

INFOUSA INC
Form PRER14A
April 14, 2006

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SCHEDULE 14A
(Rule 14a-101)
INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION
Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934
(Amendment No. 1)

Filed by the registrant b

Filed by a party other than the registrant o

Check the appropriate box:

Preliminary Proxy Statement

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

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Under Section 240.14a-12

INFOUSA INC.

(Name of Registrant as Specified in Its Charter)

N/A

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

Payment of Filing Fee (Check the appropriate box):

No fee required

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

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

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

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

(4) Proposed maximum aggregate value of transaction:

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(1) Amount Previously Paid:

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- (2) Form, Schedule or Registration Statement No.:
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 - (4) Date Filed:
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Preliminary Copy

infoUSA INC.

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TO THE STOCKHOLDERS:

NOTICE IS HEREBY GIVEN that the 2006 Annual Meeting of Stockholders of *infoUSA Inc.*, a Delaware corporation (the Company), will be held on Friday, May 26, 2006, at 9:00 a.m. local time, at the Company's facility located at 4001 South Business Park Avenue, Marshfield, Wisconsin 54449, for the following purposes, as more fully described in the Proxy Statement accompanying this Notice:

1. To elect three directors to the Board of Directors for a term of three years;

2. To vote on a stockholder proposal, described in the Proxy Statement, if properly presented at the meeting; and

3. To transact such other business as may properly come before the meeting or any adjournment thereof.

Only stockholders of record at the close of business on April 4, 2006 are entitled to receive notice of and to vote at the meeting.

All stockholders are cordially invited to attend the Annual Meeting in person. However, to assure your representation at the Annual Meeting, you are urged to mark, sign, date and return the enclosed proxy card as promptly as possible in the postage-prepaid envelope included for that purpose. Stockholders attending the Annual Meeting may vote in person even if they have previously returned a proxy.

Sincerely,

Fred Vakili
Secretary

Omaha, Nebraska
April 17, 2006

infoUSA INC.

PROXY STATEMENT

INFORMATION CONCERNING SOLICITATION AND VOTING

General

The enclosed proxy is solicited on behalf of *infoUSA Inc.*, a Delaware corporation (the Company), for use at its 2006 Annual Meeting of Stockholders to be held on Friday, May 26, 2006, at 9:00 a.m., local time, or at any adjournments or postponements thereof, for the purposes set forth in this Proxy Statement and in the accompanying Notice of Annual Meeting of Stockholders. The Annual Meeting will be held at the Company's facility located at 4001 South Business Park Avenue, Marshfield, Wisconsin 54449. The Company's principal executive offices are located at 5711 South 86th Circle, Omaha, Nebraska 68127. The Company's telephone number is (402) 593-4500.

These proxy solicitation materials are being mailed on or about April 17, 2006, to all stockholders entitled to vote at the meeting. The Company's Annual Report for the fiscal year ended December 31, 2005, including audited financial statements, is being mailed to stockholders concurrently with this Proxy Statement.

Record Date; Outstanding Shares

Stockholders of record at the close of business on April 4, 2006 (the Record Date) are entitled to receive notice of and vote at the meeting. On the Record Date, 55,140,753 shares of the Company's common stock, \$.0025 par value per share, were issued and outstanding. For information regarding beneficial ownership of the Company's common stock by directors, executive officers and holders of more than five percent of the outstanding common stock, see Security Ownership.

Revocability of Proxies

Proxies given pursuant to this solicitation may be revoked at any time before they are voted at the meeting or any adjournment thereof by delivering written notice of revocation to the Secretary of the Company or by executing a later dated proxy. Stockholders may also revoke such proxies by attending the meeting and voting in person, although attendance at the meeting will not, in and of itself, constitute revocation of a proxy.

