VERTRUE INC
Form DEFA14A
July 31, 2007

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

**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of**
**the Securities Exchange Act of 1934**

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))**
o Definitive Proxy Statement
þ 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)

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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:

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**Vertrue Incorporated**
**20 Glover Avenue**
**Norwalk, Connecticut 06850**

**SUPPLEMENT TO PROXY STATEMENT**
Amendment to Agreement and Plan of Merger Your Vote is Very Important

July 31, 2007

Dear Fellow Stockholder:

On or about June 13, 2007, we mailed to you a definitive proxy statement dated June 12, 2007 (the Definitive Proxy ) relating to a special meeting of stockholders (the Special Meeting ) of Vertrue Incorporated, a Delaware corporation ( Vertrue, we or the Company ), scheduled for July 12, 2007 to consider a proposal to adopt the Agreement and Plan of Merger, dated as of March 22, 2007 (the Merger Agreement ), by and among the Company, 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, Rho Ventures and Brencourt Credit Opportunities Master, Ltd. and Brencourt BD, LLC (collectively, Brencourt Equity ). 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 ).

At the Special Meeting on July 12, 2007, the stockholders voted to adjourn the meeting until July 31, 2007 to permit the solicitation of additional proxies to adopt the Merger Agreement. The Special Meeting will be reconvened on Tuesday, July 31, 2007, at 9:30 a.m., Eastern Time, at the Stamford Marriott Hotel & Spa, 243 Tresser Boulevard, Stamford, Connecticut; however, we expect to convene the Special Meeting for the sole purpose of adjourning the Special Meeting to August 15, 2007 in order to permit the solicitation of additional proxies and to provide stockholders with additional time to consider the changes to the Merger effectuated by the Amendment (as defined below), including the Revised Merger Consideration (as defined below), and to review the enclosed proxy supplement. The further adjourned Special Meeting will be held on Wednesday, August 15, 2007, at 9:30 a.m., Eastern Time, at the Stamford Marriott Hotel & Spa, 243 Tresser Boulevard, Stamford, Connecticut.

As you may know, on July 18, 2007, the parties to the Merger Agreement amended the Merger Agreement to increase the consideration payable to Vertrue stockholders to $50.00 per share in cash, without interest, from $48.50 per share in cash, without interest. If the Merger is completed, you will be entitled to receive $50.00 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 Revised Merger Consideration ). In connection with the amendment to the Merger Agreement, on July 18, 2007, Parent entered into an agreement with Brencourt Advisors, LLC ( Brencourt Advisors ), pursuant to which Brencourt Advisors (i) agreed, on its behalf and on behalf of its managed accounts and funds, to vote in favor of the adoption of the amended Merger Agreement and the approval of the Merger and against any action adverse to the Merger, and (ii) was granted an option to acquire, for itself and/or one or more of its managed accounts, an interest in equity securities of Parent in an amount of not less than $10 million and not more than $25 million. On July 26, 2007, Brencourt Advisors gave irrevocable notice to Parent that it was exercising this option, on behalf of Brencourt Equity, to invest in equity securities of Parent in an amount of $25 million. As of the date hereof, Brencourt

Advisors owned approximately 27.9% of the Common Stock.

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

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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 amended 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 July 18, 2007, and based upon and subject to the factors, qualifications, limitations and assumptions set forth therein, the Revised Merger Consideration to be received by the holders of shares of the Common Stock (other than shares held in the treasury of Vertrue and dissenting shares) pursuant to the amended Merger Agreement was fair, from a financial point of view, to such holders. Jefferies Broadview, a division of Jefferies & Company, Inc., financial advisor to the Board of Directors, has also delivered a fairness opinion to the effect that, as of July 18, 2007, and based upon and subject to the assumptions, limitations, qualifications and factors contained in its opinion, the Revised Merger Consideration to be received by holders of shares of the Common Stock pursuant to the amended Merger Agreement was fair, from a financial point of view, to such holders (other than Parent, Merger Sub and their respective affiliates).

Attached to this letter is a supplement to the Definitive Proxy containing additional and updated information about Vertrue and the amended Merger Agreement. Please read the proxy supplement carefully and in its entirety together with the Definitive Proxy (which was previously mailed to you). We also encourage you, if you have not done so already, to review carefully the Definitive Proxy that was previously mailed to you.

