VERTRUE INC
Form DEFM14A
June 12, 2007

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

Filed by the Registrant þ

Filed by a Party other than the Registrant o

Check the appropriate box:
o Preliminary Proxy Statement
o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
þ Definitive Proxy Statement
o Definitive Additional Materials
o Soliciting Material Pursuant to §240.14a-12

VERTRUE INCORPORATED
(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):

o No fee required.

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

(1) Title of each class of securities to which transaction applies:
Common stock, par value $0.01 per share, of Vertrue Incorporated (the Common Stock)

(2) Aggregate number of securities to which transaction applies:
9,724,569 shares of the Common Stock; options to purchase 2,620,384 shares of the Common Stock; and restricted stock of 7,802 shares of the Common Stock

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
The transaction value was determined based upon the sum of (a) $48.50 per share of 9,724,569 shares of the Common Stock, (b) $48.50 minus the weighted average exercise price of $25.76 per share of outstanding options to purchase 2,620,384 shares of the Common Stock, and (c) $48.50 per share of restricted stock of 7,802 shares of the Common Stock.

(4) Proposed maximum aggregate value of transaction:
$531,607,525.66

(5)

Total fee paid:
$16,320.60

þ 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:

Vertrue Incorporated
20 Glover Avenue
Norwalk, Connecticut 06850

June 12, 2007

Dear Fellow Stockholder:

On March 22, 2007, Vertrue Incorporated, a Delaware corporation (Vertrue), entered into an Agreement and Plan of Merger (the Merger Agreement) with Velo Holdings Inc., a Delaware corporation (Parent), and Velo Acquisition Inc., a Delaware corporation and a wholly-owned subsidiary of Parent (Merger Sub). Parent is owned and/or backed by the equity commitment of an investor group consisting of One Equity Partners, Oak Investment Partners and Rho Ventures. Under the terms of the Merger Agreement, Merger Sub will be merged with and into Vertrue, with Vertrue continuing as the surviving corporation (the Merger). If the Merger is completed, you will be entitled to receive $48.50 in cash (less any applicable withholding taxes), without interest, for each share of Vertrue common stock, par value $0.01 per share, (the Common Stock) that you own (the Merger Consideration).

A special meeting of our stockholders (the Special Meeting) will be held on Thursday, July 12, 2007, at 9:30 a.m., Eastern Time, to vote on a proposal to adopt the Merger Agreement so that the Merger can occur. The Special Meeting will be held at the Stamford Marriott Hotel & Spa, 243 Tresser Boulevard, Stamford, Connecticut. Notice of the Special Meeting and the related proxy statement are enclosed.

The accompanying proxy statement gives you detailed information about the Special Meeting and the Merger and includes the Merger Agreement as Annex A. The receipt of cash in exchange for shares of the Common Stock in the Merger will constitute a taxable transaction to U.S. persons for U.S. federal income tax purposes. We encourage you to read the entire proxy statement and the Merger Agreement carefully.

Our board of directors (the Board of Directors), after careful consideration and following receipt of the unanimous recommendation of the Special Committee of the Board of Directors (the Special Committee) consisting of five independent and disinterested directors, has unanimously determined that the Merger is advisable and that the terms of the Merger are fair to and in the best interests of Vertrue and its stockholders (other than the Chief Executive Officer of Vertrue, Gary A. Johnson and any other members of senior management of Vertrue who elect to invest in equity securities of Parent in connection with the Merger), and approved the Merger Agreement and the transactions contemplated thereby, including the Merger. FTN Midwest Securities Corp., financial advisor to the Special Committee, has delivered a fairness opinion to the effect that, as of March 21, 2007, and based upon and subject to the factors, qualifications, limitations and assumptions set forth therein, the Merger Consideration to be received by the holders of the Common Stock (other than shares held in the treasury of Vertrue and dissenting shares) pursuant to the Merger Agreement was fair, from a financial point of view, to such holders. Jefferies Broadview, a division of Jefferies & Company, Inc., financial advisor to Vertrue, has also delivered a fairness opinion to the effect that, as of March 20, 2007, and based upon and subject to the assumptions, limitations, qualifications and factors contained in its opinion, the Merger Consideration to be received by holders of shares of the Common Stock pursuant to the Merger Agreement was fair, from a financial point of view, to such holders (other than Parent, Merger Sub and their respective affiliates).

