Fly Leasing Ltd
Form 20-F
March 11, 2011

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 20-F

(Mark One)

o **REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) or (g) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

þ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2010

OR

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

o **SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission file number 001-33701

FLY LEASING LIMITED

(Exact name of Registrant as specified in its charter)

Bermuda

(Jurisdiction of incorporation or organization)

West Pier
Dun Laoghaire
County Dublin, Ireland

(Address of principal executive office)

Mina Kim, West Pier, Dun Laoghaire, County Dublin, Ireland
Telephone number: +353 1 231 1900, Facsimile number: +353 1 231 1901

(Name, Telephone, Email and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of each class	Name of each exchange on which registered
American Depositary Shares	New York Stock Exchange
Common Shares, par value of $0.001 per share	New York Stock Exchange*

* Not for trading, but only in connection with the registration of American Depositary Shares representing these shares, pursuant to the requirements of the Securities and Exchange Commission.

Securities registered or to be registered pursuant to Section 12(g) of the Act.

None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

None

Indicate the number of outstanding shares of each of the issuer s classes of capital or common stock as of the close of the period covered by the annual report.

26,707,501 Common Shares, par value of $0.001 per share.

100 Manager Shares, par value of $0.001 per share

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes o No þ

If this report is an annual or transition report, indicate by check mark, if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes o No þ

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes þ No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes o No o

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

Large accelerated filer o	Accelerated filer þ	Non-accelerated filer o

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP þ	International Financial Reporting Standards as issued by the International Accounting Standards Board o	Other o

If Other has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow:

Item 17 o Item 18 o

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes o No þ

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PRELIMINARY NOTE

This Annual Report should be read in conjunction with the consolidated financial statements and accompanying notes included in this report.

The consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States (GAAP) and are presented in U.S. Dollars. These statements and discussion below contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include, but are not limited to, objectives, expectations and intentions and other statements contained in this Annual Report that are not historical facts, as well as statements identified by words such as expects, anticipates, intends, plans, believes, seeks, estimates, or words of similar meaning. Such statements address future events and conditions concerning matters such as, but not limited to, our earnings, cash flow, liquidity and capital resources, compliance with debt and other restrictive covenants, interest rates and dividends. These statements are based on current beliefs or expectations and are inherently subject to significant uncertainties and changes in circumstances, many of which are beyond our control. Actual results may differ materially from these expectations due to changes in political, economic, business, competitive, market and regulatory factors. We believe that these factors include, but are not limited to those described under Item 3 Risk Factors and elsewhere in this Annual Report.

Except to the extent required by applicable law or regulation, we undertake no obligation to update these forward looking statements to reflect events, developments or circumstances after the date of this document, a change in our views or expectations, or to reflect the occurrence of future events.

Unless the context requires otherwise, when used in this Annual Report, (1) the terms Fly, Company, we, our and us refer to Fly Leasing Limited and its subsidiaries; (2) the term B&B Air Funding refers to our subsidiary, Babcock & Brown Air Funding I Limited; (3) the term B&B Air Acquisition refers to our subsidiary, Babcock & Brown Air Acquisition I Limited; (4) the term B&B Air Cayman refers to our subsidiary, Babcock & Brown Air Finance (Cayman) Limited; (5) the term B&B Air Cayman II refers to Babcock & Brown Air Finance II (Cayman) Limited, a subsidiary of B&B Air Cayman; (6) the term Fly-BBAM refers to our subsidiary, Fly-BBAM Holdings, Ltd.; (7) the term Fly Holdings refers to our subsidiary, Fly Aircraft Holdings One Limited; (8) the term Fly Holdings Two refers to our subsidiary, Fly Aircraft Holdings Two Limited (9) all references to our shares refer to our common shares held in the form of American Depositary Shares, or ADSs; (10) the terms Predecessor and JET-i refer to JET-i Leasing LLC, the predecessor company of Fly; (11) the terms B&B and Babcock & Brown refer to Babcock & Brown Limited, an Australian company, and its subsidiaries; (12) the term BBAM LP refers to BBAM Limited Partnership and its subsidiaries and affiliates; (13) the terms BBAM and Servicer refer to BBAM Aircraft Management LLC and BBAM Aircraft Management (Europe) Limited, collectively; (14) the term Manager refers to Fly Leasing Management Co. Limited, the Company s manager; and (15) the term Initial Portfolio refers to our initial portfolio of 47 commercial jet aircraft acquired by our subsidiary, B&B Air Funding.

At the Annual General Meeting held on June 29, 2010, the Company s shareholders approved changing the name of Babcock & Brown Air Limited to Fly Leasing Limited.

Unless indicated otherwise, all percentages and weighted average characteristics of the aircraft in our portfolio have been calculated using net book values as of December 31, 2010.

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PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION

Fly Leasing Limited is a global lessor of modern, fuel-efficient commercial jet aircraft. Our aircraft are leased under long-term to medium-term contracts to a diverse group of airlines throughout the world. On October 2, 2007, we (i) completed our initial public offering (IPO) and issued 18,695,650 common shares in the form of ADSs; (ii) completed a private placement of 14,907,800 ADSs (Private Placement , and together with the IPO, Offerings) and (iii) issued $853.0 million of aircraft lease-backed notes (the Notes) as part of a securitization transaction (the Securitization) through our subsidiary, B&B Air Funding. Using proceeds of the Offerings and the Notes, we acquired our initial portfolio of 47 commercial jet aircraft (Initial Portfolio).

On November 7, 2007, our subsidiary, B&B Air Acquisition, entered into a revolving credit facility (the Aircraft Acquisition Facility) that provided for up to $1.2 billion of financing for additional aircraft including a $96.0 million equity tranche from Fly. The availability period for the Aircraft Acquisition Facility expired on November 6, 2009 and substantially all available cash flow from aircraft held by B&B Air Acquisition is applied to the repayment of outstanding principal.

During the period from the IPO through December 31, 2010, we have (i) acquired 18 aircraft; (ii) sold six aircraft and (iii) sold our right to purchase one aircraft to a third party. Since December 31, 2010, we have acquired one additional aircraft and have invested in a newly formed aircraft leasing joint venture that was formed for the purpose of acquiring, financing, leasing and eventually selling four commercial jet aircraft. The joint venture currently owns three Boeing 767-300 aircraft and is expected to acquire an additional Boeing 767-300ER aircraft. Fly holds a 57.4% interest in the joint venture.

On April 29, 2010, the management team of BBAM LP, through Summit Aviation Partners LLC (Summit) purchased substantially all of the aviation assets of Babcock & Brown and its affiliates, including Babcock & Brown s ownership interests in our Manager and certain other companies that manage and service Fly and its aircraft portfolio. BBAM LP is a newly formed, privately-held aircraft leasing and management business that provides management and administrative services to Fly, including servicing of its aircraft portfolio.

In connection with Summit s purchase of these assets, we purchased a 15% interest in BBAM LP. Summit owns the remaining 85% interest in BBAM LP.

Our web address is: www.flyleasing.com.

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Selected Financial Data

The following selected financial data should be read in conjunction with Item 5 Operating and Financial Review and Prospects and our audited consolidated financial statements and related notes thereto included at Item 18 Financial Statements in this Annual Report. The selected financial data presented below are: (i) our operating results for the years ended December 31, 2010, 2009 and 2008; (ii) our operating results for the period from May 3, 2007 (our incorporation date) to December 31, 2007; and (iii) our Predecessor s operating results for the years ended December 31, 2007 and December 31, 2006.

(Dollars in thousands, except share data)

	Fly Leasing Limited				JET-i Leasing LLC (Predecessor Company)	
	For the years ended December 31,			For the period from May 3, 2007 (incorporation date) to December 31,	For the years ended December 31,	
	2010	**2009**	**2008**	**2007**	**2007**	**2006**
Operating lease revenue	$ 219,655	$ 213,964	$ 218,940	$ 26,042	$ 107,620	$ 56,566
Gain on sale of aircraft	13,449		11,437			
Gain on purchases of notes payable and sale of option to purchase notes payable	12,501	82,666				
Total revenues	**253,665**	**307,535**	**236,138**	**33,334**	**121,037**	**61,349**
Total expenses	**190,791**	**194,075**	**181,146**	**29,957**	**135,867**	**68,804**
Net income (loss)	**52,667**	**89,093**	**48,125**	**2,345**	**(15,296)**	**(7,472)**
Earnings per share:						
Basic and diluted	$ 1.86	$ 2.89	$ 1.44	$ 0.19		
Pro forma				$ 0.07		
Dividends declared and paid per share	$ 0.80	$ 0.80	$ 2.00			

On April 29, 2010, Fly adopted the 2010 Omnibus Incentive Plan and made an aggregate grant of 599,999 stock appreciation rights (SARs) and restricted stock units (RSUs) to certain employees of BBAM LP who provide services to the Company pursuant to certain management and servicing agreements. The holder of a SAR or RSU is entitled to dividend equivalent rights on each SAR and RSU. For each dividend equivalent right, the holder has the non-forfeitable right to receive a cash amount equal to the per share dividend paid by Fly during the period between the vesting date and the earlier of the (i) awards exercise, (ii) termination date or (iii) expiration date (Dividend Amount). Dividend Amounts accrue from the grant date. Net income available to common shareholders is determined by reducing the Company s net income for the period by the dividend equivalents paid on vested RSUs and SARs during the period. Dividend equivalents paid totaled $120,000 for 2010.

Basic and diluted earnings per share are calculated: (1) for 2010 by dividing net income, less dividend amounts paid by the weighted average number of basic and diluted shares outstanding for the year; (2) for 2009 and 2008, by dividing net income by the weighted average number of shares outstanding for the year; and (3) for 2007 by dividing net income for the period from May 3, 2007, the date the Company was incorporated, to December 31, 2007 by the weighted average number of shares outstanding from October 2, 2007 to December 31, 2007. Prior to April 29, 2010, the Company did not have a share-based compensation program. The Company has presented pro forma earnings per share for the period ended December 31, 2007 as if its initial public offering had occurred on May 3, 2007 (incorporation date).

	(Dollars in thousands, except shares)					
	Fly Leasing Limited As of December 31,				JET-i Leasing LLC (Predecessor Company) As of December 31,	
	2010	2009	2008	2007	2007	2006
Balance sheet data:						
Total assets	$ 1,978,224	$ 2,024,132	$ 2,086,174	$ 1,589,226	$ 5,249	$ 1,010,875
Total liabilities	1,503,320	1,539,608	1,696,761	1,098,724	2,766	983,175
Total shareholders equity/ member s capital	474,904	484,524	389,413	490,502	2,483	27,700
Number of shares	26,707,501	30,279,948	32,488,911	33,603,450		

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Risk Factors

The risks discussed below could materially and adversely affect our business, prospects, financial condition, results of operations, cash flows, the trading price of our shares and our ability to pay dividends. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially and adversely affect our business, prospects, financial condition, results of operations, cash flows and ability to pay dividends.

Risks Related to Our Relationship with BBAM LP

Our company is managed, and our aircraft portfolio is serviced, by BBAM LP, a new aircraft leasing and management company with limited independent operating history, which was formed by the management team of our Servicer.

On April 29, 2010, Summit, a newly formed entity that is owned by the management team of BBAM, purchased substantially all of the aviation assets of Babcock & Brown. In connection with this transaction, we purchased a 15% interest in BBAM LP, whose affiliates manage our company and service our aircraft portfolio. The remaining 85% of BBAM LP is owned by Summit. BBAM LP was formed on March 4, 2010 and has very limited independent operating history upon which to assess their prospects or ability to manage our Company or service our portfolio of aircraft. Our success or failure wholly depends on the skill and care with which BBAM LP manages our business and performs its services under our management and servicing agreements. Under these agreements, our Servicer is responsible for arranging the leasing of our fleet, acquiring and disposing our aircraft, marketing our aircraft for re-lease, collecting rents and other payments from lessees, monitoring maintenance, insurance and other obligations under our leases and enforcing our rights against lessees. Therefore, our continued success depends on the diligence, skill and network of business contacts of BBAM LP s management team and the continued service of key employees of BBAM LP. The departure of any senior management personnel of BBAM LP or of a significant number of key employees of our Servicer could have a material adverse effect on our performance.

Although the initial term of our management agreement with BBAM LP has been reduced to a five year term, the agreement is subject to five year renewals, and there are only limited circumstances under which we are able to terminate our management agreement without payment of breakage fees. If our board of directors were to become dissatisfied with the performance of BBAM LP under these agreements and we decline to renew such agreements, we would be obligated to pay the Manager a fee as follows: (i) after the initial five-year term, the fee is equal to three times the management expense amount payable under the management agreement; (ii) after the second five-year term, the fee would be equal to two times the management expense amount; (iii) after the third five-year term, the fee would be equal to the management expense amount; and (iv) after the fourth five-year term, there is no fee payable to the Manager.

In addition, the investment in BBAM LP is a new form of investment for us and may subject us to new and unforeseen risks, including adverse tax consequences and additional financial reporting obligations related to our investment.

BBAM has conflicts of interest with us and their limited contractual or other duties will not restrict them from favoring their own business interests to our detriment.