Voting and Solicitation

The presence in person or by proxy of holders of a majority of the shares of stock entitled to vote at the Annual Meeting constitutes a quorum for the transaction of business. Every holder of record of common stock on the Record Date is entitled, for each share held, to one vote on each proposal or item that comes before the meeting. In the election of directors, each stockholder will be entitled to vote for three nominees and, if a quorum is present at the Annual Meeting, the three nominees with the greatest number of votes will be elected. If a quorum is present at the Annual Meeting, approval of the stockholder proposal would require an affirmative vote of a majority of the shares represented at the Annual Meeting in person or by proxy and entitled to vote.

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The election inspectors will treat abstentions as shares that are present and entitled to vote for purposes of determining whether a quorum is present. With respect to the election of directors (elected by a plurality of the votes), abstentions will not be taken into account in determining the outcome of the election. With respect to other matters being considered, abstentions will have the same effect as negative votes. If a broker indicates on the proxy that it does not have discretionary authority as to certain shares to vote on a particular matter, those shares will not be considered as present and entitled to vote with respect to that matter and will not be taken into account in determining the outcome of the votes on that matter.

This Proxy Statement is being furnished in connection with the solicitation of proxies by the Company's Board of Directors. Original solicitation of proxies by mail may be supplemented by telephone or personal solicitation by directors, officers, or other regular employees of the Company. No additional compensation will be paid to directors, officers or other regular employees for their services. The Company will bear the entire cost of solicitation of proxies, which is estimated at \$700,000, including the fees and expenses payable to its professional proxy solicitor, which are described below, and the preparation, assembly, printing and mailing of this Proxy Statement, the notice of the annual meeting of stockholders, the enclosed proxy card and any additional information furnished to stockholders. This estimate excludes salaries and wages of regular employees and officers.

The Company has engaged the services of MacKenzie Partners, Inc. to solicit proxies and to assist in the distribution of proxy materials. In connection with its retention by the Company, MacKenzie Partners, Inc. has agreed to provide consulting and analytic services and to assist in the solicitation of proxies. The Company estimates that approximately 35 employees of MacKenzie Partners, Inc. will be involved in the solicitation of proxies and revocations on behalf of the Company. The Company has agreed to pay MacKenzie Partners, Inc. for its services a fee not to exceed \$200,000 plus reimbursement of reasonable out-of-expenses estimated at \$200,000.

Copies of solicitation materials will also be furnished to banks, brokerage houses, fiduciaries and custodians holding in their names shares of the Company's common stock beneficially owned by others to forward to these beneficial owners. The Company may reimburse persons representing beneficial owners of the Company's common stock for their costs of forwarding solicitation materials to the beneficial owners.

Information Concerning Persons Who May Solicit Proxies

Under applicable Securities and Exchange Commission (SEC) rules, the directors and director nominees and certain executive officers of the Company may be deemed to be participants in the solicitation of proxies on behalf of the Company (Participants). Appendix A to this Proxy Statement identifies each of the Participants and sets forth, with respect to each such Participant, the name and business address of the Participant; the Participant's present principal occupation or employment and the name, principal business and address of any corporation or other organization in which such employment is carried on.

The number of shares owned by each Participant (other than Stormy L. Dean) is set forth below in the table entitled Security Ownership. Except as otherwise disclosed in this Proxy Statement, the shares set forth in that table opposite such Participant's name are directly or indirectly beneficially owned by such Participant, and no Participant owns any shares of record but not beneficially. Mr. Dean is the beneficial owner of 2,641 shares of Company common stock. Within the past two years, except as set forth on Appendix A, none of the Participants has engaged in any purchase or sale of shares of Company common stock.