Your vote is very important. We cannot complete the Merger unless holders of a majority of all outstanding shares of the Common Stock entitled to vote on the matter vote to adopt the Merger Agreement. **Our Board of Directors**

unanimously recommends that you vote FOR the proposal to adopt the Merger Agreement.

The failure of any stockholder to vote on the proposal to adopt the Merger Agreement will have the same effect as a vote against the adoption of the Merger Agreement.

Whether or not you plan to attend the Special Meeting, please complete, date, sign and return, as promptly as possible, the enclosed proxy card in the accompanying reply envelope, or submit your proxy by telephone or the Internet as directed on the proxy card. Any proxy may be revoked by a stockholder at any time before its exercise by delivery of a written revocation or a subsequently dated proxy to the Secretary of Vertrue at 20 Glover Avenue, Norwalk, Connecticut 06850 or by voting in person at the Special Meeting.

Our Board of Directors and management appreciate your continuing support of Vertrue, and we urge you to support the Merger.

Sincerely,

Robert Kamerschen
Chairman of the Special Committee

Gary A. Johnson
President, Chief Executive Officer and Director

Neither the Securities and Exchange Commission nor any state securities regulatory agency has approved or disapproved the Merger, passed upon the merits or fairness of the Merger or passed upon the adequacy or accuracy of the disclosure in this document. Any representation to the contrary is a criminal offense.

The proxy statement and the form of proxy are dated June 12, 2007, and are first being mailed to stockholders on or about June 13, 2007.

Vertrue Incorporated
20 Glover Avenue
Norwalk, Connecticut 06850

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS
To Be Held On Thursday, July 12, 2007

Dear Stockholder:

PLEASE TAKE NOTICE that a special meeting of stockholders (the Special Meeting) of Vertrue Incorporated, a Delaware corporation (Vertrue), will be held on Thursday, July 12, 2007, at 9:30 a.m., Eastern Time, at the Stamford Marriott Hotel & Spa, 243 Tresser Boulevard, Stamford, Connecticut, for the following purposes:

1. To consider and vote on a proposal to adopt the Agreement and Plan of Merger, dated as of March 22, 2007 (the Merger Agreement), by and among Vertrue, Velo Holdings Inc., a Delaware corporation (Parent), and Velo Acquisition Inc., a Delaware corporation and a wholly-owned subsidiary of Parent (Merger Sub), as the Merger Agreement may be amended from time to time. Under the terms of the Merger Agreement, Merger Sub will be merged with and into Vertrue, with Vertrue continuing as the surviving corporation (the Merger).

2. To approve the adjournment or postponement of the Special Meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the Special Meeting to adopt the Merger Agreement.

3. To act upon other business as may properly come before the Special Meeting and any and all adjourned or postponed sessions thereof.

The record date for the determination of stockholders entitled to notice of and to vote at the Special Meeting is June 7, 2007. Accordingly, only stockholders of record as of that date will be entitled to notice of and to vote at the Special Meeting or any adjournment or postponement thereof. A list of our stockholders will be available at our principal executive offices at 20 Glover Avenue, Norwalk, Connecticut 06850 during ordinary business hours for a period of at least ten business days prior to the Special Meeting. The list will also be available during the whole time of the Special Meeting, and may be inspected by any stockholder who is present.

We urge you to read the accompanying proxy statement entirely and carefully, as it sets forth details of the proposed Merger and other important information related to the Merger.

Your vote is important, regardless of the number of shares of Vertrue s common stock (the Common Stock) you own. The adoption of the Merger Agreement requires the affirmative approval of the holders of a majority of the outstanding shares of the Common Stock entitled to vote thereon. Gary A. Johnson, Vertrue s Chief Executive Officer, has agreed to vote FOR the adoption of the Merger Agreement. The adjournment proposal requires the affirmative vote of a majority of the shares of the Common Stock present at the Special Meeting and entitled to vote thereon. Even if you plan to attend the Special Meeting in person, we request that you complete, sign, date and return the enclosed proxy card or submit your proxy by telephone or the Internet as directed on the proxy card prior to the Special Meeting and thus ensure that your shares will be represented at the Special Meeting if you are unable to attend. If you fail to return your proxy card or fail to submit your proxy by phone or the Internet as directed on the proxy card, your shares will not be counted for purposes of determining whether a quorum is present at the Special Meeting and will have the same effect as a vote against the adoption of the Merger Agreement but will not affect the

outcome of any vote regarding the adjournment proposal.