The record date for the adjourned Special Meeting has not changed and will not change when the meeting is adjourned on July 31, 2007 to August 15, 2007. The record date will remain June 7, 2007. This means that only holders of record of the Common Stock at the close of business on June 7, 2007 are entitled to vote at the Special Meeting.

**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 amended Merger Agreement. **Our Board of Directors unanimously recommends that you vote FOR the proposal to adopt the amended Merger Agreement.** The failure of any stockholder to vote on the proposal to adopt the amended Merger Agreement will have the same effect as a vote against the adoption of the amended Merger Agreement.

For your convenience, we have enclosed revised proxy cards with the proxy supplement. If you have already delivered a properly executed proxy card regarding the Merger proposal, you do not need to do anything unless you wish to change your vote. If you have not previously submitted a proxy or if you wish to revoke or change your prior voting instruction, please submit a proxy by telephone or over the Internet, or complete, date, sign and return your proxy card as soon as possible. If you are a registered holder and have already submitted a properly executed proxy card, you can also attend the adjourned meeting and vote in person to change your vote. If your shares are held in street name by your bank, brokerage firm or other nominee, and if you have already provided instructions to your nominee but wish to change those instructions, you should provide new instructions following the procedures provided by your nominee.

**If you have additional questions about the Merger after reading the proxy supplement, please contact our proxy solicitor, Georgeson Inc., by telephone at (212) 440-9800 (for banks and brokers) and (866) 577-4994 (for all others).**

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

Sincerely,

| | |
|---|---|
| Robert Kamerschen | Gary A. Johnson |
| *Chairman of the Special Committee* | *President, Chief Executive Officer and Director* |

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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.

This supplement and the form of proxy are dated July 31, 2007, and are first being mailed to stockholders on or about July 31, 2007.

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## INTRODUCTION

This supplement (this Proxy Supplement ) is being sent to you because we have amended our Agreement and Plan of Merger, dated as of March 22, 2007 (the Merger Agreement ), with Velo Holdings Inc. ( Parent ) and Velo Acquisition Inc., a wholly owned subsidiary of Parent ( Merger Sub ), by entering into the Amendment to the Agreement and Plan of Merger, dated as of July 18, 2007 (the Amendment ) with Parent and Merger Sub (the Merger Agreement, as amended, the Amended Merger Agreement ), the terms of which, among other things, increase the consideration payable to the stockholders of Vertrue Incorporated to $50.00 per share in cash, without interest, from $48.50 per share in cash, without interest, and our stockholders are being asked to adopt the Amended Merger Agreement. We are providing this Proxy Supplement in connection with the solicitation of proxies by the board of directors of Vertrue Incorporated (the Board of Directors ) for use at a special meeting of our stockholders (the Special Meeting ). This Proxy Supplement provides information about the amended transaction and updates our definitive proxy statement, which was filed on June 12, 2007 with the Securities and Exchange Commission (the SEC ) (the Definitive Proxy ). The information provided in our Definitive Proxy previously mailed to our stockholders on or about June 13, 2007 continues to apply, except as described in this Proxy Supplement. To the extent information in this Proxy Supplement differs from, updates or conflicts with information contained in the Definitive Proxy, the information contained in this Proxy Supplement is the more current information. If you need another copy of the Definitive Proxy or this Proxy Supplement, you may obtain it free of charge from the Company by directing such request to, the General Counsel, Vertrue Incorporated, 20 Glover Avenue, Norwalk, Connecticut 06850; or by telephone at (203) 324-7635. The Definitive Proxy is also available from the SEC s website at http://www.sec.gov. See Where You Can Find More Information beginning on page S-49 of this Proxy Supplement.

Throughout this Proxy Supplement, we refer to Vertrue Incorporated and its subsidiaries as Vertrue, the Company, we, our or us, unless otherwise indicated by context.

