$3.3 million of the increase while \$3.4 million was organic growth.

Salaries and benefits increased \$7.5 million when comparing the third quarter of 2007 to the third quarter of 2006. Salaries and benefits expenses were 33.1% of service revenue for the three months ended September 30, 2007 and 30.4% for the same period in 2006. The increase is primarily related to additional employees added for company growth.

Facilities and telecommunication expense increased by \$1.0 million compared to the same period in 2006. Facilities and telecommunication expenses were 4.2% and 3.8% of service revenue in the third quarter of 2007 and 2006, respectively. The increase is due to international growth and office moves or consolidations.

Other operating expenses increased by \$2.0 million compared to the same period in 2006. Other operating expenses were 13.0% of service revenue for the three months ended September 30, 2007 and 12.5% compared to the same period for 2006. The increase is primarily related to increased marketing expense, bad debt expense and software expense.

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Depreciation and amortization increased by \$1.2 million due to an increase in amortization of intangible assets as a result of acquisitions, fixed asset additions and the roll out of internally developed software.

The consolidated operating margin was 16.8% for the three months ended September 30, 2007, compared to 17.2% for the same period in 2006. The decrease in the operating margin is related to the mix of business in comparing the third quarter of 2007 to the third quarter of 2006, driven primarily by the decrease in the Lender Services segment which is affected by the decline in the mortgage lending industry. In addition, \$1.7 million in expense was recorded related to consolidating operations in the Employer Services segment.

Income from operations was \$34.6 million for the three months ended September 30, 2007 compared to \$34.1 million for the same period in 2006. The increase of \$.5 million is comprised of an increase in operating income of \$.6 million in Employer Services, \$1.2 million at Multifamily Services and \$8.4 million in Investigative and Litigation Support Services offset by decreases in operating income of \$7.9 million in Lender Services, \$1.0 million in Data Services, and \$.8 million in Dealer Services.

### **Lender Services Segment**

#### **Nine Months Ended September 30, 2007 Compared to Nine Months Ended September 30, 2006**

Service revenue was \$123.6 million for the nine months ended September 30, 2007, a decrease of \$11.4 million compared to service revenue of \$135.0 million for the nine months ended September 30, 2006. A decrease in transactions related to the decline in the mortgage lending industry partially offset by an increase in revenue from new products and services.

Cost of service revenue was \$41.8 million for the nine months ended September 30, 2007 compared to \$44.0 million for the same period the year before. A decrease in transaction volumes was largely offset by an increase in credit data costs.

Salaries and benefits decreased by \$.4 million. Salaries and benefits were 30.0% of service revenue in the first nine months of 2007 compared to 27.8% during the same period in 2006. Salaries and benefits expense decreased due to an increase in capitalized personnel costs related to software development initiatives and a decrease in incentive based compensation, as partially offset by an increase in benefit costs.

Facilities and telecommunication expense increased by \$.3 million compared to the same period in 2006. Facilities and telecommunication expenses were 4.6% of service revenue for the nine months of 2007 compared to 4.0% in the same period in 2006.

Other operating expenses increased by \$2.4 million. Other operating expenses were 2.3% of service revenue in the first nine months of 2007 compared to 0.4% for the same period of 2006. The change in 2007 is primarily due to an increase in bad debt expense and costs related to off-shoring activities, as partially offset by an increase in the amounts allocated other segments for shared services and product development initiatives.

Depreciation and amortization decreased by \$.1 million. Depreciation and amortization was 4.1% of service revenue during the nine months ended September 30, 2007 compared to 3.8% in the same period in 2006. The decrease is primarily due to certain fixed assets and intangibles becoming fully depreciated.

Income from operations was \$31.0 million for the nine months ended September 2007 compared to \$42.5 million in the same period of 2006. The operating margin percentage decreased from 31.5% to 25.1% primarily due to the impact of the decrease in service revenue, costs of off-shoring activities, increase in credit data costs, and bad debt expense.

## Data Services Segment

### Nine Months Ended September 30, 2007 Compared to Nine Months Ended September 30, 2006

Service revenue was \$113.9 million for the nine months ended September 30, 2007, an increase of \$5.6 million compared to service revenue of \$108.3 million in the same period of 2006. Organic growth was 5.1% for the segment. The organic growth is primarily driven by expansion of the existing customer base in the membership and direct to consumer businesses. This is offset by a decrease in revenue at the lead generation business which is due to the decline in the mortgage and sub-prime lending industry.

Cost of service revenue decreased \$1.9 million. Cost of service decreased from 29.7% on a year-to-date basis in 2006 to 26.0% for the comparable period in 2007. The decrease is due to increased sales in the membership and direct to consumer business offset by the decline in revenue at the lead generation business that occurred in the second and third quarters of 2007.

Salaries and benefits increased by \$1.5 million. Salaries and benefits were 16.6% of service revenue for the nine months ended September 30, 2007 compared to 16.1% in the same period of 2006. The increase is due to increased staffing levels and related salaries and benefit costs needed to support the growth of the businesses.

Facilities and telecommunication expenses increased by \$.5 million compared to the same period in 2006. Facilities and telecommunication expenses were 2.4% of service revenue for the nine months ended September 30, 2007 and 2.0% in the same period of 2006. The increase is primarily due to two businesses moving to larger offices.

Other operating expenses increased by \$2.9 million. Other operating expenses were 18.6% of service revenue for the nine months ended September 30, 2007 and 16.9% in the same period of 2006. The increase in operating expenses is due to an increase in marketing expenses, bad debt expense, shared services and professional fees.

Depreciation and amortization decreased by \$.1 million due to some of the intangible assets becoming fully amortized.

Income from operations was \$31.9 million for the nine months ended September 30, 2007 compared to \$29.2 million for the same period in 2006. The operating margin percentage increased from 26.9% to 28.1%. The increase in the operating margin is primarily due to the sales mix and related margins. The membership and direct to consumer businesses have increased revenue with higher margins and the lead generation business has decreased revenue with lower operating margins.

## Dealer Services Segment

### Nine Months Ended September 30, 2007 Compared to Nine Months Ended September 30, 2006

Service revenue was \$88.4 million for the nine months ended September 30, 2007, a decrease of \$4.4 million compared to service revenue of \$92.8 million for the nine months ended September 30, 2006. An increase in transactions accounted for a 6.8% increase in credit report related revenue; however, a larger decrease in revenue in the automotive lead generation business resulted in an overall decrease in service revenue.

Cost of service revenue was \$46.8 million for the nine months ended September 30, 2007, a decrease of \$2.3 million compared to cost of service revenue of \$49.1 million in the same period of 2006. A decrease in cost of service revenue on the lower margin automotive lead generation business was offset by an increase in cost of service revenue based on an increase in credit report related transactions.

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Salaries and benefits decreased by \$.5 million. Salaries and benefits were 13.6% of service revenue in the first nine months of 2007 compared to 13.4% during the same period in 2006. Salaries and benefits expense decreased due to operational efficiencies which included relocation and consolidation of certain functions of the automotive lead generation business during the fourth quarter of 2006 and first quarter of 2007.

Facilities and telecommunication expenses were comparable the same period of 2006.

Other operating expenses increased by \$1.1 million. Other operating expenses were 17.2% of service revenue for the nine months ended September 2007 compared to 15.2% for the same period in 2006. The increase in 2007 is due to an increase in the amounts allocated for shared services, product development initiatives, and an increase in bad debt expense at the automotive lead generation business.

Depreciation and amortization were comparable the same period of 2006.

Income from operations was \$11.2 million for the nine months ended September 2007 compared to \$13.8 million in the same period in 2006. The operating margin percentage decreased from 14.9% to 12.7% primarily due to the impact of amounts allocated for shared services and reduced volumes in the automotive lead generation business.

### **Employer Services Segment**

#### **Nine Months Ended September 30, 2007 Compared to Nine Months Ended September 30, 2006**

Service revenue was \$171.5 million for the nine months ended September 30, 2007, an increase of \$31.6 million compared to service revenue of \$139.9 million in the same period of 2006. The increase was primarily driven by the addition of \$21.3 million of revenue from acquisitions and \$10.3 million in revenue from existing business, primarily in the tax service and background screening businesses.

Salaries and benefits increased by \$12.9 million. Salaries and benefits were 37.7% of service revenue for the nine months ended September 30, 2007 compared to 36.9% in the same period of 2006. The increase is primarily related to the international acquisitions in 2006, growth in the segment and severance expense recorded for office consolidations.

Facilities and telecommunication expenses increased by \$1.5 million. Facilities and telecommunication expenses were 4.4% of service revenue for the nine months ended September 30, 2007 and 2006. The increase in expense is primarily due to the acquisitions that occurred in 2006, expanded facilities for organic growth and estimated future lease payments accrued for office closures.

Other operating expenses increased by \$3.5 million. Other operating expenses were 14.5% of service revenue for the nine months ended September 30, 2007 and 15.2% for the same period of 2006. The increase is mainly due to the additional cost of professional fees, shared services and marketing expense related to the growth of the businesses, consolidating offices and cross selling.

Depreciation and amortization increased by \$2.1 million primarily due to the addition of intangible assets related to the acquisitions and the rollout of software development initiatives.

Income from operations increased \$4.5 million compared to the same period in 2006. The operating margin increased from 10.0% to 10.8%. The increase is due to revenue and earnings growth in most of the product lines offset by a decline in the occupational health service business and \$1.7 million in expense related to consolidating operations.

## **Multifamily Services Segment**

### **Nine Months Ended September 30, 2007 Compared to Nine Months Ended September 30, 2006**

Service revenue was \$57.0 million for the nine months ended September 30, 2007, an increase of \$2.9 million compared to service revenue of \$54.1 million in the same period of 2006. Organic growth was 5.4% for the segment and was driven by expanded market share and an increase in products and services.

Salaries and benefits increased \$.2 million when compared to the same period in 2006. Salaries and benefits were 35.8% of service revenue for the nine months ended September 30, 2007 compared to 37.3% of service revenue in the same period of 2006. The increase in expense is due to customary annual increases offset by strategic reductions in employees.

Facilities and telecommunication expenses were comparable to the same period of 2006.

Other operating expenses decreased by \$.9 million and were 15.1% of service revenue for the nine months ended September 30, 2007 compared to 17.6% in the same period of 2006. The decrease is due to reduced costs of leased equipment, software and marketing expense.

Depreciation and amortization increased \$.2 million compared to the same period of 2006. Depreciation and amortization was 6.2% of service revenue for the nine months ended September 30, 2007 and 2006.

Income from operations was \$16.3 million for the nine months ended September 30, 2007 compared to income from operations of \$13.0 million in the same period of 2006. The operating margin increased from 24.1% to 28.5%. The increase in operating income and margins is primarily due to increased revenue while containing or reducing operating costs.

## **Investigative and Litigation Services Segment**

### **Nine Months Ended September 30, 2007 Compared to Nine Months Ended September 30, 2006**

Service revenue was \$62.3 million for the nine months ended September 30, 2007, an increase of \$17.8 million compared to service revenue of \$44.5 million in the same period of 2006. The increase is \$16.5 million of organic growth and \$1.4 million of acquisition growth. The organic growth is predominately driven by continued growth in the Litigation Support Services' international operations.

Salaries and benefits increased by \$7.1 million. Salaries and benefits were 40.0% of service revenue for the nine months ended September 30, 2007 and 2006. The increase in expense is primarily due to acquisitions and increased incentive compensation and commissions as a result of revenue growth.

Facilities and telecommunication expenses increased by \$.6 million. Facilities and telecommunication expenses were 2.9% of service revenue for the nine months ended September 30, 2007 and 2.8% in the same period of 2006. The increase is primarily due to acquisitions and growth in the Litigation Support Services division.

Other operating expenses increased by \$1.8 million. Other operating expenses were 12.0% of service revenue for the nine months ended September 30, 2007 and 12.8% for the same period of 2006. The increase is predominantly driven by the 2006 acquisitions and is related to international travel and shared services.

Depreciation and amortization increased by \$.3 million. The increase is due to the increase in investment in capital assets for growth.

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Income from operations was \$17.7 million for the nine months ended September 30, 2007 compared to \$8.8 million in 2006. The operating margin increased from 19.8% to 28.4%. The increase is due to an increase in revenue in the Litigation Support Services businesses which provide higher margin services.

### **Corporate**

#### **Nine Months Ended September 30, 2007 Compared to Nine Months Ended September 30, 2006**

Corporate costs and expenses represent primarily compensation and benefits for senior management, administrative staff, technology personnel and their related expenses in addition to an administrative fee paid to First American. The corporate expenses were \$35.7 million for the nine months ended September 30, 2007 compared to expenses of \$26.7 million in the same period of 2006. Approximately \$8.0 million of the increased expense is due to costs related to the former CEO's transition agreement in the first quarter of 2007.

### **Consolidated Results**

#### **Nine Months Ended September 30, 2007 Compared to Nine Months Ended September 30, 2006**

Consolidated service revenue for the nine months ended September 30, 2007 was \$614.5 million, an increase of \$42.9 million compared to service revenue of \$571.6 million in the same period in 2006. Acquisitions accounted for \$22.9 million of the increase and \$20.1 million was related to organic growth.

Salaries and benefits increased by \$29.9 million for the nine months ended September 30, 2007 compared to the same period in 2006. Salaries and benefits expense was 33.8% of service revenue for the nine months ended September 30, 2007 and 31.1% for the same period in 2006. The increase is primarily the \$8.0 million recorded in first quarter 2007 related to the former CEO's transition agreement in the first quarter of 2007. The remaining increase is related to increase in personnel to support the growth of the businesses.

Facilities and telecommunication increased by \$2.6 million compared to the same period in 2006. Facilities and telecommunication expenses were 4.0% and 3.9% of service revenue for the nine months ended September 30, 2007 and 2006, respectively. The increase in facilities and telecommunication expenses is primarily due to acquisitions and costs for expansion in connection with organic growth.

Other operating expenses increased by \$9.7 million compared to the same period in 2006. Other operating expenses were 13.1% of service revenue for the nine months ended September 30, 2007 and 12.4% compared to the same period for 2006. The increase is due to acquisitions, and increased marketing, software, international travel, legal and professional expenses.

Depreciation and amortization increased by \$3.7 million due to an overall increase in amortization of intangible assets as a result of acquisitions, rollout of software initiatives and capital asset investment for organic growth.

The consolidated operating margin was 14.8% for the nine months ended September 30, 2007, compared to 16.5% for the same period in 2006. The decrease in margin is primarily due the change in revenue mix, primarily affected by the mortgage lending industry, \$8.0 million of costs related to the former CEO's transition agreement in the first quarter of 2007 and \$1.7 million in expense related to consolidating operations.

Income from operations was \$90.8 million for the nine months ended September 30, 2007 compared to \$94.6 million for the same period in 2006. The decrease of \$3.7 million is comprised of an increase in operating income of \$2.7 million in Data Services, \$4.5 million in Employer Services, \$3.2 million in



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Multifamily Services and \$8.9 million in Investigative and Litigation Support Services offset by decreases in operating income of \$11.4 million at Lender Services, \$2.6 million at Dealer Services and an increase of corporate expenses of \$9.0 million.

### **Liquidity and Capital Resources**

The Company's primary source of liquidity is cash flow from operations and amounts available under credit lines the Company has established with a bank. As of September 30, 2007, cash and cash equivalents were \$33.7 million.

Net cash provided by operating activities was \$89.8 million compared to cash provided by operating activities of \$63.9 million for the nine months ended September 30, 2007 and 2006, respectively.

Cash provided by operating activities increased by \$25.9 million for the nine months ended September 30, 2007 compared to the same period of 2006 while net income was \$48.5 million for the nine months ended September 30, 2007 and \$48.0 million for the same period in 2006. The increase in cash provided by operating activities was primarily due to the increase in non-cash charges for share based compensation, deferred taxes, depreciation, amortization and bad debt expense, offset by payments made for accrued liabilities and an increase in accounts receivable.

Cash used in investing activities was \$59.4 million and \$50.0 million for the nine months ended September 30, 2007 and 2006, respectively. For the nine months ended September 30, 2007, net cash in the amount of \$28.0 million was used for acquisitions compared to \$31.0 million in 2006. Purchases of property and equipment were \$28.8 million for the nine months ended September 30, 2007 compared to \$19.5 million in the same period of 2006.

Cash used in financing activities was \$28.7 million for the nine months ended September 30, 2007, compared to \$11.2 million for the nine months ended September 30, 2006. For the nine months ended September 30, 2007, proceeds from existing credit facilities were \$50.1 million compared to \$42.9 million in 2006. Repayment of debt was \$83.2 million for the nine months ended September 30, 2007 and \$54.0 million in the same period of 2006.

In 2005, the Company executed a \$225 million revolving credit agreement, with a bank syndication (the "Credit Agreement"). The Credit Agreement includes a \$10 million sub-facility for the issuance of letters of credit and up to a \$5 million swing loan facility. The credit facility maturity date is September 28, 2010. The Credit Agreement is collateralized by the stock of the Company's subsidiaries.

At September 30, 2007, the Company had available lines of credit of \$90 million and the Company was in compliance with the financial covenants of its loan agreements.

First Advantage filed a Registration Statement with the Securities and Exchange Commission for the issuance of up to 5,000,000 shares of our Class A common stock, par value \$.001 per share, from time to time as full or partial consideration for the acquisition of businesses, assets or securities of other business entities. The Registration Statement was declared effective on January 9, 2006. A total of 1,338,631 shares were issued for acquisitions as of September 30, 2007.

First Advantage filed a Registration Statement with the Securities and Exchange Commission for the issuance of up to 2,000,000 shares of our Class A common stock, par value \$.001 per share, from time to time for general corporate purposes. The Registration Statement was declared effective on January 3, 2005. No shares have been issued as of September 30, 2007.

First Advantage seeks to acquire other businesses as part of its growth strategy. The Company will continue to evaluate acquisitions in order to achieve economies of scale, expand market share and enter new markets. The extent of future acquisitions, however, is dependent upon the availability of capital and liquidity to fund such acquisitions.

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While uncertainties within the Company's industry exist, management is not aware of any trends or events likely to have a material adverse effect on liquidity or the accompanying financial statements. The Company believes that, based on current levels of operations and anticipated growth, the Company's cash flow from operations, together with available sources of liquidity, will be sufficient to fund operations, anticipated capital expenditures, make required payments of principal and interest on debt, and satisfy other long-term contractual commitments. However, any material adverse change in our operating results from our business plan, or acceleration of existing debt obligations or in the amount of investment in acquisitions, technology or products could require the Company to seek other funding alternatives including raising additional capital.

The following is a schedule of long-term contractual commitments, as of September 30, 2007, over the periods in which they are expected to be paid.

In thousands	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>Thereafter</u>	<u>Total</u>
Advertising commitments	\$ 256	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 256
Minimum contract purchase commitments	864	2,200	670	348	—	—	4,082
Operating leases	6,534	16,600	13,203	9,533	7,427	22,577	75,874
Debt and capital leases	3,595	18,001	7,944	141,276	—	—	170,816
Interest payments related to debt (1)	2,783	11,288	10,401	7,486	—	—	31,958
Total	<u>\$14,032</u>	<u>\$48,089</u>	<u>\$32,218</u>	<u>\$158,643</u>	<u>\$7,427</u>	<u>\$ 22,577</u>	<u>\$282,986</u>

(1) Estimated interest payments are calculated assuming current interest rates over minimum maturity periods specified in debt agreements.

**Item 3. Quantitative and Qualitative Disclosures About Market Risk**

There have been no material changes in the Company's risk since filing its Form 10-K for the year ended December 31, 2006.

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**Item 4. Controls and Procedures**

The Company's Chief Executive Officer and Chief Financial Officer, after evaluating the effectiveness of the Company's disclosure controls and procedures, as defined in Rule 13a-15(e) of the Securities Exchange Act of 1934, as amended, have concluded that, as of the end of the fiscal quarter covered by this report on Form 10-Q, the Company's disclosure controls and procedures were effective to provide reasonable assurances that information required to be disclosed in the reports filed or submitted under such Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms and is accumulated and communicated to the Chief Executive Officer and Chief Financial Officer to permit timely decisions regarding disclosures.