Please note that space limitations make it necessary to limit attendance at the Special Meeting to stockholders. Registration will begin at 9:30 a.m., Eastern Time. If you attend, please note that you may be asked to present valid picture identification. Street name holders will need to bring a copy of a brokerage statement reflecting stock ownership as of the record date. Cameras, recording devices and other electronic devices will not be permitted at the Special Meeting.

Stockholders of Vertrue who do not vote in favor of the adoption of the Merger Agreement will have the right to seek appraisal of the fair value of their shares of the Common Stock if they deliver a demand for appraisal before the vote is taken on the Merger Agreement and comply with all requirements of Delaware law, which are summarized in the accompanying proxy statement.

WHETHER OR NOT YOU PLAN TO ATTEND THE SPECIAL MEETING, YOU MAY VOTE YOUR SHARES BY MARKING YOUR VOTE ON THE ENCLOSED PROXY CARD, SIGNING AND DATING IT, AND MAILING IT IN THE ENCLOSED ENVELOPE OR BY SUBMITTING YOUR PROXY BY TELEPHONE OR THE INTERNET AS DIRECTED ON THE PROXY CARD. NO POSTAGE NEED BE AFFIXED IF THE PROXY IS MAILED IN THE UNITED STATES. ANY PROXY MAY BE REVOKED BY A STOCKHOLDER AT ANY TIME BEFORE ITS EXERCISE BY DELIVERY OF A WRITTEN REVOCATION OR A SUBSEQUENTLY DATED PROXY TO THE SECRETARY OF VERTRUE OR BY VOTING IN PERSON AT THE SPECIAL MEETING.

By Order of the Board of Directors,

James B. Duffy
Secretary

Norwalk, Connecticut
June 12, 2007

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We are providing these proxy materials in connection with the solicitation of proxies by the board of directors of Vertrue Incorporated (Board of Directors) for use at a special meeting of our stockholders (the Special Meeting). Throughout this proxy statement, we refer to Vertrue Incorporated and its subsidiaries as Vertrue, the Company, we, our or us, unless otherwise indicated by context.

SUMMARY TERM SHEET

This Summary Term Sheet, together with the Questions and Answers About the Special Meeting and the Merger, summarizes the material information in the proxy statement. You should carefully read this entire proxy statement and the other documents to which this proxy statement refers you for a more complete understanding of the matters being considered at the Special Meeting. In addition, this proxy statement incorporates by reference important business and financial information about Vertrue. You may obtain the information incorporated by reference into this proxy statement without charge by following the instructions in Where You Can Find More Information beginning on page 89.

The Merger and the Merger Agreement

The Parties Involved in the Merger (see page 14).

Vertrue Incorporated, a Delaware corporation, is a premier Internet direct marketing services company and operates a diverse group of marketing businesses with a unified mission: to provide every consumer with access to savings and services that improve their daily lives.

Velo Holdings Inc., a Delaware corporation (Parent), was formed solely for the purpose of effecting the Merger (as defined below) and the transactions related to the Merger. Parent has not engaged in any business except in furtherance of this purpose. Parent is owned and/or backed by the equity commitments of an investor group consisting of One Equity Partners II, L.P. (OEP), Oak Investment Partners XII, L.P. (Oak Investment Partners), Rho Ventures V, L.P. (Rho Ventures), and Rho Ventures V, Affiliates, L.L.C. (Rho Ventures V Affiliates , and collectively with OEP, Oak Investment Partners and Rho Ventures are referred to in this proxy statement as the Sponsors). For more information on the Sponsors, see Annex E.

Velo Acquisition Inc., a Delaware corporation and a wholly-owned subsidiary of Parent (Merger Sub), was formed solely for the purpose of effecting the Merger. Merger Sub has not engaged in any business except in furtherance of this purpose.