Conflicts of interest will arise between us and BBAM LP with respect to our operations and business opportunities. BBAM LP acquires, manages and remarkets for lease or sale aircraft for us and for other entities, including entities in which Summit has an economic interest. We may compete directly with such other managed entities for investment opportunities. For example, BBAM performs aircraft acquisition, disposition and management services pursuant to a joint marketing agreement with Nomura Babcock & Brown Co., Ltd, which we refer to as NBB. BBAM has arranged a significant number of aircraft acquisitions and dispositions pursuant to the NBB arrangement. We expect that BBAM will continue to arrange acquisition and disposition opportunities with NBB and that we may compete with NBB for such opportunities. A conflict of interest will arise if BBAM identifies an aircraft acquisition opportunity that would meet our investment objectives as well as those of NBB or any other entity managed by BBAM. We do not have any exclusive right to participate in aircraft acquisition opportunities originated or identified by BBAM. Under our agreements with BBAM LP, our Manager has agreed to act in the best interests of our shareholders. However, neither BBAM nor any other BBAM LP affiliate will be restricted from pursuing, or offering to a third party, including NBB or any other party managed by, or otherwise affiliated or associated with BBAM LP, any investment or disposal opportunity or will be required to establish any investment protocol in relation to prioritization of any investment or disposal opportunity. We may purchase in the future aircraft from entities in which Summit has an ownership interest. Although such purchases will require approval by our independent directors, the pricing and other terms of these transactions may be less advantageous to us than if they had been the result of transactions among unaffiliated third parties.

Under our servicing agreements with BBAM, if a conflict of interest arises as to our aircraft and other aircraft managed by BBAM, BBAM must perform the services in good faith, and, to the extent that our aircraft or other aircraft managed by BBAM have substantially similar characteristics that are relevant for purposes of the particular services to be performed, BBAM has agreed not to discriminate among our aircraft or between any of our aircraft and any other managed aircraft on an unreasonable basis. Nevertheless, despite these contractual undertakings, BBAM as Servicer may favor its own interests and the interests of other managed entities over our interests. Conflicts may arise when our aircraft are leased to entities that also lease other aircraft managed by BBAM and decisions affecting some aircraft may have an adverse impact on others. For example, when a lessee in financial distress seeks to return some of its aircraft, BBAM may be required to decide which aircraft to accept for return and may favor its or another managed entity s interest over ours. Conflicts also may arise, for example, when our aircraft are being marketed for re-lease or sale at a time when other aircraft managed by BBAM are being similarly marketed.

Under the terms of our servicing agreements, we are not entitled to be informed of all conflicts of interest involving BBAM and are limited in our right to replace BBAM because of conflicts of interest. Any replacement Servicer may not provide the same quality of service or may not afford us terms as favorable as the terms currently offered by BBAM. If BBAM, as the servicer, makes a decision that is adverse to our interests, our business, financial condition, results of operations and cash flows could suffer. See Even if we were to become dissatisfied with BBAM LP s performance, there are only limited circumstances under which we are able to terminate our management and servicing agreements and we may not terminate the servicing agreement for our Initial Portfolio without the prior written consent of the policy provider.

Even if we were to become dissatisfied with BBAM LP s performance, there are only limited circumstances under which we are able to terminate our management and servicing agreements and we may not terminate the servicing agreement for our Initial Portfolio without the prior written consent of the policy provider.

We may terminate the management agreement if:

- at least 75% of our independent directors and holders of 75% or more of all of our outstanding common shares (measured by vote) determine by resolution that there has been unsatisfactory performance by our Manager that is materially detrimental to us;
- our Manager materially breaches the management agreement and fails to remedy such breach within 90 days of receiving written notice from us requiring it to do so, or such breach results in liability to us and is attributable to our Manager s gross negligence, fraud or dishonesty, or willful misconduct in respect of the obligation to apply the standard of care;
- any license, permit or authorization held by the Manager which is necessary for it to perform the services and duties under the management agreement is materially breached, suspended or revoked, or otherwise made subject to conditions which, in the reasonable opinion of our board of directors, would prevent the Manager from performing the services and the situation is not remedied within 90 days;
- BBAM Aviation Services Limited or one of its affiliates ceases to hold (directly or indirectly) more than 50% of the voting equity of, and economic interest in, the Manager;
- our Manager becomes subject to bankruptcy or insolvency proceedings that are not discharged within 75 days, unless our Manager is withdrawn and replaced within 90 days of the initiation of such bankruptcy or insolvency proceedings with an affiliate or associate of BBAM that is able to make correctly the representations and warranties set out in the management agreement;
- our Manager voluntarily commences any proceeding or files any petition seeking bankruptcy, insolvency, receivership or similar law, or makes a general assignment for the benefit of its creditors, unless our Manager is withdrawn and replaced within 15 days with an affiliate or associate of BBAM that is able to make correctly the representations and warranties set out in the management agreement;
- an order is made for the winding up of our Manager, unless our Manager is withdrawn and replaced within 15 days with an affiliate or associate of BBAM that is able to make correctly the representations and warranties set out in the management agreement; and
- Steven Zissis ceases to be the President or Chief Executive Officer of BBAM LP at any time prior to April 29, 2015 for any reason other than death or disability.

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If the management agreement is not renewed at the end of a five-year term, we are required to pay the Manager a non-renewal fee equal to the following: (i) at the termination of the initial five-year term, an amount equal to three times the aggregate management expense amount in respect of the last complete fiscal year prior to the termination date; (ii) at the termination of the second five-year term, an amount equal to two times the aggregate management expense; and (iii) at the termination of the third five-year term, an amount equal to the aggregate management expense amount in respect of the last complete fiscal year prior to the termination date. No fee is payable after the fourth five-year term.

If the Manager terminates the agreement for cause (including as a result of the appointment to the board of a majority of independent directors who are not supported by the current directors), we are required to pay the Manager a termination fee in an amount equal to: i) during the initial five-year term, an amount equal to three times the aggregate management expense amount in respect of the last complete fiscal year prior to the termination date; (ii) during the second five-year term, an amount equal to two times the aggregate management expense in respect of the last complete fiscal year prior to the termination date; and (iii) during the third five-year term, an amount equal to the aggregate management expense amount in respect of the last complete fiscal year prior to the termination date. No fee is payable after the completion of the third five-year term.

In addition, if the management agreement is not renewed at the end of a five-year term or is terminated by the Manager for cause, our investment in BBAM may be repurchased by the other owners of BBAM for a purchase price equal to: (i) during and at the end of the first five year term, the lesser of fair market value or the purchase price paid by Fly less distributions received; (ii) during and at the end of the second five year term, 50% of fair market value but in no case less than Fly s unrecouped capital; (iii) during and at the end of the third five year term, 75% of fair market value but in no case less than Fly s unrecouped capital; (iv) thereafter, 100% of fair market value but in no case less than Fly s unrecouped capital.

We have the right to terminate the servicing agreement for our Initial Portfolio (with the prior written consent of the policy provider) and the policy provider has the independent right to terminate the agreement (without our consent) in the following limited circumstances:

- Bankruptcy or insolvency of BBAM LP;
- BBAM LP ceases to own, directly or indirectly, at least 50% of the Servicer;
- Summit ceases to own, directly or indirectly, at least 33.33% of the partnership interests in BBAM LP; provided that a sale that results in such ownership being at a level below 33.33% shall not constitute a servicer termination event if the sale is to a publicly listed entity or other person with a net worth of at least $100 million;
- Steven Zissis ceases to be the President or Chief Executive Officer of BBAM LP at any time prior to April 29, 2015 for any reason other than death or disability; and
- 50% or more of the Servicer s key finance and legal team or technical and marketing team cease to be employed by BBAM LP and are not replaced with employees with reasonably comparable experience within 90 days.

If the servicing agreement for our Initial Portfolio is terminated by us or the policy provider and another servicer is engaged to service our Initial Portfolio, we will no longer be entitled to a credit against fees due under the management agreement for servicing fees paid with respect to our Initial Portfolio and our expenses would increase substantially. Although this will be a disincentive for us to terminate the servicing agreement for our Initial Portfolio, it is not likely to be a factor in a decision by the policy provider to exercise its independent ability to terminate the agreement.

Our management and servicing agreements limit our remedies against BBAM LP for unsatisfactory performance and provide certain termination rights to the policy provider.

Under our management and servicing agreements with BBAM LP, in many cases we may not have the right to recover damages from BBAM LP for unsatisfactory performance. Moreover, we have agreed to indemnify our Manager, BBAM LP and their affiliates for broad categories of losses arising out of the performance of services, unless they are finally adjudicated to have been caused directly by our Manager s or BBAM LP s gross negligence, fraud, deceit or willful misconduct in respect of its obligation to apply its standard of care or, in the case of the servicing agreement for our Initial Portfolio, conflicts of interest standard in the performance of its services. In addition, because of our substantial dependence on BBAM LP, our board of directors may be reluctant to initiate litigation against BBAM LP to enforce contractual rights under our management and servicing agreements.

Under certain circumstances the provider of the financial guaranty insurance policy with respect to the Notes has the right to terminate BBAM as the servicer for our Initial Portfolio without our consent and may terminate the Servicer at a time which may be disadvantageous to us.

BBAM may resign as Servicer under our servicing agreements under certain circumstances, which would significantly impair our ability to re-lease or sell aircraft and service our leases.

BBAM may resign under one or more of our servicing agreements under certain circumstances if it reasonably determines that directions given, or services required, would, if carried out, be unlawful under applicable law, be likely to lead to an investigation by any governmental authority of BBAM or its affiliates, expose BBAM to liabilities for which, in BBAM s good faith opinion, adequate bond or indemnity has not been provided or place BBAM in a conflict of interest with respect to which, in BBAM s good faith opinion, BBAM could not continue to perform its obligations under the servicing agreement with respect to all serviced aircraft or any affected aircraft, as the case may be (but with respect to the foregoing circumstance, BBAM may resign only with respect to the affected aircraft). Whether or not it resigns, BBAM is not required to take any action of the foregoing kind. BBAM may also resign if it becomes subject to taxes for which we do not indemnify it. BBAM s decision to resign would significantly impair our ability to re-lease or sell aircraft and service our leases.

Risks Related to Our Business

Our business is affected by general economic and financial conditions which could adversely affect our results of operations.

Our business and results of operations are significantly affected by general business, financial market and economic conditions. The worsening of economic conditions, particularly if combined with high fuel prices, may have a material adverse effect on our lessees ability to meet their financial and other obligations under our operating leases, which, if our lessees default on their obligations to us, could have a material adverse effect on our cash flow and results of operations. General business and economic conditions that could affect us include interest rate fluctuations, inflation, unemployment levels, bankruptcies, demand for passenger and cargo air travel, volatility in both debt and equity capital markets, liquidity of the global financial markets, the availability and cost of credit, investor and consumer confidence, global economic growth and the strength of local economies in which we operate.

Changes in demand and supply of aircraft can depress lease rates and impact the value of our aircraft portfolio.

The economic downturn and the slowdown in air travel between 2008 and early 2010 contributed to a decrease in the demand for aircraft and resulted in capacity cuts by airlines. The financial challenges facing the airlines may result in an increase in the supply of aircraft. The shift in supply/demand dynamics during the economic downturn led to a decrease in aircraft lease rates and values. Further decreases in lease rates could adversely affect our lease revenues in future periods as our current leases terminate or to the extent that airlines default on their leases. Decreases in aircraft values would adversely affect the value of the aircraft in our portfolio.

We will need additional capital to finance our growth, and we may not be able to obtain it on acceptable terms, or at all, which may limit our ability to grow and compete in the aviation market.

Our ability to acquire additional assets depends to a significant degree on our ability to access debt and equity capital markets. Our access to capital markets will depend on a number of factors including our historical and expected performance, compliance with the terms of our debt agreements, general market conditions, interest rate fluctuations and the relative attractiveness of alternative investments. In addition, volatility or disruption in the capital markets could adversely affect banks and financial institutions causing lenders to be reluctant or unable to provide us with financing on terms acceptable to us or to increase the costs of such financing. We compete with other lessors and airlines when acquiring aircraft and our ability to grow our portfolio is dependent on our ability to access attractive financing. The terms of our Aircraft Acquisition Facility and the Securitization restrict our ability to incur additional debt secured by the aircraft in each of those portfolios. Our availability period under the Aircraft Acquisition Facility expired on November 6, 2009 and we are no longer able to acquire aircraft through this facility. If we are unable to raise additional funds or obtain capital on acceptable terms, our growth opportunities are limited.

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Our future growth and profitability will depend on our ability to acquire aircraft and other aviation assets.

