

Dolan Media CO
Form DEF 14A
April 03, 2009

Table of Contents

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

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

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

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

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

DOLAN MEDIA COMPANY

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

No fee required.

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

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

(2) Aggregate number of securities to which transaction applies:

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

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

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

(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

Persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number

Table of Contents

April 3, 2009

Dear Stockholder:

I am pleased to invite you to attend Dolan Media Company's Annual Meeting of Stockholders, which we will hold on May 15, 2009, at the Minneapolis Club, 729 Second Avenue South, Minneapolis, MN 55402. The meeting will begin promptly at 9:00 a.m., central time.

Please read the accompanying Notice of Annual Meeting and Proxy Statement for more details about the annual meeting and matters that will be presented to stockholders for a vote.

I, and other members of our management team, will be available to respond to your questions and comments. We look forward to this opportunity to communicate directly with our stockholders and share information about our operations and activities and hope that you are able to join us.

Your vote is very important to us. Whether you own a few shares or many, it is important that your shares are represented at our annual meeting. If you cannot attend the annual meeting in person, please vote as soon as possible. We offer three convenient ways for you to vote on the Internet (which we recommend), by telephone, or, if you requested a paper copy of these materials, by completing and mailing the proxy card in the postage-paid envelope provided. Instructions regarding these voting options are described in the Notice of Internet Availability of Proxy Materials we mailed to you and on the proxy card, if you requested one be sent to you.

We appreciate your continued support of Dolan Media Company and look forward to meeting you at our annual meeting.

Very truly yours,

/s/ James P. Dolan
James P. Dolan
Chairman, Chief Executive Officer and President

Table of Contents

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

Dolan Media Company will hold its Annual Meeting of Stockholders as follows:

Date and Time May 15, 2009, 9:00 a.m. (central time)

Place Minneapolis Club
729 Second Avenue South
Minneapolis, MN 55402

Items of Business

1. To elect the two Class II directors nominated by our Board to serve for a period of three years;
2. To ratify the Audit Committee's appointment of McGladrey & Pullen, LLP as our independent registered public accounting firm for 2009; and
3. To act upon any other business as may properly come before the stockholders at the Annual Meeting.

Record Date If you were a stockholder of record at the close of business on March 19, 2009, you are entitled to vote at our Annual Meeting on the items of business identified above.

Proxy Voting Your vote is important. If you are unable to attend our Annual Meeting, you may vote your shares by proxy over the Internet (which our Board recommends), by telephone or, if you requested a paper copy of these materials, by completing, signing and returning a proxy card in the envelope provided. For specific instructions on how to vote your shares, please refer to the instructions on the Notice of Internet Availability of Proxy Materials that we mailed to you or your proxy card if you requested one. If you are voting by proxy, we must receive your vote no later than (1) 11:59 p.m., eastern time, on May 14, 2009, if you are voting on the Internet or by telephone, or (2) 6:00 p.m., central time, on May 14, 2009, if you are voting by mail. We encourage you to vote by proxy even if you plan to attend the meeting in person. If you attend the meeting in person, you can revoke your proxy and vote in person if you so desire.

Adjournments and Postponements Our stockholders may consider any item of business described above at the Annual Meeting at the time and the date specified in this Notice of Annual Meeting or at any other time or date to which the Annual Meeting has been properly adjourned or postponed.

Notice of Internet Availability of Proxy Materials We mailed our Notice of Internet Availability of Proxy Materials on or about April 3, 2009. Our proxy statement and annual report to stockholders for the year ended December 31, 2008, are available at www.proxyvote.com. Our annual report contains financial and other

Edgar Filing: Dolan Media CO - Form DEF 14A

information about us, including our Form 10-K. You will need your 12-digit control identification number to access these materials. The control identification number is included on the Notice of Internet Availability of Proxy Materials that you received from us in the mail.

