

DealerTrack Holdings, Inc.  
Form S-1/A  
September 25, 2006

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**As filed with the Securities and Exchange Commission on September 25, 2006**

**Registration No. 333-136929**

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

**Amendment No. 1  
to  
Form S-1  
REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933**

**DealerTrack Holdings, Inc.**

*(Exact name of registrant as specified in its charter)*

**Delaware**  
*(State or other jurisdiction of  
incorporation or organization)*

**52-2336218**  
*(I.R.S. Employer  
Identification No.)*

**7373**  
*(Primary Standard Industrial  
Classification Code Number)*

**1111 Marcus Avenue  
Suite M04  
Lake Success, New York 11042  
(516) 734-3600**  
*(Address, including zip code, and telephone number,  
including area code, of the registrant's principal executive offices)*

**Eric D. Jacobs, Esq.  
Senior Vice President, General Counsel and Secretary  
DealerTrack Holdings, Inc.  
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(516) 734-3600**  
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including area code, of agent for service)*

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**Approximate date of commencement of proposed sale to the public:** As soon as practicable after the effective date of this registration statement.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box.

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box.

**The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.**

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The information in this preliminary prospectus is not complete and may be changed. Neither we nor the selling stockholders may sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Subject to Completion, dated September 25, 2006

**PROSPECTUS**

9,000,000 Shares  
Common Stock

This is an offering of 9,000,000 shares of common stock of DealerTrack Holdings, Inc. We are offering 2,750,000 shares of our common stock and the selling stockholders identified in this prospectus, including an affiliate of an underwriter, are offering an additional 6,250,000 shares of our common stock. We will not receive any proceeds from the sale of shares of our common stock by the selling stockholders.

Our common stock is quoted on The NASDAQ Global Market under the symbol TRAK. The last reported trading price of our common stock on September 22, 2006 was \$22.39 per share.

An affiliate of Wachovia Capital Markets, LLC, an underwriter, is a selling stockholder in this offering and after giving effect to this offering will own 2.4% of our common stock. For more information, see Prospectus Summary Transactions and Relationships with Certain of the Underwriters and Their Affiliates, Risk Factors Risks Relating to this Offering Risks relating to transactions and relationships with certain of our stockholders, the underwriters and their respective affiliates, Related Party Transactions and Underwriting Relationships; NASD Conduct Rules.

*Investing in our common stock involves risks. See Risk Factors beginning on page 11 of this prospectus.*

	<b>Per Share</b>	<b>Total</b>
Price to the public	\$	\$
Underwriting discounts and commissions	\$	\$
Proceeds to DealerTrack (before expenses)	\$	\$
Proceeds to the selling stockholders (before expenses)	\$	\$

The selling stockholders have granted the underwriters the option to purchase 1,350,000 additional shares of our common stock on the same terms and conditions set forth above if the underwriters sell more than 9,000,000 shares of our common stock in this offering.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed on the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

Lehman Brothers, on behalf of the underwriters, expects to deliver the shares on or about \_\_\_\_\_, 2006.

**Lehman Brothers**

**William Blair & Company**

**Deutsche Bank Securities**

**Cowen and Company**

**Wachovia Securities**

**JMP Securities**

**Thomas Weisel Partners LLC**

, 2006

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You should rely only on the information contained in this prospectus. We and the selling stockholders have not, and the underwriters have not, authorized anyone to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We and the selling stockholders are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where an offer or sale is not permitted. You should assume that the information appearing in this prospectus is accurate as of the date on the front cover of this prospectus only, regardless of the time of delivery of this prospectus or of any sale of shares of our common stock. Our business, prospects, financial condition and results of operations may have changed since that date.

No action is being taken in any jurisdiction outside the United States to permit a public offering of the shares of our common stock or possession or distribution of this prospectus in that jurisdiction. Persons who come into possession of this prospectus in jurisdictions outside the United States are required to inform themselves about and to observe any restrictions as to this offering and the distribution of this prospectus applicable to that jurisdiction.