Rollover and Voting Agreement of Gary A. Johnson, Chief Executive Officer of Vertrue (see page 76). In connection with the Merger, Vertrue Chief Executive Officer (CEO), Gary A. Johnson, has entered into an agreement with Parent pursuant to which he agreed to:

- contribute up to $20,000,000 of his shares of Vertrue s common stock, par value $0.01 per share (the Common Stock) to Parent in connection with the Merger, valued at $48.50 per share, in exchange for equity interests in Parent; and
- vote FOR the adoption of the Merger Agreement.

Gary A. Johnson, 52, a co-founder of Vertrue, has served as President, CEO and director of Vertrue since its inception in 1989. The business address for Gary A. Johnson is 20 Glover Avenue, Norwalk, Connecticut 06850, and his business telephone number is (203) 324-7635. Gary A. Johnson is a citizen of the United States.

Other Management Investors (see page 56). Prior to completion of the Merger, each other current member of our senior management is expected to be provided an opportunity to invest in Parent by contributing a portion of his or her shares of the Common Stock to Parent in exchange for equity of Parent or otherwise purchasing equity securities of Parent in connection with the consummation of the Merger. As of the date of this proxy statement, no decision has been made regarding which additional members of our senior management will become management investors. In addition, no member of senior management, other than Gary A. Johnson, engaged in any discussions with the Parent/Sponsors regarding the possibility of investing in the Parent prior to the signing of the Merger Agreement. Subsequent to the signing of the Merger Agreement, Gary A. Johnson has initiated preliminary discussions regarding the opportunity to invest in

Parent with two other members of senior management, Jay T. Sung and Gerald A. Powell, but the terms and conditions of any such investment have not yet been determined. Further, it is anticipated that prior to the consummation of the Merger, discussions will be held with all other members of senior management regarding the opportunity to invest in Parent. As of the date of this Proxy Statement, senior management of Vertrue (including Gary A. Johnson s 11.5% interest) beneficially owns approximately 18.4% of the outstanding Common Stock. The equity investment by the management investors, excluding Gary A. Johnson, is currently expected to represent, in the aggregate, an immaterial amount of the voting stock of Parent, both in relation to the aggregate equity investment of, and voting control acquired by, the Sponsors; and the equity investment of Gary A. Johnson in Parent is expected to represent 10.3% of the outstanding voting stock of Parent as of the closing of the Merger.

The Merger. You are being asked to vote to adopt an Agreement and Plan of Merger (the Merger Agreement), providing for the acquisition of Vertrue by Parent. Pursuant to the Merger Agreement, Merger Sub will merge with and into Vertrue (the Merger). Vertrue will be the surviving corporation in the Merger (the Surviving Corporation) and will continue to do business as Vertrue following the Merger. As a result of the Merger, Vertrue will cease to be an independent, publicly traded company. See The Merger Agreement beginning on page 63.

Merger Consideration. If the Merger is completed, you will be entitled to receive $48.50 in cash, without interest, less any applicable withholding taxes, for each share of the Common Stock that you own (the Merger Consideration). See The Merger Agreement Merger Consideration and Effect of Merger beginning on page 63.

Treatment of Outstanding Options and Restricted Stock. Upon consummation of the Merger, each outstanding option to purchase the Common Stock, vested or unvested, will be cancelled and will only entitle the holder of such option to receive a cash payment equal to the total number of shares of the Common Stock subject to such option multiplied by the amount (if any) by which $48.50 exceeds the option exercise price, without interest and less any applicable withholding taxes. Additionally, each outstanding share of restricted stock of Vertrue will be cancelled and will only entitle the holder of such restricted stock to receive a cash payment of $48.50, without interest and less any applicable withholding taxes. See The Merger Agreement Merger Consideration and Effect of Merger beginning on page 63.