There was no change in the Company's internal control over financial reporting during the quarter ended September 30, 2007 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

**PART II. OTHER INFORMATION**

**Item 1. Legal Proceedings**

First Advantage's subsidiaries are involved in litigation from time to time in the ordinary course of their businesses. The Company does not believe that the outcome of any pending or threatened litigation involving these entities will have a material adverse effect on our financial position, operating results or cash flows.

The Company and two subsidiaries are defendants in three class action lawsuits that are pending in state court in California. The plaintiffs in each of the cases allege that the Company and its subsidiaries, directly and through their agents, violated the California Consumer Credit Reporting Agencies Act and Investigative Consumer Reporting Agency Act ("ICRA") by failing to use reasonable procedures to ensure the maximum possible accuracy when issuing tenant reports and to comply with ICRA. The actions seek injunctive relief, an accounting, restitution, statutory damages, interest, punitive damages and attorneys' fees and costs. The Company does not believe that the ultimate resolution of these actions will have a material adverse affect on its financial condition, results of operations or cash flows.

**Item 1A. Risk Factors**

There have been no material changes from the risk factors previously disclosed in the Company's Form 10-K for Fiscal Year Ending December 31, 2006.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

None.

**Item 3. Defaults Upon Senior Securities**

None.

**Item 4. Submission of Matters to a Vote of Security Holders**

None.

**Item 5. Other Information**

None.

**Item 6. Exhibits**

See Exhibit Index.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

**FIRST ADVANTAGE CORPORATION**  
(Registrant)

*Date: October 31, 2007*

*By: /s/ ANAND NALLATHAMBI*  
*Anand Nallathambi*  
*Chief Executive Officer*

*Date: October 31, 2007*

*By: /s/ JOHN LAMSON*  
*John Lamson*  
*Chief Financial Officer*

**EXHIBIT INDEX**

<u>Exhibit No.</u>	<u>Description</u>
10.1	Training Grant Services Agreement among The First American Corporation and First Advantage Tax Consulting Services, Inc., dated as April 28, 2007.
31.1	Certification pursuant to Exchange Act Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification pursuant to Exchange Act Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certifications pursuant to Exchange Act Rule 13a-14(b) and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certifications pursuant to Exchange Act Rule 13a-14(b) and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
99.1	Dealer Track Holdings, Inc. Underwriting Agreement, dated as October 18, 2007.



**FIRST ADVANTAGE TAX CONSULTING SERVICES, LLC  
AND  
FIRST AMERICAN CORPORATION**

**TRAINING GRANT SERVICES AGREEMENT**

This Training Grant Services Agreement (“Agreement”) is entered into this 4/28/07 date (“Effective Date”) by and between The First American Corporation (“Client”) and First Advantage Tax Consulting Services, LLC (“FATC”).

In consideration of the promises and mutual covenants set forth herein, and for other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. **Engagement.** Client hereby engages FATC and FATC hereby accepts such engagement to provide technology and services for the identification and capture of Training Grants as described herein:
  - i) The analysis, access, and retrieval of certain Training Grants that may be available as provided by federal, state or local law in each jurisdiction of the United States in which Client has or may have operations (hereinafter “Available Training Grants,” which shall be subject to Client’s approval, following which such approved grants shall be referred to as the “Training Grants”). For purposes of this Agreement, “Training Grants” includes but is not limited to:
    - a) Grants to subsidize the training of Client employees, and
    - b) “Reimbursement” of eligible training expenses incurred by Client.
2. **Obligations of Client.**
  - i) **Start Date.** Upon execution of this Agreement, FATC will provide to Client a proposed Statement of Work. FATC shall have no obligation to commence services until such time as a Statement of Work is mutually agreed upon and executed by the parties.
  - ii) **Cooperation.** Client agrees to timely furnish FATC with complete and accurate information necessary to the performance of FATC’s obligations under this Agreement. Client also agrees to make reasonably available to FATC designated employees or advisors whom FATC may require to assist it in performing its duties under this Agreement.
  - iii) **Powers of Attorney.** Client will provide FATC limited powers of attorney, as required, allowing FATC to submit, sign, and receive all applications and other documentation necessary to performing FATC’ duties under Statement of Work.

3. **Obligations of FATC.** FATC shall perform and deliver the following during the term of this Statement of Work:
  - i) FATC will prepare and submit all applications and other forms necessary to qualify for the Training Grants, which shall be subject to Client's prior written approval. Client will pay any application fees payable in connection with applying for such Training Grants.
  - ii) FATC will treat all information regarding, and transmitted pursuant to, this Agreement, including the existence of the Agreement itself, as confidential and of business value to Client, and shall not disclose any such information to anyone that is not a party to this Agreement, nor employees of FATC who do not have a need to know, except for communication with other parties directly related to the performance of FATC's obligations under this agreement, without the specific written consent of Client, and subject to the terms of Section 9 below
  - iii) FATC shall perform its obligations in compliance with all applicable laws, statutes and regulations.
4. **Term.**
  - i) The term of this Agreement is three (3) years from the Effective Date.
  - ii) FATC shall have the right to terminate this Agreement and/or suspend its services upon five (5) days' prior written notice to Client if any FATC invoices remain unpaid sixty (60) days after the invoice date. FATC agrees to perform services up to the effective date of termination or suspension and Client agrees to pay FATC for services performed up to the effective date of termination or suspension.
  - iii) After expiration of the initial term, the Agreement will be automatically renewed for successive twelve (12) month periods as of each anniversary of the Effective Date unless FATC or Client gives written notice to the other, at least thirty (30) days prior to the renewal date, of such party's intent not to renew.
  - iv) Either party shall have the right to terminate this Agreement in the event of a material breach, and such breach is not cured within sixty (60) days written notice.
5. **Pricing.** FATC fees for the training grant services shall be payable pursuant to Section 6 below, and equal to twenty (20%) percent of the total amount of each approved Training Grant arranged by FATC for the benefit of Client either:
  - i) During the Agreement Term hereof; or



ii) Following the end of the Training Grant program term in effect as of the last day of the Agreement Term, which fees shall be reduced and offset by any refunds due Client.

At the time the Training Grants are approved, Client will be invoiced an amount equal to fifty (50%) percent of the total fee due. This amount will be based on the amount of the grant approval, and independent of reimbursements paid by the Grant Authority to the client.

When approved training sessions set forth within a Grant are completed the remaining fifty (50%) percent of the fee will be due as reimbursements are paid through the Grant to Client. Client agrees that grant proceeds shall not be used to pay such fees.

6. **Terms of Payment.** FATC will invoice Client monthly for all credits and grants earned by Client resulting from the services provided by FATC in accordance with this Agreement. Any benefit under a tax incentive program that extends beyond a one-year time frame and does not require additional certification work to be completed by FATC to continue or secure the benefit will be limited to no more than five years for calculating the fee payable to FATC. FATC agrees to refund to Client any fees paid with respect to credits or grants not allowed or disallowed to Client.
7. **Indemnity.** Both parties shall indemnify, defend and hold harmless each other and their affiliated companies, their officers, directors, employees, agents and representatives from and against any and all claims (including employment claims), causes of action, suits, damages, losses, costs and expenses (including, without limitation, attorneys' fees and costs) of third parties arising out of (i) any breach by one of the parties of this Agreement, including the representations and warranties herein, (ii) either parties negligence or willful misconduct in connection with the performance of this Agreement, (iii) any claim of trademark, copyright or other intellectual property right infringement, (iv) any claim or action brought by one or more of the parties Personnel in performance of their duties under this Agreement (including any claims for payments) or other benefits, (v) any claims for amounts due, penalties for other costs assessed and or claimed due and owing by or on behalf of any federal, state or local government, agency or other person resulting from or in connection with either parties failure to pay any federal, state or local taxes or contributions imposed or required to be paid by either party or the Personnel, or (vi) any claim or action brought by one or more of the Personnel for any injury or accident suffered by such Personnel, whether covered by workers compensation insurance or otherwise.
8. **Limitation of Liability.** EXCEPT IN THE EVENT OF FRAUD, GROSS NEGLIGENCE OR WILLFUL MISCONDUCT, FATC WILL NOT BE LIABLE TO CLIENT OR ANY AFFILIATE FOR ANY ACTUAL, OR DIRECT, DAMAGES, INCLUDING ANY LOST PROFITS, LOST SAVINGS OR OTHER INCIDENTAL OR CONSEQUENTIAL DAMAGES ARISING OUT OF THE USE OR INABILITY TO USE FATC SERVICES, WHETHER IN AN ACTION IN CONTRACT OR TORT, EVEN IF FATC OR ANY OF ITS REPRESENTATIVES HAD BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, OR FOR ANY CLAIM BY ANY OTHER PARTY. FATC WILL NOT UNDER ANY CIRCUMSTANCES, BE LIABLE FOR ANY WRITTEN OR ORAL REPRESENTATION OR WARRANTY NOT EXPRESSLY SET FORTH IN THIS AGREEMENT. IN NO EVENT WILL FATC BE LIABLE FOR SPECIAL, CONSEQUENTIAL, OR PUNITIVE DAMAGES.

**9. Confidentiality.** The parties acknowledge and agree that, as a result of negotiating, entering into and performing this Agreement, each Party (a “Receiving Party”) has and will have access to certain Confidential Information of the other Party (a “Disclosing Party”). “Confidential Information” shall mean all information of a Party to this Agreement, including the existence of this Agreement, irrespective of whether marked “confidential” or otherwise, or orally conveyed, including nonpublic information relating to clients and applicants of Client. Confidential Information shall not include information that (a) is already known by the Receiving Party at the time of disclosure, (b) becomes publicly known through no act or fault of the Receiving Party, (c) is received by the Receiving Party from a third party without a restriction on disclosure or use, or (d) is independently developed by the Receiving Party without reference to the Confidential Information of the Disclosing Party, as evidenced by the Receiving Party’s records created in the ordinary course of business. The Parties acknowledge that the Client, and all documentation and materials related thereto, are the Confidential Information of Client. All Confidential Information shall remain the exclusive property of the Disclosing Party. At any time upon request by the Disclosing Party, the Receiving Party shall promptly surrender to the Disclosing Party all Confidential Information in the Receiving Party’s possession, or destroy all copies thereof. Receiving Party will not retain any copies of the Disclosing Party’s Confidential Information. Upon written request, an authorized officer of Receiving Party will certify in writing that Receiving Party has complied with this request for surrender or destruction. Notwithstanding the foregoing provision, Confidential Information stored electronically in Receiving Party’s archives may be retained in accordance with Receiving Party’s archive policies and procedures, provided that all such Confidential Information so retained shall remain subject to the use and disclosure restrictions of this Agreement until such Confidential Information is destroyed.

The Parties agree that, during the term of this Agreement, the Receiving Party shall (a) use and reproduce the Disclosing Party’s Confidential Information only to perform its obligations hereunder and for the purposes specified herein, (b) restrict disclosure of the Disclosing Party’s Confidential Information to its employees and contractors with a need to know the Confidential Information to enable the Receiving Party to perform its obligations under this Agreement, and (c) not disclose the Disclosing Party’s Confidential Information to any third party (including, but not limited to, any third party consultant, contractor, or agent) without first obtaining such third party’s agreement to maintain the confidentiality of the Disclosing Party’s Confidential Information under terms and conditions at least as stringent as those set forth in this Section 9. Notwithstanding the requirements of this Section 9, the Receiving Party may disclose Confidential Information of the Disclosing Party to the extent it is required to do so under law or in a judicial or other governmental investigation or proceeding.

This Section shall survive termination of this Agreement or any SOW hereunder.

**10. Notices.** Any notice or other communication required or permitted under this Agreement or any shall be sufficiently given if delivered in person or sent by facsimile, by overnight

courier of national reputation or by registered or certified mail, postage prepaid, and addressed to the recipient party as follows:

If to Client: First American Corporation  
1 First American Way  
Santa Ana, CA 92707

If to First Advantage Tax  
Consulting Service LLC:  
with a copy to: Attn: President  
First Advantage Corporation  
100 Carillon Parkway  
St. Petersburg, FL 33716  
Attn: Legal Department

or such other address or number as shall be furnished in writing by any such party, and such notice or communication shall, if properly addressed be deemed to have been given as of the date delivered in person or sent by facsimile, one day after deposition with an overnight courier or 4 business days after deposition into the US mail.

11. **Waiver; Amendment.** No waiver by either party of any breach by the other party of any of the provisions of this Agreement shall be deemed a waiver of any preceding or succeeding breach of the same or other provision hereof. No such waiver shall be effective unless in writing and then only to the extent expressly set forth in writing.
12. **Governing Law.** The interpretation and construction of this Agreement and all matters relating hereto shall be governed by the laws of the state of Florida exclusive of conflicts of laws principles.
13. **Severability.** If any of the provisions of this Agreement becomes invalid, illegal or unenforceable in any respect under any law, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired.
14. **Relationship of Parties.** Neither party is nor shall become a partner, joint venturer, agent or representative of the other party solely by virtue of this Agreement. Neither party has the right, power or authority to enter into any contract or incur any obligation, debt or liability on behalf of the other party with regard to this Agreement
15. **No Third Party Beneficiaries.** This Agreement shall not provide any person not a party to the Agreement with any remedy, claim, liability, reimbursement, cause of action, or other right in excess of those existing reference to this Agreement.
16. **Survival.** Any provision of this Agreement which contemplates performance subsequent to the expiration or earlier termination of this Agreement, or which expressly states that it shall survive termination of the Agreement, shall so survive such expiration or termination and shall continue in full force and effect until fully satisfied.
17. **Binding Nature and Assignment.** Client may not assign or transfer this Agreement or any rights or obligations under this Agreement to a third party without the prior written consent

of FATC, which may be withheld in the sole and unfettered discretion of FATC, except that Client may assign or transfer this Agreement to any of its affiliates and/or subsidiaries. This Agreement will bind and inure to the benefit of the parties and their respective successors and permitted assigns.

18. **Preservation of Rights.** The exercise of any rights of enforcement or other remedies stated herein shall not preclude, or be deemed a waiver of, any other enforcement rights or remedies available to either Client or FATC under law or otherwise, and each of Client or FATC expressly reserves its rights in respect of such additional rights and remedies.
19. **Additional Documents.** The parties hereto agree to execute any additional documents reasonably required to effectuate the terms, provisions and purposes of this Agreement.
20. **Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, and all such counterparts together shall constitute one and the same instrument and may be sufficiently evidenced by one counterpart. Execution of this Agreement at different times and places by the parties hereto shall not affect the validity hereof.
21. **Captions.** The captions in this Agreement are solely for convenience of reference and shall not be given any effect in the construction or interpretation of this Agreement.
22. **Representation of Authority.** Client hereby represents and warrants to FATC that this Agreement has been duly executed and delivered by Client and that this Agreement constitutes a legal, valid and binding obligation of Client, enforceable against Client in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency or similar laws and equitable principles relating to or affecting the right of creditors generally from time to time in effect. FATC hereby represents and warrants to Client that this Agreement has been duly executed and delivered by FATC and that this Agreement constitutes a legal valid and binding obligation of FATC, enforceable against FATC in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency or similar laws and equitable principles relating to or affecting the right of creditors generally from time to time in effect.
23. **Force Majeure** If any party fails to perform its obligations because of acts of God, inability to obtain labor or materials (including necessary data) or reasonable substitutes for labor or materials (including necessary data), governmental restrictions, governmental regulations, governmental controls, judicial orders, enemy or hostile government action, civil commotion, telecommunications failure (including, without limitation, Internet failures), fires or other casualty or causes beyond the reasonable control of the party obligated to perform, then that party's performance shall be excused provided that such party notifies the other party as soon as practicable of the existence of such condition and uses its best efforts to resume performance in an expeditious manner.
24. **Entire Agreement.** This Agreement, and the exhibits attached hereto constitute the final, entire, and exclusive agreement between the parties with respect to the subject matter contained herein and therein. There are no representations, warranties, understandings or agreements among the parties with respect to the subject matter contained herein which are

not fully expressed in the Agreement, and the exhibits attached hereto. This Agreement, the and the exhibits attached hereto supersede all prior agreements and understandings between the parties with respect to such subject matter.

25. **Affiliates.** Each party shall ensure that each of its affiliates accepts and complies with all of the terms and conditions of this Agreement as if each such affiliate were a party to this Agreement.

26. **Facsimile Signature.** The parties agree that this Agreement and other documents to be entered into in connection with this Agreement will be considered executed when the signature of a party is delivered by facsimile transmission. Such facsimile signature shall be treated in all respects as having the same effect as an original signature.

**THE FIRST AMERICAN CORPORATION**

By: /s/ Laz Garcia

Name Laz Garcia

V P Corporate HR  
Client Officer Title

9/28/07

Date

**FIRST ADVANTAGE TAX CONSULTING SERVICES LLC**

By: /s/ Beth Henricks

Name Beth Henricks

President  
Officer Title

10-9-07

Date

**Chief Executive Officer**

I, Anand Nallathambi , Chief Executive Officer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of FIRST ADVANTAGE CORPORATION;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 31, 2007

/s/ ANAND NALLATHAMBI

Anand Nallathambi  
Chief Executive Officer

**Chief Financial Officer**

I, John Lamson, Chief Financial Officer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of FIRST ADVANTAGE CORPORATION;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 31, 2007

/s/ JOHN LAMSON

John Lamson  
Chief Financial Officer



**Certification of Chief Executive Officer**

Pursuant to 18 U.S.C. ss. 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of FIRST ADVANTAGE CORPORATION (the "Company") hereby certifies, to such officer's knowledge, that:

- (i) the accompanying Quarterly Report on Form 10-Q of the Company for the quarterly period ended September 30, 2007 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
- (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this statement has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

*Date: October 31, 2007*

*/s/ ANAND NALLATHAMBI*

*Anand Nallathambi*

*Chief Executive Officer*

The foregoing certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. ss. 1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

**Certification of Chief Financial Officer**

Pursuant to 18 U.S.C. ss. 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of FIRST ADVANTAGE CORPORATION (the "Company") hereby certifies, to such officer's knowledge, that:

- (i) the accompanying Quarterly Report on Form 10-Q of the Company for the quarterly period ended September 30, 2007 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
- (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this statement has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

*Date: October 31, 2007*

*/s/ JOHN LAMSON*

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*John Lamson*

*Chief Financial Officer*

The foregoing certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. ss. 1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

## DEALERTRACK HOLDINGS, INC.

4,500,000 Shares of Common Stock, Par Value \$0.01 Per Share

Underwriting Agreement

October 18, 2007

Lehman Brothers Inc.  
As Representative of the  
several Underwriters listed  
in Schedule I hereto

c/o Lehman Brothers Inc.  
745 Seventh Avenue  
New York, New York 10019

Ladies and Gentlemen:

DealerTrack Holdings, Inc., a Delaware corporation (the "Company"), proposes to issue and sell to the several Underwriters listed in Schedule I hereto (the "Underwriters"), for whom you are acting as representative (the "Representative"), an aggregate of 2,000,000 shares of common stock, par value \$0.01 per share (the "Common Stock"), of the Company, and Credit Management Solutions, Inc., a wholly owned subsidiary of First Advantage Corporation, a Delaware corporation (the "Selling Stockholder") proposes to sell to the Underwriters an aggregate of 2,500,000 shares of the Common Stock. In addition, the Company and the Selling Stockholder propose to grant to the Underwriters options to purchase up to an aggregate of 675,000 additional shares of the Common Stock on the terms set forth in Section 2. The aggregate of 4,500,000 shares of the Common Stock to be sold by the Company and the Selling Stockholder is herein called the "Underwritten Shares" and the aggregate of 675,000 additional shares of the Common Stock to be sold by the Company and the Selling Stockholder at the Underwriters' option is herein called the "Option Shares". The Underwritten Shares and the Option Shares are herein referred to as the "Shares".

The Company and the Selling Stockholder hereby confirm their agreement with the several Underwriters concerning the purchase and sale of the Shares, as follows:

1. Registration Statement. The Company has prepared and filed with the Securities and Exchange Commission (the "Commission") under the Securities Act of 1933, as amended, and the rules and regulations of the Commission thereunder (collectively, the "Securities Act"), a registration statement on Form S-3 (File No. 333-146729), including a prospectus, relating to the Shares. Such registration statement, as amended at the time it becomes effective, including the information, if any, deemed pursuant to Rule 430A, 430B or 430C under the Securities Act to be part of the registration statement at the time of its effectiveness ("Rule 430 Information"), is referred to herein as the "Registration Statement".