Except as otherwise described in this Proxy Statement, none of the Participants nor any of their respective affiliates or associates (together, the Participant Affiliates) (i) directly or indirectly beneficially owns any securities of the Company, or (ii) has had any relationship with the Company in any capacity other than as a stockholder, employee, officer or director. Furthermore, except as otherwise described in this Proxy Statement, no Participant or Participant Affiliate is or was either a party to any transaction or series of transactions since the beginning of fiscal 2005 or has knowledge of any currently

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proposed transaction or series of transactions (i) to which the Company was or is to be a party, (ii) in which the amount involved exceeds \$60,000, and (iii) in which any Participant or Participant Affiliate had or will have a direct or indirect material interest. Except as otherwise described in this Proxy Statement, no Participant or Participant Affiliate has entered into any agreement or understanding with any person respecting any (i) future employment by the Company or any of its affiliates, or (ii) any transaction to which the Company or any of its affiliates will or may be a party. Except as otherwise described in this Proxy Statement, there have been no contracts, arrangements or understandings by any Participant or Participant Affiliate within the past year with any person with respect to any securities of the Company other than the Confidentiality Agreement between Vinod Gupta and the Company dated July 14, 2005 (filed as Exhibit 10.1 to the Report on Form 8-K filed by the Company on July 22, 2005) and the standstill letter from Mr. Gupta to the Company dated September 12, 2005 (filed as Exhibit 99.1 to the Report on Form 8-K filed by the Company on September 14, 2005).

Deadlines for Receipt of Stockholder Proposals

The proxy rules of the SEC permit stockholders, after timely notice to a company, to present proposals for stockholder action in a company's proxy statement where such proposals are consistent with applicable law, pertain to matters appropriate for stockholder action and are not properly omitted by corporate action in accordance with the proxy rules. Stockholder proposals that are intended to be presented at the Company's 2007 Annual Meeting must be received by the Company no later than December 18, 2006 to be included in the proxy statement and form of proxy for that meeting.

The Company's Bylaws provide that certain requirements be met for business to properly come before the stockholders at the Annual Meeting. Among other things, stockholders intending to bring business before the Annual Meeting must provide written notice of such intent to the Secretary of the Company. Such notice must be received by the Company no later than the close of business on the 10th day following the day on which notice of the date of the Annual Meeting was mailed or public disclosure of the same was made. The Company's proxy for this year's Annual Meeting may confer on the proxy holder discretionary authority to vote on any stockholder proposals that are intended to be presented at the Annual Meeting that are received after such date. Additionally, the chairman of the Annual Meeting may declare that such business was not properly brought before the Annual Meeting and shall not be transacted. The chairman may exclude from the 2007 Annual Meeting, and the Company's proxy for the 2007 Annual Meeting may confer on the proxy holder discretionary authority to vote on, any stockholder proposals that are intended to be presented at the 2007 Annual Meeting that are received after the close of business on the 10th day following the day on which notice of the date of the Annual Meeting was mailed or public disclosure of the same was made. Stockholders desiring to bring matters for action at an Annual Meeting should contact the Company's Secretary for a copy of the relevant requirements.

Additionally, any stockholder intending to nominate candidates for Board membership must send written notice of such nomination to the Secretary of the Company at least 30 but no more than 60 days prior to the Annual Meeting, with the submitting stockholder's name, address and stockholdings and pertinent information about the proposed nominee similar to that set forth for nominees named herein. If less than 40 days' notice of public disclosure of the date of the Annual Meeting is given or made, such stockholder notice must be received not later than the close of business on the 10th day following the day on which such notice of the date of the meeting was mailed or such public disclosure was made.

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ELECTION OF DIRECTORS****General**

The Company's Board of Directors presently consists of nine directors and is divided into three classes of three directors each, with the term of office of one class expiring each year. The terms of office of Vinod Gupta, Dr. George F. Haddix and Dr. Vasant H. Raval expire at this year's Annual Meeting. The terms of office of Bill L. Fairfield, Anshoo S. Gupta and Elliot S. Kaplan expire at the 2007 Annual Meeting. The terms of office of Martin F. Kahn, Bernard W. Reznicek and Dennis P. Walker expire at the 2008 Annual Meeting.

The Company is proposing that the stockholders re-elect the three directors whose terms expire this year (Mr. Vinod Gupta, Dr. Haddix and Dr. Raval), for terms expiring at the 2009 Annual Meeting.