By Order of the Board of Directors,

/s/ Vicki J. Duncomb

Vicki J. Duncomb, Corporate Secretary

<u>PROXY STATEMENT</u>	1
<u>Proposals You Are Asked to Vote on and the Board's Voting Recommendation</u>	1
<u>Stockholders Entitled to Vote at Annual Meeting</u>	1
<u>Voting Requirements</u>	2
<u>Counting Votes</u>	2
<u>How To Vote</u>	2
<u>Attending the Annual Meeting</u>	3
<u>Changing Your Vote</u>	3
<u>Delivery of Proxy Materials</u>	3
<u>Stockholders List</u>	4
<u>Proxy Solicitation Costs</u>	4
<u>Transfer Agent</u>	4
<u>COMPANY GOVERNANCE</u>	5
<u>Corporate Governance Guidelines</u>	5
<u>Our Codes of Ethics and Business Conduct Policies</u>	5
<u>Related Party Transactions and Policies</u>	6
<u>BOARD COMMITTEES AND COMMITTEE MEMBERSHIP</u>	9
<u>Executive Sessions of Non-Management Directors and Lead Independent Director</u>	12
<u>Director Compensation</u>	12
<u>Director Independence</u>	15
<u>Director Nominations</u>	17
<u>Requirements for Submission of Stockholder Proposals</u>	17
<u>Communications with the Company and our Board</u>	18
<u>PROPOSALS</u>	19
<u>Proposal 1 Election of Directors</u>	19
<u>Proposal 2 Ratification of Appointment of Independent Registered Public Accounting Firm</u>	21
<u>AUDIT COMMITTEE REPORT</u>	22
<u>AUDIT COMMITTEE MATTERS</u>	23
<u>Fees of the Independent Registered Public Accounting Firm</u>	23
<u>Audit Committee Policy on Pre-Approval of Audit and Permissible Non-Audit Services</u>	23
<u>EXECUTIVE OFFICERS</u>	25
<u>COMPENSATION DISCUSSION AND ANALYSIS</u>	26
<u>Overview</u>	26
<u>Compensation Philosophy and Objectives</u>	26
<u>History</u>	26
<u>Compensation Components</u>	27
<u>Severance Arrangements and Change in Control Plan</u>	31
<u>Policies Related to Compensation</u>	32
<u>Compliance with Sections 162(m) and 409A</u>	32
<u>COMPENSATION COMMITTEE REPORT</u>	33
<u>EXECUTIVE COMPENSATION</u>	34
<u>Summary Compensation Table</u>	34
<u>Employment Agreements</u>	35
<u>Grants of Plan-Based Awards in 2008</u>	38
<u>Outstanding Equity Awards at Year End 2008</u>	39
<u>Option Exercises and Stock Vested for 2008</u>	39
<u>Non-qualified Deferred Compensation for 2008</u>	39
<u>Pension Benefits</u>	39

<u>Potential Payments Upon Termination or Change in Control</u>	40
<u>COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION</u>	48
<u>PRINCIPAL STOCKHOLDERS AND BENEFICIAL OWNERSHIP OF DIRECTORS AND EXECUTIVE OFFICERS</u>	49
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	51

Table of Contents

PROXY STATEMENT

**Annual Meeting of Stockholders
May 15, 2009**

Our Board of Directors is soliciting proxies for the 2009 Annual Meeting of Stockholders and we are providing these proxy materials in connection with that solicitation. You are receiving these proxy materials because you owned shares of our common stock on March 19, 2009, and are entitled to vote at the Annual Meeting. If you are unable to attend the Annual Meeting in person, you may vote your shares by proxy. This proxy statement describes the proposals that we would like you to consider and vote on and provides additional information to you relating to these proposals so that you can make an informed decision.

Proposals You Are Asked to Vote on and the Board's Voting Recommendation

You will be asked to vote on two proposals at the Annual Meeting. Our Board recommends that you vote your shares for these proposals as indicated below:

Proposal	Board's Voting Recommendation
1. The election of Anton J. Christianson and Jacques Massicotte as Class II Directors	FOR
2. The ratification of the appointment of McGladrey & Pullen, LLP as our independent registered public accounting firm for 2009	FOR

The Board is not aware of any other matters to be presented to you for a vote at the annual meeting. If you grant a proxy by the Internet, telephone or by signing and returning a proxy card by mail, James P. Dolan, our chairman, chief executive officer and president, and Scott J. Pollei, our executive vice president and chief financial officer, or either of them, may, as your proxies, vote your shares in their discretion for any additional matters that properly come before the stockholders at the annual meeting. Further, if any director candidate is unavailable to serve as director prior to the election at the annual meeting, Messrs. Dolan and Pollei, or either of them, will vote your proxy for another candidate nominated by our Board unless our Board allows the vacancy to remain open or reduces the size of our Board.