Growth through future acquisitions of additional commercial aircraft and other aviation assets requires the availability of capital. Even if capital were available, the market for commercial aircraft is cyclical, sensitive to economic instability and extremely competitive, and we may encounter difficulties in acquiring aircraft on favorable terms or at all which could reduce our acquisition opportunities or cause us to pay higher prices. A significant increase in market interest rates would make it more difficult for us to make accretive acquisitions that would increase our distributable cash flows. Any acquisition of aircraft or other aviation assets may not be profitable to us after the acquisition of such asset and may not generate sufficient cash flow to justify our investment. In addition, acquisition of additional aircraft, other aviation assets and other investments that we may make expose us to risks that may harm our business, financial condition, results of operations and cash flows, including risks that we may:

- impair our liquidity by using a significant portion of our available cash or borrowing capacity to finance acquisitions and investments;
- significantly increase our interest expense and financial leverage to the extent we incur additional debt to finance acquisitions and investments;
- incur or assume unanticipated liabilities, losses or costs associated with the aircraft or other aviation assets that we acquire or investments we may make;
- incur other significant charges, including asset impairment or restructuring charges; or
- be unable to maintain our ability to pay regular dividends to our shareholders.

If we experience abnormally high maintenance or obsolescence issues with any aircraft or aviation assets that we acquire, our financial results and growth could be materially and adversely affected.

Unlike new aircraft, used aircraft typically do not carry warranties as to their condition. As a result, we may not be able to claim any warranty related expenses on used aircraft. Although we may inspect an existing aircraft and its documented maintenance, usage, lease and other records prior to acquisition, we may not discover all defects during an inspection. Repairs and maintenance costs for existing aircraft are difficult to predict and generally increase as aircraft age and can be adversely affected by prior use. These costs could decrease our cash flow and reduce our liquidity and our ability to pay regular dividends to our shareholders.

In addition, aircraft are long-lived assets, requiring long lead times to develop and manufacture, with particular types and models becoming obsolete and less in demand over time when newer, more advanced aircraft are manufactured. By acquiring existing aircraft, we have greater exposure to more rapid obsolescence of our fleet, particularly if there are unanticipated events shortening the life cycle of such aircraft, such as government regulation or changes in our airline customers preferences. This may result in a shorter life cycle for our fleet and, accordingly, declining lease rates, impairment charges, increased depreciation expense or losses related to aircraft asset value guarantees, if we were to provide such guarantees.

Further, variable expenses like fuel, crew size or aging aircraft corrosion control or modification programs and related airworthiness directives could make the operation of older aircraft more costly to our lessees and may result in increased lessee defaults. We may also incur some of these increased maintenance expenses and regulatory costs upon acquisition or re-leasing of our aircraft. Any of these expenses or costs will have a negative impact on our financial results.

We may enter into strategic ventures which pose risks including a lack of complete control over the enterprise, and our financial results and growth prospects may be adversely affected if we encounter disputes, deadlocks or other conflicts of interest with our strategic partners.

We may occasionally enter into strategic ventures or investments with third parties. For example, we have made a 15% investment in BBAM LP and a 57% investment in an entity which currently owns three Boeing 767-300 aircraft. We may have limited management rights in these strategic ventures and may not control decisions regarding the remarketing or sale of aircraft assets owned by these strategic ventures. In addition, if we are unable to resolve a dispute with a strategic partner that retains material managerial veto rights, we might reach an impasse that could require us to liquidate our investment at a time and in a manner that could result in our losing some or all of our original investment in the venture, which could have an adverse effect on our financial results and growth prospects. These strategic ventures and investments are also new forms of investments for us and may subject us to new and unforeseen risks, including adverse tax consequences and additional reporting and compliance requirements.

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We may not be able to pay or maintain dividends on our shares.

Although we have paid a dividend each quarter since our IPO, we reduced our quarterly dividend to $0.20 per share beginning with the fourth quarter of 2008, compared to $0.50 per share in prior quarters. There are a number of factors that could affect our ability to pay future dividends including, but not limited to, the following:

- lack of availability of cash to pay dividends due to changes in our operating cash flow, capital expenditure requirements, working capital requirements and other cash needs;
- restrictions imposed by our financing arrangements, including under the Notes, our Aircraft Acquisition Facility and any indebtedness incurred in the future to refinance our existing debt or to expand our aircraft portfolio;
- our inability to make acquisitions of additional aircraft, other aviation assets or investments that are accretive to cash flow;
- use of funds to make and finance acquisitions of aircraft, other aviation assets and investments we may make;
- reduced levels of demand for, or value of, our aircraft;
- increased supply of aircraft;
- obsolescence of aircraft in our portfolio;
- lower lease rates on new aircraft and re-leased aircraft;
- delays in re-leasing our aircraft after the expiration or early termination of existing leases;
- impaired financial condition and liquidity of our lessees;
- deterioration of economic conditions in the commercial aviation industry generally;
- poor performance by our Manager and BBAM LP and other service providers and our limited rights to terminate them;
- unexpected or increased maintenance, operating or other expenses or changes in the timing thereof;
- a decision by our board of directors to cease distributing a portion of our cash flow available for distribution;
- changes in Irish tax law, the tax treaty between the United States and Ireland (the Irish Treaty) or our ability to claim the benefits of such treaty;
- cash reserves which may be established by our board of directors; and
- restrictions under Bermuda law on the amount of dividends that we may pay.

Risks Related to Our Indebtedness

We have substantial indebtedness that imposes constraints on our operations and could adversely affect our ability to pay dividends on our common shares.

On November 6, 2009, the availability period under the Aircraft Acquisition Facility expired, and B&B Air Acquisition began to apply substantially all of its available cash flow to repay the principal under its Aircraft Acquisition Facility. As a result, the cash flow from the aircraft held by B&B Air Acquisition is not available to us to pay expenses of Fly or to pay dividends on our common shares. In addition, failure by B&B Air Acquisition to maintain a monthly interest coverage ratio of at least 1.1 to 1 and a rolling three month interest coverage ratio of at least 1.25 to 1 would be an event of default under the Aircraft Acquisition Facility. We will seek to refinance some or all of the amounts outstanding under the Aircraft Acquisition Facility prior to its maturity in November 2012. All amounts outstanding on November 6, 2012 must be repaid in four quarterly installments. Depending on market conditions, however, it may not be possible to refinance the Aircraft Acquisition Facility prior to November 2012 on terms we find acceptable.

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If B&B Air Funding s debt service coverage ratio (as defined in the indenture for the Securitization) is less than 1.80 on any two consecutive monthly payment dates occurring between July 2010 and July 2012, B&B Air Funding will be required to apply all of its available cash flow to repay the principal of the Notes. Commencing August 2012, B&B Air Funding will be required to apply all of its available cash flow after payment of certain expenses to repay the principal of the Notes. If B&B Air Funding is required to apply all available cash flow to repay the principal amount of the Notes, the cash flow from the aircraft in its portfolio will not be available to us to pay expenses of Fly or to pay dividends on our common shares. We may also refinance the amounts outstanding under our Notes prior to August 2012 when substantially all cash flow from aircraft held by B&B Air Funding will be applied to repay the principal on the Notes. Although we are not required to refinance the Notes, we may seek to do so prior to their maturity. Depending on market conditions, however, it may not be possible to refinance the Notes on terms we find acceptable or more advantageous to the current terms of the Notes.

If we are unable to refinance our indebtedness before being required to apply all available cash flow from our portfolio to repay principal thereon, then our ability to continue paying dividends to our shareholders will be adversely affected if we have not developed sufficient cash reserves or additional sources of cash flow to replace the cash flows that will be applied to such principal amortization.

We are subject to risks related to our indebtedness that may limit our operational flexibility and our ability to pay dividends on our shares.

The terms of the Notes and the terms of the Aircraft Acquisition Facility subject us to certain risks and operational restrictions, including:

- all the aircraft and related leases in our portfolio secure debt obligations, the terms of which restrict our ability to sell aircraft and require us to use proceeds from sales of aircraft, in part, to repay amounts outstanding under those notes;
- we are required to dedicate a significant portion of our cash flow from operations to debt service payments, thereby reducing the amount of our cash flow available to pay dividends, fund working capital, make capital expenditures and satisfy other needs;
- restrictions on our subsidiaries ability to distribute excess cash flow to us under certain circumstances;
- lessee, geographical and other concentration requirements limit our flexibility in leasing our aircraft;
- requirements to obtain the consent of third parties including lenders, the financial guaranty policy provider for the Securitization, whom we refer to as the policy provider, and rating agency confirmations for certain actions; and
- restrictions on our subsidiaries ability to incur additional debt, create liens on assets, sell assets, make freighter conversions and make certain investments or capital expenditures.

The restrictions described above may impair our ability to operate and to compete effectively with our competitors. Similar restrictions may be contained in the terms of future financings that we may enter into to finance our growth.

We are a holding company and currently rely on our subsidiaries to provide us with funds necessary to meet our financial obligations and pay dividends.

We are a holding company and our principal asset is the equity interest we hold in our subsidiaries, which own either directly or indirectly through their subsidiaries, the aircraft in our portfolio. As a result, we depend on dividends and other payments from our subsidiaries to generate the funds necessary to meet our financial obligations and to pay dividends on our shares. Our existing subsidiaries are legally distinct from us and are significantly restricted from paying dividends or otherwise making funds available to us pursuant to the agreements governing their financing arrangements. Any other subsidiaries through which we may conduct operations in the future will also be legally distinct from us and may be similarly restricted from paying dividends or otherwise making funds available to us under certain conditions. Our subsidiaries will generally be required to service their debt obligations before making distributions to us, thereby reducing the amount of our cash flow available to pay dividends, fund working capital, make capital expenditures and satisfy other needs.

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Our subsidiaries are subject to interest rate risk, which could impair their ability to make distributions to us and our ability to pay dividends to you.

The Notes and the Aircraft Acquisition Facility have floating interest rates, creating the risk of an increase in interest rates and the risk that cash flow may be insufficient to make scheduled interest payments if interest rates were to increase. To limit this risk, our subsidiaries have entered into interest rate swaps with one or more counterparties. If any counterparty were to default on its obligations, then a mismatch in the floating rate interest obligations and fixed rate lease payments may arise, which could impair our subsidiaries ability to make distributions to us, which would, in turn, adversely affect our ability to meet our financial obligations and pay dividends to our shareholders. If any of our hedging arrangements were terminated early, we could be obligated to make a material payment to our counterparty.

Risks Relating to Our Aircraft Portfolio

The variability of supply and demand for aircraft and other aviation assets could depress lease rates and the value of our leased assets, which would have an adverse effect on our financial results and growth prospects and on our ability to meet our debt obligations and pay dividends.

The aviation leasing and sales industry has experienced periods of aircraft oversupply and undersupply. The oversupply of a specific type of aircraft or other aviation asset in the market is likely to depress lease rates for, and the value of, that type of asset. The supply and demand for aircraft is affected by various cyclical and non-cyclical factors that are not under our control, including:

- passenger air travel and air cargo demand;
- increased supply due to the sale of aircraft portfolios;
- geopolitical and other events, including war, acts of terrorism, civil unrest, outbreaks of epidemic diseases and natural disasters;
- operating costs, availability of jet fuel and general economic conditions affecting our lessees operations;
- governmental regulation, which includes new airworthiness directives, statutory limits on age of aircraft and restrictions in certain jurisdictions on the age of aircraft for import;
- interest rates;
- airline restructurings and bankruptcies;
- cancellations of orders for aircraft;
- delays in delivery by manufacturers;
- availability and cost of credit;
- manufacturer production levels and technological innovation;
- retirement and obsolescence of aircraft models;
- manufacturers merging or exiting the industry or ceasing to produce aircraft or engine types;
- accuracy of estimates relating to future supply and demand made by manufacturers and lessees;
- reintroduction into service of aircraft or engines previously in storage; and
- airport and air traffic control infrastructure constraints.

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These factors may produce sharp and prolonged decreases in asset values and achievable lease rates, which would have an impact on the value of our fleet and our cost of acquiring aircraft or other aviation assets, may result in lease defaults and could delay or prevent the aircraft or other aviation assets from being leased or re-leased on favorable terms, or, if desired, sold on favorable terms.

Factors that increase the risk of decline in aircraft value and achievable lease rates could have an adverse effect on our financial results and growth prospects and on our ability to meet our debt obligations and to pay dividends.

In addition to factors linked to the aviation industry generally, other factors that may affect the value and achievable lease rates of our aircraft and other aviation assets include:

- the particular maintenance, damage and operating history of the airframes and engines;
- the number of operators using that type of aircraft or engine;
- whether an aircraft or other aviation asset is subject to a lease and, if so, whether the lease terms are favorable to the lessor;
- the age of our aircraft and other aviation assets;
- airworthiness directives and service bulletins;

Director Compensation

Cash Compensation

Non-employee members of the Board of Directors will receive the following cash compensation for fiscal 2010:

- an annual retainer of $50,000 (increased from $35,000 for fiscal 2009);
- $20,000 for the Lead Independent Director (increased from $15,000 for fiscal 2009);
- $15,000 per year for each member of the Audit Committee (or $30,000 if such member is the chairperson);
- $10,000 per year for each member of the Compensation Committee (or $20,000 if such member is the chairperson);
- $5,000 per year for each member of the Corporate Governance and Nominating Committee ($10,000 if such member is the chairperson); and
- $5,000 per year for each member of the Strategy Committee ($10,000 if such member is the chairperson).

In addition, there is a fee of $1,000 for meetings deemed to be extraordinary based on their relation to special projects which require effort beyond traditional requirements.