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## UPDATE TO THE SUMMARY TERM SHEET

*This Update to the Summary Term Sheet, together with the Update to Questions and Answers About the Special Meeting and the Merger, summarizes the material information in the Proxy Supplement. You should carefully read this entire Proxy Supplement, the Definitive Proxy and the other documents to which this Proxy Supplement and the Definitive Proxy refer you for a more complete understanding of the matters being considered at the Special Meeting. In addition, this Proxy Supplement incorporates by reference important business and financial information about Vertrue. You may obtain the information incorporated by reference into this Proxy Supplement without charge by following the instructions in Where You Can Find More Information beginning on page S-49.*

### The Merger and the Merger Agreement Amendment

***Merger Agreement Amendment (see page S-12).***

On July 18, 2007, we, together with Parent and Merger Sub, amended the Merger Agreement to increase the consideration payable to Vertrue stockholders to $50.00 per share in cash, without interest (the Revised Merger Consideration ), from $48.50 per share in cash, without interest. If the merger of Merger Sub with and into Vertrue with Vertrue as the surviving corporation (the Surviving Corporation ) as contemplated by the Amended Merger Agreement (the Merger ) is completed, you will be entitled to receive $50.00 in cash, without interest, less any applicable withholding taxes, for each share of Vertrue s common stock, par value $0.01 per share (the Common Stock ) that you own. See Summary of Amendment to the Merger Agreement beginning on page S-12.

***Parent (see page S-12).*** Velo Holdings Inc., a Delaware corporation, was formed solely for the purpose of effecting the Merger 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 ), Rho Ventures V, L.P. ( Rho Ventures V ), Rho Ventures V, Affiliates, L.L.C. (together with Rho Ventures V, Rho Ventures ) and Brencourt Credit Opportunities Master, Ltd. and Brencourt BD, LLC (collectively, Brencourt Equity ). OEP and Rho Ventures are collectively referred to in this Proxy Supplement as the Sponsors . Oak Investment Partners XII, L.P. ( Oak ), which was originally part of the investor group formed to acquire Vertrue, has determined not to participate in the Merger at the Revised Merger Consideration. Accordingly, the term Sponsor when used throughout the Definitive Proxy shall not include Oak. For more information on the Sponsors and Brencourt Equity, see Annex D.

***Amendment to the Rollover and Voting Agreement Between Gary A. Johnson, Chief Executive Officer of Vertrue, and Parent (see page S-42).*** On July 18, 2007, Gary A. Johnson, Vertrue s Chief Executive Officer ( CEO ), and Parent entered into an amendment to the rollover and voting agreement, dated as of March 22, 2007, between Gary A. Johnson and Parent to reflect the increase of the merger consideration from $48.50 per share in cash to $50.00 per share in cash as contemplated by the Amended Merger Agreement. Pursuant to the rollover and voting agreement, as amended, Gary A. Johnson agreed to vote in favor of the adoption of the Amended Merger Agreement and the approval of the Merger and against any action adverse to the Merger. As of the date of this Proxy Supplement, Gary A. Johnson beneficially owned approximately 11.5% of the outstanding shares of the Common Stock. The rollover and voting agreement will terminate automatically upon termination of the Amended Merger Agreement.

***Voting Agreement Between Brencourt Advisors, LLC and Parent (see page S-42).*** On July 18, 2007, Brencourt Advisors, LLC ( Brencourt Advisors ) and Parent entered into an agreement (the Brencourt Voting

Agreement ) pursuant to which:

Brencourt Advisors was granted an option (the Brencourt Option ) to acquire, for itself and/or one or more of its managed accounts, an interest in equity securities of Parent in an amount of not less than $10 million and not more than $25 million. On July 26, 2007, Brencourt Advisors gave irrevocable notice to Parent that it was exercising, on behalf of Brencourt Equity, the Brencourt Option to invest in equity securities of Parent in an amount of $25 million;

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Brencourt Advisors agreed that it will vote or execute consents in respect of each share of the Common Stock with respect to which it has voting power: (i) in favor of the adoption of the Amended Merger Agreement, the Merger and the other transactions contemplated thereby, (ii) at Parent s direction, in favor of any further adjournments of the Special Meeting and (iii) against any action that would or is designed to delay, prevent or frustrate the Merger and the other transactions contemplated by the Amended Merger Agreement. As of the date of this Proxy Supplement, Brencourt Advisors owned approximately 27.9% of the outstanding shares of the Common Stock. As of the date of this Proxy Supplement, Brencourt Advisors and Gary A. Johnson owned an aggregate of approximately 34.4% of the outstanding shares of the Common Stock; and

The Brencourt Voting Agreement will terminate upon the first to occur of (i) the termination of the Amended Merger Agreement in accordance with its terms or (ii) the effective time of the Merger.