Stockholders Entitled to Vote at Annual Meeting

If you owned shares of our common stock at the close of business on March 19, 2009, the record date, you may vote at the annual meeting. On that date, there were 29,951,363 shares of common stock outstanding. You have one vote for each share of common stock you held on that date. This includes shares for which you are the stockholder of record and those for which you are the beneficial owner.

You are the *Stockholder of Record* if your shares are registered directly in your name with our transfer agent, BNY Mellon Shareholder Services. Because you are the stockholder of record, we have made these proxy materials

available to you directly and you may grant your voting proxy directly to us or vote in person at the annual meeting.

You are a *Beneficial Owner* if your shares are held in a stock brokerage account or by another person, as nominee, on your behalf (sometimes referred to as being held in street name). Because you are a beneficial owner, your broker or nominee is making these proxy materials available to you and will provide you a voting instruction card to use. You must use this voting card or follow its instructions regarding voting on the Internet or by telephone to instruct your broker or nominee as to how you would like to vote your shares. You are invited to attend the annual meeting, but may not vote your shares in

Table of Contents

person at the meeting, unless you receive a proxy from your broker or nominee and are present at the meeting.

Voting Requirements

We need a majority of the votes that could be cast by stockholders entitled to vote, present in person at the annual meeting or represented by proxy, to constitute a quorum for the transaction of business at this meeting. We count abstentions and broker non-votes, if applicable, as present and entitled to vote for purposes of determining a quorum.

The nominees for director will be elected by a plurality of the votes of the shares present and entitled to vote at the meeting, whether in person or by proxy. A plurality means the nominees receiving the largest number of votes cast at the meeting will be elected for the available director positions. It is possible that a plurality might not be a majority of the votes cast at the meeting in person or by proxies. Ratifying the appointment of McGladrey & Pullen, LLP and approving all other matters that are properly presented to the stockholders at the annual meeting require the affirmative For vote by a majority of the votes of the shares present and entitled to vote at the meeting, whether in person or by proxy.

A broker non-vote occurs when a beneficial owner fails to provide voting instructions to his/her broker or nominee with respect to a matter which the broker or nominee indicates when voting by proxy that it does not have the discretionary authority to vote on such matter. We believe that brokers or nominees have discretionary authority to vote shares held by beneficial owners with respect to the two proposals. Therefore, if you are a beneficial owner, to ensure that your shares are voted in the manner you wish, please provide voting instructions to your broker or nominee.

Counting Votes

You may either vote FOR or WITHHOLD authority to vote for the nominees for the Board of Directors. You may either vote FOR, AGAINST, or ABSTAIN on any other proposals, including the proposal to ratify our Audit Committee's appointment of McGladrey & Pullen, LLP. Withholding your authority to vote for a nominee and broker non-votes, if applicable, will not affect the outcome of the elections. If you ABSTAIN from voting on this proposal, your vote will be counted as a vote AGAINST this proposal. Broker non-votes, if applicable, will not affect the outcome of this proposal. If you sign and mail a proxy card, but do not include voting instructions, the proxies will vote your shares FOR the nominees for the Board of Directors, FOR the ratification of McGladrey & Pullen, LLP as our independent registered accounting firm and, in their discretion, as to any other matter that may properly come before the stockholders at the Annual Meeting.

A representative of Broadridge Financial Solutions, Inc. will tabulate the votes represented in person or by proxy at our annual meeting and act as the inspectors of the election.

How To Vote

Please refer to *Stockholders Eligible to Vote* to determine if you are the Stockholder of Record of your shares or if you are a Beneficial Owner of your shares.

Stockholders of Record may vote their shares in person at the annual meeting or by granting a proxy. If you are a stockholder of record, you may vote by proxy on the Internet (which our Board recommends) or by telephone by following the voting instructions set forth on the Notice of Internet Availability of Proxy Materials you received. If you requested a paper copy of our proxy materials, you may also vote by marking, signing and dating the proxy card and mailing it to us in the envelope provided. Please sign your name exactly as it appears on your proxy card.

Internet and telephone voting ends at 11:59 p.m., eastern time, on May 14, 2009.

If you mail your proxy card, we must receive it no later than 6:00 p.m. central time, on May 14, 2009, for your vote to be counted at the annual meeting.

Table of Contents

We encourage you to vote by proxy even if you plan to attend the annual meeting in person.

Please refer to *Changing your Vote* for more information about the effect of your proxy if you vote in person at the annual meeting.