The term “Preliminary Prospectus” means the prospectus that is included in the Registration Statement (and any amendments thereto) as of the date hereof and the term “most recent Preliminary Prospectus” means the latest Preliminary Prospectus included in the Registration Statement on or prior to the date hereof. The term “Prospectus” means the final prospectus, relating to the Shares, filed by the Company with the Commission pursuant to Rule 424(b) under the Securities Act on or before the second business day after the date hereof (or such earlier time as may be required under the Securities Act) in the form furnished by the Company to you in connection with the offering of the Shares. If the Company has filed an abbreviated registration statement pursuant to Rule 462(b) under the Securities Act (the “Rule 462 Registration Statement”), then any reference herein to the term “Registration Statement” shall be deemed to include such Rule 462 Registration Statement.

Any reference in this Agreement to the Registration Statement, any Preliminary Prospectus or the Prospectus shall be deemed to refer to and include the documents incorporated by reference therein pursuant to Item 12 of Form S-3 under the Securities Act, as of the effective date of the Registration Statement or the date of such Preliminary Prospectus or the Prospectus, as the case may be and any reference to “amend”, “amendment” or “supplement” with respect to the Registration Statement, any Preliminary Prospectus or the Prospectus shall be deemed to refer to and include any documents filed after such date under the Securities Exchange Act of 1934, as amended, and the rules and regulations of the Commission thereunder (collectively, the “Exchange Act”) that are deemed to be incorporated by reference therein. Capitalized terms used but not defined herein shall have the meanings given to such terms in the Registration Statement and the Prospectus.

At or prior to 5:30 p.m. (New York City time) on the date of this Agreement (the “Applicable Time”), the Company prepared the following information: the most recent Preliminary Prospectus and “free writing prospectuses” (as defined in Rule 405 under the Securities Act and including, without limitation, any “road show” that is a free writing prospectus pursuant to Rule 433) prepared by or on behalf of the Company or used or referred to by the Company in connection with the offering of the Shares (“Issuer Free Writing Prospectus”), including any Issuer Free Writing Prospectuses that were filed by the Company with the Commission on or before the Applicable Time (“Filed Issuer Free Writing Prospectuses”) as set out on Annex G. In addition, you have informed us that the Underwriters have or will orally provide the pricing information set out on Annex F to prospective purchasers prior to confirming sales (the “Oral Pricing Information” and, collectively with the most recent Preliminary Prospectus and each Filed Issuer Free Writing Prospectus, the “Pricing Disclosure Package”). If, subsequent to the date of this Agreement, the Company and the Underwriters have determined that such Pricing Disclosure Package included an untrue statement of a material fact or omitted a statement of material fact necessary to make the information therein, in the light of the circumstances under which it was made, not misleading and have agreed to provide an opportunity to purchasers of the Shares to terminate their old purchase contracts and enter into new purchase contracts, then “Pricing Disclosure Package” will refer to the information available to purchasers at the time of entry into the first such new purchase contract.

2. Purchase of the Shares by the Underwriters. (a) The Company and the Selling Stockholder agree, severally and not jointly, to sell an aggregate of 2,000,000 Underwritten Shares and 2,500,000 Underwritten Shares, respectively, to the several Underwriters as provided in this Agreement, and each Underwriter, on the basis of the representations, warranties and agreements set forth herein and subject to the conditions set forth herein, agrees, severally and not jointly, to purchase from the Company and the Selling Stockholder at a purchase price per share of \$44.544 (the "Purchase Price") the number of Underwritten Shares (to be adjusted by you so as to eliminate fractional shares) determined by multiplying the aggregate number of Underwritten Shares to be sold by the Company and the Selling Stockholder by a fraction, the numerator of which is the aggregate number of Underwritten Shares to be purchased by such Underwriter as set forth opposite the name of such Underwriter in Schedule I hereto and the denominator of which is the aggregate number of Underwritten Shares to be purchased by all the Underwriters from the Company and the Selling Stockholder hereunder.

In addition, the Company and the Selling Stockholder, agree, severally and not jointly, to sell up to an aggregate of 300,000 Option Shares and 375,000 Option Shares, respectively, to the several Underwriters in accordance with the terms of this Agreement and such Underwriters shall have the option to purchase at their election up to a maximum of 675,000 Option Shares, at the Purchase Price, in the event that the Underwriters sell more shares of Common Stock than the number of Underwritten Shares. The Underwriters, on the basis of the representations and warranties herein contained, but subject to the conditions hereinafter stated, shall have the option to purchase, severally and not jointly, from the Company and the Selling Stockholder, at the Purchase Price, that portion of the number of Option Shares as to which such election shall have been exercised (subject to such adjustments to eliminate fractional shares as the Representative may determine) determined by multiplying such number of Option Shares by a fraction the numerator of which is the maximum number of Option Shares which such Underwriter is entitled to purchase and the denominator of which is the maximum number of Option Shares which all of the Underwriters are entitled to purchase hereunder. Any such election to purchase Option Shares shall be made such that half of the Option Shares are purchased from the Company and half are purchased from the Selling Stockholder.

The Underwriters may exercise the option to purchase the Option Shares at any time and from time to time on or before the thirtieth day following the date of this Agreement, by written notice from the Representative to the Company and the Selling Stockholder. Such notice shall set forth the aggregate number of Option Shares as to which the option is being exercised and the date and time when the Option Shares are to be delivered and paid for, which may be the same date and time as the Closing Date (as hereinafter defined) but shall not be earlier than the Closing Date nor later than the tenth full business day (as hereinafter defined) after the date of such notice (unless such time and date are postponed in accordance with the provisions of Section 12 hereof). Any such notice shall be given at least three business days prior to the date and time of delivery specified therein, unless otherwise agreed by the parties hereto.

(b) The Company and the Selling Stockholder understand that the Underwriters intend to make a public offering of the Shares as soon after the effectiveness of this Agreement as in the judgment of the Representative is advisable, and initially to offer the Shares on the terms set forth in the most recent Preliminary Prospectus and the Prospectus. The Company and the Selling

Stockholder acknowledge and agree that the Underwriters may offer and sell Shares to or through any affiliate of an Underwriter and that any such affiliate may offer and sell Shares purchased by it to or through any Underwriter.

(c) Payment for the Shares shall be made by wire transfer in immediately available funds to the account specified by the Company to the Representative with regard to payment to the Company and by the Selling Stockholder to the Representative with regard to payment to the Selling Stockholder, in the case of the Underwritten Shares at 10:00 A.M. New York City time on October 24, 2007, or at such other time or place on the same or such other date, not later than the third business day thereafter, as the Representative, the Company and the Selling Stockholder may agree upon in writing or, in the case of the Option Shares, on the date and at the time and place specified by the Representative in the written notice of the Underwriters' election to purchase such Option Shares. The time and date of such payment for the Underwritten Shares are referred to herein as the "Closing Date" and any time and date for such payment for the Option Shares, if other than the Closing Date, are herein referred to as an "Additional Closing Date", each such closing to occur at the offices of Davis Polk & Wardwell or such other place as the Underwriter, the Company and the Selling Stockholder may agree upon in writing.

Payment for the Shares to be purchased on the Closing Date or an Additional Closing Date, as the case may be, shall be made by Federal Funds wire transfer against delivery through the facilities of The Depository Trust Company to the Representative for the respective accounts of the several Underwriters of the Shares to be purchased on such date, with any transfer taxes payable in connection with the sale of the Shares duly paid by the Company or the Selling Stockholder, as the case may be. Book entry transfers of the Shares shall be made to the Representative in such names and in such denominations as the Representative shall specify.

(d) Each of the Company and the Selling Stockholder acknowledges and agrees that the Underwriters are acting solely in the capacity of an arm's length contractual counterparty to the Company and the Selling Stockholder with respect to the offering of Shares contemplated hereby (including in connection with determining the terms of the offering) and not as a financial advisor or a fiduciary to, or an agent of, the Company, the Selling Stockholder or any other person. Additionally, neither the Representative nor any other Underwriter is advising the Company, the Selling Stockholder or any other person as to any legal, tax, investment, accounting or regulatory matters in any jurisdiction. The Company and the Selling Stockholder shall consult with their own advisors concerning such matters and shall be responsible for making their own independent investigation and appraisal of the transactions contemplated hereby and, unless and to the extent otherwise expressly set forth herein, the Underwriters shall have no responsibility or liability to the Company or the Selling Stockholder with respect thereto. Any review by the Underwriters of the Company, the transactions contemplated hereby or other matters relating to such transactions will be performed solely for the benefit of the Underwriters and shall not be on behalf of the Company or the Selling Stockholder.

3. Representations and Warranties of the Company. The Company represents and warrants to each Underwriter that:

(a) *Preliminary Prospectus*. No order preventing or suspending the use of any Preliminary Prospectus has been issued by the Commission, and the most recent Preliminary Prospectus, at the time of filing thereof, complied in all material respects with the Securities Act and did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; *provided* that the Company makes no representation and warranty with respect to any statements or omissions made in reliance upon and in conformity with information relating to any Underwriter or to the Selling Stockholder furnished to the Company in writing by such Underwriter through the Representative or the Selling Stockholder as the case may be, expressly for use in the most recent Preliminary Prospectus.

(b) *Pricing Disclosure Package*. The Pricing Disclosure Package, at the Applicable Time did not, and as of the Closing Date and as of any Additional Closing Date, as the case may be, will not, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; *provided* that the Company makes no representation and warranty with respect to any statements or omissions made in reliance upon and in conformity with information relating to any Underwriter furnished to the Company in writing by such Underwriter through the Representative expressly for use in the Pricing Disclosure Package.

(c) *Issuer Free Writing Prospectus*. Each Issuer Free Writing Prospectus (including, without limitation, any “road show” that is a free writing prospectus pursuant to Rule 433 under the Securities Act), when considered together with the Pricing Disclosure Package at the Applicable Time, did not and as of the Closing Date and as of any Additional Closing Date, as the case may be, will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. Each Issuer Free Writing Prospectus conformed or will conform in all material respects to the requirements of the Securities Act on the date of first use, and the Company has complied with all prospectus delivery and any filing requirements applicable to each Issuer Free Writing Prospectus pursuant to the Securities Act. The Company has not made any offer relating to the Shares that would constitute an Issuer Free Writing Prospectus without the prior written consent of the Representative. The Company has retained in accordance with the Securities Act all Issuer Free Writing Prospectuses that were not required to be filed pursuant to the Securities Act.

(d) *Ineligible Issuer Status*. The Company was not at the time of initial filing of the Registration Statement and at the earliest time thereafter that the Company or another offering participant made a bona fide offer (within the meaning of Rule 164(h)(2) under the Securities Act) of the Shares, is not on the date hereof and will not be on the Closing Date or any Additional Closing Date an “ineligible issuer” (as defined in Rule 405 under the Securities Act) and the Company was or is, as the case may be, at each such time, a “well-known seasoned issuer” (as defined in Rule 405 under the Securities Act).

(e) *Registration Statement and Prospectus*. The Registration Statement is an “automatic shelf registration statement” as defined under Rule 405 of the Securities Act that has

been filed with the Commission not earlier than three years prior to the date hereof; and no notice of objection of the Commission to the use of such registration statement or any post-effective amendment thereto pursuant to Rule 401(g)(2) under the Securities Act has been received by the Company. No order suspending the effectiveness of the Registration Statement has been issued by the Commission and no proceeding for that purpose or pursuant to Section 8A of the Securities Act against the Company or related to the offering has been initiated or, to the knowledge of the Company, threatened by the Commission; as of the applicable effective date of the Registration Statement and any amendment thereto, the Registration Statement complied and will comply in all material respects with the Securities Act, and did not and will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein not misleading; and as of the applicable date of the Prospectus and any amendment or supplement thereto and as of the Closing Date and as of any Additional Closing Date, as the case may be, the Prospectus will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; *provided* that the Company makes no representation and warranty with respect to any statements or omissions made in reliance upon and in conformity with information relating to any Underwriter furnished to the Company in writing by such Underwriter through the Representative expressly for use in the Registration Statement and the Prospectus and any amendment or supplement thereto.

(f) Incorporated Documents. The documents incorporated by reference in the Registration Statement, the Prospectus and the Pricing Disclosure Package, when they were filed with the Commission, conformed in all material respects to the requirements of the Exchange Act and none of such documents contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; and any further documents so filed and incorporated by reference in the Registration Statement, the Prospectus or the Pricing Disclosure Package, when such documents become effective or are filed with the Commission, as the case may be, will conform in all material respects to the requirements of the Securities Act or the Exchange Act, as applicable, and will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(g) Financial Statements. The financial statements and the related notes thereto included or incorporated by reference in each of the Registration Statement, the Pricing Disclosure Package and the Prospectus comply in all respects with the applicable requirements of the Securities Act and present fairly the financial position of the Company and its subsidiaries as of the dates indicated and the results of their operations and the changes in their cash flows for the periods specified; such financial statements have been prepared in conformity with generally accepted accounting principles applied on a consistent basis throughout the periods covered thereby, and the supporting schedules included or incorporated by reference in the Registration Statement present fairly the information required to be stated therein; the other financial information included or incorporated by reference in each of the Registration Statement, the Pricing Disclosure Package and the Prospectus has been derived from the accounting records of the Company and its subsidiaries and presents fairly the information shown thereby; and the *pro*



*forma* financial information and the related notes thereto included or incorporated by reference in each of the Registration Statement, the Pricing Disclosure Package and the Prospectus have been prepared in accordance with the applicable requirements of the Securities Act, and the assumptions underlying such *pro forma* financial information are reasonable and are set forth in each of the Registration Statement, the Pricing Disclosure Package and the Prospectus, in each case, in all material respects.

(h) *No Material Adverse Change.* Since the date of the most recent financial statements of the Company included or incorporated by reference in each of the Registration Statement, the Pricing Disclosure Package and the Prospectus, (i) there has not been any material change in the capital stock or long-term debt of the Company or any of its subsidiaries, or any dividend or distribution of any kind declared, set aside for payment, paid or made by the Company on any class of capital stock, or any material adverse change, or any development involving a prospective material adverse change, in or affecting the business, properties, management, financial position, stockholders' equity or results of operations of the Company and its subsidiaries taken as a whole; (ii) neither the Company nor any of its subsidiaries has entered into any transaction or agreement that is material to the Company and its subsidiaries taken as a whole or incurred any liability or obligation, direct or contingent, that is material to the Company and its subsidiaries taken as a whole; and (iii) neither the Company nor any of its subsidiaries has sustained any material loss or interference with its business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor disturbance or dispute or any action, order or decree of any court or arbitrator or governmental or regulatory authority, except with respect to each of the foregoing clauses, as disclosed in each of the Registration Statement, the Pricing Disclosure Package and the Prospectus.

(i) *Organization and Good Standing.* The Company and each of its significant subsidiaries have been duly organized and are validly existing and in good standing under the laws of their respective jurisdictions of organization, are duly qualified to do business and are in good standing in each jurisdiction in which their respective ownership or lease of property or the conduct of their respective businesses requires such qualification, and have all power and authority necessary to own or hold their respective properties and to conduct the businesses in which they are engaged, except where the failure to be so qualified or have such power or authority would not, individually or in the aggregate, have a material adverse effect, or a prospective material adverse effect, on the business, properties, management, financial position, stockholders' equity or results of operations of the Company and its subsidiaries taken as a whole (a "Material Adverse Effect"). The Company does not own or control, directly or indirectly, any corporation, association or other entity other than the subsidiaries listed in Exhibit 21.1 to the Registration Statement.

(j) *Capitalization.* All the outstanding shares of capital stock of the Company (including the Shares to be sold by the Selling Stockholder) have been duly and validly authorized and issued and are fully paid and non-assessable and are not subject to any pre-emptive or similar rights; except as described in or expressly contemplated by each of the Registration Statement, the Pricing Disclosure Package and the Prospectus, there are no outstanding rights (including, without limitation, pre-emptive rights), warrants or options to acquire, or instruments convertible into or exchangeable for, any shares of capital stock or other equity interest in the Company or any of its subsidiaries, or any contract, commitment, agreement, understanding or arrangement of any kind

relating to the issuance of any capital stock of the Company or any such subsidiary, any such convertible or exchangeable securities or any such rights, warrants or options; the capital stock of the Company conforms in all material respects to the description thereof contained in each of the Registration Statement, the Pricing Disclosure Package and the Prospectus; and all the outstanding shares of capital stock or other equity interests of each subsidiary of the Company have been duly and validly authorized and issued, are fully paid and non-assessable (except, in the case of any foreign subsidiary, for directors' qualifying shares) and are owned directly or indirectly by the Company, free and clear of any lien, charge, encumbrance, security interest, restriction on voting or transfer or any other claim of any third party (collectively, "Liens"), except for Liens (i) pursuant to or contemplated by that certain Credit Agreement dated as of April 15, 2005 among DealerTrack, Inc., the Company, the lenders party thereto and JPMorgan Chase Bank, N.A., as Administrative Agent and LC Issuing Bank (the "Credit Agreement") or (ii) the foreclosure of which would not have a Material Adverse Effect.

(k) *Due Authorization.* The Company has full right, power and authority to execute and deliver this Agreement and to perform its obligations hereunder; and all action required to be taken for the due and proper authorization, execution and delivery by it of this Agreement and the consummation by it of the transactions contemplated hereby has been duly and validly taken.

(l) *Underwriting Agreement.* This Agreement has been duly authorized, executed and delivered by the Company.

(m) *The Shares.* The Shares to be issued and sold by the Company hereunder have been duly authorized by the Company and, when issued and delivered and paid for as provided herein, will be duly and validly issued and will be fully paid and nonassessable and will conform to the descriptions thereof in each of the Registration Statement, the Pricing Disclosure Package and the Prospectus; and the issuance of the Shares is not subject to any preemptive or similar rights.

(n) *No Violation or Default.* Neither the Company nor any of its subsidiaries is (i) in violation of its charter or by-laws or similar organizational documents; (ii) in default, and no event has occurred that, with notice or lapse of time or both, would constitute such a default, in the due performance or observance of any term, covenant or condition contained in any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which the Company or any of its significant subsidiaries is a party or by which the Company or any of its significant subsidiaries is bound or to which any of the property or assets of the Company or any of its significant subsidiaries is subject; or (iii) in violation of any law or statute or any judgment, order, rule or regulation of any court or arbitrator or governmental or regulatory authority, except, in the case of clauses (ii) and (iii) above, for any such default or violation that would not, individually or in the aggregate, have a Material Adverse Effect.

(o) *No Conflicts.* The execution, delivery and performance by the Company of this Agreement and the issuance and sale of the Shares to be sold by the Company hereunder will not (i) conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Company or any of its significant subsidiaries pursuant to, any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which the Company

or any of its significant subsidiaries is a party or by which the Company or any of its significant subsidiaries is bound or to which any of the property or assets of the Company or any of its significant subsidiaries is subject, (ii) result in any violation of the provisions of the charter or by-laws or similar organizational documents of the Company or any of its significant subsidiaries or (iii) result in the violation of any law or statute or any judgment, order, rule or regulation of any court or arbitrator or governmental or regulatory authority applicable to the Company or any of its significant subsidiaries, except, in the case of clauses (i) and (iii) above, for any such conflicts, breaches, violations, defaults, liens, charges or encumbrances as would not, individually or in the aggregate, materially and adversely affect the ability of the Company to perform its obligations under this Agreement.

(p) *No Consents Required.* No consent, approval, authorization, order, registration or qualification (collectively, “Consents”) of or with any court or arbitrator or governmental or regulatory authority is required for the execution, delivery and performance by the Company of this Agreement and the issuance and sale of the Shares to be sold by the Company hereunder, except for (i) the registration of the Shares under the Securities Act, (ii) such Consents as may be required under applicable state securities laws in connection with the purchase and distribution of the Shares by the Underwriters, and (iii) such Consents as would not, individually or in the aggregate, materially and adversely affect the ability of the Company to perform its obligations under this Agreement.