Vote Required

The three nominees receiving the highest number of affirmative votes of the shares represented at the Annual Meeting in person or by proxy and entitled to vote will be elected to the Board of Directors. Proxies cannot be voted for a greater number of persons than the number of directors to be elected.

Unless otherwise instructed, the proxy holders will vote the proxies received by them for the Company's three nominees named below. If any nominee of the Company is unable or declines to serve as a director at the time of the Annual Meeting, the proxies will be voted for any nominee who is designated by the Board of Directors to fill the vacancy. It is not expected that any nominee will be unable or will decline to serve as a director.

**The Board of Directors Recommends That Stockholders Vote For each Nominee Listed Below.
Nominees for Election at the Annual Meeting**

The names of the Company's nominees, and certain information about them, are set forth below:

Name of Nominee	Age	Position/Principal Occupation	Director Since	Nominated for Term Expiring
Vinod Gupta	59	Chairman of the Board and Chief Executive Officer of the Company	1972	2009
Dr. George F. Haddix(1)(2)	67	Director; Chairman and Chief Executive Officer of PKW Holdings, Inc. and PKWARE, INC.	1995	2009
Dr. Vasant H. Raval(3)(4)	66	Director; Professor and Chair, Department of Accounting, at Creighton University	2002	2009

- (1) Member of the Nominating and Corporate Governance Committee.
- (2) Member of the Compensation Committee.
- (3) Member of the Audit Committee
- (4) Member of the Finance Committee.

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Vinod Gupta founded the Company in February 1972 and has been Chairman of the Board since its incorporation. Mr. Gupta served as Chief Executive Officer of the Company from the time of its incorporation in 1972 until September 1997 and since August 1998. Mr. Gupta holds a B.S. in Engineering from the Indian Institute of Technology, Kharagpur, India, and an M.S. in Engineering and an M.B.A. from the University of Nebraska. Mr. Gupta also was awarded an Honorary Doctorate from the Monterey Institute of International Studies, an Honorary Doctorate from the University of Nebraska and an Honorary Doctorate from the Indian Institute of Technology. Mr. Gupta was nominated and confirmed to be the United States Consul General to Bermuda. Then, the President nominated him to be the United States Ambassador to Fiji. Due to business commitments, he withdrew his name from consideration. He was appointed by President Clinton to serve as a Trustee of the Kennedy Center for Performing Arts in Washington, D.C. Mr. Gupta is also a director of a mutual fund in the Everest mutual fund family.

Dr. George F. Haddix has served as a director of the Company since March 1995. Dr. Haddix is Chairman and Chief Executive Officer of PKW Holdings, Inc. and PKWARE, INC., computer software companies headquartered in Milwaukee, Wisconsin. From November 1994 to December 1997, Dr. Haddix served as President of CSG Holdings, Inc. and CSG Systems International, Inc., companies providing software and information services to the communications industry. Dr. Haddix holds a B.A. from the University of Nebraska, an M.A. from Creighton University and a Ph.D. from Iowa State University, all in Mathematics.

Dr. Vasant H. Raval has served as a director of the Company since October 2002. Dr. Raval has been Professor and Chair of the Department of Accounting at Creighton University since July 2001. He joined the Creighton University faculty in 1981 and has served as Professor of Accounting and Associate Dean and Director of Graduate Programs at the College of Business Administration. Dr. Raval is a director of Syntel Inc., an electronic business solutions provider based in Troy, Michigan. Dr. Raval holds a Bachelor of Commerce degree from the University of Bombay, an M.B.A. from Indiana State University, and a Doctor of Business Administration degree from Indiana University.