Beneficial Owners may vote their shares by providing voting instructions to their broker or nominee before our annual meeting. If you are a beneficial owner, you may not vote your shares in person at our annual meeting unless you obtain and present at the annual meeting a proxy from your broker or nominee; however, you may attend the annual meeting.

If you received more than one Notice of Internet Availability of Proxy Materials, you hold shares registered in more than one name. This sometimes occurs when a stockholder holds shares in his/her own name and then also in a representative capacity, such as a trustee on behalf of a trust. Please vote all shares for which you received a Notice of Internet Availability of Proxy Materials so that you can ensure all of your shares are represented at the meeting.

Attending the Annual Meeting

The annual meeting begins promptly at 9:00 a.m., central time. Please arrive no later than 8:30 a.m. to allow us to register your attendance and to ensure that we start the meeting on time. You must bring a valid driver's license or other proof of identification.

Changing Your Vote

You may change your vote and revoke your proxy at any time prior to the vote at the annual meeting. If you are a stockholder of record, you may change your vote by:

Sending a written statement, revoking your proxy, to our corporate secretary addressed as follows:

By Mail

Dolan Media Company
Attention: Corporate Secretary
222 South Ninth Street
Suite 2300
Minneapolis, MN 55402

By electronic mail

secretary@dolanmedia.com

We must receive your written statement, revoking your proxy, by 6:00 p.m., central time, May 14, 2009, for it to be effective.

Voting on the Internet or by telephone at a later time;

Mailing a properly signed proxy card to us, having a later date; or

Voting in person at the annual meeting.

If you are a beneficial owner, you may change your vote by submitting new voting instructions to your broker or nominee by the deadline your broker or nominee has set for changing voting instructions.

Delivery of Proxy Materials

As permitted by rules recently adopted by the Securities and Exchange Commission, we are making our proxy materials, which include our notice of the 2009 annual meeting of stockholders, proxy statement and annual report to stockholders, available to you over the Internet at www.proxyvote.com instead of mailing you a printed set of the proxy materials. You will need your 12-digit Control Identification Number, provided with the Notice of Internet Availability of Proxy Materials, to access the notice of the 2009 annual meeting of stockholders, proxy statement and annual report to stockholders. We believe that this new e-proxy process will expedite your receipt of proxy materials, lower our costs and reduce the environmental impact of our annual meeting. In accordance with this new rule, we mailed to each of our stockholders of record as of March 19, 2009, a Notice of Internet Availability of Proxy Materials, which mailing commenced on or about April 3, 2009. The Notice contains instructions on how you may access our proxy materials and vote your shares over

Table of Contents

the Internet or by telephone. If you would like to receive a printed copy of our proxy materials from us instead of downloading them from the Internet, please follow the instructions included with the Notice of Internet Availability of Proxy Materials.

Stockholders List

We will make available, upon request, a list of the names of all stockholders of record who are eligible to vote at our annual meeting. This list will be available ten days prior to the annual meeting during the hours of 8:30 a.m. to 4:30 p.m. (central time) at our principal executive offices. Our principal executive offices are located at 222 South Ninth Street, Suite 2300, Minneapolis, Minnesota 55402. You may review the list for any purpose relevant to the annual meeting by contacting our corporate secretary in writing, either by mail address to our principal executive offices, attention Corporate Secretary, or by email to secretary@dolanmedia.com. We will also make this list available at the annual meeting.

Proxy Solicitation Costs

We will pay the costs of preparing, assembling, printing, mailing and distributing the Notice of Internet Availability of Proxy Materials and any proxy materials that our stockholders have requested be mailed to them. This includes reimbursing record holders of the expenses they incur in forwarding our proxy materials to beneficial owners. Our directors, officers and employees may solicit proxies personally, by mail, telephone, fax or over the Internet. We do not pay our directors, officers or employees any extra compensation for soliciting proxies.

Transfer Agent

Our transfer agent is BNY Mellon Shareholder Services. If you are a stockholder of record and need to change your name or address, need information regarding the transfer of your shares, or for other questions regarding your shares, please contact BNY Mellon Shareholder Services directly, at 1-800-953-2495, on the Internet at www.bnymellon.com/shareowner/isd or in writing at BNY Mellon Shareholder Services, P.O. Box 358015, Pittsburgh, PA 15252-8015.