Equity Compensation

Pursuant to our 2009 Equity Incentive Plan, each non-employee director will automatically receive one of the following awards upon joining the Board of Directors as determined by the Compensation Committee (the Initial Grant):

- an option to purchase 60,000 shares;
- an option to purchase 30,000 shares plus an award of 10,000 restricted stock units; or
- an award of 20,000 restricted stock units.

Stock options granted pursuant to the Initial Grant will vest and become exercisable as to 33% of the shares on the first anniversary of the grant date, and as to an additional 2.78% each month thereafter, provided the director continues to serve through such dates. Restricted stock units subject to the Initial Grant will vest as to 331/3% of the restricted stock units on each of the first three anniversaries of the vesting commencement date, provided the director continues to serve through such dates.

In addition, our 2009 Equity Incentive Plan provides that each of our non-employee directors will automatically receive one of the following awards as determined by the Compensation Committee on the date of each annual meeting of stockholders, provided that the non-employee director has served for at least six months prior to the annual meeting (the Ongoing Grant):

an option to purchase 25,000 shares;

an option to purchase 12,500 shares plus an award of 4,167 restricted stock units; or

an award of 8,333 restricted stock units.

Stock options granted pursuant to the Ongoing Grant will vest and become exercisable as to 100% of the shares on the first anniversary of the grant date, provided the director continues to serve through such date. Restricted stock units subject to the Ongoing Grant will vest as to 100% of the restricted stock units on the first anniversary of the grant date, provided the director continues to serve through such date.

However, the 2009 Equity Incentive Plan provides that the Compensation Committee, in its sole discretion, at any time may change the number and other terms and conditions of future awards to our non-employee directors.

Compensation for Fiscal 2009

The following table provides information concerning the compensation paid by us to each of our non-employee directors in fiscal 2009. Mr. Abbasi does not receive any additional compensation for his service as a director.

Name (1)(2)	Fees Earned or Paid in Cash ($)	Stock Awards ($)(3)	Total ($)
Mark A. Bertelsen	40,000	132,911	172,911
Mark Garrett	50,000	132,911	182,911
Gerald Held	50,000		50,000
David W. Pidwell	60,000	132,911	192,911
Charles J. Robel	80,000	132,911	212,911
A. Brooke Seawell	65,000	132,911	197,911
Geoffrey W. Squire	45,000	132,911	177,911
Godfrey R. Sullivan	50,000	132,911	182,911

(1) In fiscal 2009, each of our non-employee directors, other than Mr. Held (who had not served as director for six months on the date of grant), received a restricted stock unit award of 8,333 shares on April 28, 2009, with a grant date fair value of $132,911.

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(2) As of December 31, 2009, the aggregate number of shares underlying stock awards and options outstanding for each of our non-employee directors was:

Name	Stock Awards	Options
Mark A. Bertelsen	8,333	100,000
Mark Garrett	8,333	60,000
Gerald Held		60,000
David W. Pidwell	8,333	100,000
Charles J. Robel	8,333	93,000
A. Brooke Seawell	8,333	62,500
Geoffrey W. Squire	8,333	135,000
Godfrey R. Sullivan	8,333	60,000

(3) Reflects the aggregate grant date fair value computed in accordance with FASB ASC Topic 718. The assumptions used in the valuation of these awards are set forth in the notes to our consolidated financial statements, which are included in our Annual Report on Form 10-K for the year ended December 31, 2009, filed with the SEC on March 1, 2010. These amounts do not necessarily correspond to the actual value that may be recognized by the director.

Corporate Governance Matters

Risk Oversight

Our Board of Directors is responsible for the oversight of our enterprise risk management. Together with its committees, the Board of Directors ensures that any material risks relevant to Informatica or its business are appropriately considered and addressed. Our management is responsible for identifying, assessing, managing and mitigating Informatica s exposure to risk on a day-to-day basis, and the Board of Directors (and its committees) oversees management in its execution of these responsibilities. The Board of Directors reviews the strategic, financial and operational risks inherent in our business through its consideration of the various matters presented to the Board or its committees by management for review or approval. Furthermore, each committee regularly reviews and evaluates various aspects of enterprise risk as part of its specific functions and responsibilities delegated by the Board of Directors, including:

The Audit Committee considers risk in connection with its oversight of our financial review and reporting processes and regulatory and corporate compliance matters. In addition, the Audit Committee is responsible for the oversight and review of certain risk management policies, including our insurance, investment and business continuity policies;

The Compensation Committee considers risk in connection with its oversight of the design and administration of our compensation policies, plans and programs;

The Corporate Governance and Nominating Committee considers risk in connection with its oversight of our governance structure, policies and processes, including conflicts of interest (other than related party transactions reviewed by the Audit Committee); and

The Strategy Committee considers risk in connection with its oversight of our strategic plans, including mergers, acquisitions, investments and similar transactions.

We believe the Board s role is consistent with our leadership structure, with our CEO and management primarily responsible for enterprise risk management and the Board of Directors and its committees providing oversight of such efforts.

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Code of Business Conduct

We have adopted a Code of Business Conduct that applies to all of our directors, officers (including our principal executive officer and senior financial and accounting officers), and employees. You can find the Code of Business Conduct in the Investor Relations Corporate Governance section of our website at www.informatica.com. We will post any amendments to the Code of Business Conduct, as well as any waivers, that are required to be disclosed by the rules of either the SEC or The NASDAQ Stock Market on such website.

Corporate Governance Principles

We have adopted Corporate Governance Principles to establish the corporate governance policies pursuant to which the Board of Directors intends to conduct its oversight of our business in accordance with its fiduciary duties. You can find the Corporate Governance Principles in the Investor Relations Corporate Governance section of our website at www.informatica.com.

Independence of the Board of Directors

The Board of Directors has determined that, with the exception of Sohaib Abbasi, who is our chief executive officer and president, all of its members are independent directors as defined in the listing standards of The NASDAQ Stock Market.

In making this determination, the Board of Directors considered that Mark A. Bertelsen is a member of the law firm of Wilson Sonsini Goodrich & Rosati, Professional Corporation (WSGR). Fees paid by us to WSGR for legal services rendered for the year ended December 31, 2009 were approximately $1.4 million, which represented less than 1% of WSGR s revenues. We believe the services performed by WSGR were provided in the ordinary course of business on terms no more or less favorable than those available from unrelated parties.

Contacting the Board of Directors

Stockholders and other individuals may communicate with the Board of Directors by submitting either an e-mail to board@informatica.com or a written communication addressed to the Board of Directors (or specific board member), Informatica Corporation, 100 Cardinal Way, Redwood City, California 94063. E-mail communications that are intended for a specific director should be sent to the e-mail address above to the attention of the applicable director.

Attendance at Annual Stockholder Meetings by the Board of Directors

Although we do not have a formal policy regarding attendance by members of the Board of Directors at our annual meeting of stockholders, we encourage, but do not require, directors to attend. One director attended our 2009 annual meeting of stockholders.

Process for Recommending Candidates for Election to the Board of Directors

The Corporate Governance and Nominating Committee is responsible for, among other things, determining the criteria for membership to the Board of Directors and recommending candidates for election to the Board of Directors. It is the policy of the Corporate Governance and Nominating Committee to consider recommendations for candidates to the Board of Directors from stockholders. Stockholder recommendations for candidates to the Board of Directors must be directed in writing to Informatica Corporation, Corporate Secretary, 100 Cardinal Way, Redwood City, CA 94063 and must include the candidate s name, home and business contact information, detailed biographical data and qualifications, information regarding any relationships between the candidate and Informatica within the last three years, and evidence of the nominating person s ownership of our common stock.

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The Corporate Governance and Nominating Committee s general criteria and process for evaluating and identifying the candidates that it recommends to the full Board of Directors for selection as director nominees are as follows:

The Corporate Governance and Nominating Committee regularly reviews the current composition and size of the Board of Directors.

In its evaluation of director candidates, including the members of the Board of Directors eligible for re-election, the Corporate Governance and Nominating Committee seeks to achieve a balance of knowledge, experience and capability on the Board of Directors and considers (1) the current size and composition of the Board of Directors and the needs of the Board of Directors and the respective committees of the Board of Directors, (2) such factors as personal character, judgment, diversity, expertise, business experience, length of service, independence and other commitments, and (3) such other factors as the Corporate Governance and Nominating Committee may consider appropriate.

While the Corporate Governance and Nominating Committee has not established specific minimum qualifications for director candidates, the Corporate Governance and Nominating Committee believes that candidates and nominees must reflect a Board of Directors that is comprised of directors who (1) are predominantly independent, (2) are of high integrity, (3) have broad, business-related knowledge and experience at the policy-making level in business, government or academia, (4) possess strong aptitude for technology, including their understanding of the enterprise software industry and Informatica s business in particular, (5) have qualifications that will increase overall Board effectiveness, and (6) meet other requirements as may be required by applicable rules, such as financial literacy or financial expertise with respect to audit committee members.

In evaluating and identifying candidates, the Corporate Governance and Nominating Committee has the authority to retain third-party search firms with regard to candidates who are properly recommended by stockholders or by other means. The Corporate Governance and Nominating Committee will review the qualifications of any such candidate. This review may, in the Corporate Governance and Nominating Committee s discretion, include interviewing references for the candidate, direct interviews with the candidate, or other actions that the Corporate Governance and Nominating Committee deems necessary or proper.

The Corporate Governance and Nominating Committee will apply these same principles when evaluating Board candidates who may be elected initially by the full Board of Directors to fill vacancies or to add additional directors prior to the annual meeting of stockholders at which directors are elected.

After completing its review and evaluation of director candidates, the Corporate Governance and Nominating Committee recommends to the full Board of Directors the director nominees for selection.

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PROPOSAL TWO

RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee has appointed Ernst & Young LLP (E&Y) as the independent registered public accounting firm of Informatica for the fiscal year ending December 31, 2010. Although ratification by stockholders is not required by any applicable legal requirements, the Board of Directors has determined that it is desirable to request ratification of this selection by the stockholders. Notwithstanding its selection, the Audit Committee, in its discretion, may appoint a new independent registered public accounting firm at any time during the year if the Audit Committee believes that such a change would be in the best interest of Informatica and its stockholders. If the stockholders do not ratify the appointment of E&Y, the Audit Committee may reconsider its selection.

E&Y has audited Informatica s financial statements since our inception. A representative of E&Y is expected to be present at the Annual Meeting with the opportunity to make a statement if he or she desires to do so, and is expected to be available to respond to appropriate questions.

The Board of Directors recommends a vote FOR this proposal.

Accounting Fees

The following table shows the fees paid or accrued by Informatica for the audit and other services provided by E&Y for fiscal years 2008 and 2009.

	Fiscal Year	
	2008	**2009**
Audit Fees (1)	$ 1,733,000	$ 1,466,000
Audit-Related Fees (2)	61,000	177,000
Tax Fees (3)	1,076,000	991,000
All Other Fees		
Total	$ 2,870,000	$ 2,634,000

(1) Audit fees consist of professional services rendered for the audit of Informatica s annual financial statements and reviews of its quarterly financial statements. Audit fees also include fees for international statutory audits, consents, assistance with and review of documents filed with the SEC, attest services, work done by tax professionals in connection with the audit or quarterly reviews and attestation-related services in connection with Section 404 of the Sarbanes-Oxley Act of 2002.

(2) Audit-related fees consist of assurance and related services performed by E&Y that are reasonably related to the performance of the audit or review of Informatica s financial statements, which include fees for accounting consultations, internal control reviews and attest services not required by statute or regulation.

(3)

Tax fees consist of professional services performed by E&Y with respect to tax compliance and tax planning and advice. Tax compliance includes preparation of original and amended tax returns for Informatica, refund claims, tax payment planning and tax audit assistance. Tax compliance fees totaled $919,000 and $686,000 for fiscal years 2008 and 2009, respectively. Tax planning and advice includes tax strategy planning and modeling, merger and acquisition related projects, intellectual property tax issues, intercompany and transfer pricing design and foreign employee tax matters. Tax planning and advice totaled $157,000 and $305,000 for fiscal years 2008 and 2009, respectively.

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Pre-Approval of Audit and Non-Audit Services

All audit and non-audit services provided by E&Y to Informatica must be pre-approved by the Audit Committee. The Audit Committee utilizes the following procedures in pre-approving all audit and non-audit services provided by E&Y. Prior to the end of the first quarter of the fiscal year, the Audit Committee is presented with a detailed listing of the individual audit and non-audit services and fees (separately describing audit-related services, tax services and other services) expected to be provided by E&Y during the year. On an as-needed basis, during subsequent Audit Committee meetings throughout the year, the Audit Committee is presented with an updated listing of approved services highlighting any new audit and non-audit services to be provided by E&Y. The Audit Committee reviews these listings and approves the services outlined therein if such services are acceptable to the Audit Committee.

To ensure prompt handling of unexpected matters, the Audit Committee delegates to the Chairman of the Audit Committee the authority to amend or modify the list of audit and non-audit services and fees; provided, however, that such additional or amended services may not affect E&Y s independence under applicable SEC rules. The Chairman reports any such action taken to the Audit Committee at the subsequent Audit Committee meeting.

All E&Y services and fees in 2008 and 2009 were pre-approved by the Audit Committee.