Incumbent Directors Whose Terms of Office Continue after the Annual Meeting

The names and certain other information about the directors whose terms of office continue after the Annual Meeting are set forth below:

Name of Director	Age	Position/Principal Occupation	Director Since	Term Expires
Bill L. Fairfield(1)(2)(3)	59	Director; Chairman of DreamField Capital Ventures, LLC	2005	2007
Anshoo S. Gupta(3)(5)	59	Director; President of JAG Operations, L.L.C.	2005	2007
Elliot S. Kaplan(4)	69	Director; Senior Partner in law firm of Robins, Kaplan, Miller & Ciresi L.L.P.	1988	2007
Martin F. Kahn(1)(4)	56	Director; Managing Director, Cadence Information Associates L.L.C.	2004	2008
Bernard W. Reznicek(1)(3)	69	Director; President and Chief Executive Officer, Premier Enterprises	2006	2008
Dennis P. Walker(1)(2)	60	Director; President and Chief Executive Officer of Jet Linx Aviation	2003	2008

(1) Member of the Nominating and Corporate Governance Committee.

(2) Member of the Compensation Committee.

(3) Member of the Audit Committee.

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(4) Member of the Finance Committee.

(5) Anshoo S. Gupta is not related to Vinod Gupta

Bill L. Fairfield has served as a director of the Company since November 2005. He is currently the Chairman of DreamField Capital Ventures, LLC, a company focused on economic development of the Mid-Plains region through management services and venture capital assistance. Mr. Fairfield currently serves on the Board of Directors of The Buckle, Inc., a retailer of casual apparel, footwear and accessories for young men and women based in Kearney, Nebraska. From 2002 to 2004 Mr. Fairfield was the Executive Vice President of Sitel Corporation, a global provider of outsourced customer support services based in Omaha, Nebraska, and from 1991 to 2000, Mr. Fairfield was President and Chief Executive Officer of Inacom Corp., an Omaha-based technology management services company. Prior to 1991 Mr. Fairfield was CEO of Valcom, the predecessor company to Inacom Corp. Mr. Fairfield holds a B.S. degree in Industrial Engineering from Bradley University and an MBA from the Harvard Graduate School of Business.

Anshoo S. Gupta has served as a director of the Company since April 2005. He is currently the President of JAG Operations, L.L.C., a management consulting company which he founded in 2003. Mr. Gupta was President of Production Systems Group at Xerox Corporation, a technology and services enterprise based in Stamford, Connecticut, from 1999 to 2002. From 1969 through 1998, Mr. Gupta held a series of financial, marketing, strategic planning, and general management positions at Xerox. He currently serves on the Board of Directors of Docucorp International, Inc., a Dallas, Texas-based company specializing in the development, marketing and support of customer communication management solutions. Mr. Gupta also serves on the Advisory Board of the Indian Institute of Technology, Kharagpur, India. Mr. Gupta holds a B.S. in Electrical Engineering from the Indian Institute of Technology, Kharagpur, India and an M.S.E.E. and an M.B.A. from the University of Rochester, New York.

Elliot S. Kaplan has served as a director of the Company since May 1988. He is a name partner and former Chairman of the Executive Board of the law firm of Robins, Kaplan, Miller & Ciresi L.L.P. and has practiced law continuously with that firm since 1961. Mr. Kaplan is also a director and officer of Best Buy Co., Inc. Mr. Kaplan holds a B.A. in Business Administration and a J.D. from the University of Minnesota.

Martin F. Kahn has served as a director of the Company since October 2004. He is currently Managing Director of Cadence Information Associates L.L.C., where he has been employed since 1996. Mr. Kahn was interim Chief Executive Officer of OneSource Information Services, Inc. from February 2004 until it was acquired by the Company in June 2004. He was Chairman of the Board of OneSource Information Services, Inc. from September 1993 until June 2004. Mr. Kahn was Chairman of the Board of Ovid Technologies, Inc., a producer of online, CD-ROM and networked medical and scientific information services, from 1990 to 1998, and Chairman of the Board of Vista Information Solutions, Inc., a supplier of geographically-based risk information, from 1992 to 1996. Mr. Kahn holds a B.A. from Yale University and an M.B.A. from the Harvard Business School.