Table of Contents

COMPANY GOVERNANCE

Corporate Governance Guidelines

Our board has adopted corporate governance guidelines. These, along with our committee charters, provide a framework for the governance of our company. These guidelines provide, among other things, that:

our board of directors consists of a majority of independent directors and that each of the board's three standing committees consist of members who are independent. Currently, Mr. Dolan, our chairman, chief executive officer and president, is the only director who is not independent. Mr. Dolan does not serve on any of the board's committees.

our directors possess the highest personal and professional ethics and are committed to the long-term interests of our company's stockholders.

no director serves on the boards of more than three public companies, unless the board determines that this does not impair the director's ability to serve effectively on our board.

the nominating and corporate governance committee oversees and manages an annual evaluation of the board and each of its committees.

The nominating and corporate governance committee is responsible for overseeing these guidelines and ensuring that we adhere to them. The committee periodically reviews and reassesses the adequacy of these guidelines and recommends proposed changes to the board of directors for consideration.

Copies of our corporate governance guidelines and committee charters are available under Corporate Governance in the Investor Relations section of our web site at www.dolanmedia.com, or by written request to our corporate secretary. Please refer to "Communications with the Company and the Board" in this proxy statement for information about how to contact our corporate secretary.

Our Codes of Ethics and Business Conduct Policies

We have adopted two codes of ethics: a Code of Business Conduct and Ethics, which we refer to as our Code of Conduct, and a Code of Ethics for our Senior Financial Officers and Principal Executive Officer, which we refer to as our Code of Ethics. We adopted these policies to ensure that all of our directors, officers and employees observe the highest standards of ethics in conducting our business.

Under our Code of Conduct, our core values include respect for individuals, honesty, integrity and leadership by example. Among other things, our Code of Conduct:

requires all directors, officers and employees to conduct our business affairs fairly, free of conflicts of interests and in an ethical manner;

prohibits conduct that may raise questions to our honesty, integrity or reputation; and

includes a process for reporting complaints and concerns about violations of this code of conduct or other similar policies to a compliance committee, consisting of our chief financial officer, our vice president of

finance and our controller.

Our Code of Ethics requires our senior financial officers and principal executive officer to:

act with honesty and integrity and in an ethical manner, avoiding actual or apparent conflicts of interests in personal and professional relationships;

promptly disclose to the audit committee any material relationship or transaction that could give rise to a conflict of interest;

comply with generally accepted accounting principles and ensure that accounting entries are promptly and accurately recorded and documented; and

Table of Contents

report to the audit committee or nominating and corporate governance committee any violations to the Code of Ethics or other company policies, compliance programs or laws, including material weaknesses in the design or operation of internal controls, fraud or material information that calls into question disclosures we have made in our periodic reports on file with the Securities and Exchange Commission.

Mr. Dolan; Mr. Pollei (our chief financial officer); Ms. Duncomb (our vice president-finance), who also acts as our principal accounting officer; our controller; and our senior financial officers at American Processing Company, LLC, National Default Exchange, L.P. and its affiliates, and Counsel Press are subject to this policy.

The nominating and corporate governance committee is responsible for overseeing and periodically evaluating these policies. The committee recommends proposed changes to these policies to the Board for consideration. Both our Code of Conduct and our Code of Ethics are available in the Corporate Governance section of our web site under Investor Relations at www.dolanmedia.com.

Related Party Transactions and Policies

Our board of directors recognizes that transactions or other arrangements between us and any of our directors or executive officers may present potential or actual conflicts of interest. Accordingly, as a general matter, it is our board's preference to avoid such transactions and other arrangements. Nevertheless, our board recognizes that there are circumstances where such transactions or other arrangements may be in, or not inconsistent with, our best interests. We have adopted a formal written policy that requires any transaction, arrangement or relationship in which we will be a participant and in which the amount involved exceeds \$120,000, and in which any related person (directors, executive officers, stockholders owning at least 5% of any class of our voting securities, their immediate family members and any entity in which any of the foregoing persons is employed or is a general partner or principal) had or will have a direct or indirect material interest, to be submitted to our audit committee for review, consideration and approval.