REPORT OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

With respect to Informatica s financial reporting process, the management of Informatica is responsible for (1) establishing and maintaining internal controls and (2) preparing our consolidated financial statements. Informatica s independent registered public accounting firm, E&Y, is responsible for auditing these financial statements and performing an attestation of our internal controls. It is the responsibility of the Audit Committee to oversee these activities. It is not the responsibility of the Audit Committee to prepare or certify our financial statements or guarantee the audits or reports of the independent auditors. These are the fundamental responsibilities of Company management and our independent registered public accounting firm. In the performance of its oversight function, the Audit Committee has:

reviewed and discussed the audited financial statements with E&Y and management;

discussed with E&Y the matters required to be discussed by the Statement on Auditing Standards No. 61, as amended and as adopted by the Public Company Accounting Oversight Board; and

received the written disclosures and the letter from E&Y required by applicable requirements of the Public Company Accounting Oversight Board regarding E&Y s communications with the Audit Committee concerning independence, and has discussed with E&Y its independence.

Based upon such review and discussions, the Audit Committee recommended to the Board of Directors that the audited financial statements be included in Informatica s Annual Report on Form 10-K for the year ended December 31, 2009 for filing with the SEC.

AUDIT COMMITTEE OF
THE BOARD OF DIRECTORS

A. Brooke Seawell
Charles J. Robel
Mark Garrett

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SECURITY OWNERSHIP BY PRINCIPAL STOCKHOLDERS AND MANAGEMENT

The following table sets forth certain information concerning the beneficial ownership of Informatica s Common Stock as of March 31, 2010 for the following: (1) each person or entity who is known by Informatica to own beneficially more than 5% of the outstanding shares of Informatica s common stock; (2) each of Informatica s directors; (3) each of the executive officers named in the Summary Compensation Table; and (4) all directors and current executive officers of Informatica as a group.

Name	Common Stock Beneficially Owned (1)	Percentage Beneficially Owned (1)(2)
5% Stockholders:		
FMR LLC (3)	12,612,135	13.8%
Columbia Wanger Asset Management, L.P. (4)	9,636,800	10.6%
BlackRock, Inc. (5)	6,987,997	7.7%
Directors:		
Mark A. Bertelsen (6)	108,866	*
Mark Garrett (7)	39,858	*
Gerald Held (8)	29,850	*
David W. Pidwell (9)	344,786	*
Charles J. Robel (10)	85,333	*
A. Brooke Seawell (11)	75,833	*
Geoffrey W. Squire (12)	183,333	*
Godfrey R. Sullivan (13)	62,433	*
Named Executive Officers:		
Sohaib Abbasi (14)	3,852,585	4.1%
Earl E. Fry (15)	1,035,148	1.1%
Paul Hoffman (16)	516,711	*
Girish Pancha (17)	682,908	*
All directors and current executive officers as a group (13 persons) (18)	7,239,178	7.4%

* Less than one percent.

(1) The number and percentage of shares beneficially owned is determined in accordance with Rule 13d-3 of the Exchange Act, and the information is not necessarily indicative of beneficial ownership for any other purpose. Under such rule, beneficial ownership includes any shares over which the individual or entity has voting power or investment power and any shares of common stock that the individual has the right to acquire within 60 days of March 31, 2010 through the exercise of any stock option or other right. Unless otherwise indicated in the footnotes, each person or entity has sole voting and investment power (or shares such powers with his or her spouse) with respect to the shares shown as beneficially owned.

(2) The total number of shares of Common Stock outstanding as of March 31, 2010 was 91,265,958.

(3) The address of FMR LLC is 82 Devonshire Street, Boston, MA 02109. This information was obtained from a filing made with the SEC pursuant to Section 13(g) of the Exchange Act on February 16, 2010.

(4) The address of Columbia Wanger Asset Management, L.P. is 227 West Monroe Street, Suite 3000, Chicago, IL 60606. This information was obtained from a filing made with the SEC pursuant to Section 13(g) of the Exchange Act on February 10, 2010.

(5) The address of BlackRock, Inc. is 40 East 52nd Street, New York, NY 10022. This information was obtained from a filing made with the SEC pursuant to Section 13(g) of the Exchange Act on January 29, 2010.

(6) Includes 75,000 shares subject to options and 8,333 shares subject to restricted stock unit awards that vest within 60 days of March 31, 2010.

(7) Includes 31,525 shares subject to options and 8,333 shares subject to restricted stock unit awards that vest within 60 days of March 31, 2010.

(8) Includes 29,850 shares subject to options that vest within 60 days of March 31, 2010.

(9) Includes 100,000 shares subject to options and 8,333 shares subject to restricted stock unit awards that vest within 60 days of March 31, 2010.

(10) Includes 75,000 shares subject to options and 8,333 shares subject to restricted stock unit awards that vest within 60 days of March 31, 2010.

(11) Includes 50,000 shares subject to options and 8,333 shares subject to restricted stock unit awards that vest within 60 days of March 31, 2010.

(12) Includes 75,000 shares subject to options and 8,333 shares subject to restricted stock unit awards that vest within 60 days of March 31, 2010.

(13) Includes 46,600 shares subject to options and 8,333 shares subject to restricted stock unit awards that vest within 60 days of March 31, 2010.

(14) Includes 3,603,750 shares subject to options that vest within 60 days of March 31, 2010.

(15) Includes 890,551 shares subject to options that vest within 60 days of March 31, 2010.

(16) Includes 496,875 shares subject to options that vest within 60 days of March 31, 2010.

(17) Includes 674,158 shares subject to options that vest within 60 days of March 31, 2010.

(18) Includes 6,342,954 shares subject to options and 58,331 shares subject to restricted stock unit awards that vest within 60 days of March 31, 2010.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act (Section 16(a)) requires Informatica s executive officers and directors, and certain persons who own more than 10% of a registered class of Informatica s equity securities (10% Stockholders), to file reports of ownership on Form 3 and changes in ownership on Forms 4 or 5 with the SEC. Such executive officers, directors and 10% Stockholders are also required by SEC rules to furnish Informatica with copies of all Section 16(a) forms they file.

Based solely on its review of the copies of such reports furnished to Informatica and written representations that no other reports were required to be filed during 2009, we believe that our executive officers, directors and 10% Stockholders have complied with all Section 16(a) filing requirements applicable to them.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

Informatica s Compensation Committee is currently composed of Messrs. Pidwell, Sullivan, and Held. No interlocking relationship exists between any member of Informatica s Compensation Committee and any member of the compensation committee of any other company, nor has any such interlocking relationship existed in the past. No member of the Compensation Committee is or was formerly an officer or an employee of Informatica.

TRANSACTIONS WITH MANAGEMENT

Policies and Procedures for the Review and Approval of Related Person Transactions

Pursuant to the charter of Informatica s Audit Committee, the Audit Committee reviews and approves in advance any proposed related person transactions. In addition, in accordance with Informatica s Code of Business Conduct, directors, officers and employees should generally avoid conducting Informatica business in which a family member is associated in any significant role, or with other related parties. Related person transactions will be disclosed in the applicable SEC filing as required by the rules of the SEC. For purposes of these procedures, related person and transaction have the meanings contained in Item 404 of Regulation S-K promulgated by the SEC. The individuals and entities that are considered related persons include:

Directors, nominees for director and executive officers of Informatica;

Any person known to be the beneficial owner of five percent or more of Informatica s common stock (a 5% Stockholder); and

Any immediate family member, as defined in Item 404(a) of Regulation S-K, of a director, nominee for director, executive officer and 5% Stockholder.

Related Person Transactions

There were no reportable related person transactions since the beginning of fiscal 2009.

EQUITY COMPENSATION PLAN INFORMATION

The following table provides information as of December 31, 2009 with respect to the shares of Informatica s Common Stock that may be issued under Informatica s existing equity compensation plans.

Plan Category	(a) Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	(b) Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	(c) Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column(a))
Equity compensation plans approved by stockholders (1)	15,662,441(2)	$ 12.12(3)	16,100,522(4)
Equity compensation plans not approved by stockholders	55,350(5)	$ 10.78	
Total	15,717,791		16,100,522

(1) Includes 45,946 shares available to be issued upon exercise of outstanding options with a weighted-average exercise price of $1.09 related to equity compensation plans assumed in connection with previous business mergers and acquisitions.

(2) Includes 1,003,464 shares that may be issued under restricted stock unit awards as of December 31, 2009.

(3) Excludes 1,003,464 shares that may be issued under restricted stock unit awards as of December 31, 2009.

(4) Includes 8,476,257 shares available for issuance under the Employee Stock Purchase Plan.

(5) Represents awards issued under the 2000 Employee Stock Incentive Plan. In January 2000, the Board of Directors adopted the 2000 Employee Stock Incentive Plan, under which 1,600,000 shares were reserved for issuance. The 2000 Employee Stock Incentive Plan was terminated in 2009. Under the 2000 Employee Stock Incentive Plan, eligible employees and consultants could have been awarded stock options, stock appreciation rights, restricted shares and stock units. No stock options, stock appreciation rights, restricted shares or stock units from the 2000 Employee Stock Incentive Plan were granted to directors or executive officers of Informatica. The 2000 Employee Stock Incentive Plan did not provide for the grant of incentive stock options. The 2000 Employee Stock Incentive Plan was administered by the Compensation Committee of the Board of Directors. Options granted are exercisable over a maximum term of ten years from the date of grant and generally vest over a period of four years from the date of grant.

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EXECUTIVE OFFICER COMPENSATION

Compensation Discussion and Analysis

This section discusses the principles underlying our executive compensation programs, policies and decisions and important factors relevant to an analysis of these programs, policies and decisions. It provides qualitative information regarding the manner and context in which compensation is awarded to and earned by Informatica s chief executive officer, chief financial officer and two other executive officers (collectively referred to as our named executive officers or NEOs) listed in the Summary Compensation Table and the related tables below.

Philosophy of Compensation Programs

The principal objectives of Informatica s compensation programs are to attract and retain top-tier talent and to motivate and reward employees who continually drive strong results for Informatica and its stockholders. Our compensation philosophy and the programs adopted in accordance with that philosophy are driven by the belief that employee performance and success will result in our economic growth, which will have the effect of increasing stockholder value.

Our executive officers are compensated under the same programs as employees at other levels within the organization, although certain executive compensation elements are more heavily weighted towards our overall performance as compared to achievement of individual objectives. Rewarding strong performance and contribution, regardless of seniority within Informatica, is an important part of our culture and core values.

A significant portion of the executive officers compensation is directly tied to our performance, ensuring that executive compensation, our financial results and stockholder value are properly aligned. We maintain a balance between short-term and long-term performance by rewarding executive officers both on the achievement of our current business plan objectives, as well as on the achievement of long-term growth, profitability and improvement in stockholder value.

We consider each of the following components as an integral part of the overall total compensation package:

- base salary;
- short-term variable cash incentive awards;
- long-term equity-based incentive awards;
- benefits; and
- severance arrangements.

The Compensation Committee considers each of the above items in determining the compensation package for each executive officer. Further detail on each component is provided in Components of the Compensation Package and 2009 Evaluation below.

Role of the Compensation Committee

Our Compensation Committee, which serves at the discretion of our Board of Directors, is empowered to review and approve, or in certain circumstances recommend for the approval of the Board of Directors, the annual compensation for and compensation policies applicable to our executive officers, including our chief executive officer.

The Compensation Committee:

- provides oversight of our compensation policies, plans and benefits programs;

- assists the Board of Directors in discharging its responsibilities relating to (i) oversight of the compensation of our chief executive officer and other executive officers (including officers subject to

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Section 16 of the Exchange Act), and (ii) approving and evaluating our executive officer compensation plans, policies and programs; and

assists the Board of Directors in administering our equity compensation plans for our employees.

The Compensation Committee meets at least quarterly. Members of the Compensation Committee also meet with our management and other employees as a part of the compensation planning and administration process throughout the year. In January, the Compensation Committee reviews and approves for all employees the compensation philosophy, option ranges for hiring and retention, bonus metrics and benefits, and also finalizes executive compensation plans for the upcoming year.

The Compensation Committee currently consists of Dr. Held, Mr. Sullivan and Mr. Pidwell. Mr. Pidwell is the chairman of the Compensation Committee. Each member of the Compensation Committee is independent as that term is defined pursuant to the Compensation Committee s charter in terms of the independence requirements of The NASDAQ Stock Market, the non-employee director definition under Section 16 of the Exchange Act and the outside director definition in Section 162(m) of the Internal Revenue Code of 1986, as amended. No Compensation Committee member is a former or current officer or employee of Informatica or any of its subsidiaries.

The Compensation Committee consults with our human resources personnel, and when appropriate with external employee compensation and benefits consultants, to assist in the evaluation of and recommendations related to our executive compensation program. While the Compensation Committee may, from time to time, consult with our chief executive officer or chief financial officer in connection with the planning or evaluation of compensation program-related matters, the Compensation Committee is responsible for oversight and approval of the overall program and the individual elements of that program.