Bernard W. Reznicek has served as a director of the Company since March 2006. Mr. Reznicek is currently President and Chief Executive Officer of Premier Enterprises Inc., a consulting, investment, and real estate development company. Mr. Reznicek was National Director-Special Markets, of Central States Indemnity Company, a specialty insurance company that is a member of the Berkshire Hathaway Insurance Group, from January 1997 until January 2003. Mr. Reznicek served as Dean of the College of Business of Creighton University in Omaha, Nebraska from July 1994 until January 1997 and served as Chairman and Chief Executive Officer of Boston Edison, a utility company, from September 1987 to July 1994. Mr. Reznicek serves as the Chairman of the Board of Directors of CSG Systems International, Inc. and is a director of Pulte Homes, Inc. Mr. Reznicek holds a B.S. in Business Administration from Creighton University and an M.B.A. from the University of Nebraska.

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Dennis P. Walker has served as a director of the Company since February 2003. Mr. Walker has been President and Chief Executive Officer of Jet Linx Aviation, a corporate jet fractional ownership company, since May 1999. From 1988 to 2002, he was Executive Vice President of Memberworks, Inc., a consumer services direct marketing company which he co-founded. Mr. Walker has also held senior level marketing positions with First Data Resources and IBM. Mr. Walker holds a B.A. from the University of Nebraska.

Notice of Stockholder Nominees

Dolphin Limited Partnership I, L.P., a stockholder of the Company, has notified the Company of its intention to nominate three individuals in opposition to the three nominees recommended by the Board. According to information provided by Dolphin, for which the Company disclaims any responsibility, these individuals are: Malcolm Mick M. Aslin, 58, President and Chief Executive Officer of Gold Banc Corporation, Inc., 7092 Placida Road, Cape Haze, Florida 33946; Karl L. Meyer, 68, retired Chairman of the Board of Ermis Maritime Holdings Ltd., Two Sound View Drive, Greenwich, Connecticut 06830; and Robert A. Trevisani, 72, Of Counsel to Gadsby Hannah LLP, 225 Franklin Street, Suite 2200, Boston Massachusetts 02110.

Board Meetings and Committees

The Board of Directors of the Company met 12 times during 2005, including 8 telephonic meetings. The Board of Directors has an Audit Committee, a Compensation Committee, a Finance Committee, and a Nominating and Corporate Governance Committee, the duties and activities of which are described below. The Board has determined that each member of the Board and each nominee for election to the Board, other than Vinod Gupta, is independent, as defined by the rules of the National Association of Securities Dealers (NASD) for companies listed on the Nasdaq National Market.

The Audit Committee currently consists of Dr. Vasant H. Raval (Chair), Bill L. Fairfield, Anshoo S. Gupta and Bernard W. Reznicek. The Audit Committee met 11 times during 2005, including 3 telephonic meetings. Among other duties, the Committee selects the Company's independent auditors, reviews and evaluates significant matters relating to the audit and internal controls of the Company, reviews the scope and results of audits by, and the recommendations of, the Company's independent auditors, and pre-approves all audit and permissible non-audit services provided by the auditors. Before the Company's independent accountant is engaged by the Company to render audit or non-audit services, the engagement is approved by the Committee. The Audit Committee Charter is posted on the Company's website at www.infousa.com under the caption Investor Relations. A report of the Committee is also contained in this Proxy Statement. Each member of the Committee is independent, as independence for audit committee members is defined by the rules of the NASD, and otherwise satisfies the NASD's requirements for audit committee membership. The Board has determined that Dr. Raval, Mr. Anshoo Gupta and Mr. Reznicek are audit committee financial experts under the Sarbanes-Oxley Act of 2002.