***Rights Agreement and Its Amendment.*** On July 3, 2007, the Board of Directors declared a dividend of one right (a Right ), payable in accordance with the terms of the Stockholder Protection Rights Agreement, dated as of July 3, 2007 (the Rights Agreement ), between the Company and American Stock Transfer & Trust Company, a New York corporation, as Rights Agent, for each outstanding share of the Common Stock held of record at the close of business on July 16, 2007, and the Board of Directors authorized the issuance of one right for each share of Common Stock issued thereafter and prior to the separation time (as defined in the Rights Agreement) and thereafter pursuant to options and convertible securities outstanding at the separation time. Each Right entitles its registered holder to purchase from the Company, after the separation time, one one-hundredth of a share of the Company s Participating Preferred Stock, no par value, for $240.00, subject to adjustment. On July 18, 2007, Vertrue entered into an amendment to the Rights Agreement to exempt the transaction contemplated by the Brencourt Voting Agreement.

***Other Management Investors (see page S-41).*** Several other members of our management team have been provided an opportunity to purchase equity securities in Parent in connection with the consummation of the Merger. As of the date of this Proxy Supplement, although no definitive agreements have been reached, several members of our management team are expected to invest in Parent; however, the equity investment by each management investor, excluding Gary A. Johnson, is currently expected to represent an immaterial amount of the voting stock of Parent; and the equity investment of Gary A. Johnson in Parent, inclusive of his expected interest in restricted equity under Parent s equity incentive plan, is expected to represent approximately 13.2% of the outstanding voting stock of Parent as of the closing of the Merger. As of the date of this Proxy Supplement, our senior management (including Gary A. Johnson s 11.5% beneficial interest) beneficially owns approximately 18.4% of the outstanding shares of the Common Stock.

***Treatment of Outstanding Options and Restricted Stock.*** Upon consummation of the Merger, each outstanding option to purchase shares of 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 $50.00 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 $50.00, without interest and less any applicable withholding taxes.

**The Special Meeting**

See Update to Questions and Answers About the Special Meeting and the Merger beginning on page S-7 and Update to the Special Meeting beginning on page S-13.

**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

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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 Amended 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 Supplement collectively as the unaffiliated stockholders ) and recommended to our Board of Directors that the Amended 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 Amended 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 Amended 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 Update to Special Factors Reasons for the Merger; Recommendation of the Special Committee and of Our Board of Directors; Fairness of the Merger beginning on page S-17.

***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 1.7% 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 Amended 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 as of the record date, has entered into an agreement with Parent to vote his shares FOR the adoption of the Amended Merger Agreement. See Update to Important Information About Vertrue Security Ownership of Certain Beneficial Owners and Management beginning on page S-45.

***Interests of Our Directors and Executive Officers in the Merger (see page S-39).*** In considering the recommendations of the Board of Directors, Vertrue s stockholders should be aware that certain of Vertrue s directors and executive officers have interests in the transaction that are different from, and/or in addition to, the interests of Vertrue s stockholders generally. The following information updates certain information presented in Special Factors Interests of Vertrue s Directors and Executive Officers in the Merger beginning on page 55 of the Definitive Proxy.

Vertrue s executive officers and directors will be entitled to receive the excess, if any, of $50.00 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 $50.00 per share in cash for each share of restricted stock held by them.

Our CEO, Gary A. Johnson, has agreed to contribute up to $20 million of his shares of the Common Stock (valued at $50.00 per share) to Parent in exchange for equity securities of Parent.

Several other members of Vertrue s management team have been provided an opportunity to invest in Parent by purchasing equity securities of Parent in connection with the consummation of the Merger. As of the date

of this Proxy Supplement, although no definitive agreements have been reached, several members of the management team are expected to invest in Parent; however, the equity investment by each management investor, excluding Gary A. Johnson, is currently expected to represent an immaterial amount of the voting stock of Parent.