Conditions to the Merger (see page 71). The consummation of the Merger depends on the satisfaction or waiver of a number of conditions, including the following:

- the Merger Agreement must have been adopted by the affirmative vote of the holders of a majority of the outstanding shares of the Common Stock;

- no injunction, judgment, order or law which restrains, enjoins or otherwise prohibits the consummation of the Merger shall be in effect;

- the waiting period (and any extension thereof) under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the HSR Act), must have expired or been terminated (we received a grant of early termination of the waiting period under the HSR Act, effective April 11, 2007); clearance under the Competition Act (Canada) has been granted (we received an advance ruling certificate on April 18, 2007, granting clearance); and approval of the Minister of Finance (Canada) to the extent required under the Bank Act of Canada;

- Parent s delivery to us of a solvency certificate substantially similar in form and substance to the solvency certificate that Parent delivers to the lenders as required by the debt financing commitment for the Merger or

any agreement entered into in connection with the debt financing for the Merger;

Vertrue s, Parent s and Merger Sub s respective representations and warranties in the Merger Agreement must be true and correct as of the closing date in the manner described under the caption The Merger Agreement Conditions to the Merger beginning on page 71; and

Vertrue, Parent and Merger Sub must have performed in all material respects all obligations that each is required to perform under the Merger Agreement.

Restrictions on Solicitation of Other Offers.

The Merger Agreement provides that until 12:01 a.m., (EDT) on April 16, 2007 (the go-shop period), we were permitted to initiate, solicit and encourage competing acquisition proposals from potential strategic (as opposed to financial) buyers, enter into, continue or participate in any discussions or negotiations concerning acquisition proposals for Vertrue and otherwise cooperate with or assist in, or facilitate, any effort or attempt by strategic buyers to make any competing acquisition proposals. Prior to terminating the Merger Agreement or entering into an acquisition agreement with respect to any such proposal, we were required to comply with certain terms of the Merger Agreement described under The Merger Agreement Acquisition Proposals beginning on page 68, including negotiating with Parent in good faith to make adjustments to the Merger Agreement and paying a termination fee. We did not receive any acquisition proposals during the go-shop period.

The Merger Agreement provides that, other than the permitted activities with respect to competing acquisition proposals during the go-shop period summarized above, we are generally not permitted to:

initiate, solicit or knowingly encourage any inquiries or the making of any inquiry, proposal or offer that constitutes or would reasonably be expected to lead to an acquisition proposal for Vertrue (including by way of providing non-public information), engage or participate in any discussion or negotiations with respect thereto, or knowingly facilitate any effort or attempt to make any acquisition proposal for Vertrue, except in each case other than a strategic buyer who submitted a proposal prior to the expiration of the go-shop period under certain circumstances;

withhold, withdraw, qualify or modify (or publicly propose or resolve to withhold, withdraw, qualify or modify), in a manner adverse to Parent, our Board of Directors recommendation in favor of the adoption of the Merger Agreement unless failure to do so would be inconsistent with the fiduciary duty of our Board of Directors; or

approve or recommend, or publicly propose to approve or recommend, an acquisition proposal or cause or permit us to enter into any acquisition agreement, merger agreement, letter of intent or other similar agreement relating to an acquisition proposal or enter into any agreement requiring us to abandon, terminate or fail to consummate the transactions contemplated by the Merger Agreement or resolve, propose or agree to do any of the foregoing.

Notwithstanding the above restrictions, under certain circumstances, our Board of Directors (acting through the Special Committee of our Board of Directors consisting of five independent and disinterested directors (the Special Committee) if such committee still exists) may respond to a bona fide unsolicited written proposal for an alternative acquisition or terminate the Merger Agreement and enter into an acquisition agreement with respect to a superior proposal, so long as we comply with certain terms of the Merger Agreement described under The Merger Agreement Acquisition Proposals beginning on page 68.

Termination of the Merger Agreement (see page 72). The Merger Agreement may be terminated:

By mutual written consent of Vertrue and Parent by action of their respective boards of directors.

By either Vertrue or Parent, if:

there shall be any final and non-appealable law that permanently restrains, enjoins or prohibits consummation of the Merger;

the Merger is not completed on or before November 22, 2007, so long as the failure to complete the Merger by such date is not the result of, or caused by, the failure of the terminating party to fulfill its obligations under the Merger Agreement; or

our stockholders do not adopt the Merger Agreement at the Special Meeting or any adjournment or postponement thereof.

Notwithstanding the above rights of either Vertrue or Parent to terminate the Merger Agreement, such termination rights will not be available to any party that has materially breached the Merger Agreement in any manner that proximately contributed to occurrence of the failure of a condition to the consummation of the Merger.