Role of the Independent Compensation Consultant

For fiscal 2009, the Compensation Committee engaged Compensia, Inc. as an independent compensation consultant to review Informatica s compensation programs and policies for our executive officers, the Board of Directors and the broader employee base. We paid Compensia on a fee-per-project basis. Compensia was originally engaged by the Compensation Committee in 2004 in connection with the recruitment and hiring of our chief executive officer, Mr. Abbasi. In 2009, the Compensation Committee reviewed their third party compensation consultant relationship as part of their governance process and evaluated a number of consultants. Following this review, the Compensation Committee engaged Radford (a business unit of Aon Corporation) to provide independent compensation consulting services to the Compensation Committee for fiscal 2010.

The independent compensation consultant is retained each year to analyze and benchmark our executive officers compensation package, including base salary, variable pay and equity awards. Additionally, such consultant may be asked to review and benchmark the competitive structure of equity programs, benefits or severance provisions on an as needed basis. The independent compensation consultant serves at the discretion of the Compensation Committee.

Fiscal 2009 Peer Companies

The Compensation Committee and our human resources personnel meet annually to evaluate a group of software companies with the independent compensation consultant and to select a sub-group of companies for further peer analysis. The criteria for selection into the peer group are set by our chief executive officer and the Compensation Committee, and include general corporate size, number of employees, market capitalization and financial performance metrics. Our peer group includes a blend of mid-size companies and larger companies serving the data integration market or adjacent markets, as well as comparably sized software companies. The list

is reviewed each year and new companies are added as necessary to ensure a significant sample size of companies. Our peer group for fiscal 2009 consisted of the following companies:

Fiscal 2009 Peer Group

Ariba, Inc.	Manhattan Associates, Inc.	Quest Software, Inc.
Aspen Technology, Inc.	MicroStrategy Incorporated	SPSS Inc.
Epicor Software Corporation	MSC.Software Corporation	Sybase, Inc.
F5 Networks, Inc.	Progress Software Corporation	Tibco Software Inc.
i2 Technologies, Inc.	QAD Inc.	Wind River Systems, Inc.
JDA Software Group, Inc.		

Components of the Compensation Package and 2009 Evaluation

Base Salary. Annual base salaries for our executive officers are determined primarily on the basis of the executive officer s level of responsibility, general salary practices of the select peer group and the individual officer s specific qualifications and experience. Base salaries are reviewed annually by the Compensation Committee and any variances between the salary levels of each executive officer and those of the companies included in the selected benchmarks are reviewed. Salaries may be adjusted based on certain criteria including our recent financial performance, the executive officer s individual performance, the functions performed by the executive officer, the scope of the executive officer s on-going duties and any general changes in the compensation data from the benchmark companies. In determining any merit salary increase, the relative importance of each factor may vary from individual to individual.

2009 Base Salary Evaluation. In the fourth quarter of 2008, the Compensation Committee reviewed the data provided by Compensia, including the analysis of each named executive officer s base salary against our selected peer group. The Compensation Committee also considered organizational changes and any planned changes in each executive officer s responsibilities. Despite strong individual performances from all executive officers in 2008 and market data that showed a trend of increases to base salaries within the peer group, the Compensation Committee determined not to adjust any named executive officer s salary for fiscal 2009. This decision was recommended by our chief executive officer in conjunction with the senior executive team, and was one element within our business plan to reduce spending across the organization in fiscal 2009. For fiscal 2009, each named executive officer s base salary was:

Named Executive Officer	Base Salary ($)
Sohaib Abbasi	585,000
Earl Fry	350,000
Paul Hoffman	350,000
Girish Pancha	330,000

Variable Cash Incentive Awards. In addition to base salaries, we pay short-term variable cash incentive awards. As a result, a substantial portion of each named executive officer s total cash compensation is tied to our performance, in order to focus each executive officer on the importance of achieving our top-line and bottom-line objectives. The target variable cash incentive award for each named executive officer is determined using competitive market data provided by our independent compensation consultant, and evaluated against a number of criteria including functional responsibilities, market competitive data and the scope of the executive officer s position and on-going duties. No changes were made to the fiscal 2009 target variable cash incentive awards for

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any NEO from fiscal 2008 levels. For fiscal 2009, each named executive officer s target variable cash incentive award was:

Named Executive Officer	Target Variable Cash Incentive Award (as a % of Base Salary)	Target Variable Cash Incentive Award ($)
Sohaib Abbasi	100%	585,000
Earl Fry	70%	245,000
Paul Hoffman	90%	315,000
Girish Pancha	70%	231,000

Each named executive officer receives a portion of his variable cash incentive award pursuant to our corporate bonus plan and an individual variable compensation plan based on his respective position. For Mr. Abbasi, our chief executive officer, and Mr. Fry, our chief financial officer, we believe that it is appropriate to tie their variable cash incentive award payments solely to the achievement of our key corporate performance objectives under the corporate bonus plan given the functional responsibilities, scope and on-going duties of their respective positions. As a result, they do not have individual variable compensation plans.

Our corporate bonus plan focuses on the achievement of key fiscal year business objectives around growth and profitability. All of our named executive officers participate in this bonus plan, which directly rewards the executive officer for achievement against semi-annual performance goals. The performance goals are determined by the Compensation Committee in consultation with the Board of Directors, our chief executive officer and chief financial officer. These performance goals are specifically tied to two key corporate performance objectives: net license orders and non-GAAP operating income. For purposes of the corporate bonus plan, GAAP operating income is adjusted for certain items, such as charges related to restructuring, acquisitions, stock-based compensation and other non-recurring, non-cash charges, if any. Non-GAAP operating income for fiscal 2009 excluded charges and benefits related to the amortization of acquired technology and intangible assets, share-based payments, facilities restructurings, acquisitions and other, and patent-related litigation proceeds net of patent contingency accruals. For fiscal 2009, the percentage of each named executive officer s target variable cash incentive award attributable to the applicable performance goal under the corporate bonus plan was:

Named Executive Officer	Percentage of Target Variable Cash Incentive Award	Corporate Bonus Plan Fiscal 2009 Performance Goal
Sohaib Abbasi	50%	Net License Orders
	50%	Non-GAAP Operating Income
Earl Fry	50%	Net License Orders
	50%	Non-GAAP Operating Income
Paul Hoffman	15%	Net License Orders
	15%	Non-GAAP Operating Income
Girish Pancha	28.5%	Net License Orders
	28.5%	Non-GAAP Operating Income

The target levels of the performance goals are derived from our annual operating plan for the fiscal year and measured on a semi-annual basis. Bonuses are paid out after the second calendar quarter for performance achieved in the first half of the year, and after the fourth calendar quarter for performance achieved in the second half of the year. The corporate bonus plan has a minimum payout threshold, with zero payout for achievement at less than 80% of the target level for that semi annual period:

Achievement Level per Performance Goal	Payout Level
Less than 80%	0%
Threshold (80)%	40%
Target (100)%	100%
Maximum (120)%	200%

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Achievement of the target levels would have required aggressive growth and significant improvement from the prior fiscal year very high levels of both individual and corporate performance that we believed was possible but difficult to achieve. The Compensation Committee considers the likelihood of achievement when approving the target levels and performance goals, including historical levels of achievement by our executive officers. Achievement of 120% of the performance goal target level would be required in order to achieve a maximum payout of 200% of the target amount. Historically, this maximum level of achievement has never been attained. Achievement of a maximum bonus payout would require significant skill and effort on the part of an executive officer and very high levels of corporate performance that the Compensation Committee believes is possible but unlikely to be achieved.

In addition, Mr. Hoffman, our executive vice president, worldwide field operations, and Mr. Pancha, our executive vice president, data integration products division, receive the remainder of their target variable cash incentive award pursuant to an individual variable compensation plan based on their respective positions. The performance goals under these individual variable compensation plans are described below. For fiscal 2009, the percentage of Mr. Hoffman s and Mr. Pancha s target variable cash incentive award attributable to the applicable performance goal under their respective individual variable compensation plans was:

Named Executive Officer	Percentage of Target Variable Cash Incentive Award	Individual Variable Compensation Plan Fiscal 2009 Performance Goal
Paul Hoffman	60%	Worldwide License Revenue
	10%	Quarterly Services Margin
Girish Pancha	43%	Product Deliverables, Analyst Metrics and Customer Proof Points

Mr. Hoffman s individual variable compensation plan comprised 70% of his total target variable cash incentive award for fiscal 2009. Mr. Hoffman is responsible for delivering our worldwide license revenue target and therefore the majority of his target variable cash incentive award (60%) is tied to achievement of this target. Achievement of the worldwide license revenue performance goal is measured and paid monthly. Payments for this performance goal are linear up to 100% of the target level and accelerated by a 5x factor above 100% (for example, 75% attainment provides a 75% payout, 100% attainment provides a 100% payout and 110% attainment provides a 150% payout), and are not capped at a maximum level of achievement. However, as a result of the aggressive target levels of his individual performance goals (which are also derived from our annual operating plan), we believe it is unlikely that Mr. Hoffman will achieve significantly more than 100% of the target level. Mr. Hoffman is also responsible for leading the services and customer implementation organizations, and therefore 10% of his target variable cash incentive award is tied to delivery of the professional and education services margin targets for the financial year. Achievement of the quarterly service margin performance goal is measured and paid quarterly. Payments for this performance goal is based on achievement against each quarter s margin target with payout beginning above 80% achievement and capped at 100% achievement. Similarly to our corporate bonus plan, the Compensation Committee considers the likelihood of achievement when approving the target levels and performance goals, including historical levels of achievement by Mr. Hoffman.

Mr. Pancha s individual variable compensation plan comprised 43% of his total target variable cash incentive award for fiscal 2009. Mr. Pancha s individual performance goals are developed following discussions between Mr. Pancha and Mr. Abbasi at the start of each year, and then discussed and approved by the Compensation Committee. For fiscal 2009, Mr. Pancha s individual performance goals included: product deliverables that are tied to the achievement of product development milestones; analyst metrics that are based upon achievement of improved product and technology ratings from certain technology industry analysts; and customer proof points that are set and measured against customer adoption of, testing of and feedback regarding new product features and functionality. In fiscal 2009, 50% of the individual goal component of Mr. Pancha s compensation was divided across the three product suites for which he was responsible, 40% was tied to objectives around cross business unit initiatives, including the release of a new product, and 10% was tied to successful acquisition and integration of new companies and technologies. The achievement of certain objectives is measured in a binary fashion the objective is either achieved at 100% or not at all while other objectives are measured either as a percentage of achievement or by subjective assessment. Mr. Abbasi formally reviews Mr. Pancha s progress against the objectives for each product suite on a semi-annual basis and makes a determination of the achievement and payment. Payments are capped at 100% achievement. Similarly to our corporate bonus plan, the Compensation Committee considers the likelihood of achievement when approving the performance goals (and target levels, if applicable), including historical levels of achievement by Mr. Pancha.

An individual executive may occasionally earn more or less than his or her target variable cash incentive award based on factors including individual performance and any other exceptional contributions to our success during the measurement period.

2009 Variable Cash Incentive Award Evaluation. For the first half of 2009, the performance goal for net license orders was achieved at 90% and the performance goal for non-GAAP operating income was achieved at 105%, resulting in a payout of 50% and 125%, respectively, which combined for a total payout level of 87.5% for the first half of 2009. For the second half of 2009, the corporate goal for net license orders was achieved at 100% and the goal for non-GAAP operating income was achieved at 113%, resulting in a payout of 100% and 165%, respectively, which combined for a total payout of 132.5% for the second half of 2009. For Mr. Hoffman s individual goals, the performance goal for worldwide license revenue was achieved at 98%, resulting in a payout of 98%, and the performance goal for quarterly services margin was achieved at 0%. For Mr. Pancha s individual goals, in the first half of 2009, the overall achievement was 95%, computed as an average of the achievement levels of each specific objective, and in the second half of 2009, the overall achievement was 96%. The recommendations regarding the achievement of Mr. Pancha s goals and the actual cash incentive award amounts were combined with the corporate performance portion of Mr. Pancha s overall bonus and reviewed by the Compensation Committee for approval.

For fiscal 2009, each named executive officer s actual variable cash incentive awards were:

Named Executive Officer	Total First Half Award ($)	Total Second Half Award ($)	Total Fiscal 2009 Award ($)
Sohaib Abbasi	255,938	387,562	643,500
Earl Fry	107,188	162,313	269,500
Paul Hoffman	111,292	177,312	288,603
Girish Pancha	87,344	134,788	222,131

Equity Based Incentive Awards. Informatica s equity incentive plans are a critical component of the compensation program that we believe fosters an entrepreneurial spirit and incents our executive officers and key employees to focus on building stockholder value through meeting long-term financial and strategic goals. We grant stock options and restricted stock units to executive officers and other employees under our equity incentive plans. In 2009, the Board of Directors adopted and our stockholders approved the new 2009 Equity Incentive Plan to replace our existing equity incentive plans. We also sponsor an Employee Stock Purchase Plan (ESPP). All full time employees (except employees in geographies where participation is restricted by local statute or regulations) are eligible to participate in our ESPP, which provides a fifteen percent (15%) discount on the purchase of shares twice a year. Executive officers participate in this plan on the same terms as all other employees. Offering stock options, restricted stock units and the ESPP are critical elements in attracting and retaining high caliber employees, including executive level talent, in the competitive technology industry labor market.