(q) *Legal Proceedings.* Except as described in each of the Registration Statement, the Pricing Disclosure Package and the Prospectus, there are no legal, governmental or regulatory investigations, actions, suits or proceedings pending to which the Company or any of its significant subsidiaries is or may be a party or to which any property of the Company or any of its significant subsidiaries is or may be the subject that, individually or in the aggregate, if determined adversely to the Company or any of its significant subsidiaries, could reasonably be expected to have a Material Adverse Effect or materially and adversely affect the ability of the Company to perform its obligations under this Agreement; to the best knowledge of the Company, no such investigations, actions, suits or proceedings are threatened or contemplated by any governmental or regulatory authority or threatened by others; and (i) there are no current or pending legal, governmental or regulatory actions, suits or proceedings that are required under the Securities Act to be described in the Registration Statement, the Pricing Disclosure Package or the Prospectus that are not so described in the Registration Statement, the Pricing Disclosure Package and the Prospectus and (ii) there are no statutes, regulations or contracts or other documents that are required under the Securities Act to be filed as exhibits to the Registration Statement or described in the Registration Statement, the Pricing Disclosure Package or the Prospectus that are not so filed as exhibits to the Registration Statement or described in the Registration Statement, the Pricing Disclosure Package and the Prospectus.

(r) *Independent Accountants.* PricewaterhouseCoopers LLP, who have certified certain financial statements of the Company and its subsidiaries, are independent public accountants with respect to the Company and its subsidiaries as required by the Securities Act.

(s) *Title to Real and Personal Property.* The Company and its significant subsidiaries have good and marketable title in fee simple to, or have valid rights to lease or otherwise use, all

items of real and personal property that are material to the respective businesses of the Company and its significant subsidiaries, in each case free and clear of all liens (other than liens pursuant to or contemplated by the Credit Agreement), encumbrances, claims and defects and imperfections of title except those that (i) do not materially interfere with the use made and proposed to be made of such property by the Company and its significant subsidiaries or (ii) could not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect.

(t) *Title to Intellectual Property.* The Company and its significant subsidiaries own or possess adequate rights to use all material patents, patent applications, trademarks, service marks, trade names, trademark registrations, service mark registrations, copyrights, licenses and know-how (including trade secrets and other unpatented and/or unpatentable proprietary or confidential information, systems or procedures) necessary for the conduct of their respective businesses as presently conducted; and the conduct of their respective businesses as presently conducted will not conflict in any material respect with any such rights of others, and the Company and its subsidiaries have not received any notice of any claim of infringement or conflict with any such rights of others except for such notices that could not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect, in each case, except as disclosed in each of the Registration Statement, the Pricing Disclosure Package and the Prospectus.

(u) *No Undisclosed Relationships.* No relationship, direct or indirect, exists between or among the Company or any of its subsidiaries, on the one hand, and the directors, officers, stockholders, customers or suppliers of the Company or any of its subsidiaries, on the other, that is required by the Securities Act to be described in the Registration Statement, the Pricing Disclosure Package or the Prospectus and that is not so described in the Registration Statement, the Pricing Disclosure Package and the Prospectus.

(v) *Investment Company Act.* The Company is not and, after giving effect to the offering and sale of the Shares and the application of the proceeds thereof as described in the Registration Statement, the Pricing Disclosure Package and the Prospectus, will not be required to register as an “investment company” or an entity “controlled” by an “investment company” within the meaning of the Investment Company Act of 1940, as amended, and the rules and regulations of the Commission thereunder (collectively, the “Investment Company Act”).

(w) *Public Utility Holding Company Act.* Neither the Company nor any of its subsidiaries is a “holding company” or a “subsidiary company” of a holding company or an “affiliate” thereof within the meaning of the Public Utility Holding Company Act of 1935, as amended.

(x) *Taxes.* The Company and its subsidiaries have paid all federal, state, local and foreign taxes and filed all tax returns required to be paid or filed through the date hereof; and except as disclosed in each of the Registration Statement, the Pricing Disclosure Package and the Prospectus, there is no tax deficiency that has been, or could reasonably be expected to be, asserted against the Company or any of its subsidiaries or any of their respective properties or assets, in each case, except as would not have a Material Adverse Effect.

(y) *Licenses and Permits*. The Company and its subsidiaries possess all licenses, certificates, permits and other authorizations issued by, and have made all declarations and filings with, the appropriate federal, state, local or foreign governmental or regulatory authorities that are necessary for the ownership or lease of their respective properties or the conduct of their respective businesses as described in each of the Registration Statement, the Pricing Disclosure Package and the Prospectus, except where the failure to possess or make the same would not, individually or in the aggregate, have a Material Adverse Effect; and except as described in each of the Registration Statement, the Pricing Disclosure Package and the Prospectus or would not have a Material Adverse Effect, neither the Company nor any of its subsidiaries has received notice of any revocation or modification of any such license, certificate, permit or authorization or has any reason to believe that any such license, certificate, permit or authorization will not be renewed in the ordinary course.

(z) *No Labor Disputes*. No material labor disturbance by or dispute with employees of the Company or any of its subsidiaries exists or, to the best knowledge of the Company, is contemplated or threatened.

(aa) *Compliance With Environmental Laws*. The Company and its subsidiaries (i) are in compliance with any and all applicable federal, state, local and foreign laws, rules, regulations, decisions and orders relating to the protection of human health and safety, the environment or hazardous or toxic substances or wastes, pollutants or contaminants (collectively, “Environmental Laws”); (ii) have received and are in compliance with all permits, licenses or other approvals required of them under applicable Environmental Laws to conduct their respective businesses; and (iii) have not received notice of any actual or potential liability for the investigation or remediation of any disposal or release of hazardous or toxic substances or wastes, pollutants or contaminants, except in any such case for any such failure to comply, or failure to receive required permits, licenses or approvals, or liability as would not, individually or in the aggregate, have a Material Adverse Effect.

(bb) *Compliance With ERISA*. Each employee benefit plan, within the meaning of Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), that is maintained, administered or contributed to by the Company or any of its affiliates for employees or former employees of the Company and its affiliates has been maintained in compliance with its terms and the requirements of any applicable statutes, orders, rules and regulations, including but not limited to ERISA and the Internal Revenue Code of 1986, as amended (the “Code”); no prohibited transaction, within the meaning of Section 406 of ERISA or Section 4975 of the Code, has occurred with respect to any such plan excluding transactions effected pursuant to a statutory or administrative exemption; and for each such plan that is subject to the funding rules of Section 412 of the Code or Section 302 of ERISA, no “accumulated funding deficiency” as defined in Section 412 of the Code has been incurred, whether or not waived, and the fair market value of the assets of each such plan (excluding for these purposes accrued but unpaid contributions) exceeds the present value of all benefits accrued under such plan determined using reasonable actuarial assumptions, except, in each case, as would not have a Material Adverse Effect.

(cc) *Accounting Controls*. The Company and its subsidiaries maintain systems of internal accounting controls sufficient to provide reasonable assurance that (i) transactions are executed in accordance with management's general or specific authorizations; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles and to maintain asset accountability; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

(dd) *Insurance*. Except as disclosed in each of the Registration Statement, the Pricing Disclosure Package and the Prospectus, the Company and its significant subsidiaries have insurance covering their respective properties, operations, personnel and businesses, including business interruption insurance, which insurance is in amounts and insures against such losses and risks as are adequate to protect the Company and its significant subsidiaries and their respective businesses; and neither the Company nor any of its significant subsidiaries has (i) received notice from any insurer or agent of such insurer that capital improvements or other expenditures are required or necessary to be made in order to continue such insurance or (ii) any reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage at reasonable cost from similar insurers as may be necessary to continue its business.

(ee) *No Unlawful Payments*. Neither the Company nor any of its subsidiaries nor, to the best knowledge of the Company, any director, officer, agent, employee or other person associated with or acting on behalf of the Company or any of its subsidiaries has (i) used any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expense relating to political activity; (ii) made any direct or indirect unlawful payment to any foreign or domestic government official or employee from corporate funds; (iii) violated or is in violation of any provision of the Foreign Corrupt Practices Act of 1977; or (iv) made any bribe, rebate, payoff, influence payment, kickback or other unlawful payment.

(ff) *No Restrictions on Subsidiaries*. No subsidiary of the Company is currently prohibited, directly or indirectly, under any agreement or other instrument to which it is a party or is subject, from paying any dividends to the Company, from making any other distribution on such subsidiary's capital stock, from repaying to the Company any loans or advances to such subsidiary from the Company or from transferring any of such subsidiary's properties or assets to the Company or any other subsidiary of the Company, other than any prohibition pursuant to or contemplated by the Credit Agreement.

(gg) *No Broker's Fees*. Neither the Company nor any of its subsidiaries is a party to any contract, agreement or understanding with any person (other than this Agreement) that would give rise to a valid claim against the Company or any of its subsidiaries or any Underwriter for a brokerage commission, finder's fee or like payment in connection with the offering and sale of the Shares.

(hh) *No Registration Rights*. Except as disclosed in each of the Registration Statement, the Pricing Disclosure Package and the Prospectus, no person has the right to require the Company

or any of its subsidiaries to register any securities for sale under the Securities Act by reason of the filing of the Registration Statement with the Commission or the issuance and sale of the Shares to be sold by the Company hereunder or, to the best knowledge of the Company, the sale of the Shares to be sold by the Selling Stockholder hereunder.

(ii) *No Stabilization*. The Company has not taken, directly or indirectly, any action designed to or that could reasonably be expected to cause or result in any stabilization or manipulation of the price of the Shares in violation of any state or federal laws.

(jj) *Business With Cuba*. The Company has complied with all provisions of Section 517.075, Florida Statutes (Chapter 92-198, Laws of Florida) relating to doing business with the Government of Cuba or with any person or affiliate located in Cuba.

(kk) *Compliance with Money Laundering Laws*. The operations of the Company and its subsidiaries are and have been conducted at all times in compliance with applicable financial recordkeeping and reporting requirements of the Currency and Foreign Transactions Reporting Act of 1970, as amended, the money laundering statutes of all jurisdictions, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any governmental agency (collectively, the “Money Laundering Laws”) and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Company or any of its subsidiaries with respect to the Money Laundering Laws is pending or, to the knowledge of the Company, threatened, except, in each case, as would not reasonably be expected to have a Material Adverse Effect.

(ll) *OFAC*. Neither the Company nor any of its subsidiaries nor, to the knowledge of the Company, any director, officer, agent, employee or affiliate of the Company or any of its subsidiaries is currently subject to any U.S. sanctions administered by the Office of Foreign Assets Control of the U.S. Treasury Department (“OFAC”); and the Company will not directly or indirectly use the proceeds of the offering, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other person or entity, for the purpose of financing the activities of any person currently subject to any U.S. sanctions administered by OFAC.

(mm) *Margin Rules*. Neither the issuance, sale and delivery of the Shares nor the application of the proceeds thereof by the Company as described in each of the Registration Statement, the Pricing Disclosure Package and the Prospectus will violate Regulation T, U or X of the Board of Governors of the Federal Reserve System or any other regulation of such Board of Governors.

(nn) *Forward-Looking Statements*. No forward-looking statement (within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act, contained in the Registration Statement, the Pricing Disclosure Package or the Prospectus has been made or reaffirmed without a reasonable basis or has been disclosed other than in good faith.

(oo) *Statistical and Market Data*. Nothing has come to the attention of the Company that has caused the Company to believe that the statistical and market-related data included or

incorporated by reference in each of the Registration Statement, the Pricing Disclosure Package and the Prospectus is not based on or derived from sources that are reliable and accurate in all material respects.

(pp) *Sarbanes-Oxley Act*. There is and has been no failure on the part of the Company or any of the Company's directors or officers, in their capacities as such, to comply with Section 402 of the Sarbanes-Oxley Act of 2002.

(qq) *No NASD Affiliation*. Except as described in each of the Registration Statement, the Pricing Disclosure Package and the Prospectus, no officer, director or nominee for director or has a direct or indirect affiliation or association with any member of the National Association of Securities Dealers, Inc.

(rr) *Exchange Listing*. To the extent not previously approved for listing pursuant to the Company's Nasdaq Stock Market listing application filed in connection with the Company's initial public offering, the Company has filed a notice of listing of the Shares on the National Association of Securities Dealers Automated Quotations Global Market (the "Nasdaq Global Market").

4. Representations and Warranties of the Selling Stockholder. The Selling Stockholder represents and warrants to each Underwriter and the Company that:

(a) *Required Consents; Authority*. All consents, approvals, authorizations and orders necessary for the execution and delivery by the Selling Stockholder of this Agreement, and for the sale and delivery of the Shares to be sold by the Selling Stockholder hereunder, have been obtained, except as may be required under applicable state securities laws in connection with the purchase and distribution of the Shares by the Underwriters and except for any such consents, approvals, authorizations or orders the failure of which to obtain would not, individually or in the aggregate, materially and adversely affect the ability of the Selling Stockholder to perform its obligations under this Agreement; and the Selling Stockholder has full right, power and authority to enter into this Agreement and to sell, assign, transfer and deliver the Shares to be sold by the Selling Stockholder hereunder; this Agreement has been duly authorized, executed and delivered by the Selling Stockholder.

(b) *No Conflicts*. The execution, delivery and performance by the Selling Stockholder of this Agreement and the sale of the Shares to be sold by the Selling Stockholder will not (i) conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Selling Stockholder pursuant to, any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which the Selling Stockholder is a party or by which the Selling Stockholder is bound or to which any of the property or assets of the Selling Stockholder is subject, (ii) result in any violation of the charter or by-laws of the Selling Stockholder or (iii) result in the violation of any law or statute or any judgment, order, rule or regulation of any court or arbitrator or governmental or regulatory agency applicable to the Selling Stockholder, except, in the case of clauses (i) and (iii) above, for any such conflicts, breaches, violations, defaults, liens, charges or encumbrances as would not, individually or in the aggregate,



materially and adversely affect the ability of the Selling Stockholder to perform its obligations under this Agreement.

(c) *Title to Shares.* The Selling Stockholder has valid title to the Shares to be sold at the Closing Date, by the Selling Stockholder hereunder, free and clear of all liens, encumbrances, equities or adverse claims; the Selling Stockholder will have, immediately prior to the Closing Date, valid title to the Shares to be sold at the Closing Date, by the Selling Stockholder, free and clear of all liens, encumbrances, equities or adverse claims; and, upon the delivery of and payment for such Shares at the time of delivery hereunder, valid title to such Shares, free and clear of all liens, encumbrances, equities or adverse claims, will pass to the several Underwriters.

(d) *No Stabilization.* The Selling Stockholder has not taken and will not take, directly or indirectly, any action designed to or that could reasonably be expected to cause or result in any stabilization or manipulation of the price of the Shares in violation of any state or federal laws.

(e) *Registration Statement, Pricing Disclosure Package, Prospectus and Issuer Free Writing Prospectus.* As of the applicable effective date of the Registration Statement and any amendment thereto, the Registration Statement did not and will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein not misleading; as of the Applicable Time and as of the Closing Date, the Pricing Disclosure Package did not and will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; as of the applicable date of the Prospectus and any amendment or supplement thereto and as of the Closing Date, the Prospectus will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; and as of the Applicable Time, to the knowledge of the Selling Stockholder, each Issuer Free Writing Prospectus (including, without limitation, any “road show” that is a free writing prospectus under Rule 433), when considered together with the Pricing Disclosure Package, did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; *provided* that the representations and warranties set forth in this Section 4(e) are limited to (i) statements made in reliance upon and in conformity with information relating to the Selling Stockholder furnished to the Company in writing by the Selling Stockholder expressly for use in the Registration Statement, the Pricing Disclosure Package, the Prospectus, each Issuer Free Writing Prospectus or any amendments or supplements thereto (it being understood and agreed that the only such information furnished by the Selling Stockholder to the Company consists of the information specifically relating to the Selling Stockholder set forth in the table and notes thereto under the caption “Selling Stockholder” in the most recent Preliminary Prospectus and the Prospectus) and (ii) omissions relating specifically to the Selling Stockholder.

(f) *Material Information.* As of the date hereof, as of the Closing Date, and as of any Additional Closing Date, as the case may be, the sale of the Shares by the Selling Stockholder is

not and will not be prompted by any material information concerning the Company which is not set forth in each of the Registration Statement, the Pricing Disclosure Package and the Prospectus.

5. **Further Agreements of the Company.** The Company covenants and agrees with each Underwriter that:

(a) *Required Filings.* The Company will file the final Prospectus with the Commission within the time periods specified by Rule 424(b) and Rule 430A, 430B or 430C under the Securities Act, will file any Issuer Free Writing Prospectus to the extent required by Rule 433 under the Securities Act and will file promptly all reports and any definitive proxy or information statements required to be filed by the Company with the Commission pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act subsequent to the date of the Prospectus and for so long as the delivery of a prospectus is required in connection with the offering or sale of the Securities; and the Company will furnish copies of the Prospectus and each Issuer Free Writing Prospectus (to the extent not previously delivered) to the Underwriters in New York City prior to 10:00 A.M., New York City time, on the business day next succeeding the date of this Agreement in such quantities as the Representative may reasonably request. The Company will pay the registration fees for this offering within the time period required by Rule 456(b)(1)(i) under the Securities Act (without giving effect to the proviso therein) and in any event prior to the Closing Date.

(b) *Delivery of Copies.* The Company will deliver, without charge (i) upon request, to the Representative, two signed copies of the Registration Statement as originally filed and each amendment thereto, in each case including all exhibits and consents filed therewith and documents incorporated by reference therein; and (ii) to each Underwriter, upon request, (A) a conformed copy of the Registration Statement as originally filed and each amendment thereto (without exhibits) and (B) subject to Section 5(e) below, during the Prospectus Delivery Period, as many copies of the Prospectus (including all amendments and supplements thereto and documents incorporated by reference therein) and each Issuer Free Writing Prospectus as the Representative may reasonably request. As used herein, the term "Prospectus Delivery Period" means such period of time after the first date of the public offering of the Shares as in the opinion of counsel for the Underwriters a prospectus relating to the Shares is required by law to be delivered (or required to be delivered but for Rule 172 under the Securities Act) in connection with sales of the Shares by any Underwriter or dealer.

(c) *Amendments or Supplements, Issuer Free Writing Prospectuses.* Before preparing, using, authorizing, approving, referring to or filing any Issuer Free Writing Prospectus, and before filing any amendment or supplement to the Registration Statement or the Prospectus, the Company will furnish to the Representative and counsel for the Underwriters a copy of the proposed Issuer Free Writing Prospectus, amendment or supplement for review and will not prepare, use, authorize, approve, refer to or file any such Issuer Free Writing Prospectus or file any such proposed amendment or supplement to which the Representative reasonably objects promptly after receipt thereof. The Company shall not make any offer relating to the Shares that would constitute an Issuer Free Writing Prospectus without the prior written consent of the Representative.

(d) *Notice to the Representative.* The Company will advise the Representative promptly, and confirm such advice in writing upon request, (i) when the Registration Statement

has become effective; (ii) when any amendment to the Registration Statement has been filed or becomes effective; (iii) when any supplement to the Prospectus or any Issuer Free Writing Prospectus or any amendment to the Prospectus has been filed; (iv) of any request by the Commission for any amendment to the Registration Statement or any amendment or supplement to the Prospectus or the receipt of any comments from the Commission relating to the Registration Statement or any other request by the Commission for any additional information; (v) of the issuance by the Commission of any order suspending the effectiveness of the Registration Statement or preventing or suspending the use of any Preliminary Prospectus or the Prospectus or the initiation or threatening of any proceeding for that purpose or pursuant to Section 8A of the Securities Act; (vi) of the occurrence of any event within the Prospectus Delivery Period as a result of which the Prospectus, the Pricing Disclosure Package or any Issuer Free Writing Prospectus as then amended or supplemented would include any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances existing when the Prospectus, the Pricing Disclosure Package or any such Issuer Free Writing Prospectus is delivered to a purchaser, not misleading; (vii) of the receipt by the Company of any notice of objection of the Commission to the use of the Registration Statement or any post-effective amendment thereto pursuant to Rule 401(g)(2) under the Securities Act; and (viii) of the receipt by the Company of any notice with respect to any suspension of the qualification of the Shares for offer and sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose; and the Company will use all commercially reasonable efforts to prevent the issuance of any such order suspending the effectiveness of the Registration Statement, preventing or suspending the use of any Preliminary Prospectus or the Prospectus or suspending any such qualification of the Shares and, if any such order is issued, will use all commercially reasonable efforts to obtain as soon as practicable the withdrawal thereof.