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**PROSPECTUS SUMMARY**

*This summary highlights information contained elsewhere in this prospectus. Although we believe this summary is materially complete, before making an investment decision, you should read this entire prospectus carefully, including the matters set forth under Risk Factors, Unaudited Combined Condensed Pro Forma Financial Information, Management's Discussion and Analysis of Financial Condition and Results of Operations, our consolidated financial statements and the notes thereto and the financial statements and related notes thereto for each of Chrome Systems Corporation ( Chrome ), NAT Holdings, Inc. ( NAT ), Automotive Lease Guide (alg), LLC and its affiliate (collectively, ALG ) and Global Fax, L.L.C. ( Global Fax ) appearing elsewhere in this prospectus. Unless the context requires otherwise, references in this prospectus to DealerTrack, we, us and our refer to DealerTrack Holdings, Inc. and its subsidiaries on a consolidated basis. Except as otherwise indicated, the information in this prospectus assumes that the underwriters do not exercise their over-allotment option.*

**Our Business**

DealerTrack is a leading provider of on-demand software, network and data solutions for the automotive retail industry in the United States. Utilizing the Internet, DealerTrack has built a network connecting automotive dealers with banks, finance companies, credit unions and other financing sources, and other service and information providers, such as aftermarket providers and the major credit reporting agencies. We have established a network of active relationships, which, as of June 30, 2006, consisted of over 22,000 dealers, including over 85% of all franchised dealers in the United States; over 240 financing sources, including the 20 largest independent financing sources in the United States; and a number of other service and information providers to the automotive retail industry. Our credit application processing product enables dealers to automate and accelerate the indirect automotive financing process by increasing the speed of communications between these dealers and their financing sources. We have leveraged our leading market position in credit application processing to address other inefficiencies in the automotive retail industry value chain. We believe our proven network provides a competitive advantage for distribution of our software and data solutions. Our integrated subscription-based software products and services enable our dealer customers to receive valuable consumer leads, compare various financing and leasing options and programs, sell insurance and other aftermarket products, analyze inventory, document compliance with certain laws and execute financing contracts electronically. We have also created efficiencies for financing source customers by providing a comprehensive digital and electronic contracting solution. In addition, we offer data and other products and services to various industry participants, including lease residual value and automobile configuration data.

Traditionally, the workflow processes in each stage of the automotive retail industry value chain have been manual and paper intensive and/or performed on stand-alone legacy systems, resulting in inefficiencies. In contrast to most dealer legacy systems, our web-based solutions are open and flexible, and integrate with other widely used software systems. Our network improves efficiency and reduces processing time for dealers, financing sources, and other participants, and integrates the products and services of other information and service providers, such as credit reporting agencies and aftermarket providers. We primarily generate revenue on either a transaction or subscription basis, depending on the customer and the product or service provided.

We began our principal business operations in February 2001 with the introduction of our credit application processing product and completed our initial public offering in December 2005. For the six month period ended June 30, 2006, transaction services revenue and subscription services revenue increased by \$14.2 million, or 37%, and \$12.5 million, or 104%, respectively, from the prior corresponding period. Since our initial public offering in December 2005, we have added new dealers, financing sources and other participants to the network, successfully closed three acquisitions and introduced new products and services. As a result, we have increased our total addressable market by enhancing our offering of products and services, and expanding our network of relationships.

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**Our Solutions**

We believe our suite of integrated on-demand software, network and data solutions addresses many of the inefficiencies in the automotive retail industry value chain. We believe our solutions deliver benefits to dealers, financing sources, aftermarket providers and other service and information providers.