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***Opinions of FTN Midwest Securities and Jefferies Broadview.***

*Opinion of FTN Midwest Securities (see page S-19).* FTN Midwest Securities Corp. ( FTN ) has delivered its opinion to the Special Committee that, as of July 18, 2007 and based upon and subject to the factors, qualifications, limitations and assumptions set forth therein, the Revised Merger Consideration to be received by the holders of shares of the Common Stock (other than shares held in the treasury of Vertrue and dissenting shares) pursuant to the Amended Merger Agreement was fair, from a financial point of view, to such holders. The full text of the written opinion of FTN, dated July 18, 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 Supplement. 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 shares of the Common Stock should vote or act with respect to the Merger. FTN received a fee for rendering the opinion.

*Opinion of Jefferies Broadview* (*see page S-28*). Jefferies Broadview, a division of Jefferies & Company, Inc., has delivered its opinion to the Board of Directors that, as of July 18, 2007, based upon and subject to the assumptions, limitations, qualifications and factors contained in its opinion, the Revised Merger Consideration to be received by the holders of shares of the Common Stock pursuant to the Amended Merger Agreement was fair, from a financial point of view, to such holders (other than Parent, Merger Sub and their respective affiliates). The full text of the written opinion of Jefferies Broadview, dated July 18, 2007, is attached to this Proxy Supplement as Annex C and incorporated into this Proxy Supplement by reference. 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 Jefferies Broadview is not a recommendation as to how any holder of shares of the Common Stock should vote or act with respect to the Merger. Jefferies Broadview received a fee for rendering the opinion.

***Sources of Financing (see page S-39).*** The Amended Merger Agreement does not contain any condition relating to the receipt of financing by Parent or Merger Sub. Vertrue and Parent estimate that the total amount of funds required to complete the Merger and the related transactions, including payment of fees and expenses in connection with the Merger, is approximately $850 million. This amount is expected to be funded through a combination of equity and debt financing.

*Equity Financing.* Parent has received equity commitments with respect to an aggregate of up to $200 million, consisting of up to $185 million from OEP and up to $15 million from Rho Ventures. In addition, Gary A. Johnson has agreed to contribute up to $20 million of his shares of the Common Stock (valued at $50.00 per share) to Parent in exchange for equity securities of Parent. On July 26, 2007, Brencourt Advisors, on behalf of Brencourt Equity, gave irrevocable notice to Parent that it was exercising the Brencourt Option to invest in equity securities of Parent in an amount of $25 million, which amount will reduce the amount being invested by OEP by $25 million.

*Debt Financing.* The debt financing remains the same as that described in the Definitive Proxy (see Special Factors Financing of the Merger Debt Financing beginning on page 52 of the Definitive Proxy).

***Position of Gary A. Johnson as to Fairness (see page S-35).*** To comply with the requirements of Rule 13e-3, our Board of Directors and Gary A. Johnson make certain disclosure herein as to their belief as to the fairness of the Merger to our unaffiliated stockholders.

***Position of Parent, Merger Sub and the Sponsors as to Fairness (see page S-35).*** Parent, Merger Sub and the Sponsors make certain disclosure herein as to their belief as to the fairness of the Merger to our unaffiliated stockholders.

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***Position of the Brencourt Parties as to Fairness (see page S-36).*** Brencourt Equity and Brencourt Advisors (collectively, the Brencourt Parties ) make certain disclosure herein as to their belief as to the fairness of the Merger to our unaffiliated stockholders.

***Special Committee and Board of Directors Recommendation (see pages S-17 and S-18).*** Each of the Special Committee and our Board of Directors has unanimously determined that the Amended Merger Agreement and the transactions contemplated thereby, including the Merger, are advisable, fair to and in the best interests of our unaffiliated stockholders. In evaluating the Merger, the Special Committee retained and consulted with its independent legal and financial advisors, reviewed a significant amount of information and considered a number of factors and procedural safeguards set forth below in Update to Special Factors Reasons for the Merger; Recommendation of the Special Committee and of Our Board of Directors; Fairness of the Merger beginning on page S-17. Based upon the foregoing, and consistent with its general recommendation to stockholders, the Special Committee and our Board of Directors believe that the Amended Merger Agreement and the Merger are substantively and procedurally fair to our unaffiliated stockholders.