Equity grant ranges are set for each job function, level and position within Informatica for both new hire grants and annual refresh grants, and are reviewed and approved by the Compensation Committee at the start of each fiscal year. Ranges are set to balance the need to use equity grants to provide significant attraction and retention value against the need to limit dilution of shareholder interests by working within our target dilution rate. These equity ranges provide reference guidelines for our chief executive officer, our human resources personnel, the Compensation Committee and the Board of Directors when hiring new executive officers and key management. Additionally, the Compensation Committee uses data provided by an independent compensation consultant to ensure that new hire and any refresh grants for executive officers are within the target positioning levels in our peer group.

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The principal factors considered in granting new employee equity grants to our executive officers are: (i) level of responsibility of the executive officer s position, (ii) total compensation profile, including the amount of unvested equity that the particular executive officer holds and associated retention value, and (iii) the executive officer s ability to influence our long-term growth and profitability. Additional factors considered when reviewing annual refresh grants include: (i) performance, (ii) the existing levels of stock ownership and options among the executive officers relative to each other and to our employees as a whole, and (iii) our target dilution rate.

Equity Grant Process. Our equity incentive plan authorizes the Compensation Committee to grant stock options and/or restricted stock units to our named executive officers and as such, the Compensation Committee approves grants to new NEOs as well as approving refresh and promotional grants to existing NEOs. At the start of each fiscal year, the Compensation Committee reviews our hiring and growth plans for the year ahead and approves an equity budget presented by human resources management. The Compensation Committee also approves equity guidelines for hiring and retention purposes for management to work within during the fiscal year ahead.

Our standard equity granting practice includes authorizing grants to executive officers and employees at the regularly scheduled Compensation Committee meetings held during the first month of each quarter, although the policy allows for some flexibility regarding corrections and off-cycle grants within pre-approved guidelines. The effective grant date and strike price, if applicable, is set as of the first business day of the second month of the quarter if such date is in an open window, or if not, the next date that is in an open window. The vesting commencement date is the effective start date for new hire grants, the effective promotion date for promotional grants, and the actual grant date for the annual refresh grants and restricted stock units.

2009 Equity Based Incentive Award Evaluation. In the fourth quarter of 2008, Compensia provided the Compensation Committee with an analysis of the long term incentive value of each named executive officer s outstanding equity awards against our peer group, using a Black Scholes valuation model. The analysis indicated the value for each named executive officer s vested and unvested options and the total value as a percentage of the market. Given the global economic position at that time and the expected continued decline in the market, and having reviewed the value of each NEO s equity awards, the Compensation Committee determined that many of the outstanding equity awards of the NEOs and many of our employees were underwater and thus providing limited-to-no retention value. In addition, the Compensation Committee also evaluated whether the award of restricted stock units (RSUs) would better address retention objectives by mitigating some of the risk in decreased visibility and potential volatility in operating results arising from the global economic position and the expected market decline. Therefore, upon the recommendation of our chief executive officer, the Compensation Committee approved the award of RSUs in 2009 for retention grants to executive officers and employees in order to re-balance outstanding equity awards and ensure the desired objective of retention. In addition, the Compensation Committee approved the use of a balanced mix of stock options and RSUs for new hire grants in 2009. Compensia made recommendations for annual refresh grants to each NEO based on consideration of the factors detailed above. The Compensation Committee discussed the Compensia analyses related to the NEOs with our chief executive officer and reviewed each individual NEO s performance in 2008 in determining the final awards approved. For fiscal 2009, each named executive officer received the following equity awards:

Named Executive Officer	Grant Date	Restricted Stock Units (#)(1)
Sohaib Abbasi	02/02/09	120,000
Earl Fry	02/02/09	40,000
Paul Hoffman	02/02/09	35,000
Girish Pancha	02/02/09	35,000

(1) These restricted stock units vest over a four-year period, at a rate of 25% on the each anniversary of the vesting commencement date.

Stock Ownership Guidelines for NEOs and Directors. To further align the interests of the named executive officers and members of the Board of Directors with those of our stockholders, in February 2008, the Corporate Governance and Nominating Committee adopted stock ownership guidelines for our NEOs and directors.

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Pursuant to these guidelines, each director and named executive officer (except the chief executive officer) is expected to hold at least 5,000 shares of our common stock for so long as he or she is a director or a named executive officer. Our chief executive officer is expected to hold at least 10,000 shares of our common stock for so long as he or she retains that position. Directors and NEOs, including the chief executive officer, are expected to meet the standards set forth in the guidelines within three years from the date such guidelines were adopted by the Corporate Governance and Nominating Committee or within three years after the date of their election or reelection to the Board of Directors or appointment as a NEO.

Benefits. We have adopted certain general employee benefits plans in which executive officers also participate under the same terms as other employees. The benefits plans vary by geography to account for statutory requirements and local market practices. The primary benefit plans that are available to all U.S. employees who work at least twenty-four hours per week include:

- flexible time off for vacation, care of a family member, or for a personal or family illness;
- medical, dental and vision coverage;
- disability insurance with the same relative coverage and payout levels regardless of seniority;
- basic life and accidental death & dismemberment insurance with the same relative coverage and payout levels regardless of seniority;
- 401(k) savings plan with a matching contribution by us of up to $2,500; and
- the ESPP.

We limit the perquisites that are available to our executive officers. We do not currently offer any non-qualified deferred compensation plans or supplemental retirement plans to our executive officers. Also, we do not provide any pension arrangements or other similar benefits to its executives or employees, other than the 401(k) plan referenced above.

Severance Arrangements. We have entered into agreements with our NEOs regarding severance arrangements. Such agreements are standard in our industry and are necessary in order to attract and retain the best talent for these executive officer positions. See Potential Payments on Termination or Change of Control below for a summary of the material terms and conditions of these severance arrangements.

Accounting and Tax Considerations

We generally consider tax and accounting implications in designing our compensation programs, and aim to keep the compensation expense associated with such programs within reasonable levels. For example, in selecting equity based compensation elements, the Compensation Committee reviews the projected expense amounts and expense timing associated with equity awards. In addition, Section 162(m) of the Internal Revenue Code of 1986, as amended, disallows a deduction by us for compensation exceeding $1.0 million paid to certain executive officers, excluding, among other things, performance-based compensation. To maintain flexibility in compensating executive officers in a manner designed to promote varying corporate goals, we have not adopted a policy that all compensation must be deductible.

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Report of the Compensation Committee of the Board of Directors

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis with Informatica s management. Based on such review and discussion, the Compensation Committee recommended to Informatica s Board of Directors that the Compensation Discussion and Analysis be included in this proxy statement.

COMPENSATION COMMITTEE OF
THE BOARD OF DIRECTORS

David W. Pidwell
Gerald Held
Godfrey R. Sullivan

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2009 Summary Compensation Table

The following table presents information concerning the compensation of the named executive officers for the fiscal year ended December 31, 2009.

ame and Principal Position	Year	Salary ($)	Bonus ($)(1)	Stock Awards ($)(2)	Option Awards ($)(2)	Non-Equity Incentive Plan Compensation ($)	All Other Compensation ($)(3)	Total ($)
ohaib Abbasi	2009	585,000		1,550,400		643,500		2,778,900
hairman and Chief Executive fficer	2008	585,000			2,269,680	432,900		3,287,580
	2007	485,000			1,401,856	625,650		2,512,506
arl Fry	2009	350,000		516,800		269,500	2,500	1,138,800
hief Financial Officer,	2008	350,000	30,000		709,275	181,300	2,500	1,273,075
hief Administration fficer and Executive Vice resident, Global ustomer Support	2007	320,000			481,888	288,960	2,000	1,092,848
aul Hoffman	2009	350,000		452,200		288,603	2,500	1,093,303
xecutive Vice President	2008	350,000			567,420	211,412	2,500	1,131,332
nd President, Worldwide ield Operations	2007	320,000			438,080	305,683	2,000	1,065,763
irish Pancha	2009	330,000		452,200		222,131	2,500	1,006,831
xecutive Vice President,	2008	330,000			624,162	181,913	2,500	1,138,575
ata Integration roduct Division	2007	296,000			438,080	267,660	2,000	1,003,740

(1) Reflects a discretionary bonus awarded for extraordinary performance in the second half of 2008.

(2) Reflects the aggregate grant date fair value computed in accordance with FASB ASC Topic 718. The assumptions used in the valuation of these awards are set forth in the notes to our consolidated financial statements, which are included in our Annual Report on Form 10-K for the year ended December 31, 2009, filed with the SEC on March 1, 2010. These amounts do not necessarily correspond to the actual value that may be recognized by the named executive officer.

(3) Reflects 401(k) matching contributions by Informatica.

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2009 Grants of Plan-Based Awards Table

The following table presents information concerning each grant of an award made to a named executive officer in fiscal 2009 under any plan.

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards (1) Threshold	Target	Maximum	All Other Stock Awards: Number of Shares of Stocks or Units (#)	Grant Date Fair Value of Stock and Option Awards ($)(2)
Sohaib Abbasi			585,000	1,170,000		
	02/02/09				120,000	1,550,400
Earl Fry			245,000	490,000		
	02/02/09				40,000	516,800
Paul Hoffman			315,000			
	02/02/09				35,000	452,000
Girish Pancha			211,750	362,670		
	02/02/09				35,000	452,000

(1) Reflects target and maximum variable cash incentive award amounts for fiscal 2009 performance under our corporate bonus plan and individual variable compensation plans, as described in Compensation Discussion and Analysis Components of the Compensation Package and 2009 Evaluation Variable Cash Incentive Awards. There is no threshold payout amount, as the minimum amount payable under the plans is $0. As a result of the worldwide license revenue objective of his individual variable compensation plan, Mr. Hoffman does not have a maximum payout amount. Mr. Pancha s maximum payout amount reflects that payment of 57% of his target variable cash incentive award is capped at 200% and payment of 43% of his target variable cash incentive award is capped at 100%. The actual cash incentive award amounts paid for fiscal 2009 are reflected in the Non-Equity Incentive Plan Compensation column of the 2009 Summary Compensation Table.

(2) Reflects the grant date fair value of each equity award computed in accordance with FASB ASC Topic 718. The assumptions used in the valuation of these awards are set forth in the notes to our consolidated financial statements, which are included in our Annual Report on Form 10-K for the year ended December 31, 2009, filed with the SEC on March 1, 2010. These amounts do not necessarily correspond to the actual value that may be recognized by the named executive officer.

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Outstanding Equity Awards at 2009 Fiscal Year-End

The following table presents information concerning unexercised options and stock that has not vested for each named executive officer outstanding as of the end of fiscal 2009.

		Option Awards				Stock Awards (2)	
		Number of Securities Underlying Unexercised Options (#)		Option Exercise	Option Expiration	Number of Shares or Units of Stock That Have Not	Market Value of Shares or Units of Stock That Have Not Vested
Name	Grant Date (1)	Exercisable	Unexercisable	Price ($)	Date	Vested (#)	($)(2)
Sohaib Abbasi	07/19/04(3)	2,600,000		5.69	07/19/14		
	12/30/05	500,000		12.00	12/30/12		
	02/01/07	226,666	93,334	12.64	12/30/14		
	02/01/08	183,333	216,617	18.54	02/01/15		
	02/02/09					120,000	3,105,600
Earl Fry	03/18/02	66,000		8.06	03/18/12		
	03/15/02	55,000		7.90	03/12/11		
	09/09/02	35,000		4.05	09/09/12		
	05/08/03	83,524		6.63	05/08/10		
	04/30/04	156,965		7.26	04/30/11		
	10/27/04	100,000		7.64	10/27/11		
	04/29/05	75,000		7.73	04/29/12		
	04/11/06	137,500	12,500	15.26	04/11/13		
	02/01/07	77,916	32,084	12.64	02/01/14		
	02/01/08	57,291	67,709	18.54	02/01/15		
	02/02/09					40,000	1,035,200
Paul Hoffman	01/04/05(4)	250,000		7.48	01/04/12		
	04/11/06	91,666	8,334	15.26	04/11/13		
	02/01/07	70,833	29,167	12.64	02/01/14		
	02/01/08	45,833	54,167	18.54	02/01/15		
	02/02/09					35,000	905,800
Girish Pancha	03/12/01	25,080		17.0625	03/12/11		
	09/09/02	10,317		4.05	09/09/12		
	05/08/03	74,713		6.63	05/08/10		
	04/30/04	175,000		7.26	04/30/11		
	10/27/04	100,000		7.64	10/27/11		
	04/29/05	50,000		7.73	04/29/12		
	04/11/06	91,666	8,334	15.26	04/11/13		

02/01/07	70,833	29,167	12.64	02/01/14		
02/01/08	50,416	59,584	18.54	02/01/15		
02/02/09					35,000	905,800

(1) Unless otherwise indicated, all option awards granted to named executive officers vest over a four-year period at a rate of 1/48th per month. Restricted stock unit awards granted in 2009 vest over a four-year period, at a rate of 25% on the each anniversary of the vesting commencement date. The vesting commencement date for the 2009 restricted stock unit awards was February 1, 2009.