*Dealers.* We offer franchised and independent dealers an integrated suite of on-demand sales and finance solutions that significantly shorten financing processing times, allowing dealers to spend more time selling automobiles and aftermarket products. Traditionally, dealers and financing sources have relied on the fax method of processing credit applications. This cumbersome process limited the range of financing options available to dealers and delayed the availability of financing. Our automated, web-based credit application processing product allows dealers to originate and route their consumers' credit application information electronically. In addition, our suite of complementary subscription products and services allows dealers to integrate and better manage their business processes across the automotive retail industry value chain. For example, we offer a product that allows dealers to compare deal configurations from one or multiple financing and leasing sources on a real-time basis, which is referred to in the industry as *deskings*. We also offer a product that allows dealers and consumers to complete finance contracts electronically, which a dealer can transmit to participating financing sources for funding, further streamlining the financing process and reducing transaction costs for both dealers and financing sources. Our products and services, when used together, form a more seamless sales and finance solution that integrates with other widely used software systems. As of June 30, 2006, an aggregate of 18,064 of our existing product subscriptions had been purchased by approximately 9,371 dealers active in our network.

*Financing Sources.* Our on-demand credit application processing product and our electronic contracting and digital contract processing solution eliminate expensive and time-consuming inefficiencies in legacy paper systems, and thereby decrease financing sources' costs of originating loans and leases. Typically, consumers who obtain financing to purchase an automobile do so either indirectly through a dealership or directly from a financing source. In indirect financings, the dealer submits the consumer's credit application information to one or multiple financing sources to obtain approval for the financing. We electronically transmit complete credit application and contract data through our network, reducing costs and errors and improving efficiency for both prime and non-prime financing sources. We believe that financing sources that utilize our solution experience a significant competitive advantage over financing sources that rely on the legacy paper and fax processes. We believe that a substantial majority of our financing source customers' collective indirect credit application volume is processed through our network.

*Aftermarket Providers.* Our recently launched DealerTrack Aftermarket Network™ gives dealers access to real-time contract rating information and quote generation and will provide digital contracting for aftermarket products and services. The aftermarket sales and contracting process was previously executed through individual aftermarket providers' websites or through a cumbersome paper-based process prone to frequent delays and errors. Our on-demand connection between dealers and aftermarket providers creates a faster process, improves accuracy, and eliminates duplicate data entry for both dealers and aftermarket providers. We believe that this more efficient process combined with the use of our on-demand electronic menu product will make it possible for dealers to more effectively sell aftermarket products and services. We expect that all categories of aftermarket products and services will participate in the network, including vehicle recovery systems, extended service contracts, and credit, life and disability insurance. We also believe that aftermarket providers will be able to expand their reach to acquire a broader base of dealer customers through our network. As of June 30, 2006, ten aftermarket providers have agreed to join the DealerTrack Aftermarket Network™.

*Other Service and Information Providers.* Our web-based solutions enable other third-party service and information providers, such as the major credit reporting agencies, to securely deliver data, products and services more broadly and efficiently to their customers. Their participation in our network also increases the value of our integrated solutions to our dealer customers.



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### **Our Competitive Strengths**

We believe that the following strengths provide us with competitive advantages in the marketplace:

*Leading Market Position.* As of June 30, 2006, we had active relationships with over 22,000 dealers, including over 85% of all franchised dealers in the United States; over 240 financing sources, including the 20 largest independent financing sources in the United States and nine captive financing sources; and a number of other service and information providers. We believe we are also the market leader in desking, electronic contracting and residual value data for the automotive finance industry. The combination of our network of relationships and our market leading positions provides us with significant competitive advantages, including our ability to maximize cross-selling opportunities for our products and services to all of our customers and to expand the wide range of participants in our network. We believe that customers who regularly use one of our solutions are more inclined to use one or more of our other solutions.

*Flexible Web-Based Delivery Model.* Our customers are able to access our highly specialized applications on-demand rather than incurring the expense and difficulty of installing and maintaining them independently. In addition, our open architecture facilitates integration with certain existing systems of our dealer customers, financing sources and other service and information providers. We believe our flexible web-based delivery model enhances our customers' operating efficiency and reduces their total operating costs.