***Market Price of the Common Stock (see page S-43).*** The closing sale price of the Common Stock on the NASDAQ Global Market (the NASDAQ ) on January 23, 2007, the last trading day prior to (i) press reports of rumors regarding a potential acquisition of Vertrue, and (ii) the Company s press release announcing its second quarter earnings, which met or exceeded the previously announced guidance by Vertrue s management in most respects, was $40.12 per share. The $50.00 share to be paid for each share of the Common Stock in the Merger represents a premium of approximately 24.6% to the closing price on January 23, 2007.

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## UPDATE TO QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND THE MERGER

*The following questions and answers are intended to address briefly some commonly asked questions regarding the Merger, the Amended Merger Agreement, and the Special Meeting. These questions and answers do not address all questions that may be important to you as our stockholder. Please refer to the Update to the Summary Term Sheet and the more detailed information contained elsewhere in this Proxy Supplement, the annexes to this Proxy Supplement and the documents referred to or incorporated by reference in this Proxy Supplement, together with the Definitive Proxy, which you should read carefully.*

**Q. Why are you sending me this Proxy Supplement?**

**A.** We are sending you this Proxy Supplement because on July 18, 2007, Vertrue, Parent and Merger Sub entered into an amendment to the Merger Agreement. This Proxy Supplement provides information on the amended transaction and updates the Definitive Proxy.

**Q. What is the effect of the July 18, 2007 amendment to the Merger Agreement?**

**A.** The Amendment has the effect of increasing the merger consideration to be paid to the Company s stockholders for their shares to $50.00 per share in cash, without interest, from $48.50 per share in cash, without interest. The terms of the Amendment are described beginning on page S-12 of this Proxy Supplement under the heading Summary of Amendment to the Merger Agreement.

**Q. How is the increase to the merger consideration being financed?**

**A.** The increase in the merger consideration is being funded through an increase in the equity financing arranged by Parent. In connection with the amendment to the Merger Agreement, Parent received amended equity commitment letters, dated as of July 18, 2007, from each of OEP and Rho Ventures, pursuant to which OEP has committed to purchase up to $185 million of equity securities of Parent for cash, and Rho Ventures has committed to purchase up to $15 million of equity securities of Parent for cash. In addition, on July 26, 2007, Brencourt Advisors, on behalf of Brencourt Equity, gave irrevocable notice to Parent that it was exercising the Brencourt Option to invest in equity securities of Parent in an amount of $25 million, which amount will reduce the amount being invested by OEP by $25 million.

**Q. When do you expect to complete the Merger?**

**A. The Merger will be completed after all of the conditions to completion of the Merger are satisfied or waived, including adoption of the Amended Merger Agreement by our stockholders.** We are working toward completing the Merger as quickly as possible, and we currently anticipate that it will be completed in the third calendar quarter of 2007, although we cannot assure completion by any particular date, if at all. We will issue a press release and send you a letter of transmittal for your stock certificates once the Merger has been completed.

**Q. When and where is the Special Meeting?**

**A.** The Special Meeting, which was first convened on July 12, 2007, has been adjourned to Tuesday, July 31, 2007 at 9:30 a.m., Eastern Time, at the Stamford Marriott Hotel & Spa, 243 Tresser Boulevard, Stamford, Connecticut; however, we expect to reconvene the Special Meeting on July 31, 2007 for the sole purpose of adjourning it in

order to permit the solicitation of additional proxies and to provide stockholders with additional time to consider the changes to the Merger effectuated by the Amendment, including the Revised Merger Consideration, and to review this Proxy Supplement. We expect to reconvene the Special Meeting on Wednesday, August 15, 2007, at 9:30 a.m., Eastern Time, at the Stamford Marriott Hotel & Spa, 243 Tresser Boulevard, Stamford, Connecticut.

**Q. What matters will be considered and voted on at the Special Meeting?**

**A.** You will be asked to consider and vote on the following proposals:

to adopt the Amended Merger Agreement;

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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 Amended Merger Agreement; and

to act upon other business as may properly come before the Special Meeting or any adjournment or postponement thereof.

**Q. How does the Vertrue Board of Directors recommend that I vote on the proposal?**

**A.** Our Board of Directors, acting on the unanimous recommendation of the Special Committee, unanimously recommends that you vote FOR the proposal to adopt the Amended Merger Agreement and approve the Merger and FOR the proposal to approve any adjournments of the Special Meeting for the purpose of soliciting additional proxies if there are not sufficient votes at the Special Meeting to adopt the Amended Merger Agreement and approve the Merger. We expect to reconvene the Special Meeting on July 31, 2007 for the sole purpose of holding a vote to adjourn it until August 15, 2007 in order to permit the solicitation of additional proxies and to provide stockholders with additional time to consider the changes to the Merger effectuated by the Amendment, including the Revised Merger Consideration, and to review this Proxy Supplement.