By Parent, if:

our Board of Directors: (i) withholds, withdraws, qualifies or modifies, or publicly proposes to withhold, withdraw, qualify or modify, in a manner adverse to Parent, its recommendation in favor of the adoption of the Merger Agreement, (ii) recommends to our stockholders an acquisition proposal other than the Merger, or (iii) fails to include its recommendation in favor of the adoption of the Merger Agreement in this proxy statement; or

we have materially breached or failed to perform any of our representations, warranties, covenants or agreements under the Merger Agreement, or any such representation and warranty has become untrue after the date of the Merger Agreement, which would give rise to the failure of certain conditions to closing to be satisfied and such breach or failure to be true is not curable or cured by certain dates.

By Vertrue, if:

at any time prior to obtaining the requisite stockholder approval at the Special Meeting, we receive a superior proposal and enter into a definitive agreement with respect to such superior proposal, provided that we have complied with our obligations under the Merger Agreement described under The Merger Agreement Acquisition Proposals and The Merger Agreement Termination beginning on pages 68 and 72, respectively, and provided that we have paid the termination fee owed to Parent as described under The Merger Agreement Termination Fees beginning on page 73;

Parent or Merger Sub has breached or failed to perform any of their respective representations, warranties, covenants or agreements under the Merger Agreement, or any such representation and warranty has become untrue after the date of the Merger Agreement, which would give rise to the failure of certain conditions to closing to be satisfied and such breach or failure to be true is not curable or cured by certain dates; or

Parent or Merger Sub fails to consummate the Merger on the second business day following the day on which the last of conditions to effect the Merger (other than those that, by their nature, are to be satisfied on the closing date) are satisfied or waived.

Termination Fees and Expenses (see pages 73 and 74).

We have agreed to pay Parent a termination fee under certain circumstances . If we are required under the Merger Agreement to pay Parent a termination fee, the amount of such fee would be $17.5 million during the go-shop period and $22.5 million in all other circumstances.

Parent has agreed to pay us a termination fee under certain circumstances. If Parent is required under the Merger Agreement to pay us a termination fee, the amount of such fee would be $17.5 million.

In addition, we have agreed to reimburse Parent for documented reasonable and actual out-of-pocket transaction expenses incurred by it, up to $4.0 million, if Parent or Vertrue terminates the Merger Agreement because we failed to obtain our stockholders adoption of the Merger Agreement. Any such amount paid would be deducted from any termination fee otherwise payable by us to Parent. See The Merger Agreement Expenses beginning on page 74.

The Special Meeting

See Questions and Answers About the Special Meeting and the Merger beginning on page 9 and The Special Meeting beginning on page 15.

Other Important Considerations

The Special Committee and its Recommendation. The Special Committee is a committee of our Board of Directors that was formed on December 15, 2006 for the purpose of reviewing, evaluating and, as appropriate, negotiating a possible transaction relating to the sale of Vertrue. The Special Committee is comprised of five independent and disinterested directors. The members of the Special Committee are Messrs. Joseph E. Heid, Robert Kamerschen (Chairman), Michael T. McClorey, Edward M. Stern and Marc

S. Tesler. The Special Committee unanimously determined that the Merger Agreement and the transactions contemplated thereby, including the Merger, are fair to and in the best interests of our stockholders (other than Parent, Merger Sub, their respective affiliates, our CEO Gary A. Johnson and any other members of our senior management who invest in Parent in connection with the Merger) (such stockholders being referred to in this proxy statement collectively as the unaffiliated stockholders) and recommended to our Board of Directors that the Merger Agreement and the transactions contemplated thereby, including the Merger, be approved and declared advisable by our Board of Directors, and that our Board of Directors recommend adoption by our stockholders of the Merger Agreement.

Our Board of Directors Recommendation. Our Board of Directors, following receipt of the unanimous recommendation of the Special Committee, unanimously recommends that our stockholders vote FOR the adoption of the Merger Agreement.

For a discussion of the material factors considered by our Board of Directors and the Special Committee in reaching their conclusions and the reasons why our Board of Directors and the Special Committee determined that the Merger is fair, see Special Factors Reasons for the Merger; Recommendation of the Special Committee and of Our Board of Directors; Fairness of the Merger beginning on page 24.