*Broad and Integrated Suite of Solutions.* Our broad range of integrated on-demand software products and services improves our customers' operating efficiency in the pre-sales marketing and prospecting, sales, and finance and insurance stages of the automotive retail industry value chain. Our integrated product suite eliminates the need for duplicative data entry and allows for the electronic transmission of data to and from selected third parties, which we believe provides us with a competitive advantage over those of our competitors with less integrated product offerings.

*Independent Network.* Our web-based network is independent and does not give any one financing source preference over any other financing source. We believe that this neutral approach makes our network more appealing to both dealers and financing sources than captive alternatives that favor financing sources owned or controlled by one or more automobile manufacturers.

*Proven Acquisition Strategy.* We have successfully completed several acquisitions that we believe have increased our market share and/or provided us with products, services and technologies that are complementary to our existing product and service offerings. We believe that our success in completing these acquisitions and integrating them into our business has allowed us to maintain our leadership position in the industry, enhance our network of relationships and accelerate our growth.

### **Our Growth Strategy**

Our growth strategy is to leverage our position as a leading provider of on-demand software products and services to the U.S. automotive retail industry. Key elements of our growth strategy are:

*Sell Additional Products and Services to Our Existing Customers.* Many of our subscription-based products and services have been recently introduced to our customers. As a result, we believe that a significant market opportunity exists for us to sell additional products and services to the approximately 57% of our over 22,000 active dealer customers who utilize our credit application processing product, but do not yet subscribe to one or more of our subscription-based products or services. Similarly, the over 240 financing sources that utilize our credit application product represent a market opportunity for us to sell our electronic contracting and digital contract processing solution, which less than 10% of our financing source customers have implemented to date.

*Expand Our Customer Base.* We intend to increase our market penetration by expanding our dealer and financing source customer base and the number of other information and service providers connected to our network through the efforts of our direct sales force, management outreach and business development activities. Although we currently enjoy active relationships with over 85% of all franchised dealers in the United States, currently less than 10% of the approximately 45,000 independent dealerships in the United States are active in our network. We believe that we are well positioned to increase the number of these active dealer relationships.

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While we had over 240 active financing source customers as of June 30, 2006, we will focus on adding the captive financing affiliates of foreign automotive manufacturers, as well as select regional banks, financing companies and other financing sources to our network. We also intend to increase the number of other service and information providers in our network by adding, among others, insurance and other aftermarket service providers.

*Expand Our Product and Service Offerings.* We expect to expand our suite of products and services to address the evolving needs of our customers. We recently launched the DealerTrack Aftermarket Network™, which gives dealers access to real-time contract rating information and quote generation and will provide digital contracting for aftermarket products and services. We also expect to take advantage of additional opportunities to enter new markets adjacent to our current products and services.

*Pursue Acquisitions and Strategic Alliances.* We intend to continue to grow and advance our business through acquisitions and strategic alliances. We believe that acquisitions and strategic alliances will allow us to enhance our product and service offerings, sell new products that utilize our network, improve our technology and/or increase our market share.

### **Recent Developments**

#### ***Performance Since Our Initial Public Offering***

Since our initial public offering we have:

added nearly 1,000 dealers to our network for a total of over 22,000 active dealers;

added over 50 financing sources for a total of over 250 active financing sources;

increased subscription-based product penetration of our existing dealer base from 35% to 43% through cross-selling our products and services;

successfully closed three additional acquisitions; and

signed seven additional aftermarket providers to our recently launched DealerTrack Aftermarket Network™ for a total of eleven aftermarket providers.

#### ***Acquisitions***

On August 1, 2006, we acquired substantially all of the assets and certain liabilities of DealerWare LLC for a purchase price of \$5.2 million in cash (including estimated direct acquisition costs of approximately \$0.2 million). DealerWare is a provider of automotive menu-selling and other dealership software.