**Q. Did the Vertrue Board of Directors receive fairness opinions from its financial advisors?**

**A.** Yes. On July 18, 2007, FTN, financial advisor to the Special Committee, delivered an opinion to the Special Committee, and Jefferies Broadview, financial advisor to the Board of Directors, delivered an opinion to the Board of Directors, that, as of July 18, 2007 and based upon and subject to the factors and assumptions set forth therein, $50.00 per share in cash, without interest, to be received by the holders of shares of the Common Stock pursuant to the Amended Merger Agreement was fair from a financial point of view to such holders.

**Q. What do I need to do now?**

**A.** Even if you plan to attend the Special Meeting, after carefully reading and considering the information contained in this Proxy Supplement, please vote your shares by:

if you hold your shares in your own name as the stockholder of record: (1) completing, signing, dating and returning the enclosed proxy card; (2) using the telephone number printed on your proxy card; or (3) using the Internet voting instructions printed on your proxy card. You can also attend the Special Meeting and vote in person; and

if you hold your shares in street name through a broker, bank or other nominee, following the voting instructions you received from your broker, bank or other nominee with this Proxy Supplement.

**DO NOT ENCLOSE OR RETURN YOUR STOCK CERTIFICATE(S) WITH YOUR PROXY.**

**Q: How do I vote?**

**A.** You may vote as described above. If you return your signed proxy card, but do not mark the boxes showing how you wish to vote, your shares will be voted FOR the proposal to adopt the Amended Merger Agreement and FOR the adjournment proposal.

**Q. Who will count the votes?**

**A.** A representative of Broadridge Financial Solutions, Inc. ( Broadridge ) will count the votes and act as an inspector of election. Questions concerning stock certificate or other matters pertaining to your shares may be directed to American Stock Transfer & Trust Company, Shareholder Relations Group at (800) 937-5449.

**Q. What should I do if I have already voted?**

**A. If you have already provided instructions on the merger proposal using a properly executed instruction card**, you will be considered to have voted on the Amended Merger Agreement as well, and you do not need to do anything **unless you wish to change your vote.**

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**If you have already provided instructions on the merger proposal using a properly executed instruction card but wish to change your vote**, simply fill out the instruction card included with this Proxy Supplement and return it in the accompanying prepaid envelope. Your shares will be voted in accordance with your duly executed instructions received by Broadridge by 11:59 p.m., Eastern Time, on August 14, 2007.

**You may also revoke previously given voting instructions** at any time before the vote is taken at the Special Meeting as follows:

if you hold your shares in your name as a stockholder of record;

by sending written notice to Loren Ambrose at 20 Glover Avenue, Norwalk, Connecticut 06850;

by attending the Special Meeting and voting in person (your attendance at the meeting will not, by itself, revoke your proxy; you must vote in person at the Special Meeting); or

by submitting a later-dated proxy card, proxy by telephone or proxy over the Internet; and

if your shares are held in street name, you must contact your broker, bank or other nominee and follow the instructions provided to you in order to revoke your vote.

**Q. What happens if I sell my shares of Vertrue Common Stock before the Special Meeting?**

**A.** The record date for stockholders entitled to vote at the Special Meeting remains June 7, 2007. If you transfer your shares of the Common Stock after the record date but before the Special Meeting (including any adjournment thereof), you will, unless special arrangements are made, retain your right to vote at the Special Meeting but will transfer the right to receive the Revised Merger Consideration to the person to whom you transfer (or have transferred) your shares.

**Q. Who is soliciting my vote?**

**A.** This proxy solicitation is being made and paid for by Vertrue. In addition, we have retained Georgeson Inc. ( Georgeson ) to assist in the solicitation. We will pay Georgeson approximately $23,000 plus expenses for its assistance. Our directors, officers and regular employees, without additional remuneration, may also solicit proxies by telephone, telegraph, personal interviews, mail, e-mail, facsimile or other means of communication. We will also request brokers and other fiduciaries to forward proxy solicitation material to the beneficial owners of shares of the Common Stock that the brokers and fiduciaries hold of record. We will reimburse them for their reasonable out-of-pocket expenses.