(e) *Ongoing Compliance.* If (1) during the Prospectus Delivery Period (i) any event shall occur or condition shall exist as a result of which the Prospectus as then amended or supplemented would include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances existing when the Prospectus is delivered to a purchaser, not misleading or (ii) if in the written advice of counsel to the Underwriters, it is necessary to amend or supplement the Prospectus to comply with applicable law, the Company will immediately notify the Underwriters thereof and forthwith prepare and, subject to paragraph (c) above, file with the Commission and furnish to the Underwriters and to such dealers as the Representative may designate, such amendments or supplements to the Prospectus as may be necessary so that the statements in the Prospectus as so amended or supplemented will not, in the light of the circumstances existing when the Prospectus is delivered to a purchaser, be misleading or so that the Prospectus will comply with applicable law, (2) at any time prior to the Closing Date (i) any event shall occur or condition shall exist as a result of which the Pricing Disclosure Package as then amended or supplemented would include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances, not misleading or (ii) if in the written advice of counsel to the Underwriters, it is necessary to amend or supplement the Pricing Disclosure Package to comply with applicable law, the Company will immediately notify the Underwriters thereof and forthwith prepare and, subject to paragraph (c) above, file with the Commission (to the extent required) and furnish to the Underwriters and to such dealers as the Representative may designate, such amendments or

supplements to the Pricing Disclosure Package as may be necessary so that the statements in the Pricing Disclosure Package as so amended or supplemented will not, in the light of the circumstances, be misleading or so that the Pricing Disclosure Package will comply with applicable law, or (3) at any time after the date hereof any events shall have occurred as a result of which any Issuer Free Writing Prospectus, as then amended or supplemented, would conflict with the information in the Registration Statement, the most recent Preliminary Prospectus or the Prospectus, the Company will immediately notify the Underwriters thereof and forthwith prepare and, subject to paragraph (c) above, file with the Commission (to the extent required) and furnish to the Underwriters and to such dealers as the Representative may designate, such amendments or supplements to such Issuer Free Writing Prospectus that will correct such conflict; *provided* that the preparation, filing and furnishing of any such amendments or supplements on or prior to the date that is nine months after the first date of the public offering of the Shares shall be at the expense of the Company and shall thereafter be at the expense of the Underwriters.

(f) *Blue Sky Compliance.* The Company will qualify the Shares for offer and sale under the securities or Blue Sky laws of Canada and such other jurisdictions as the Representative shall reasonably request and will continue such qualifications in effect so long as required for distribution of the Shares; *provided* that the Company shall not be required to (i) qualify as a foreign corporation or other entity or as a dealer in securities in any such jurisdiction where it would not otherwise be required to so qualify, (ii) file any general consent to service of process in any such jurisdiction or (iii) subject itself to taxation in any such jurisdiction if it is not otherwise so subject.

(g) *Earnings Statement.* The Company will make generally available to its security holders and the Representative as soon as practicable an earnings statement that satisfies the provisions of Section 11(a) of the Securities Act and Rule 158 of the Commission promulgated thereunder covering a period of at least twelve months beginning with the first fiscal quarter of the Company occurring after the “effective date” (as defined in Rule 158 under the Securities Act) of the Registration Statement.

(h) *Clear Market.* For a period of 90 days after the date of this Agreement, without the prior written consent of the Representative, the Company will not (i) offer, pledge, announce the intention to sell, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase or otherwise transfer or dispose of, directly or indirectly, any shares of the Stock or any securities convertible into or exercisable or exchangeable for the Stock, (ii) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of the Common Stock, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of the Common Stock or such other securities, in cash or otherwise, (iii) file or cause to be filed a registration statement, including any amendments, with respect to the registration of any shares of Common Stock or securities convertible, exercisable or exchangeable into Common Stock or any other securities of the Company or (iv) publicly disclose the intention to do any of the foregoing, in each case, without the prior written consent of the Representative, other than (A) the Shares to be sold hereunder, (B) any shares of Common Stock issued upon the exercise of options granted under existing employee stock option plans, (C) grants by the Company of employee stock options or restricted stock in accordance with the terms of a plan in effect on the date hereof, (D) the filing by

the Company of any registration statement with the Commission on Form S-8 relating to the offering of securities pursuant to the terms of a plan in effect on the date hereof and (E) shares of Common Stock (or options, warrants or convertible securities in respect thereof) issued in connection with a bona fide merger or acquisition transaction, *provided* that the transferee of such Common Stock (or options, warrants or convertible securities in respect thereof) so issued agrees in writing to be subject to the restrictions set forth in this Section 6(h) for the remainder of the 90-day restricted period. Notwithstanding the foregoing, if (1) during the last 17 days of the 90-day restricted period, the Company issues an earnings release or material news or a material event relating to the Company occurs; or (2) prior to the expiration of the 90-day restricted period, the Company announces that it will release earnings results during the 16-day period beginning on the last day of the 90-day period, the restrictions imposed by this Section 5(h) shall continue to apply until the expiration of the 18-day period beginning on the issuance of the earnings release or the occurrence of the material news or material event.

(i) *Use of Proceeds.* The Company will apply the net proceeds from the sale of the Shares as described in each of the Registration Statement, the Pricing Disclosure Package and the Prospectus under the heading “Use of Proceeds”.

(j) *No Stabilization.* The Company will not take, directly or indirectly, any action designed to or that could reasonably be expected to cause or result in any stabilization or manipulation of the price of the Shares.

(k) *Reports.* To the extent not available on the Commission’s EDGAR system, for a period of two years from the date hereof, the Company will furnish upon request to the Representative, as soon as they are available, copies of all reports or other communications (financial or other) furnished to holders of the Shares, and copies of any reports and financial statements furnished to or filed with the Commission or any national securities exchange or automatic quotation system.

(l) *Record Retention.* The Company will retain in accordance with the Securities Act all Issuer Free Writing Prospectuses not required to be filed pursuant to the Securities Act.

6. *Further Agreements of the Selling Stockholder.* The Selling Stockholder covenants and agrees with each Underwriter that:

(a) *Clear Market.* For a period of 90 days after the date of this Agreement, without the prior written consent of the Representative, the Selling Stockholder will not (i) offer, pledge, announce the intention to sell, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase or otherwise transfer or dispose of, directly or indirectly, any shares of Common Stock or any securities convertible into or exercisable or exchangeable for Common Stock or (ii) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of Common Stock, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of Common Stock or such other securities, in cash or otherwise or (iii) make any demand for or exercise any right with respect to the registration of any shares of Common Stock or any security convertible into or exercisable or exchangeable for Common Stock without the prior

written consent of the Representative in each case other than (A) Shares to be sold by the Selling Stockholder hereunder, (B) transactions relating to shares of Common Stock acquired in open market transactions after the Closing Date, (C) transfers of shares of Common Stock as a bona fide gift, *provided* that (x) the transferee of such Common Stock agrees in writing to be subject to the restrictions set forth in this Section 6(a) for the remainder of the 90-day restricted period and (y) no party, including the Selling Stockholder, shall be required to, nor shall it voluntarily, file a report under Section 16(a) of the Exchange Act in connection with such transfer (other than a filing on Form 5 made after the expiration of the 90-day restricted period referred to above), (D) dispositions to any trust for the direct or indirect benefit of the Selling Stockholder, *provided* that (x) the transferee of such Common Stock agrees in writing to be subject to the restrictions set forth in this Section 6(a) for the remainder of the 90-day restricted period and (y) no party, including the Selling Stockholder, shall be required to, nor shall it voluntarily, file a report under Section 16(a) of the Exchange Act in connection with such disposition (other than a filing on Form 5 made after the expiration of the 90-day restricted period referred to above), (E) pledges to any financial institution as collateral and foreclosures of such pledges, *provided* that the transferee of such Common Stock agrees in writing to be subject to the restrictions set forth in this Section 6(a) for the remainder of the 90-day restricted period or (F) transfers by the Selling Stockholder to its affiliates, *provided* that the transferee of such Common Stock agrees in writing to be subject to the restrictions set forth in this Section 6(a) for the remainder of the 90-day restricted period. Notwithstanding the foregoing, if (1) during the last 17 days of the 90-day restricted period, the Company issues an earnings release or material news or a material event relating to the Company occurs; or (2) prior to the expiration of the 90-day restricted period, the Company announces that it will release earnings results during the 16-day period beginning on the last day of the 90-day period, the restrictions imposed by this Section 6(a) shall continue to apply with respect to the Selling Stockholder until the expiration of the 18-day period beginning on the issuance of the earnings release or the occurrence of the material news or material event.

The restrictions set forth in this Section 6(a) shall lapse and become null and void if (i) the registration statement filed with the Commission with respect to the offering of the Shares is withdrawn prior to the effectiveness of this Agreement, (ii) the Selling Stockholder notifies the Representative, prior to the effectiveness of this Agreement, that it does not intend to proceed with the offering of the Shares to be sold by it hereunder, or (iii) this Agreement (other than the provisions hereof which survive termination) shall terminate or be terminated prior to payment for and delivery of the Shares to be sold hereunder.

(b) *Taxes.* The Selling Stockholder will deliver to the Representative prior to or at the Closing Date a properly completed and executed United States Treasury Department Form W-9 (or other applicable form or statement specified by the Treasury Department regulations in lieu thereof) in order to facilitate the Underwriters' documentation of their compliance with the reporting and withholding provisions of the Tax Equity and Fiscal Responsibility Act of 1982 with respect to the transactions herein contemplated. The Selling Stockholder will pay or cause to be paid all taxes, if any, on the transfer and sale of the Shares.

(c) *Free Writing Prospectus.* Neither the Selling Stockholder nor any person acting on behalf of the Selling Stockholder (other than, if applicable, the Company and the Underwriters) shall use or refer to any "free writing prospectus" (as defined in Rule 405 under the Securities Act),

relating to the Shares, other than any Filed Issuer Free Writing Prospectus.

7. Certain Agreements of the Underwriters. Each Underwriter severally represents and agrees that:

(a) It has not and will not use, authorize use of, refer to, or participate in the planning for use of, any “free writing prospectus”, as defined in Rule 405 under the Securities Act (which term includes use of any written information furnished to the Commission by the Company and not incorporated by reference into the Registration Statement and any press release issued by the Company) other than (i) any Filed Issuer Free Writing Prospectus or any Issuer Free Writing Prospectus prepared pursuant to Section 5(c) above, or (ii) any free writing prospectus prepared by such underwriter and consented to by the Company in advance, including any such free writing prospectus that is consented to by the Company in advance that contains “issuer information” (as defined in Rule 433(h)(2) under the Securities Act) that was not included (including through incorporation by reference) in the most Preliminary Prospectus or a previously filed Issuer Free Writing Prospectus (each such free writing prospectus referred to in clause (ii), an “Underwriter Free Writing Prospectus,” and any such “issuer information” referred to in clause (ii) with respect to whose use the Company has given its consent, “Permitted Issuer Information”).

(b) It will retain copies of each free writing prospectus used or referred to by it to the extent required by Rule 433 under the Securities Act.

8. Conditions of Underwriters' Obligations. The obligation of each Underwriter to purchase the Underwritten Shares on the Closing Date or the Option Shares on any Additional Closing Date, as the case may be, as provided herein is subject to the performance by, with respect to the Closing Date, the Company and, with respect to the Closing Date or any Additional Closing Date, as the case may be, the Selling Stockholder of their respective covenants and other obligations hereunder and to the following additional conditions:

(a) *Registration Compliance; No Stop Order.* No order suspending the effectiveness of the Registration Statement shall be in effect, and no proceeding for such purpose, pursuant to Rule 401(g)(2) or pursuant to Section 8A under the Securities Act shall be pending before or threatened by the Commission; the Prospectus and each Issuer Free Writing Prospectus shall have been timely filed with the Commission under the Securities Act (in the case of an Issuer Free Writing Prospectus, only to the extent required by Rule 433 under the Securities Act) and in accordance with Section 5(a) hereof.

(b) *Representations and Warranties.* The respective representations and warranties of the Company and the Selling Stockholder contained herein shall be true and correct on the date hereof and on and as of the Closing Date or any Additional Closing Date, as the case may be; and the statements of the Company and its officers and of the Selling Stockholder made in any certificates delivered pursuant to this Agreement shall be true and correct on and as of the Closing Date or any Additional Closing Date, as the case may be.

(c) *No Material Adverse Change.* Subsequent to the execution and delivery of this Agreement, no event or condition of a type described in Section 3(h) hereof shall have occurred or

shall exist, which event or condition is not described in each of the Pricing Disclosure Package (excluding any amendment or supplement thereto) and the Prospectus (excluding any amendment or supplement thereto) and the effect of which in the judgment of the Representative makes it impracticable or inadvisable to proceed with the offering, sale or delivery of the Shares on the Closing Date or any Additional Closing Date, as the case may be, on the terms and in the manner contemplated by this Agreement, the Pricing Disclosure Package and the Prospectus.

(d) *Officer's Certificate of the Company and the Selling Stockholder.* The Representative shall have received on and as of the Closing Date or any Additional Closing Date, as the case may be, a certificate (i) of the chief financial officer or chief accounting officer of the Company and one additional senior executive officer of the Company who is satisfactory to the Representative (A) confirming that such officers have carefully reviewed each of the Registration Statement, the Pricing Disclosure Package and the Prospectus and, to the best knowledge of such officers, the representations of the Company set forth in Section 3(b), 3(c) and 3(d) hereof are true and correct, (B) confirming that the other representations and warranties of the Company in this Agreement are true and correct and that the Company has complied in all material respects with all agreements and satisfied in all material respects all conditions on its part to be performed or satisfied hereunder at or prior to such Closing Date or Additional Closing Date, as the case may be, and (C) to the effect set forth in paragraphs (a) and (c) above and (ii) from the Selling Stockholder, in form and substance reasonably satisfactory to the Representative, (A) confirming that the representation of the Selling Stockholder set forth in Section 4(e) hereof is true and correct and (B) confirming that the other representations and warranties of the Selling Stockholder in this Agreement are true and correct and that the Selling Stockholder has complied in all material respects with all agreements and satisfied in all material respects all conditions on its part to be performed or satisfied hereunder at or prior to such Closing Date or Additional Closing Date, as the case may be.

(e) *Comfort Letters.* On the date of this Agreement and on the Closing Date or any Additional Closing Date, as the case may be, PricewaterhouseCoopers LLP shall have furnished to the Representative, at the request of the Company, letters, dated the respective dates of delivery thereof and addressed to the Underwriters, in form and substance reasonably satisfactory to the Representative, (i) confirming that they are independent public accountants within the meaning of the Securities Act and are in compliance with the applicable requirements relating to the qualification of accountants under Rule 2-01 of Regulation S-X of the Commission, and (ii) containing other statements and information of the type customarily included in accountants' "comfort letters" to underwriters with respect to the financial statements and certain financial information contained in the Registration Statement, most recent Preliminary Prospectus (with respect to the letters delivered on the date of this Agreement) and the Prospectus (with respect to the letters delivered on the Closing Date and any Additional Closing Date); *provided* that the letters delivered on the Closing Date or an Additional Closing Date, as the case may be, shall use a "cut-off" date no more than three business days prior to such Closing Date or such Additional Closing Date, as the case may be. With respect to the letter of PricewaterhouseCoopers LLP delivered to the Representative on the Closing Date or an Additional Closing Date, as the case may be, such letter shall confirm in all material respects the conclusions and findings of such firm with respect to the financial statements, financial information and other matters covered by the letter of such firm dated and delivered the date of this Agreement.



(f) *Opinion of Goodwin Procter LLP.* Goodwin Procter LLP, outside counsel for the Company, shall have furnished to the Representative, at the request of the Company, (i) its written opinion, dated the Closing Date or an Additional Closing Date, as the case may be, and addressed to the Underwriters, in the form attached as Annex A-I hereto, and (ii) its disclosure letter, dated the Closing Date or an Additional Closing Date, as the case may be, and addressed to the Underwriters, in the form attached as Annex A-II hereto.

(g) *Opinion of Hudson Cook, LLP.* Hudson Cook, LLP, outside counsel for the Company, shall have furnished to the Representative, at the request of the Company, its written opinion, dated the Closing Date or an Additional Closing Date, as the case may be, and addressed to the Underwriters, in the form attached as Annex B hereto.

(h) *Opinion of Eric Jacobs, Esq.* Eric Jacobs, Esq., General Counsel of the Company, shall have furnished to the Representative, at the request of the Company, his written opinion, dated the Closing Date or an Additional Closing Date, as the case may be, and addressed to the Underwriters, in the form attached as Annex C hereto.

(i) *Opinion of Counsel for the Selling Stockholder.* Reed Smith LLP, counsel for the Selling Stockholder, shall have furnished to the Representative, at the request of the Selling Stockholder, its written opinion, dated the Closing Date and addressed to the Underwriters, in the form attached as Annex E hereto.

(j) *Opinion of Counsel for the Underwriters.* The Representative shall have received on and as of the Closing Date or an Additional Closing Date, as the case may be, an opinion of Davis Polk & Wardwell, counsel for the Underwriters, with respect to such matters as the Representative may reasonably request, and such counsel shall have received such documents and information as it may reasonably request to enable them to pass upon such matters.

(k) *No Legal Impediment to Issuance.* No action shall have been taken and no statute, rule, regulation or order shall have been enacted, adopted or issued by any federal, state or foreign governmental or regulatory authority that would, as of the Closing Date or an Additional Closing Date, as the case may be, prevent the issuance or sale of the Shares; and no injunction or order of any federal, state or foreign court shall have been issued that would, as of the Closing Date or an Additional Closing Date, as the case may be, prevent the issuance or sale of the Shares.

(l) *Good Standing.* The Representative shall have received on and as of the Closing Date or an Additional Closing Date, as the case may be, satisfactory evidence of the good standing of the Company and its significant subsidiaries in their respective jurisdictions of organization and their good standing as foreign entities in such other jurisdictions as the Representative may reasonably request, in each case in writing or any standard form of telecommunication from the appropriate governmental authorities of such jurisdictions.

(m) *Lock-up Agreements.* The “lock-up” agreements between you and certain officers and directors of the Company, each substantially in the form of Annex D hereto relating to sales and certain other dispositions of shares of the Common Stock or certain other securities, delivered

to you on or before the date hereof, shall be in full force and effect on the Closing Date or an Additional Closing Date, as the case may be.

(n) *Additional Documents.* On or prior to the Closing Date or, with respect to the Company, an Additional Closing Date, as the case may be, the Company and the Selling Stockholder shall have furnished to the Representative such further certificates and documents as the Representative may reasonably request and that are customarily delivered in connection with transactions of the type contemplated by this Agreement.

All opinions, letters, certificates and evidence mentioned above or elsewhere in this Agreement shall be deemed to be in compliance with the provisions hereof only if they are in form and substance reasonably satisfactory to counsel for the Underwriters in accordance with the terms of this Agreement.

#### 9. Indemnification and Contribution.

(a) *Indemnification of the Underwriters by the Company.* The Company agrees to indemnify and hold harmless each Underwriter, its affiliates, directors and officers and each person, if any, who controls such Underwriter within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act, from and against any and all losses, claims, damages and liabilities (including, without limitation, reasonable legal fees and other reasonable expenses incurred in connection with any suit, action or proceeding or any claim asserted, as such fees and expenses are incurred), joint or several, that arise out of, or are based upon, (i) any untrue statement or alleged untrue statement of a material fact contained in (A) the Registration Statement, the most recent Preliminary Prospectus, the Prospectus or in any amendment or supplement thereto, (B) any Issuer Free Writing Prospectus or in any amendment or supplement thereto or (C) any Permitted Issuer Information used or referred to in any “free writing prospectus” (as defined in Rule 405 under the Securities Act) by any Underwriter or (D) any “road show” (as defined in Rule 433) not constituting an Issuer Free Writing Prospectus (a “Non-Prospectus Road Show”), or (ii) the omission or alleged omission to state therein any material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, in each case except insofar as such losses, claims, damages or liabilities arise out of, or are based upon, any untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with any information relating to any Underwriter furnished to the Company in writing by such Underwriter through the Representative expressly for use therein, it being understood and agreed that the only such information furnished by any Underwriter consists of the information described as such in subsection (c) below.