On May 3, 2006, we acquired substantially all of the assets and certain liabilities of Global Fax for a purchase price of \$24.5 million in cash (including estimated direct acquisition costs of approximately \$0.3 million). Under the terms of the asset purchase agreement, we have future contingent payment obligations of up to an aggregate of \$2.4 million in cash to be paid based on the amount of revenue derived by us from the sale of certain services through the end of 2006. Global Fax provides outsourced document scanning, storage, data entry and retrieval services for automotive financing customers.

On February 2, 2006, we acquired substantially all of the assets and certain liabilities of WiredLogic, Inc., doing business as DealerWire, Inc. The aggregate purchase price was \$6.0 million in cash (including estimated direct acquisition costs of approximately \$0.1 million). Under the terms of the asset purchase agreement, we have future contingent payment obligations of up to \$0.5 million in cash if new subscribers to the DealerWire® product increase to a certain number by February 28, 2007. DealerWire evaluates a dealership's sales and inventory performance by vehicle make, model and trim, including information about unit sales, costs, days to turn and front-end gross profit.

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**Transactions and Relationships with Certain of the Underwriters and Their Affiliates**

We have engaged in transactions and established relationships with certain of the underwriters and their affiliates, including Lehman Brothers Inc. ( Lehman Brothers ) and Wachovia Capital Markets, LLC ( Wachovia ). In particular, one affiliate of Wachovia is a stockholder that is selling shares of our common stock in this offering and two affiliates of Wachovia are significant customers of ours. Additionally, an affiliate of each of Lehman Brothers and Wachovia is a lender under our credit facility. These transactions and relationships are more fully described below.

Two affiliates of Wachovia are financing source customers of ours.

The financing source affiliates of Wachovia use competing technology and systems in addition to ours, including their own proprietary services. They currently originate automotive finance business by means other than our credit application processing product and we expect that they will continue to do so in the future.

In the ordinary course of their business, the underwriters or their affiliates have engaged, are engaged and may in the future engage in investment banking and financial advisory transactions with us, our affiliates or our significant stockholders, including Lehman Brothers' role as financial advisor and its delivery of a fairness opinion to an affiliate of one of our significant stockholders, The First American Corporation, in connection with First Advantage Corporation's acquisition of the companies and assets comprising the credit information segment of The First American Corporation.

For more information, see Risk Factors Risks Relating to Our Business. We are dependent on several customers that are affiliates of some of our current and previous major stockholders, Risk Factors Risks Relating to this Offering Risks relating to transactions and relationships with certain of our stockholders, the underwriters and their respective affiliates, Related Party Transactions and Underwriting Relationships; NASD Conduct Rules.

**Company Information**

We are a Delaware corporation formed in August 2001 in connection with the combination of DealerTrack, Inc., which commenced operations in February 2001, and webalg, inc., which commenced operations in April 2000. Our principal executive offices are located at 1111 Marcus Avenue, Suite M04, Lake Success, New York 11042. Our telephone number is (516) 734-3600 and our website address is www.dealertrack.com. The information contained on our website is not part of this prospectus.

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**The Offering**

Common stock offered by us 2,750,000 shares

Common stock offered by the selling stockholders 6,250,000 shares

Common stock to be outstanding after this offering 38,511,812 shares(1)

Use of proceeds Assuming a public offering price of \$22.39 per share (the last reported sale price of our common stock on The NASDAQ Global Market on September 22, 2006), we will receive net proceeds from this offering of approximately \$57.6 million, which will be used for general corporate purposes. We will have broad discretion as to the use of these proceeds and may apply them to product development efforts, acquisitions or strategic alliances. We will not receive any of the net proceeds from the sale of shares of our common stock by the selling stockholders. For more information, see Use of Proceeds.