**Q. Who can help answer my questions?**

**A.** If you have additional questions about the Merger after reading this Proxy Supplement, please contact us by telephone at (203) 324-7635 or our proxy solicitor, Georgeson Inc., by telephone at (212) 440-9800 (for banks and brokers) and (866) 577-4994 (for all others).

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## SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Proxy Supplement, and the documents to which we refer you in this Proxy Supplement, contain forward-looking statements based on estimates and assumptions. Forward-looking statements represent our expectations or beliefs concerning future events, including the following: any projections or forecasts included in the Definitive Proxy or referred to in this Proxy Supplement, information concerning possible or assumed future results of operations of Vertrue, the expected completion, timing and effects of the Merger and other information relating to the Merger. There are forward-looking statements throughout this Proxy Supplement, including, without limitation, under the headings Update To Summary Term Sheet, Update To Special Factors, Update to Important Information About Vertrue and in statements containing the words believes, plans, expects, anticipates, intends, estimates, ma other similar expressions. You should be aware that forward-looking statements are based on our current estimates and assumptions and involve known and unknown risks and uncertainties. Although we believe that the expectations reflected in these forward-looking statements are reasonable, we cannot assure you that the actual results or developments we anticipate will be realized, or even if realized, that they will have the expected effects on the business or operations of Vertrue or on the Merger and related transactions. These forward-looking statements speak only as of the date on which the statements were made and we undertake no obligation to publicly update or revise any forward-looking statements made in this Proxy Supplement or elsewhere as a result of new information, future events or otherwise. In addition to other factors and matters contained or incorporated by reference in this document, we believe the following factors could cause actual results to differ materially from those discussed in the forward-looking statements:

- the occurrence of any event, change or other circumstances that could give rise to the termination of the Amended Merger Agreement and the payment of a termination fee by us;
- the outcome of any legal proceedings that have been or may be instituted against us and others relating to the Merger;
- the inability to complete the Merger due to the failure to obtain stockholder or regulatory approval or the failure to satisfy other conditions to consummate the Merger;
- the failure to obtain the necessary debt financing arrangements set forth in commitment letters received by Parent in connection with the Merger;
- the failure of the Merger to close for any other reason;
- risks that the proposed Merger disrupts our current plans and operations and the potential difficulties in employee retention as a result of the Merger;
- the effect of the announcement of the Merger on our customer relationships, operating results and business generally;
- the ability to recognize the benefits of the Merger;
- the amount of the costs, fees, expenses and charges related to the Merger and the actual terms of certain financings that will be obtained for the Merger;
- the impact of the substantial indebtedness incurred to finance the consummation of the Merger;

the risk of unforeseen material adverse changes to our business or operations;

and other risks detailed in our filings with the SEC, including our most recent filings of Quarterly Report on Form 10-Q and Annual Report on Form 10-K. See Where You Can Find More Information beginning on page S-49. Many of the factors that will determine our future results or whether or when the Merger will be consummated are beyond our ability to control or predict. In light of the significant uncertainties inherent in the forward-looking statements contained herein, readers should not place undue reliance on forward-looking statements, which reflect our management s views only as of the date hereof. We cannot guarantee any future results, levels of activity, performance or achievements. The statements made in this Proxy Supplement represent our views as of the date of this Proxy Supplement, and it should not be assumed that the statements made herein remain accurate as of any future date. Moreover, we assume no obligation to update forward-looking statements or update

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the reasons that actual results could differ materially from those anticipated in forward-looking statements, except as required by law.

The safe harbor from liability for forward-looking statements contained in Section 21E of the Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act of 1933, as amended, do not apply to forward-looking statements made in connection with a going private transaction, including statements made in a proxy statement or documents incorporated by reference therein.

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## SUMMARY OF AMENDMENT TO THE MERGER AGREEMENT

The following describes the material provisions of the Amendment, but is not intended to be an exhaustive discussion of the Amendment. We encourage you to read each of the Amendment, attached as Annex A to this Proxy Supplement, and the Merger Agreement, attached as Annex A to the Definitive Proxy, carefully and in its entirety.