(b) *Indemnification of the Underwriters by the Selling Stockholder.* The Selling Stockholder agrees to indemnify and hold harmless each Underwriter, its affiliates, directors and officers and each person, if any, who controls such Underwriter within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act, from and against any and all losses, claims, damages and liabilities (including, without limitation, the reasonable legal fees and other reasonable expenses incurred in connection with any suit, action or proceeding or any claim asserted, as such fees and expenses are incurred), joint or several, that arise out of, or are based

upon, (i) any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement, the most recent Preliminary Prospectus, the Prospectus, any Issuer Free Writing Prospectus or in any amendment or supplement thereto or in any Permitted Issuer Information, any Non-Prospectus Road Show or any “free writing prospectus” (as defined in Rule 405 under the Securities Act) prepared by or on behalf of such Selling Stockholder or used or referred to by such Selling Stockholder in connection with the offering of the Shares in violation of Section 6(c) hereof (a “Selling Stockholder Free Writing Prospectus”), (ii) the omission or alleged omission to state in the Registration Statement, the most recent Preliminary Prospectus, the Prospectus or in any amendment or supplement thereto or in any Permitted Issuer Information, any Non-Prospectus Road Show or any Selling Stockholder Free Writing Prospectus any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; *provided* that the indemnity agreement of such Selling Stockholder set forth in this paragraph 9(b) shall be limited (other than in respect of any Selling Stockholder Free Writing Prospectus) to such statements or omissions that are made in reliance upon and in conformity with information relating to such Selling Stockholder furnished to the Company in writing by such Selling Stockholder expressly for use in the Registration Statement, the most recent Preliminary Prospectus, the Prospectus or any Issuer Free Writing Prospectus or in any amendment or supplement thereto (it being understood and agreed that the only such information furnished by the Selling Stockholder to the Company consists of the information specifically relating to the Selling Stockholder set forth in the table and notes thereto under the caption “Selling Stockholder” in the most recent Preliminary Prospectus and the Prospectus). The aggregate liability of the Selling Stockholder under the indemnity agreement contained in this paragraph 9(b) and the contribution agreement contained in paragraph 9(e) shall be limited in an amount equal to the aggregate net proceeds of the Shares sold by the Selling Stockholder under this Agreement.

(c) *Indemnification of the Company and the Selling Stockholder.* The Underwriter agrees, severally and not jointly, to indemnify and hold harmless the Company, its directors, its officers who signed the Registration Statement and each person, if any, who controls the Company within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act and the Selling Stockholder, its respective affiliates, directors and officers and each person, if any, who controls the Selling Stockholder within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act to the same extent as the indemnity set forth in the first paragraph of Section 9(a) above, but only with respect to any losses, claims, damages or liabilities that arise out of, or are based upon, any untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with any information relating to such Underwriter furnished to the Company in writing by such Underwriter through the Representative expressly for use in the Registration Statement, the most recent Preliminary Prospectus, the Prospectus or in any amendment or supplement thereto, any Issuer Free Writing Prospectus or in any amendment or supplement thereto or in any Non-Prospectus Road Show, it being understood and agreed upon that the only such information furnished by any Underwriter consists of the following information: the concession figure appearing in the fourth paragraph under the caption “Underwriting” and the information contained in paragraphs 13, 14 and 16 under the caption “Underwriting” in each of the most recent Preliminary Prospectus and the Prospectus.

(d) *Notice and Procedures.* If any suit, action, proceeding (including any governmental or regulatory investigation), claim or demand shall be brought or asserted against any person in respect of which indemnification may be sought pursuant to the preceding paragraphs of this Section 9, such person (the “Indemnified Person”) shall promptly notify the person against whom such indemnification may be sought (the “Indemnifying Person”) in writing; *provided* that the failure to notify the Indemnifying Person shall not relieve it from any liability that it may have under this Section 9 except to the extent that it has been materially prejudiced (through the forfeiture of substantive rights or defenses) by such failure; and *provided, further*, that the failure to notify the Indemnifying Person shall not relieve it from any liability that it may have to an Indemnified Person otherwise than under this Section 9. If any such proceeding shall be brought or asserted against an Indemnified Person and it shall have notified the Indemnifying Person thereof, the Indemnifying Person shall retain counsel reasonably satisfactory to the Indemnified Person to represent the Indemnified Person and any others entitled to indemnification pursuant to this Section 9 that the Indemnifying Person may designate in such proceeding and shall pay the fees and expenses of such counsel related to such proceeding, as incurred. In any such proceeding, any Indemnified Person shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such Indemnified Person unless (i) the Indemnifying Person and the Indemnified Person shall have mutually agreed to the contrary; (ii) the Indemnifying Person has failed within a reasonable time to retain counsel reasonably satisfactory to the Indemnified Person; (iii) the Indemnified Person shall have reasonably concluded that there may be legal defenses available to it that are different from or in addition to those available to the Indemnifying Person; or (iv) the named parties in any such proceeding (including any impleaded parties) include both the Indemnifying Person and the Indemnified Person and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them. It is understood and agreed that the Indemnifying Person shall not, in connection with any proceeding or related proceeding in the same jurisdiction, be liable for the fees and expenses of more than one separate firm (in addition to one local counsel in each applicable jurisdiction) for all Indemnified Persons, and that all such fees and expenses shall be paid or reimbursed as they are incurred. Any such separate firm for any Underwriter, its affiliates, directors and officers and any control persons of such Underwriter shall be designated in writing by the Representative, any such separate firm for the Company, its directors, its officers who signed the Registration Statement and any control persons of the Company shall be designated in writing by the Company, any such separate firm for the Selling Stockholder shall be designated in writing by the Selling Stockholder. The Indemnifying Person shall not be liable for any settlement of any proceeding effected without its written consent, but if settled with such consent or if there be a final judgment for the plaintiff, the Indemnifying Person agrees to indemnify each Indemnified Person from and against any loss or liability by reason of such settlement or judgment. Notwithstanding the foregoing sentence, if at any time an Indemnified Person shall have requested in writing that an Indemnifying Person reimburse the Indemnified Person for fees and expenses of counsel as contemplated by this paragraph, the Indemnifying Person shall be liable for any settlement of any proceeding effected without its written consent if (i) such settlement is entered into more than 30 days after receipt by the Indemnifying Person of such request and (ii) the Indemnifying Person shall not have reimbursed the Indemnified Person in accordance with such request prior to the date of such settlement. No Indemnifying Person shall, without the written consent of the Indemnified Person, effect any settlement of any pending or threatened proceeding in respect of which any Indemnified Person is or could have been a party

and indemnification could have been sought hereunder by such Indemnified Person, unless such settlement (x) includes an unconditional release of such Indemnified Person, in form and substance reasonably satisfactory to such Indemnified Person, from all liability on claims that are the subject matter of such proceeding and (y) does not include any statement as to or any admission of fault, culpability or a failure to act by or on behalf of any Indemnified Person.

(e) *Contribution.* If the indemnification provided for in paragraphs (a), (b) and (c) above is unavailable to an Indemnified Person or insufficient in respect of any losses, claims, damages or liabilities referred to therein, then each Indemnifying Person under such paragraph, in lieu of indemnifying such Indemnified Person thereunder, shall contribute to the amount paid or payable by such Indemnified Person as a result of such losses, claims, damages or liabilities (i) in such proportion as is appropriate to reflect the relative benefits received by the Company or the Selling Stockholder, as the case may be, on the one hand and the Underwriters, on the other hand, from the offering of the Shares or (ii) if the allocation provided by clause (i) is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) but also the relative fault of the Company or the Selling Stockholder, as the case may be, on the one hand and the Underwriters, on the other hand in connection with the statements or omissions that resulted in such losses, claims, damages or liabilities, as well as any other relevant equitable considerations. The relative benefits received by the Company or the Selling Stockholder, as the case may be, on the one hand and the Underwriters, on the other hand shall be deemed to be in the same respective proportions as the net proceeds (before deducting expenses) received by the Company or the Selling Stockholder, as the case may be, from the sale of the Shares and the total underwriting discounts and commissions received by the Underwriters in connection therewith, in each case as set forth in the table on the cover of the Prospectus, bear to the aggregate offering price of the Shares. The relative fault of the Company or the Selling Stockholder, as the case may be, on the one hand and the Underwriters, on the other hand, shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company or the Selling Stockholder, or by the Underwriters and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The aggregate liability of each the Selling Stockholder under the contribution agreement contained in this paragraph 9(e) and the indemnity agreement contained in paragraph 9(b) shall be limited to an amount equal to the aggregate net proceeds of the Underwritten Shares sold by the Selling Stockholder under this Agreement.

(f) *Limitation on Liability.* The Company, the Selling Stockholder and the Underwriters agree that it would not be just and equitable if contribution pursuant to this Section 9 were determined by *pro rata* allocation (even if the Selling Stockholder or the Underwriters were treated as one entity for such purpose) or by any other method of allocation that does not take account of the equitable considerations referred to in paragraph (e) above. The amount paid or payable by an Indemnified Person as a result of the losses, claims, damages and liabilities referred to in paragraph (e) above shall be deemed to include, subject to the limitations set forth above, any legal or other expenses incurred by such Indemnified Person in connection with any such action or claim. Notwithstanding the provisions of this Section 9, in no event shall any Underwriter be required to contribute any amount in excess of the amount by which the total underwriting discounts and commissions received by such Underwriter with respect to the offering of the Shares

exceeds the amount of any damages that such Underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Underwriters' obligations to contribute pursuant to this Section 9 are several in proportion to their respective purchase obligations hereunder and not joint.

(g) *Non-Exclusive Remedies.* The remedies provided for in this Section 9 are not exclusive and shall not limit any rights or remedies which may otherwise be available to any Indemnified Person at law or in equity.

10. Effectiveness of Agreement. This Agreement shall become effective upon the later of (i) the execution and delivery hereof by the parties hereto and (ii) the filing of the Registration Statement (or, if applicable, any post-effective amendment thereto).

11. Termination. This Agreement may be terminated in the absolute discretion of the Representative, by written notice to the Company and the Selling Stockholder, if after the execution and delivery of this Agreement and prior to the Closing Date or, in the case of the Option Shares, prior to an Additional Closing Date (i) trading generally shall have been suspended or materially limited on or by any of the New York Stock Exchange, the American Stock Exchange, the National Association of Securities Dealers, Inc., the Chicago Board Options Exchange, the Chicago Mercantile Exchange or the Chicago Board of Trade; (ii) trading of any securities issued or guaranteed by the Company shall have been suspended on any exchange or in any over-the-counter market; (iii) a general moratorium on commercial banking activities shall have been declared by federal or New York State authorities; or (iv) there shall have occurred any outbreak or escalation of hostilities or any change in financial markets or any calamity or crisis, including, without limitation, as a result of terrorist activities after the date hereof, either within or outside the United States, that, in the judgment of the Representative, is material and adverse and makes it impracticable or inadvisable to proceed with the offering, sale or delivery of the Shares on the Closing Date or an Additional Closing Date, as the case may be, on the terms and in the manner contemplated by this Agreement, the Pricing Disclosure Package and the Prospectus.

12. Defaulting Underwriter. (a) If, on the Closing Date or an Additional Closing Date, as the case may be, any Underwriter defaults on its obligation to purchase the Shares that it has agreed to purchase hereunder on such date, the non-defaulting Underwriters may in their discretion arrange for the purchase of such Shares by other persons satisfactory to the Company and the Selling Stockholder on the terms contained in this Agreement. If, within 36 hours after any such default by any Underwriter, the non-defaulting Underwriters do not arrange for the purchase of such Shares, then the Company and the Selling Stockholder shall be entitled to a further period of 36 hours within which to procure other persons satisfactory to the non-defaulting Underwriters to purchase such Shares on such terms. If other persons become obligated or agree to purchase the Shares of a defaulting Underwriter, either the non-defaulting Underwriters or the Company and the Selling Stockholder may postpone the Closing Date or an Additional Closing Date, as the case may be, for up to five full business days in order to effect any changes that in the opinion of counsel for the Company, counsel for the Selling Stockholder or counsel for the Underwriters may be necessary in the Registration Statement and the Prospectus or in any other document or

arrangement, and the Company agrees to promptly prepare any amendment or supplement to the Registration Statement and the Prospectus or any such other document that effects any such changes. As used in this Agreement, the term "Underwriter" includes, for all purposes of this Agreement unless the context otherwise requires, any person not listed in Schedule I hereto that, pursuant to this Section 12, purchases Shares that a defaulting Underwriter agreed but failed to purchase.

(b) If, after giving effect to any arrangements for the purchase of the Shares of a defaulting Underwriter or Underwriters by the non-defaulting Underwriters, the Company and the Selling Stockholder as provided in paragraph (a) above, the aggregate number of Shares that remain unpurchased on the Closing Date or an Additional Closing Date, as the case may be does not exceed one-eleventh of the aggregate number of Shares to be purchased on such date, then the Company and the Selling Stockholder shall have the right to require each non-defaulting Underwriter to purchase the number of Shares that such Underwriter agreed to purchase hereunder on such date plus such Underwriter's pro rata share (based on the number of Shares that such Underwriter agreed to purchase on such date) of the Shares of such defaulting Underwriter or Underwriters for which such arrangements have not been made.

(c) If, after giving effect to any arrangements for the purchase of the Shares of a defaulting Underwriter or Underwriters by the non-defaulting Underwriters, the Company and the Selling Stockholder as provided in paragraph (a) above, the aggregate number of Shares that remain unpurchased on the Closing Date or an Additional Closing Date, as the case may be, exceeds one-eleventh of the aggregate amount of Shares to be purchased on such date, or if the Company and the Selling Stockholder shall not exercise the right described in paragraph (b) above, then this Agreement or, with respect to any Additional Closing Date, the obligation of the Underwriters to purchase Shares on an Additional Closing Date, as the case may be, shall terminate without liability on the part of the non-defaulting Underwriters. Any termination of this Agreement pursuant to this Section 12 shall be without liability on the part of the Company and the Selling Stockholder, except that the Company will continue to be liable for the payment of expenses as set forth in Section 13 hereof and except that the provisions of Section 9 hereof shall not terminate and shall remain in effect.

(d) Nothing contained herein shall relieve a defaulting Underwriter of any liability it may have to the Company, the Selling Stockholder or any non-defaulting Underwriter for damages caused by its default.

13. Payment of Expenses. (a) Whether or not the transactions contemplated by this Agreement are consummated or this Agreement is terminated, the Company (and solely with respect to clause (ix) below, the Selling Stockholder) will pay or cause to be paid all costs and expenses incident to the performance of their obligations hereunder, including without limitation, (i) the costs incident to the authorization, issuance, sale, preparation and delivery of the Shares and any taxes payable in that connection; (ii) the costs incident to the preparation, printing and filing under the Securities Act of the Registration Statement, the Preliminary Prospectus, any Issuer Free Writing Prospectus, the Pricing Disclosure Package and the Prospectus (including all exhibits, amendments and supplements thereto) and the distribution thereof (except that the Underwriters shall pay or cause to be paid one-half of the costs attributable to the distribution via courier or other

shipping service of such documents); (iii) the fees and expenses of the Company's counsel and independent accountants; (iv) the fees and expenses incurred, if any, in connection with the registration or qualification and determination of eligibility for investment of the Shares under the laws of Canada and such other jurisdictions as the Representative may designate and the preparation, printing and distribution of a Canadian wrapper and Blue Sky Memorandum (including the reasonable related fees and expenses of counsel for the Underwriters); (v) the cost of preparing stock certificates; (vi) the costs and charges of any transfer agent and any registrar; (vii) all expenses and application fees incurred in connection with any filing with, and clearance of the offering by, the National Association of Securities Dealers, Inc. (including the reasonable related fees and expenses of counsel for the Underwriters); (viii) all expenses and application fees related to the quotation of the Shares on the Nasdaq Global Market; and (ix) the fees and expenses of the Selling Stockholder's counsel.

(b) If (i) this Agreement is terminated pursuant to Section 11, (ii) the Company or the Selling Stockholder for any reason fails to tender the Shares for delivery to the Underwriters or (iii) the Underwriters decline to purchase the Shares for any reason permitted under this Agreement (other than a termination of this Agreement pursuant to Section 12 hereof), the Company agrees to reimburse the Underwriters for all reasonable out-of-pocket costs and expenses (including the reasonable fees and expenses of their counsel) reasonably incurred by the Underwriters in connection with this Agreement and the offering contemplated hereby.

14. Persons Entitled to Benefit of Agreement. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and the officers and directors and any controlling persons referred to in Section 9 hereof. Nothing in this Agreement is intended or shall be construed to give any other person any legal or equitable right, remedy or claim under or in respect of this Agreement or any provision contained herein. No purchaser of Shares from any Underwriter shall be deemed to be a successor merely by reason of such purchase.

15. Research Independence. Each of the Company and the Selling Stockholder acknowledge that the Underwriters' research analysts and research departments are required to be independent from their respective investment banking divisions and are subject to certain regulations and internal policies, and that such Underwriters' research analysts may hold and make statements or investment recommendations and/or publish research reports with respect to the Company and/or the offering of the Shares that differ from the views of its investment bankers. The Company and the Selling Stockholder hereby waive and release, to the fullest extent permitted by law, any claims that the Company or the Selling Stockholder may have against the Underwriters solely with respect to any conflict of interest that may arise from the fact that the views expressed by their independent research analysts and research departments may be different from or inconsistent with the views or advice communicated to the Company or the Selling Stockholder by the Underwriters' investment banking divisions. The Company and the Selling Stockholder acknowledge that each of the Underwriters is a full service securities firm and as such from time to time, subject to applicable securities laws, may effect transactions for its own account or the account of its customers and hold long or short positions in debt or equity securities of the Company.



16. Survival. The respective indemnities, rights of contribution, representations, warranties and agreements of the Company, the Selling Stockholder and the Underwriters contained in this Agreement or made by or on behalf of the Company, the Selling Stockholder or the Underwriters pursuant to this Agreement or any certificate delivered pursuant hereto shall survive the delivery of and payment for the Shares and shall remain in full force and effect, regardless of any termination of this Agreement or any investigation made by or on behalf of the Company, the Selling Stockholder or the Underwriters.

17. Certain Defined Terms. For purposes of this Agreement, (a) except where otherwise expressly provided, the term “affiliate” has the meaning set forth in Rule 405 under the Securities Act; (b) the term “business day” means any day other than a day on which banks are permitted or required to be closed in New York City; (c) the term “subsidiary” has the meaning set forth in Rule 405 under the Securities Act; and (d) the term “significant subsidiary” has the meaning set forth in Rule 1-02(w) of Regulation S-X under the Securities Act.

18. Miscellaneous. (a) Authority of the Representative. Any action by the Underwriters hereunder may be taken by the Representative on behalf of the Underwriters, and any such action taken by the Representative shall be binding upon the Underwriters.

(b) Notices. All notices and other communications hereunder shall be in writing and shall be deemed to have been duly given if mailed or transmitted and confirmed by any standard form of telecommunication. Notices to the Underwriters shall be given to the Representative at Lehman Brothers Inc., 745 Seventh Avenue, New York, New York 10019 (Fax: (646) 497-4815), Attention: Syndicate Registration, with a copy, in the case of any notice pursuant to Section 9(d) hereof, to the Director of Litigation, Office of the General Counsel, Lehman Brothers Inc., 399 Park Avenue, 10th Floor, New York, New York 10022 (Fax: (212) 520-0421). Notices to the Company shall be given to it at DealerTrack Holdings, Inc., 1111 Marcus Avenue, Suite M04, Lake Success, New York 11042 (Fax: (516) 734-3800), Attention: Eric D. Jacobs, Esq. Notices to the Selling Stockholder shall be given to Julie Waters, Vice President/General Counsel, First Advantage Corporation, 100 Carillon Parkway, St. Petersburg, Florida 33716 (Fax: (727) 214-3409).