In the event that a proposed transaction with a related person involves an amount that is less than \$120,000, the transaction will be subject to the review and approval of our chief financial officer (or our chief executive officer, if the chief financial officer, an immediate family member of the chief financial officer, or an entity in which any of the foregoing persons is employed or is a general partner or principal is a party to such transaction). If the transaction is approved by the chief financial officer or chief executive officer, such officer will report the material terms of the transaction to our audit committee at its next meeting. The policy provides for periodic monitoring of pending and ongoing transactions. In approving or rejecting the proposed transaction, our audit committee will consider the relevant facts and circumstances available to the audit committee, including (1) the impact on a director's independence if the related person is a director or his or her family member or related entity, (2) the material terms of the proposed transaction, including the proposed aggregate value of the transaction, (3) the benefits to us, (4) the availability of other sources for comparable services or products (if applicable), and (5) an assessment of whether the proposed transaction is on terms that are comparable to the terms available to an unrelated third party or to our employees generally. Our audit committee will approve only those transactions that, in light of known circumstances, are in, or are not inconsistent with, our best interests and the best interest of our stockholders.

The following is a summary of transactions since January 1, 2008, (1) to which we have been a party in which the amount involved exceeded \$120,000 and in which any related person had or will have a direct or indirect material interest, other than compensation arrangements that are described in "Compensation Discussion and Analysis" and "Executive Compensation" in this proxy statement, or (2) that we otherwise believe should be disclosed. Except as noted below, all of the transactions described below are continuing related party transactions and we initially entered into the transaction prior to our board's adoption of a written policy regarding related party relationships in July 2007. The

audit committee reviewed and ratified such continuing transactions at its March 2008 committee meeting in accordance with our related party transactions policy.

Table of Contents

David A. Trott

David A. Trott is the chairman and chief executive officer of our majority owned subsidiary, American Processing Company, LLC. Mr. Trott owns a 68% interest in and is the managing attorney of Trott & Trott, P.C. At January 1, 2008, Trott & Trott owned 9.1% of the membership interests in APC. In February 2008, Trott & Trott assigned its interest in APC to APC Investments, LLC, which is owned by the same individuals who owned Trott & Trott at the time of this assignment. Mr. Trott owns a 68% interest in the membership interests of APC Investments, LLC. Also, in February 2008, APC made a capital call in connection with the acquisition of the mortgage default processing assets of the Minnesota law firm, Wilford & Geske. APC's other minority member, Feiwell & Hannoy, did not participate in this capital call and we contributed Feiwell & Hannoy's portion to the capital of APC. As a result of this capital call, we owned 88.9% of APC and APC Investments and Feiwell & Hannoy owned 9.1% and 2.0%, respectively, of the outstanding membership interests of APC.

Both APC Investments and Feiwell & Hannoy's interests in APC were further diluted as a result of APC's acquisition of NDEx in which APC issued 6.1% of the outstanding membership interests to the sellers of NDEx or their designees, as applicable, and, in connection therewith, APC made a capital call in which both APC Investments and Feiwell & Hannoy declined to participate. Since the acquisition of NDEx on September 2, 2008, APC Investments owns 7.6% of the outstanding membership interests of APC.

During 2008, APC made distributions to APC Investments (formerly Trott & Trott) in the aggregate amount of \$1.1 million.

Under the terms of APC's amended and restated operating agreement, APC Investments has the right, for a period of six months after August 2, 2009, to require APC to repurchase all or any portion of its membership interests at a purchase price based on 6.25 times APC's trailing twelve month earnings before interest, taxes, depreciation and amortization, less the aggregate amount of any interest bearing indebtedness outstanding for APC as of the date the repurchase occurs. If APC Investments exercises this put option, the aggregate purchase price will be payable by APC in the form of a three-year unsecured note bearing interest at a rate equal to prime plus 2.0%.

Services Agreement. During the year ended December 31, 2008, Trott & Trott was one of APC's six law firm customers (four were added in 2008). APC's relationship with Trott & Trott is governed by a services agreement dated March 14, 2006. The services agreement provides for the exclusive referral of files from Trott & Trott to APC for servicing, unless Trott & Trott is otherwise directed by its clients. The services agreement is for an initial term of fifteen years, with the term to be automatically extended for up to two successive ten-year periods unless either party provides the other party with written notice of its intention not to extend the initial or extended term then in effect. During 2008, APC was paid a fixed fee for each file referred by its customers to APC for servicing, with the amount of such fixed fee being based upon the type of file (e.g., foreclosure, bankruptcy, eviction or litigation). For the year ended December 31, 2008, APC received revenues of approximately \$41.0 million from fees for mortgage default processing services by Trott & Trott, which takes into account an increase in the fees Trott & Trott pays to us that took effect in January 2008. The success of our mortgage default processing services business is tied to the number of files that Trott & Trott and APC's other customers receive from their mortgage lender and loan servicer clients or that APC receives directly from its customers in California. We therefore rely upon Mr. Trott, who through Trott & Trott has developed and maintains relationships with a substantial number of Trott & Trott's clients to attract additional business from its current and/or new clients.