Share Ownership of Directors and Executive Officers. As of June 7, 2007, the record date, our directors and executive officers (other than our CEO, Gary A. Johnson) held and are entitled to vote, in the aggregate, shares of the Common Stock representing approximately 8.2% of the outstanding shares of the Common Stock entitled to vote. Our directors and executive officers are expected to vote all of their shares of the Common Stock FOR the adoption of the Merger Agreement and FOR the adjournment proposal, if necessary. In addition, our CEO Gary A. Johnson, holding approximately 6.5% of the outstanding shares of the Common Stock entitled to vote, has entered into an agreement with Parent to vote his shares FOR the adoption of the Merger Agreement. See The Special Meeting Voting Rights; Quorum; Vote Required for Approval beginning on page 15.

Interests of Our Directors and Executive Officers in the Merger (see page 55). Certain of Vertrue s executive officers and directors have interests in the Merger that are different from, or in addition to, the interests of Vertrue s stockholders generally. These interests are summarized below:

Vertrue s executive officers and directors will be entitled to receive the excess, if any, of $48.50 over the applicable per share exercise price for each stock option held by them, whether or not vested or exercisable, less any applicable withholding tax.

Vertrue s executive officers and directors will be entitled to receive $48.50 per share in cash for each share of restricted stock held by them.

Each of Vertrue s executive officers and directors who is a participant in Vertrue s Management Incentive Plan and Long Term Incentive Plan will be entitled to receive a pro-rata incentive award.

Our CEO, Gary A. Johnson, has agreed to contribute up to $20 million of his shares of the Common Stock (valued at $48.50 per share) to Parent in exchange for equity securities of Parent.

Each other current member of Vertrue senior management is expected to be provided an opportunity to invest in Parent by contributing a portion of his or her shares of the Common Stock to Parent in exchange for equity of Parent or otherwise purchasing equity securities of Parent in connection with the consummation of the Merger.

It is anticipated that the current executive officers of Vertrue will hold substantially similar positions with the Surviving Corporation after completion of the Merger, and that after completion of the Merger, Gary A. Johnson will be appointed to the board of directors of Parent and the Surviving Corporation.

Gary A. Johnson will enter into a new employment agreement with the Surviving Corporation effective as of the consummation of the Merger, the principal terms of which have been agreed to and are described beginning on page 57.

It is anticipated that Parent will enter into employment agreements with two other individuals, Jay T. Sung and Gerald A. Powell, but the terms and conditions of those agreements have not yet been determined.

Following consummation of the Merger, Parent is expected to adopt a new equity incentive plan pursuant to which senior managers of Vertrue, including executive officers, will be given the opportunity to buy up to, in the aggregate, 15% of Parent s junior common equity. It is expected that the substantial majority of that equity will be purchased at the closing of the Merger. It is currently anticipated that at least one-third of that pool will be allocated to Gary A. Johnson and all or substantially all of the remainder will be allocated to other employees of the Surviving Corporation, including the other executive officers, though neither the extent of those allocations, nor the individual allocations have been determined.

Members of the Special Committee received customary fees for their services that were not contingent on the Special Committee s recommendation of a transaction or consummation of a transaction.

Vertrue s executive officers and directors will be indemnified in respect of their past service, and Parent will maintain Vertrue s current directors and officers liability insurance, subject to certain conditions.

Opinions of FTN Midwest Securities and Jefferies Broadview.

Opinion of FTN Midwest Securities (see page 29). FTN Midwest Securities Corp. (FTN), has delivered its opinion to the Special Committee that, as of March 21, 2007 and based upon and subject to the factors, qualifications, limitations and assumptions set forth therein, the Merger Consideration to be received by the holders of the Common Stock (other than shares held in the treasury of Vertrue and dissenting shares) pursuant to the Merger Agreement was fair, from a financial point of view, to such holders. The full text of the written opinion of FTN, dated March 21, 2007, which sets forth the assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with FTN s opinion, is attached as Annex B and incorporated by reference into this proxy statement. FTN provided its opinion for the information and assistance of the Special Committee, in connection with its consideration of the Merger. We urge you to read that opinion carefully and in its entirety for the assumptions made, procedures followed, other matters considered and limits of the review undertaken in arriving at the opinion. The opinion of FTN is not a recommendation as to how any holder of the Common Stock should vote or act with respect to the Merger. FTN received a fee for rendering the opinion.