(c) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

(d) Counterparts. This Agreement may be signed in counterparts (which may include counterparts delivered by any standard form of telecommunication), each of which shall be an original and all of which together shall constitute one and the same instrument.

(e) Amendments or Waivers. No amendment or waiver of any provision of this Agreement, nor any consent or approval to any departure therefrom, shall in any event be effective unless the same shall be in writing and signed by the parties hereto.

(f) Headings. The headings herein are included for convenience of reference only and are not intended to be part of, or to affect the meaning or interpretation of, this Agreement.

If the foregoing is in accordance with your understanding, please indicate your acceptance of this Agreement by signing in the space provided below.

Very truly yours,

DEALERTRACK HOLDINGS, INC.

By: /s/ Mark O'Neil

Name: Mark O'Neil

Title: Chief Executive Officer

CREDIT MANAGEMENT SOLUTIONS, INC.

By: /s/ John Lamson

Name: John Lamson

Title: Vice President

Accepted: October 18, 2007

LEHMAN BROTHERS INC.

For itself and on behalf of the several Underwriters listed in Schedule I hereto.

By: /s/ Benjamin Marsh

Name: Benjamin Marsh

Title: Vice President

<u>Underwriter</u>	<u>Number of Underwritten Shares</u>
Lehman Brothers Inc.	1,575,000
William Blair & Company, L.L.C.	810,000
Deutsche Bank Securities Inc.	810,000
Cowen and Company, LLC	360,000
Wachovia Capital Markets, LLC	360,000
JMP Securities LLC.	225,000
Thomas Weisel Partners LLC	225,000
Barrington Research Associates, Inc.	135,000
Total	4,500,000

## FORM OF OPINION OF GOODWIN PROCTER LLP

We have acted as counsel for DealerTrack Holdings, Inc., a Delaware corporation (the "Company"), in connection with the sale to the Underwriters (as defined below) (i) by the Company of up to 2,300,000 shares (the "Primary Shares") of the Company's common stock, \$0.01 par value per share (the "Common Stock"), which includes 300,000 shares of Common Stock purchasable by the Underwriters upon their exercise of an over-allotment option granted to the Underwriters by the Company, and (ii) by the selling stockholder named in the Underwriting Agreement (the "Selling Stockholder") of up to 2,875,000 shares of Common Stock, which includes 375,000 shares of Common Stock purchasable by the Underwriters upon their exercise of an over-allotment option granted to the Underwriters by the Selling Stockholder (the "Selling Stockholder Shares," and collectively with the Primary Shares, the "Shares"). We are furnishing this opinion letter to you, pursuant to Section 8(f) of the Underwriting Agreement, dated as of October 18, 2007 (the "Underwriting Agreement"), among the Company, the Underwriters listed on Schedule I to the Underwriting Agreement, for whom you are acting as Representative (the "Underwriters"), and the Selling Stockholder.

The Company's Registration Statement on Form S-3 (File No. 333-146729) filed by the Company with the Securities and Exchange Commission (the "Commission") on October 16, 2007, as amended, and declared effective upon the filing of the Registration Statement pursuant to Rule 462(e) of the Securities Act of 1933, as amended (the "Securities Act") (the "Effective Date"), including the information deemed to be included in it at the time of effectiveness pursuant to Rule 430B of the Securities Act, is referred to in this opinion letter as the "Registration Statement," and the prospectus included in the Registration Statement, as filed pursuant to Rule 424(b)(5) of the Securities Act on October \_\_, 2007, is referred to in this opinion letter as the "Prospectus."

We have reviewed the agreements filed as an exhibit to the Registration Statement (the "Listed Agreements") and made such investigation of law as we have deemed appropriate to give the opinions below. We have relied, without independent verification, on certificates of public officials and, as to matters of fact material to the opinions set forth below, on representations made in the Underwriting Agreement, and certificates and other inquiries of officers of the Company.

Our opinion regarding good standing in numbered paragraph 1 is based solely on a certificate of good standing issued by the Secretary of the State of Delaware. We express no opinion as to the tax good standing of the Company in any jurisdiction.

The opinions set forth below are limited to Massachusetts law, the Delaware General Corporation Law and the federal law of the United States. Without limiting the generality of the foregoing, we express no opinion with respect to (i) state securities or "Blue Sky" laws, or (ii) state or federal antifraud laws.

Based upon the foregoing, and subject to the additional qualifications set forth below, we are of the opinion that:

1. The Company is validly existing as a corporation in good standing under Delaware law.

2. The Company has the corporate power to own its properties and conduct its business as described in the Prospectus and to execute and deliver, and to perform its obligations under, the Underwriting Agreement.

3. The Primary Shares have been duly authorized and, when issued delivered and paid for in accordance with the Underwriting Agreement, will be validly issued, fully paid and nonassessable. The issuance and sale of the Primary Shares is not subject to any preemptive right under the Delaware General Corporation Law or the Company's Fifth Amended and Restated Certificate of Incorporation (the "Certificate of Incorporation") or the Amended and Restated By-laws of the Company (the "By-laws").

4. Any required filing of the Prospectus pursuant to Rule 424(b) has been made in the manner and within the time period required by Rule 424(b).

5. The Underwriting Agreement has been duly authorized, executed and delivered by the Company.

6. The execution and delivery by the Company of the Underwriting Agreement and its issuance and sale of the Primary Shares do not and the performance by the Company of its obligations under the Underwriting Agreement will not: (a) require any consent, approval, license or exemption by, order or authorization of, or filing, recording or registration by the Company with, any Massachusetts or federal governmental authority, except such as have been made or obtained under the Securities Act; (b) violate the Certificate of Incorporation or the By-laws, the Delaware General Corporation Law or any Massachusetts or federal statute, rule or regulation; (c) violate any court order, judgment or decree, if any listed in Schedule I to this opinion letter; or (d) result in a breach of, or constitute a default under, any of the Listed Agreements.

7. The statements in the Prospectus incorporated by reference under the caption "Description of Capital Stock," insofar as such statements contain descriptions of laws, rules or regulations, and insofar as they describe the terms of agreements or the Company's Certificate of Incorporation or By-laws, are correct in all material respects.

8. The Company is not and, after giving effect to the issuance of the Primary Shares and the application of the proceeds as described in the Prospectus, will not be an "investment company," as that term is defined in the Investment Company Act of 1940, as amended.

This opinion letter and the opinions it contains shall be interpreted in accordance with the Legal Opinion Principles issued by the Committee on Legal Opinions of the American Bar Association's Business Law Section as published in 53 Business Lawyer 831 (May 1998).

This opinion letter is being furnished by us solely for the benefit of the several Underwriters as underwriters in connection with the sale to the Underwriters of the Primary Shares, and neither it nor the opinions it contains may be relied on for any other purpose or by anyone else.

## FORM OF NEGATIVE ASSURANCE LETTER OF GOODWIN PROCTER LLP

Reference is made to the registration under the Securities Act of 1933, as amended (the "Securities Act"), of up to 5,175,000 shares of common stock, \$0.01 par value per share (the "Common Stock"), of DealerTrack Holdings, Inc. (the "Company"), which includes 675,000 shares of Common Stock purchasable by the Underwriters upon their exercise of an over-allotment option granted to the Underwriters by the Company and the Selling Stockholder (named in the Underwriting Agreement as defined below), pursuant to a Registration Statement on Form S-3 (File No. 333-146729), together with all amendments thereto (the "Registration Statement"), all as filed prior to the date hereof with the Securities and Exchange Commission (the "Commission") and declared effective upon the filing of the Registration Statement pursuant to Rule 462(e) of the Securities Act. When the Registration Statement became effective, the form of prospectus included in it omitted certain information in reliance upon Rule 430B under the Securities Act. That information is contained in the prospectus as filed pursuant to Rule 424(b)(5) of the Securities Act on October \_\_, 2007, which is deemed to be a part of the Registration Statement as of the time it was declared effective (the "Prospectus"). The Prospectus also updates or supplements certain information contained in the Registration Statement. Reference is also made to the preliminary prospectus included in the Registration Statement immediately prior to \_\_\_\_p.m. (Eastern time) on October 18, 2007 (the "Applicable Time"), as supplemented by the documents (if any) listed on Appendix A hereto (collectively, the "Pricing Disclosure Package").

As counsel to the Company, we reviewed the Registration Statement, the Prospectus and the Pricing Disclosure Package, and participated in discussions with your representatives, those of counsel for the several Underwriters (the "Underwriters"), and those of the Company and its independent public accountants, at which the contents of the Registration Statement, the Prospectus and the Pricing Disclosure Package were discussed. Between the Applicable Time and the time of the delivery of this letter, we participated in further discussions with your representatives, those of counsel for the Underwriters, and those of the Company and its accountants, and we reviewed certain certificates of officers of the Company and public officials and letters from the Company's independent public accountants delivered to you today.

The purpose of our engagement was not to establish or to confirm factual matters set forth in the Registration Statement, the Prospectus and the Pricing Disclosure Package, and we have not undertaken any obligation to verify independently any of the factual matters set forth in the Registration Statement and Prospectus. Moreover, many of the determinations required to be made in the preparation of the Registration Statement, the Prospectus and the Pricing Disclosure Package involve matters of a non-legal nature.

Subject to the foregoing, we confirm to you that: (i) on the basis of the information that we gained in the course of performing the services referred to above, nothing came to our attention that caused us to believe that (a) the Registration Statement, as of its effective date, contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading, (b) the Pricing Disclosure Package, at the



Applicable Time, when considered together with the information permitted to be omitted therefrom pursuant to Rule 430B under the Securities Act and included in the Prospectus, contained an untrue statement of a material fact or omitted to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, or (c) the Prospectus, as of its date, contained any untrue statement of a material fact or omitted to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and (ii) nothing came to our attention in the course of the procedures described in the second sentence of the second paragraph of this letter that caused us to believe that the Prospectus, as of the date and time of delivery of this letter, contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; *provided, however*, that we do not assume any responsibility for the accuracy, completeness or fairness of the statements contained in the Registration Statement, the Pricing Disclosure Package and the Prospectus, and we do not express any belief as to the financial statements and related notes, financial statement schedules or financial, statistical or accounting data contained in, or omitted from, the Registration Statement, the Pricing Disclosure Package and the Prospectus. In the first two sentences of this paragraph, “attention” refers to the conscious awareness of each of the lawyers of our firm who actively participated in the preparation of the Registration Statement, the Pricing Disclosure Package and the Prospectus; and “believe” refers to the actual, subjective, good faith belief of each of those lawyers after such inquiries as they deemed appropriate with other lawyers in our firm providing substantive attention to other legal matters on behalf of the Company. In addition, we express no opinion or belief as to the conveyance of the Pricing Disclosure Package or the information contained therein to investors.

We inform you that the Registration Statement is an “automatic shelf registration statement” as defined under Rule 405 of the Securities Act that has been filed with the Commission not earlier than three years prior to the date of the Underwriting Agreement; each of the Preliminary Prospectus and the Prospectus was filed with the Commission pursuant to the subparagraph of Rule 424(b) under the Securities Act specified in such opinion on the date specified therein; and no order suspending the effectiveness of the Registration Statement has been issued, no notice of objection of the Commission to the use of such registration statement or any post-effective amendment thereto pursuant to Rule 401(g)(2) under the Securities Act has been received by the Company and no proceeding for that purpose or pursuant to Section 8A of the Securities Act against the Company or in connection with the offering is pending or, to the best of our knowledge, threatened by the Commission.

Further, we confirm to you that the Registration Statement, as of its effective date, and the Prospectus, as of the date of the Prospectus, appeared to us on their face to respond in all material respects to the requirements of the form on which the Registration Statement was filed, as well as the applicable requirements of Regulation C under the Securities Act, except that the foregoing statement does not address any requirement relating to financial statements and related notes, financial statement schedules or financial or accounting data contained in the Registration Statement or the Prospectus.

This letter is being furnished by us solely for the benefit of the several Underwriters as underwriters in connection with the issuance and sale to you of the Common Stock, and it may not be relied on for any other purpose by you or anyone else.

## FORM OF OPINION OF HUDSON COOK, LLP

We have acted as special financial services counsel for DealerTrack Holdings, Inc., a Delaware corporation (the “Company”), in connection with the sale to the Underwriters (as defined below) (i) by the Company of up to 2,300,000 shares (the “Primary Shares”) of the Company’s common stock, \$0.01 par value per share (the “Common Stock”), which includes 300,000 shares of Common Stock purchasable by the Underwriters upon their exercise of an over-allotment option granted to the Underwriters by the Company, and (ii) by the selling stockholder named in the Underwriting Agreement (the “Selling Stockholder”) of up to 2,875,000 shares of Common Stock, which includes 375,000 shares of Common Stock purchasable by the Underwriters upon their exercise of an over-allotment option granted to the Underwriters by the Selling Stockholder (the “Selling Stockholder Shares,” and collectively with the Primary Shares, the “Shares”). We are furnishing this opinion letter to you, pursuant to Section 8(g) of the Underwriting Agreement, dated as of October 18, 2007 (the “Underwriting Agreement”), among the Company, the Underwriters listed on Schedule I to the Underwriting Agreement, for whom you are acting as Representative (the “Underwriters”), and the Selling Stockholder.

The Company’s Registration Statement on Form S-3 (File No. 333-146729) filed by the Company with the Securities and Exchange Commission (the “Commission”) on October 16, 2007, as amended, and declared effective upon the filing of the Registration Statement pursuant to Rule 462(e) of the Securities Act of 1933, as amended (the “Securities Act”) (the “Effective Date”), including the information deemed to be included in it at the time of effectiveness pursuant to Rule 430B of the Securities Act, and the Company’s Registration Statement on Form S-3 filed with the Commission on October 18, 2007 pursuant to Rule 462(b) under the Securities Act, are referred to collectively in this opinion letter as the “Registration Statement,” and the prospectus included in the Registration Statement, as filed pursuant to Rule 424(b)(5) of the Securities Act on October \_\_, 2007, is referred to in this opinion letter as the “Prospectus.”

In connection with this opinion, we have reviewed the following: (a) the Underwriting Agreement; (b) the statements in (i) the Prospectus under the heading: “Risk Factors — We are subject, directly and indirectly, to extensive and complex federal and state regulation and new regulations and/or changes to existing regulations may adversely affect our business,” and (ii) in the Company’s Annual Report on Form 10-K for the year ended December 31, 2006 under the heading, “Business — Government Regulation.” We also have reviewed certain published statutes, rules and regulations available to us that, in our judgment, comprise the relevant consumer financial services laws, rules and regulations of the United States and each of the states of the United States and of the District of Columbia (each a “State” and collectively, the “States”).

The purpose of our professional engagement as the Company’s special financial services counsel was not to establish or confirm factual matters or financial or quantitative information. Therefore, except as expressly stated herein, we are not passing upon and do not assume any responsibility for the accuracy, completeness or fairness of the factual matters or financial or quantitative information contained in the Prospectus or the 10-K and have not made an independent check or

verification thereof.

Based on the foregoing, and our consideration of those aspects of consumer financial services law we have considered relevant in the context of issuing this opinion, and subject to the limitations, qualifications and assumptions herein, we are of the opinion that, as of the date of this letter:

The statements in the Prospectus under the heading “Risk Factors — We are subject, directly and indirectly, to extensive and complex federal and state regulation and new regulations and/or changes to existing regulations may adversely affect our business” and the statements incorporated by reference in the Prospectus from the Company’s Annual Report on Form 10-K for the year ended December 31, 2006 under the heading “Business — Government Regulation”, insofar as they purport to describe or summarize certain litigation or provisions of statutes or regulations referred to therein, are accurate descriptions or summaries in all material respects.

The law covered by this letter is limited to the present federal laws of the United States of America and the present laws of the each of the States. The opinions expressed in this letter are based upon published statutes, cases, regulations, attorney general opinions and administrative decisions through September 28, 2007. We express no opinion regarding the statutes, administrative decisions, rules, regulations or requirements of any county, municipality, subdivision or local authority of any jurisdiction.

Individual partners of this firm are licensed to practice in California, Connecticut, the District of Columbia, Hawaii, Illinois, Indiana, Maryland, New York, Ohio and Virginia. We maintain offices in California, Connecticut, the District of Columbia, Maryland, New York and Virginia. We have reviewed published statutes, cases, regulations, and attorney general opinions to a degree sufficient to permit us to make the statements contained herein. However, we express no opinion on matters of custom and usage, or on any unpublished law or regulatory material in any state where we do not maintain an office. We have relied exclusively on WestLaw<sup>®</sup>, an Internet based, computer-assisted legal research service of West Group (“WestLaw”), as our source of published state law in those states where our partners are not admitted. As a result, we may not be aware of and express no opinion concerning any state law that is not published by and available for view on WestLaw as of September 28, 2007.

This opinion is limited to the matters expressly stated herein. No implied opinion may be inferred to extend this opinion beyond the matters expressly stated herein. We do not undertake to advise you or anyone else of any changes in the opinions expressed herein resulting from changes in law, changes in facts or any other matters that hereafter might occur or be brought to our attention.

This letter is furnished by us to you as special financial services counsel to the Company in connection with the sale of the Shares. This letter may not be used or relied upon by you for any other purpose, or by any other person, nor may this letter be duplicated or reproduced in part without, in each instance, our express written permission.

## FORM OF OPINION OF ERIC JACOBS, ESQ.

I am the Senior Vice President, General Counsel and Secretary of DealerTrack Holdings, Inc., a Delaware corporation (the “**Company**”), and have acted as such counsel in connection with the sale to you and the other Underwriters for whom you are acting as representative (the “**Underwriters**”) on the date hereof by the Company, and the selling stockholder named in the Underwriting Agreement referred to below (the “**Selling Stockholder**”) of up to 5,175,000 shares (the “**Shares**”) of common stock of the Company, par value \$0.01 per share, which includes 675,000 shares of Common Stock purchasable by the Underwriters upon their exercise of an over-allotment option granted to the Underwriters by the Company and the Selling Stockholder, pursuant to a registration statement on Form S-3 under the Securities Act of 1933, as amended (the “**Securities Act**”), filed with the Securities and Exchange Commission (the “**Commission**”) on October 16, 2007 (File No. 333-146729) as amended (the “**Registration Statement**”), a Preliminary Prospectus dated October 16, 2007 (the “**Preliminary Prospectus**”), any “issuer free writing prospectus” that is identified on Exhibit A to the opinion of Goodwin Procter LLP, a special counsel to the Company, dated of even date herewith (the “**Specified IFWP**”), the Pricing Information Annex attached as Annex F to the Underwriting Agreement referred to below (the “**Pricing Information Annex**”) and together with the Preliminary Prospectus and the Specified IFWP, the “**Pricing Disclosure Package**”), a Prospectus dated October 18, 2007 filed with the Commission pursuant to Rule 424(b) under the Act (the “**Prospectus**”) and an underwriting agreement dated October 18, 2007 among you, as representative of the several Underwriters named in the underwriting agreement, the Selling Stockholder and the Company (the “**Underwriting Agreement**”). This letter is being delivered to you at the request of the Company pursuant to Section 8(h) of the Underwriting Agreement. Capitalized terms used and not otherwise defined herein shall have the meanings given to such terms in the Underwriting Agreement.

As such counsel, I have examined such matters of fact and questions of law as I have considered appropriate for purposes of this letter, except where a specific fact confirmation procedure is stated to have been performed (in which case I have with your consent performed the stated procedure). I have examined, among other things, the following:

- (a) The Underwriting Agreement, the Registration Statement, the Pricing Disclosure Package and the Prospectus;
- (b) The indenture(s), note(s), loan agreement(s), mortgage(s), deed(s) of trust, security agreement(s) and other written agreement(s) and instrument(s) creating, evidencing or securing indebtedness of the Company or its domestic significant subsidiaries for borrowed money that are filed as exhibits to the Registration Statement (the “**Material Agreements**”); and
- (c) The certificate of incorporation and bylaws of the Company and its domestic significant subsidiaries (the “**Governing Documents**”) and certain resolutions of the Board of Directors of the Company.