Detroit Legal News Publishing. We own 35.0% of the membership interests in The Detroit Legal News Publishing Company, or DLNP, the publisher of Detroit Legal News, which we acquired in 2005 for \$16.8 million, of which approximately \$4.6 million was paid to Legal Press, LLC. Mr. Trott and his family members indirectly own 80.0% of Legal Press, LLC, which is the holder of 10.0% of the membership interests in DLNP. During each of 2008 and 2007,

we paid \$600,000 to the sellers, including Legal Press, in earn-out payments. Of those earn-out payments, Legal Press received \$171,000 each year, as well as interest of \$11,722 in 2008 and \$6,086 in 2007.

Table of Contents

In November 2005, DLNP entered into an agreement with Trott & Trott pursuant to which Trott & Trott agreed to forward to DLNP for publication all legal notices that Trott & Trott is required to publish on behalf of its mortgage default clients. As a result, Detroit Legal News publishes, or through its statewide network causes to be published, all public notices required to be filed in connection with files serviced by APC for Trott & Trott that involve foreclosures in Michigan. DLNP also agreed that it would provide certain other services for Trott & Trott, including attending foreclosure sales, bidding on real property and recording of sheriff's deeds in connection with foreclosure sales. In exchange for the services provided by DLNP under the agreement, Trott & Trott pays DLNP according to fees agreed to by the parties from time to time. These fees, however, are not permitted to exceed the customary fee that DLNP charges its other customers. In 2008, Trott & Trott paid DLNP approximately \$22.7 million to post foreclosure notices in Detroit Legal News and for other related services. The agreement terminates on December 31, 2015 (unless at such date, Legal Press, LLC remains a member of DLNP, in which case the agreement would terminate at such date when Legal Press, LLC, or its successor, is no longer a member of DLNP), but Trott & Trott may terminate the agreement at any time upon the failure by DLNP to cure a material breach of its obligations under the agreement. DLNP maintains a small number of its clerical employees at the offices of Trott & Trott to facilitate the provision of services for Trott & Trott.

In November 2005, DLNP entered into a consulting agreement with Mr. Trott, whereby Mr. Trott agreed to provide consulting services related to the business of DLNP for a term lasting until December 31, 2015. The agreement may be terminated by either party prior to December 31, 2015, in the event of a material breach by either party or in the event the number of foreclosure notices submitted to DLNP by Trott & Trott is less than 1,000 in any calendar year during the term of the agreement. Under the consulting agreement, DLNP agreed to obtain an insurance policy on the life of Mr. Trott in the amount of \$15.0 million for a term of 15 years. In exchange for the consulting services provided to DLNP, Mr. Trott is entitled to receive a consulting fee equal to the lesser of (1) \$500,000 and (2) the amount equal to 7% of DLNP's net income less the amount paid by DLNP for the life insurance policy. In each of 2008 and 2007, Mr. Trott was paid \$483,974 by DLNP in fees for his consulting services. In addition to the fees Mr. Trott receives under the consulting agreement, DLNP also pays Mr. Trott an annual salary of \$20,000.

Net Director. Mr. Trott owns approximately 11.1% of the membership interests in Net Director, LLC, which provides an information clearing house service used by APC. APC paid Net Director approximately \$72,132 for these services in 2008.

American Servicing Corporation. Mr. Trott owns 50% of American Servicing Corporation, or ASC, a provider of property tax searches and courier services to APC. APC paid ASC approximately \$373,000 for these services in 2008.

Loan Agreements. Dolan Finance Company, our wholly-owned subsidiary, has entered into loan agreements with APC, in the following amounts with the following borrowing and maturity dates:

Acquisition	Principal Amount	Borrowing Date	Maturity Date	Aggregate Principal and Interest Payments made in 2008
Robert Tremain & Associates(1)	\$ 3,300,000	November 11, 2006	November 11, 2010	\$1,033,473
Feiwell & Hannoy(2)	13,000,000	January 9, 2007	January 9, 2011	4,126,926
	1,750,000	January 9, 2008	January 9, 2012	537,662

Edgar Filing: Dolan Media CO - Form DEF 14A

NDEx(3)	1,750,000	January 9, 2009	January 9, 2013	
	166,000,000	September 2, 2008	September 2, 2017	9,914,184

(1) This loan was made to fund APC's acquisition of the mortgage default processing services business of Robert A. Tremain & Associates. At such time, Trott & Trott also acquired the law-related assets of Robert A. Tremain & Associates.