(2) Market value of shares or units of stock that have not vested is computed by multiplying (i) $25.88, the closing price on the NASDAQ Global Select Market of our common stock on December 31, 2009, the last business day of fiscal 2009, by (ii) the number of shares or units of stock.

(3) This option vested over a four year period, at a rate of 25% on July 19, 2005 and then at a rate of 1/48th per month thereafter.

(4) This option vested over a four year period, at a rate of 25% on January 4, 2006 and then at a rate of 1/48th per month thereafter.

2009 Option Exercises and Stock Vested Table

The following table presents information concerning the exercise of stock options during fiscal 2009 for each of the named executive officers. No shares were acquired upon vesting of stock awards during fiscal 2009 by any of the named executive officers.

	Option Awards	
Name	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise ($)(1)
Sohaib Abbasi	60,000	168,600
Earl Fry	454,511	6,592,530
Paul Hoffman		
Girish Pancha	59,616	934,256

(1) Reflects the difference between the market price of our common stock at the time of exercise on the exercise date and the exercise price of the option.

Potential Payments upon Termination or Change in Control

We have entered into agreements with our named executive officers regarding payments upon termination (with respect to our chief executive officer) or upon a change in control (with respect to all of our named executive officers). Such agreements are standard within our industry and are necessary in order to attract the best talent for these positions.

Employment Agreement with Sohaib Abbasi

We have entered into an employment agreement, as amended, with Mr. Abbasi. Mr. Abbasi s employment agreement provides that, if we terminate Mr. Abbasi s employment without cause or he resigns for good reason, he will receive severance benefits including:

continued payment of his base salary for twelve months;

a lump-sum payment, paid at the time fiscal year bonuses are paid to other executive officers, equal to 100% of his then-current target bonus;

reimbursement for benefits premiums for a maximum of twelve months (to cease once eligible for similar benefits from another employer); and

twelve months accelerated vesting for unvested equity awards.

In addition, if Mr. Abbasi is terminated without cause or he resigns for good reason, and such termination occurs within the time period beginning on the date three months preceding a change of control and ending on the date twelve months following a change of control, he will receive severance benefits including:

- continued payment of his base salary for eighteen months;

- a lump-sum payment, paid at the time fiscal year bonuses are paid to other executive officers, equal to 150% of his then-current target bonus;

- reimbursement for benefits premiums for a maximum of eighteen months (to cease once eligible for similar benefits from another employer); and

- accelerated vesting for all unvested equity awards.

The severance payments, continued benefits, and accelerated vesting will be subject to Mr. Abbasi entering into and not subsequently revoking: (1) a separation agreement and release of claims in a form satisfactory to us and him; (2) a non-compete and non-solicitation agreement that would be in effect during the 18-month period in which he receives continuing salary from us; and (3) a non-disparagement agreement.

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Executive Severance Agreements

In addition, we have entered into executive severance agreements, as amended and restated, with Mr. Fry, Mr. Hoffman and Mr. Pancha. These executive severance agreements provide that, if we terminate such officer s employment without cause or he resigns for good reason, and such termination occurs within the time period beginning on the date three months preceding a change of control and ending on the date twelve months following a change of control, he will receive severance benefits including:

continued payment of his base salary for a period of twelve months;

a lump-sum payment equal to 100% of his annual on-target bonus, commissions or variable earnings, assuming performance at 100% of target for bonus determination;

reimbursement for benefits premiums for a maximum of twelve months (to cease once eligible for similar benefits from another employer); and

accelerated vesting for all unvested equity awards.

The severance payments, continued benefits, and accelerated vesting will be subject to the executive officer entering into and not subsequently revoking: (1) a separation agreement and release of claims in a form satisfactory to us and the executive officer; (2) a non-compete and non-solicitation agreement that would be in effect during the 12 month period in which the executive officer receives continuing salary from us; and (3) a non-disparagement agreement.

Definitions of Cause and Good Reason

For purposes of Mr. Abbasi s employment agreement and the executive severance agreements, cause is generally defined as (i) an executive officer s act of dishonesty or fraud in connection with the performance of his responsibilities to us with the intention that such act result in an executive officer s substantial personal enrichment, (ii) an executive officer s conviction of, or plea of nolo contendere to, a felony, (iii) an executive officer s willful failure to perform his duties or responsibilities, or (iv) an executive officer s violation or breach of an executive officer s employee proprietary information and inventions agreement; provided that if any of the foregoing events is capable of being cured, we will provide notice to the executive officer describing the nature of such event and the executive officer will thereafter have 30 days to cure such event.

In addition, good reason is generally defined as the occurrence of any of the following without an executive officer s express written consent: (i) a reduction (or series of reductions) of the executive s base salary or target bonus that singly or in the aggregate constitute a material reduction, other than a one-time reduction of up to 10% that also is applied to substantially all of our other senior executives, (ii) a reduction in an executive officer s base salary other than a one-time reduction of not more than 10% that also is applied to substantially all of our other executive officers, (iii) a material reduction in the aggregate level of benefits made available to the executive officer other than a reduction that also is applied to substantially all of our other executive officers, or (iv) relocation of an executive officer s primary place of business for the performance of his duties to us to a location that is more than 35 miles from its prior location.

Estimated Payments Upon Termination or Change in Control

The following table provides information concerning the estimated payments and benefits that would be provided in the circumstances described above for each of the named executive officers. Payments and benefits are estimated assuming that the triggering event took place on the last business day of fiscal 2009 (December 31, 2009), and the price per share of our common stock is the closing price on the NASDAQ Global Select Market as of that date ($25.88). There can be no assurance that a triggering event would produce the same or similar results as those estimated below if such event occurs on any other date or at any other price, of if any other assumption

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used to estimate potential payments and benefits is not correct. Due to the number of factors that affect the nature and amount of any potential payments or benefits, any actual payments and benefits may be different.

		Potential Payments Upon:			
		Termination Without Cause		Resignation for Good Reason	
Name	**Type of Benefit**	**Not Related to Change in Control ($)**	**Within 3 Months Before or 12 Month After a Change in Control ($)**	**Not Related to Change in Control ($)**	**Within 3 Months Before or 12 Month After a Change in Control ($)**
Sohaib Abbasi	Salary	585,000	877,500	585,000	877,500
	Value of Accelerated Options (1)	1,793,200	8,022,826	1,793,200	8,022,826
	Value of Accelerated RSUs (1)	776,400	3,105,600	776,400	3,105,600
	Total Target Bonus	585,000	877,500	585,000	877,500
	Reimbursement of Health Insurance Premiums (2)	20,475	30,713	20,475	30,713
	Total Termination Benefits:	3,760,075	12,914,139	3,760,075	12,914,139
Earl Fry	Salary		350,000		350,000
	Value of Accelerated Options (1)		2,906,143		2,906,143
	Value of Accelerated RSUs (1)		1,035,200		1,035,200
	Total Target Bonus		245,000		245,000
	Reimbursement of Health Insurance Premiums (2)		20,475		20,475
	Total Termination Benefits:		4,556,818		4,556,818
Paul Hoffman	Salary		350,000		350,000
	Value of Accelerated Options (1)		2,372,368		2,372,368
	Value of Accelerated RSUs (1)		905,800		905,800
	Total Target Bonus		315,000		315,000
	Reimbursement of Health Insurance		14,748		14,748

	Premiums (2)		
	Total Termination Benefits:	3,957,916	3,957,916
Girish Pancha	Salary	330,000	330,000
	Value of Accelerated Options (1)	2,512,560	2,512,560
	Value of Accelerated RSUs (1)	905,800	905,800
	Total Target Bonus	231,00	231,000
	Reimbursement of Health Insurance Premiums (2)	20,475	20,475
	Total Termination Benefits:	3,999,835	3,999,835

(1) Reflects the aggregate market value of unvested option grants and restricted stock unit awards. For unvested option grants, aggregate market value is computed by multiplying (i) the number of shares underlying unvested options at December 31, 2009 that would become vested by (ii) the difference between $25.88 and the exercise price of such option. For restricted stock unit awards, aggregate market value is computed by multiplying (i) the number of unvested shares at December 31, 2009 that would become vested by (ii) $25.88.

(2) Reflects the annual cost of COBRA coverage to maintain the benefits currently provided.

OTHER MATTERS

The Board of Directors does not know of any other matters to be presented at the Annual Meeting. If any additional matters are properly presented at the Annual Meeting, the persons named in the enclosed proxy card will have discretion to vote shares they represent in accordance with their own judgment on such matters.

It is important that your shares be represented at the Annual Meeting, regardless of the number of shares that you hold. You are, therefore, urged to vote by telephone or by using the Internet as instructed on the enclosed proxy card or execute and return, at your earliest convenience, the enclosed proxy card in the envelope that has also been provided.

THE BOARD OF DIRECTORS

Redwood City, California
May 7, 2010

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VOTE BY INTERNET - www.proxyvote.com
Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M. Eastern Time, June 14, 2010. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

Electronic Delivery of Future PROXY MATERIALS
If you would like to reduce the costs incurred by our company in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access proxy materials electronically in future years.

VOTE BY PHONE - 1-800-690-6903
Use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. Eastern Time, June 14, 2010. Have your proxy card in hand when you call and then follow the instructions.

VOTE BY MAIL
Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

CONTROL # à 000000000000

NAME

THE COMPANY NAME INC.	**COMMON**	**SHARES**	**123,456,789,012.12345**
THE COMPANY NAME INC.	**CLASS A**		**123,456,789,012.12345**
THE COMPANY NAME INC.	**CLASS B**		**123,456,789,012.12345**
THE COMPANY NAME INC.	**CLASS C**		**123,456,789,012.12345**
THE COMPANY NAME INC.	**CLASS D**		**123,456,789,012.12345**
THE COMPANY NAME INC.	**CLASS E**		**123,456,789,012.12345**
THE COMPANY NAME INC.	**CLASS F**		**123,456,789,012.12345**
THE COMPANY NAME INC.	**401 K**		**123,456,789,012.12345**

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TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS: x

KEEP THIS PORTION FOR YOUR RECORDS

DETACH AND RETURN THIS PORTION ONLY

THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.

	For All	Withhold All	For All Except	
The Board of Directors recommends that you vote FOR the following:	o	o	o	To withhold authority to vote for any individual nominee(s), mark For All Except and write the number(s) of the nominee(s) on the line below.

1. Election of Directors
Nominees

01 Mark Garrett 02 Gerald Held 03 Charles J. Robel

The Board of Directors recommends you vote FOR the following proposal(s):	**For**	**Against**	**Abstain**
2. To ratify the appointment of Ernst & Young LLP as Informatica s independent registered public accounting firm for the fiscal year ending December 31, 2010.	o	o	o

NOTE: STOCKHOLDERS ARE URGED TO COMPLETE, SIGN, DATE AND RETURN THIS PROXY IN THE ENVELOPE PROVIDED, WHICH REQUIRES NO POSTAGE IF MAILED WITHIN THE UNITED STATES.

Please sign exactly as your name(s) appear(s) hereon. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. All holders must sign. If a corporation or partnership, please sign in full corporate or partnership name, by authorized officer.

Investor Address Line 1
Investor Address Line 2
Investor Address Line 3
Investor Address Line 4
Investor Address Line 5
John Sample
1234 ANYWHERE STREET
ANY CITY, ON A1A 1A1

Signature [PLEASE SIGN WITHIN BOX]	Date	**JOB #**	Signature (Joint Owners)	Date	**SHARES** **CUSIP #** **SEQUENCE #**

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting: The Proxy Statement, 2009 annual report to stockholders is/are available at www.proxyvote.com.

PROXY

INFORMATICA CORPORATION

Proxy for Annual Meeting of Stockholders, June 15,2010

The undersigned stockholder of Informatica Corporation, a Delaware corporation (Informatica), hereby acknowledges receipt of the Notice of Annual Meeting of Stockholders and accompanying Proxy Statement, each dated May 7, 2010, and hereby appoints Sohaib Abbasi and Earl E. Fry, or either of them, proxies and attorneys-in-fact, each with full power of substitution, to represent the undersigned at the Annual Meeting of Stockholders of Informatica to be held on Tuesday, June 15, 2010 at 3:00 p.m. Pacific time at Informatica s corporate offices located at 100 Cardinal Way, Redwood City, California 94063 and at any adjournment or postponement thereof, and to vote all shares of Common Stock of Informatica held of record by the undersigned on April 22, 2010, as hereinafter specified upon the proposals on the reverse side.

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS OF INFORMATICA CORPORATION FOR THE ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON JUNE 15, 2010. IN ORDER TO ASSURE YOUR REPRESENTATION AT THE ANNUAL MEETING OF STOCKHOLDERS, PLEASE COMPLETE, SIGN, DATE AND RETURN THIS PROXY CARD PROMPTLY IN THE ENCLOSED ENVELOPE. THIS PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED IN THE MANNER DIRECTED HEREIN. IF NO SPECIFICATION IS MADE, THIS PROXY WILL BE VOTED FOR THE PROPOSALS STATED ON THE REVERSE SIDE, AND AS SAID PROXIES DEEM ADVISABLE, ON SUCH OTHER MATTERS AS MAY PROPERLY COME BEFORE THE ANNUAL MEETING. THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR THESE PROPOSALS.

Continued and to be signed on reverse side