As to facts material to the opinions, statements and assumptions expressed herein, I have, with your consent, relied upon oral or written statements and representations of other officers and other representatives of the Company and its subsidiaries, and others, including the representations and warranties of the Company and the Selling Stockholder in the Underwriting Agreement. I have not independently verified such factual matters.

I am opining herein as to the effect of the subject transaction only of the federal laws of the United States, the internal laws of the State of New York and in numbered paragraphs 1, 2, 3, 4 and 8 of this letter, the Delaware General Corporation Law (the “**DGCL**”), and I express no opinion with respect to the applicability thereto, or the effect thereof, of the laws of any other jurisdiction or, in the case of Delaware, any other laws, or as to any matters of municipal law or the laws of any local agencies within any state. My opinions and confirmations herein are based upon our consideration of only those statutes, rules and regulations which, in my experience, are normally applicable to underwritten public offerings of common equity securities.

Subject to the foregoing and the other matters set forth herein, it is my opinion that, as of the date hereof:

(1) The Company and each of its domestic significant subsidiaries is a corporation organized under the DGCL with corporate power and authority to own its properties and to conduct its business as described in the Registration Statement and the Prospectus. Based on certificates from public officials, I confirm that the Company and each of its domestic significant subsidiaries is validly existing and in good standing under the DGCL and is qualified to do business in and is in good standing in each jurisdiction in which its respective ownership or lease of property or the conduct of its respective business requires such qualification, except where the failure to be so qualified would not, individually or in the aggregate, have a Material Adverse Effect.

(2) All the outstanding shares of capital stock of the Company (including the Shares to be sold by the Selling Stockholder) have been duly and validly authorized and issued and are fully paid and nonassessable; and all the outstanding shares of capital stock or other equity interests of each significant subsidiary of the Company have been duly and validly authorized and issued, are fully paid and nonassessable (except, in the case of any foreign subsidiary, for directors’ qualifying shares and except as otherwise described in the Prospectus).

(3) Neither the Company nor any of its domestic significant subsidiaries is (i) in violation of its Governing Documents; (ii) in default, and no event has occurred that, with notice or lapse of time or both, would constitute such a default, in the due performance or observance of any term, covenant or condition contained in any Material Agreement to which it is a party or by which it is bound or to which any of its property or assets is subject; or (iii) in violation of any law or statute or any judgment, order, rule or regulation of any court or arbitrator or governmental or regulatory authority, except in the case of clauses (ii) and (iii) for any such default or violation that would not, individually or in the aggregate, have a Material Adverse Effect.

(4) No consent, approval, authorization, order, registration or qualification of or with any court or arbitrator or governmental or regulatory authority is required for the execution, delivery and performance by the Company of the Underwriting Agreement and the issuance and

sale of the Shares being delivered by the Company on the Closing Date, except for the registration of the Shares under the Securities Act and such consents, approvals, authorizations, orders and registrations or qualifications as may be required under applicable state securities laws in connection with the purchase and distribution of the Shares by the Underwriters.

(5) To the best of my knowledge, except as described in the Prospectus, there are no current or pending legal, governmental or regulatory investigations, actions, suits or proceedings to which the Company or any of its subsidiaries is a party to or to which any property of the Company or any of its subsidiaries is or may be the subject which, individually or in the aggregate, if determined adversely to the Company or any of its subsidiaries, could reasonably be expected to have a Material Adverse Effect; and to the best of my knowledge, no investigations, actions, suits or proceedings are threatened or contemplated by any governmental or regulatory authority, or threatened by others except as could not reasonably be expected to have a Material Adverse Effect.

(6) The statements in the Prospectus incorporated by reference under the captions "Legal Proceedings" insofar as they purport to describe or summarize certain litigation or provisions of statutes or regulations referred to therein, are accurate descriptions or summaries in all material respects.

(7) To the best of my knowledge, each of the Company and its domestic significant subsidiaries owns, possesses or has the right to use all material patents, patent applications, trademarks, service marks, trade names, trademark registrations, service mark registrations, copyrights, licenses and know-how (including trade secrets and other unpatented and/or unpatentable proprietary or confidential information, systems or procedures) employed by it in connection with the business conducted by it as of the date hereof.

(8) To the best of my knowledge, each of the Company and its domestic significant subsidiaries owns, possesses or has obtained all licenses, permits, certificates, consents, orders, approvals and other authorizations from, and has made all declarations and filings with, all governmental authorities (including foreign regulatory agencies), all self-regulatory organizations and all courts and other tribunals, domestic or foreign, necessary to own or lease, as the case may be, and to operate its properties and to carry on its business as conducted as of the date hereof, and neither the Company nor any such domestic significant subsidiary has received any actual notice of any proceeding relating to revocation or modification of any such license, permit, certificate, consent, order, approval or other authorization, except as described in the Registration statement and the Prospectus; and each of the Company and its domestic significant subsidiaries is in compliance with all laws and regulations relating to the conduct of its business as conducted as of the date of the Prospectus, except where such failure to so comply could not reasonably be expected to have a Material Adverse Effect.

(9) To the best of my knowledge, the Company and its domestic significant subsidiaries have good and marketable title in fee simple to all real property and good and marketable title to all personal property owned by them, in each case free and clear of all liens, encumbrances and defects except such as described or referred to in the Prospectus or such as do not materially affect the value of such property by the Company and its domestic significant subsidiaries; and to the best of my knowledge, any real property and buildings held under lease by the Company and its domestic significant subsidiaries are held by them under valid, existing and

enforceable leases with such exceptions as are not material and to not interfere with the use made or proposed to be made of such property and buildings by the Company or its domestic significant subsidiaries.

(10) No facts have come to my attention that cause me to believe that the Registration Statement, at the time it became effective, contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make statements therein not misleading, that the Pricing Disclosure Package, as of \_\_\_\_p.m. New York City time on October 18, 2007, contained an untrue statement of a material fact or omitted to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading or that the Prospectus, as of its date or as of the date hereof, contained or contains an untrue statement of a material fact or omitted or omits to state a material fact necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading; it being understood that I express no belief with respect to the financial statements, schedules, or other financial data included in, or omitted from, the Registration Statement, the Pricing Disclosure Package or the Prospectus.

In rendering this opinion insofar as it requires interpretation of the Material Agreements, with your consent, (i) I have assumed the courts of competent jurisdiction would enforce such agreements in accordance with their plain meaning, (ii) to the extent that any questions of legality or legal construction have arisen in connection with my review, I have applied the laws of the State of New York in resolving such questions, although certain of the Material Agreements may be governed by other laws which differ from New York law, and (iii) I express no opinion with respect to any matters which would require me to perform a mathematical calculation or make a financial or accounting determination. In rendering this opinion, I express no opinion as to federal or state securities laws, tax laws, antitrust or trade regulations laws, insolvency or fraudulent transfer laws, antifraud laws, margin regulations, National Association of Securities Dealers' rules, pension or employee benefit laws, compliance with fiduciary duty requirements, usury laws, environmental laws, or other laws excluded by customary practice.

This letter is being furnished only to you in your capacity as representative of the several Underwriters in their capacity as underwriters under the Underwriting Agreement and is solely for the benefit of the Underwriters in connection with the transactions referenced in the first paragraph. This letter may not be relied upon by you or them for any other purpose, or furnished to, assigned to, quoted to, or relied upon by any other person, firm or other entity for any purpose (including any person, firm or other entity that acquires Shares from you or the other Underwriters) without my prior written consent, which may be granted or withheld in my sole discretion.



FORM OF LOCK-UP AGREEMENT

\_\_\_\_\_, 2007

LEHMAN BROTHERS INC.  
As Representative of  
the several Underwriters listed in  
Schedule I to the Underwriting  
Agreement referred to below

c/o Lehman Brothers Inc.  
745 Seventh Avenue  
New York, New York 10019

Re: DealerTrack Holdings, Inc.—Public Offering

Ladies and Gentlemen:

The undersigned understands that you, as Representative of the several Underwriters, propose to enter into an Underwriting Agreement (the “Underwriting Agreement”) with DealerTrack Holdings, Inc., a Delaware corporation (the “Company”) and the selling shareholder named therein, providing for the public offering (the “Public Offering”) by the several Underwriters named in Schedule I to the Underwriting Agreement (the “Underwriters”), of common stock, par value \$0.01 per share, of the Company (the “Securities”). Capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Underwriting Agreement.

In consideration of the Underwriters’ agreement to purchase and make the Public Offering of the Securities, and for other good and valuable consideration receipt of which is hereby acknowledged, the undersigned hereby agrees that, without the prior written consent of Lehman Brothers Inc. on behalf of the Underwriters, the undersigned will not, during the period ending 90 days after the date of the prospectus relating to the Public Offering and that is first used to confirm sales of the Securities (the “Prospectus”), (1) offer, pledge, announce the intention to sell, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any shares of common stock, \$0.01 per share par value, of the Company (the “Common

Stock”) or any securities convertible into or exercisable or exchangeable for Common Stock (including without limitation, Common Stock which may be deemed to be beneficially owned by the undersigned in accordance with the rules and regulations of the Securities and Exchange Commission and securities which may be issued upon exercise of a stock option or warrant) or (2) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of the Common Stock, whether any such transaction described in clause (1) or (2) above is to be settled by delivery of Common Stock or such other securities, in cash or otherwise. In addition, the undersigned agrees that, without the prior written consent of Lehman Brothers Inc. on behalf of the Underwriters, it will not, during the period ending 90 days after the date of the Prospectus, make any demand for or exercise any right with respect to, the registration of any shares of Common Stock or any security convertible into or exercisable or exchangeable for Common Stock. The foregoing sentences shall not apply to (i) transactions relating to shares of Common Stock acquired in open market transactions after the Closing Date, (ii) transfers of shares of Common Stock as a bona fide gift, provided that (A) the Common Stock so transferred is subject to the terms of a duplicate form of this lock-up agreement and (B) no party, including the undersigned, shall be required to, nor shall it voluntarily, file a report under Section 16(a) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) in connection with such transfer (other than a filing on Form 5 made after the expiration of the 90-day restricted period referred to above), (iii) dispositions to any trust for the direct or indirect benefit of the undersigned and/or the immediate family of the undersigned, provided that (A) the Common Stock so disposed of is subject to the terms of a duplicate form of this lock-up agreement and (B) no party, including the undersigned, shall be required to, nor shall it voluntarily, file a report under Section 16(a) of the Exchange Act in connection with such disposition (other than a filing on Form 5 made after the expiration of the 90-day restricted period referred to above), (iv) pledges to any financial institution as collateral and foreclosures of such pledges, provided that the Common Stock so pledged is subject to the terms of a duplicate form of this lock-up agreement, (v) transfers by the undersigned to its affiliates, provided that the Common Stock so transferred is subject to the terms of a duplicate form of this lock-up agreement, (vi) dispositions or sales of shares of Common Stock under a written trading plan pursuant to Rule 10b5-1 under the Exchange Act (a “10b5-1 Plan”) adopted prior to October 1, 2007; (vii) the adoption of a 10b5-1 Plan, provided that (A) no dispositions or sales are made pursuant to such 10b5-1 Plan during the 90-day restricted period referred to above and (B) no party, including the undersigned, shall be required to, nor shall it voluntarily, file a report under Section 16(a) of the Exchange Act in connection with the adoption of such 10b5-1 Plan and (viii) the withholding of Common Stock by the Company in satisfaction of applicable withholding taxes upon the vesting of restricted Common Stock.

Notwithstanding the foregoing, if (1) during the last 17 days of the 90 day restricted period, the Company issues an earnings release or material news or a material event relating to the Company occurs; or (2) prior to the expiration of the 90-day restricted period, the Company announces that it will release earnings results during the 16-day period beginning on the last day of the 90-day period, the restrictions imposed by this lock-up agreement shall continue to apply until the expiration of the 18-day period beginning on the issuance of the earnings release or the occurrence of the material news or material event.

Any discretionary release, waiver or termination by Lehman Brothers Inc. of the provisions set forth in Section 6(a) of the Underwriting Agreement or in this lock-up agreement or

in any other similar lock-up agreement relating to the Public Offering shall be applied to all persons subject to such provisions (including the undersigned) pro rata based on the number of shares of Common Stock held by such persons.

In furtherance of the foregoing, the Company, and any duly appointed transfer agent for the registration or transfer of the securities described herein, are hereby authorized to decline to make any transfer of securities if such transfer would constitute a violation or breach of this lock-up agreement.

The undersigned hereby represents and warrants that the undersigned has full power and authority to enter into this lock-up agreement. All authority herein conferred or agreed to be conferred and any obligations of the undersigned shall be binding upon the successors, assigns, heirs or personal representatives of the undersigned.

This lock-up agreement shall lapse and become null and void if (i) the Underwriting Agreement does not become effective within 90 days of the date of this lock-up agreement, (ii) the registration statement filed with the Securities and Exchange Commission with respect to the Public Offering is withdrawn prior to the effectiveness of the Underwriting Agreement, (iii) the Company notifies Lehman Brothers Inc., prior to the effectiveness of the Underwriting Agreement, that it does not intend to proceed with the Public Offering, or (iv) the Underwriting Agreement (other than the provisions thereof which survive termination) shall terminate or be terminated prior to payment for and delivery of the Common Stock to be sold thereunder.

The undersigned understands that the Underwriters are entering into the Underwriting Agreement and proceeding with the Public Offering in reliance upon this lock-up agreement.

This lock-up agreement shall be governed by and construed in accordance with the laws of the State of New York, without regard to the conflict of laws principles thereof.

Very truly yours,

[NAME OF OFFICER/DIRECTOR]

By: \_\_\_\_\_

Name:

Title:

## FORM OF OPINION OF REED SMITH LLP

We have acted as special counsel for Credit Management Solutions, Inc., a Delaware corporation (the "Selling Stockholder"), in connection with the sale to the Underwriters (as defined below) by the Selling Stockholder of 2,500,000 shares of common stock, \$0.01 par value per share (the "Common Stock") of DealerTrack Holdings, Inc., a Delaware corporation (the "Company") (such shares of Common Stock, the "Shares"). We are furnishing this opinion letter to you pursuant to Section 8(i) of the Underwriting Agreement dated as of October 18, 2007 (the "Underwriting Agreement"), by and among the Company, the Selling Stockholder and you as the Representative of the several underwriters listed on Schedule I thereto (the "Underwriters"). Capitalized terms used herein without definition have the meanings ascribed to them in the Underwriting Agreement.

The Company's Registration Statement on Form S-3 (File No. 333-146729) filed by the Company with the Securities and Exchange Commission (the "Commission") on October 16, 2007, as amended, in the form in which it became effective on October 16, 2007 (the "Effective Date"), including the information deemed to be included in it at the time of effectiveness pursuant to Rule 430B of the Securities Act of 1933, as amended (the "Securities Act"), is referred to in this opinion letter as the "Registration Statement."

In rendering the opinions set forth herein, we have examined originals, photocopies or conformed copies of such records of the Company and the Selling Stockholder and such agreements, certificates of public officials, certificates of officers and representatives of the Company and the Selling Stockholder, and such other documents and have made such other investigations as we have deemed relevant and necessary as a basis for the opinions hereinafter expressed. In our examination, we have assumed (a) that the parties to the Underwriting Agreement (other than the Selling Stockholder) have the requisite power, corporate or other, to enter into and perform all of their obligations thereunder and have duly authorized, executed and delivered the Underwriting Agreement, (b) that each of such parties has the legal power to act in the respective capacity or capacities in which it is to act thereunder, (c) the authenticity of all documents submitted to us as originals, (d) the conformity to the original documents of all documents submitted to us as copies and (e) the genuineness of all signatures on all documents submitted to us. We have relied, as to factual matters, on certificates of officers of the Selling Stockholder (including, without limitation, the certificate attached hereto as Annex A) and on the representations and warranties of the Selling Stockholder made in the Underwriting Agreement.

Based on the foregoing, we advise you that in our opinion:

1. The Underwriting Agreement has been duly authorized, executed and delivered by the Selling Stockholder.

2. All consents, approvals, authorizations and orders necessary for the execution and delivery by the Selling Stockholder of the Underwriting Agreement, and for the sale and delivery of the Shares to be sold by the Selling Stockholder thereunder, have been obtained, except as may be required under applicable state securities laws in connection with the purchase and distribution of the Shares by the Underwriters and except for any such consents, approvals, authorizations or orders the failure of which to obtain would not, individually or in the aggregate, materially and adversely affect the ability of the Selling Stockholder to perform its obligations thereunder; and the Selling Stockholder has full right, power and authority to enter into the Underwriting

Agreement and to sell, assign, transfer and deliver the Shares to be sold by the Selling Stockholder thereunder.

3. The execution, delivery and performance by the Selling Stockholder of the Underwriting Agreement and the sale of the Shares to be sold by the Selling Stockholder will not (i) to our knowledge, conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Selling Stockholder pursuant to, any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which the Selling Stockholder is a party or by which the Selling Stockholder is bound or to which any of the property or assets of the Selling Stockholder is subject, (ii) result in any violation of the charter or by-laws of the Selling Stockholder or (iii) result in the violation of any law or statute, rule or regulation or, to our knowledge, any judgment or order of any court or arbitrator or governmental or regulatory agency applicable to the Selling Stockholder, except, in the case of clauses (i) and (iii) above, for any such conflicts, breaches, violations, defaults, liens, charges or encumbrances as would not, individually or in the aggregate, materially and adversely affect the ability of the Selling Stockholder to perform its obligations under the Underwriting Agreement.

4. Upon payment for the Shares to be sold by the Selling Stockholder as provided in the Underwriting Agreement and delivery of such Shares, as directed by the Representative, Cede & Co. (“Cede”) or such other nominee as may be designated by the Depository Trust Company (“DTC”), registration of such Shares in the name of Cede or such other nominee and the crediting of such Shares on the books of DTC to securities accounts of the Underwriters, (A) DTC shall be a “protected purchaser” of such Shares within the meaning of Section 8-303 of the Uniform Commercial Code as in effect in the State of New York (the “UCC”), (B) under section 8-501 of the UCC, the Underwriters will acquire security entitlements in respect of such Shares and (C) no action based solely on any “adverse claim” (as defined in Section 8-102 of the UCC) to such Shares may be asserted against the Underwriters with respect to such security entitlement (having assumed for this purpose that when such payment, delivery and crediting occur, (u) the Underwriters and DTC are acquiring such Shares in good faith without notice of any adverse claim (within the meaning of Section 8-105 of the UCC), (v) such Shares will have been registered in the name of Cede or another nominee designated by DTC, in each case on the Company’s share registry in accordance with its certificate of incorporation, by-laws and applicable law, (w) DTC will be registered as a “clearing corporation” within the meaning of Section 8-102 of the UCC, (x) appropriate entries to the account(s) of the Underwriters on the records of DTC will have been made pursuant to the UCC; (y) such account(s) of the Underwriters are “securities accounts” within the meaning of Section 8-501 of the UCC and (z) the securities intermediary’s jurisdiction (as determined pursuant to Section 8-110(e) of the UCC) with respect to such accounts is the State of New York).

In rendering these opinions, we express no opinion as to the laws of any jurisdictions other than the laws of the State of New York, the General Corporation Law of the State of Delaware and the federal securities laws of the United States of America. The opinions expressed herein are limited to the laws of the State of New York and the federal laws of the United States. We express no opinion as to the effect on the matters covered by this letter of the laws of any other jurisdiction.

The opinions expressed herein are rendered as of the date hereof, are being furnished solely for your use in connection with this transaction and, without our express prior written consent, shall not be otherwise relied upon, circulated or quoted in whole or in part or otherwise referred to in any report or document or furnished to any person or entity.

## Pricing Information Provided Orally by the Underwriters

1. Price to public: \$46.40 per share
2. Size of the offering:
  - 2,000,000 Shares by the Company
  - 2,500,000 Shares by the Selling Stockholder
  - up to 300,000 Option Shares by the Company
  - up to 375,000 Option Shares by the Selling Stockholder

Filed Issuer Free Writing Prospectus

1. None