Table of Contents

- (2) In connection with APC's acquisition of the mortgage default processing services business of Feiwell & Hannoy Professional Corporation, Dolan Finance made three term loans to APC in the amounts and on the dates set forth in the table. The loan in the principal amount of \$13.0 million funded the cash portion of the purchase price for the business acquired. The two loans, each in the principal amount of \$1.75 million, funded payments APC owed to the Feiwell & Hannoy under a promissory note entered at the time of the acquisition.
- (3) Dolan Finance made this loan to fund the acquisition of National Default Exchange, LP and its affiliated entities (NDEx). This loan was not made in accordance with the terms of our related party transaction policy because it was approved by our board of directors, instead of the audit committee.

Each of the loans described above bears interest at the prime rate plus 2.0% and interest and principal for each loan are payable in equal monthly installment over such loan's term. In connection with the loans made to APC to fund the acquisition of the mortgage default processing services business of Feiwell & Hannoy, Dolan Finance Company agreed to pay Trott & Trott a fee equal to 1/2% of the outstanding balance times Trott & Trott's ownership percentage of APC so long as the loan is outstanding. During 2008, Dolan Finance has made aggregate payments of approximately \$6,266 to Trott & Trott pursuant to this agreement. In connection with the loan made to APC to fund the acquisition of NDEx, APC paid Dolan Finance an origination fee in the amount of \$415,000.

Lease of Office Space. On April 1, 2007, APC and our Michigan Lawyers Weekly publishing unit began subleasing approximately 30,000 square feet in suburban Detroit, Michigan from Trott & Trott, P.C., at a rate of \$10.50 per square foot, triple net, which sublease expires on March 31, 2012. During 2008, APC and Michigan Lawyers Weekly unit paid Trott & Trott an aggregate of \$652,880 in lease payments. Trott & Trott leases this space from NW13, LLC, a limited liability company in which Mr. Trott owns 75% of the membership interests.

Employment of Mr. Dolan's Spouse.

Mr. Dolan's spouse administers Dolan Media Newswires, our Internet-based, subscription newswire, and is our employee. In 2008, we paid \$72,165 to Mr. Dolan's spouse as compensation for her services. On May 12, 2008, in connection with annual employee stock grants, we issued to Mr. Dolan's spouse under our incentive compensation plan, stock options with an exercise price equal to \$16.52 that are exercisable for 429 shares of common stock, as well as 134 shares of restricted stock. The options and restricted stock vest in four equal annual installments commencing on May 12, 2009, and the options terminate in seven years.

BOARD COMMITTEES AND COMMITTEE MEMBERSHIP

Our board of directors has established an audit committee, a compensation committee and a nominating and corporate governance committee and the charters for these committees are available under the Investor Relations section of our web site at www.dolanmedia.com. Our board may establish other committees from time to time to facilitate the management of Dolan Media Company.

During 2008, our board of directors held nine meetings. During 2008, each incumbent director attended all of the board meetings and meetings of committees on which he or she served that occurred while such director was a member of our Board and such committees.

Our practice is that all directors attend our annual meeting, unless a director is unable to attend due to illness or another emergency or because his or her term is ending and he or she has not been nominated for re-election to the Board. At last year's annual meeting, Ms. Garber, Mr. Carroll and Mr. Brakel did not attend our annual meeting because their service as directors ended at that annual meeting. We expect that all of our directors will attend our 2009

annual meeting.

None of our directors serve on the boards of more than three public companies.

Table of Contents

The following table describes the composition of each of the board's standing committees during the year ended December 31, 2008. In accordance with our corporate governance guidelines and the requirements of the New York Stock Exchange, each of our committees consists solely of independent directors.

Name	Audit	Compensation	Nominating and Corporate Governance
John C. Bergstrom		X*	X
Cornelis Brakel			X(1)
Edward Carroll		X(2)	
Anton J. Christianson	X		X*
Peni Garber		X(2)	
Arthur F. Kingsbury		X(3)	