NASDAQ Global Market symbol TRAK

(1) The total number of shares of our common stock to be outstanding after this offering is based on the number of shares outstanding as of June 30, 2006 and excludes:

4,086,216 shares of our common stock issuable upon exercise of outstanding stock options at a weighted average exercise price of \$9.03 per share, of which 1,778,089 options were exercisable as of June 30, 2006; and

1,144,078 shares of our common stock currently reserved for future issuance under our 2005 Incentive Award Plan as of June 30, 2006.

Except as otherwise indicated, the information in this prospectus assumes that the underwriters do not exercise their over-allotment option.

**Risk Factors**

See Risk Factors beginning on page 11 and other information included in this prospectus for a discussion of factors you should carefully consider before deciding to invest in shares of our common stock.



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Diluted net (loss) income per share applicable to common stockholders(3)	\$ (1,000.30)	\$ 0.02	\$ 0.12	\$ 0.07	\$ 0.22
Weighted average shares outstanding	3,288	40,219	2,290,439	567,302	35,335,493
Average shares outstanding assuming dilution	3,288	1,025,248	3,188,180	1,052,763	36,878,342

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	Year Ended December 31,			Six Months Ended June 30,	
	2003	2004	2005	2005	2006
	(Unaudited)				
	(In thousands, except for non-financial data)				
<b>Other Data:</b>					
EBITDA(4) (unaudited)	\$ 7,746	\$ 18,595	\$ 32,594	\$ 14,405	\$ 24,174
Capital expenditures, software and website development costs	\$ 3,717	\$ 4,407	\$ 10,746	\$ 4,899	\$ 7,322
Active dealers in the network as of end of period(5) (unaudited)	15,999	19,150	21,155	20,742	22,031
Active financing sources in the network as of end of period(6) (unaudited)	59	109	201	141	243
Transactions processed(7) (unaudited)	22,995,715	33,964,195	52,474,635	25,022,523	33,157,259
Product subscriptions as of end of period(8) (unaudited)	3,030	7,705	14,473	11,351	18,064

	As of	As of	As of	As of June 30,
	December 31,	December 31,	June 30,	2006
	2004	2005	2006	As Adjusted(9)
	(Unaudited)			
	(In thousands)			
<b>Consolidated Balance Sheets Data:</b>				
Cash and cash equivalents	\$ 21,753	\$ 103,264	\$ 25,519	\$ 83,142
Short-term investments			60,500	60,500
Working capital(10)	24,421	101,561	88,761	146,384
Total assets	76,681	220,615	232,961	290,584
Due to acquirees (long- and short-term), capital lease obligations (long- and short-term) and other long-term liabilities	7,999	9,984	11,452	11,452
Total redeemable convertible participating preferred stock	72,226			
Accumulated deficit	(25,034)	(20,566)	(12,475)	(12,475)
Total stockholders (deficit) equity	(20,001)	186,671	200,049	257,672

	Year Ended December 31,			Six Months Ended June 30,	
	2003	2004	2005	2005	2006

		<b>(In thousands)</b>			<b>(Unaudited)</b>	
(1)	Related party revenue	\$ 13,717	\$ 19,070	\$ 29,021	\$ 13,371	\$ 20,319
	Related party cost of revenue	3,985	3,306	3,216	1,676	1,809

- (2) We recorded non-cash charges for compensation expense resulting from certain stock option and restricted common stock grants for the years ended December 31, 2004 and 2005 and the six months ended June 30, 2005 and 2006. Stock-based compensation recorded for the years ended December 31, 2004 and 2005 and the six months ended June 30, 2005 and June 30, 2006 was classified as follows:

	<b>Year Ended December 31,</b>		<b>Six Months Ended June 30,</b>	
	<b>2004</b>	<b>2005</b>	<b>2005</b>	<b>2006</b>
	<b>(Unaudited)</b>			
	<b>(In thousands)</b>			
Cost of revenue	\$ 286	\$ 295	\$ 108	\$ 524
Product development	84	95	40	168
Selling, general and administrative	1,263	1,600	517	