The Compensation Committee, which currently consists of directors Bill L. Fairfield (Chair), Dr. George F. Haddix, and Dennis P. Walker, met 8 times during 2005, including 2 telephonic meetings. The Committee has been delegated the duties of establishing the compensation of the Company's executive officers and administering existing and future stock and option plans of the Company, including the Company's 1997 Stock Option Plan. The Compensation Committee Charter is posted on the Company's website at www.infousa.com under the caption Investor Relations. Each member of the Committee is independent, as defined by the rules of the NASD.

The Finance Committee, which currently consists of Martin F. Kahn (Chair), Elliot S. Kaplan, and Dr. Vasant H. Raval, met 4 times during 2005. The Committee assists the Board in fulfilling its oversight responsibilities with respect to the Company's financial resources, capital structure, and financial strategies by reviewing and making recommendations regarding the Company's financial resources, organizational capital strategies, investment practices, and other financial matters, as well as related regulatory

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developments. The Finance Committee Charter is posted on the Company's website at www.infousa.com under the caption Investor Relations.

The Nominating and Corporate Governance Committee, which currently consists of Dr. George F. Haddix (Chair), Bill L. Fairfield, Martin F. Kahn, Bernard W. Reznicek and Dennis P. Walker, met 7 times during 2005, including 1 telephonic meeting. The Committee identifies and recommends to the Board of Directors qualified director candidates, makes recommendations to the Board regarding Board committee membership, establishes, implements, and monitors practices and processes regarding corporate governance matters, and makes recommendations regarding management succession planning. The Nominating and Corporate Governance Committee Charter is posted on the Company's website at www.infousa.com under the caption Investor Relations. Each member of the Committee is independent, as defined by the rules of the NASD.

The Nominating and Corporate Governance Committee identifies director candidates primarily by considering recommendations made by directors, management, and stockholders. The Committee also has the authority to retain third parties to identify and evaluate director candidates and to approve any associated fees or expenses. The Committee will consider director candidates recommended by stockholders. The criteria applied by the Committee in the selection of director candidates is the same whether the candidate was recommended by a Board member, an executive officer, a stockholder, or a third party, and accordingly, the Board has not deemed it necessary to adopt a formal policy regarding consideration of candidates recommended by stockholders. Director candidates are evaluated on the basis of a number of factors, including the candidate's background, skills, judgment, diversity, industry experience applicable to the Company's business, experience with companies of comparable complexity and size, the interplay of the candidate's experience with the experience of other Board members, the candidate's independence or lack of independence, and the candidate's qualifications for committee membership. The Committee does not assign any particular weighting or priority to any of these factors, and considers each director candidate in the context of the current needs of the Board as a whole. Upon the recommendation of the Committee, the Board has selected Mr. Vinod Gupta, Dr. Haddix and Dr. Raval as nominees for election as directors at the Annual Meeting. Messrs. Gupta, Haddix and Raval are incumbent directors.

Attendance at Board Meetings and Annual Meeting

All of the directors of the Company attended at least 75% of the aggregate of the total number of meetings of the Board and the total number of meetings held by all committees of the Board on which they served at that time. Three directors attended the 2005 Annual Meeting of Stockholders.

Board Compensation

Non-employee directors receive an annual cash retainer of \$48,000, payable in monthly installments of \$4,000 each. Mr. Vinod Gupta does not receive compensation for his service on the Board.

The chair of each standing Board committee other than the Audit Committee receives, in addition to other compensation he receives for services as a director, an annual cash retainer of \$12,000, payable in monthly installments of \$1,000 each. The chair of the Audit Committee receives, in addition to other compensation he receives for services as a director, an annual cash retainer of \$24,000, payable in monthly installments of \$2,000 each.

In June 2005, the Board created a Special Committee of independent directors, consisting of Martin F. Kahn (Chair), Anshoo S. Gupta, Dr. Vasant H. Raval and Charles W. Stryker, to respond to a proposal by Vinod Gupta to purchase all of the outstanding shares of common stock of the Company. Following the withdrawal by Mr. Gupta of this proposal in August 2005, the Special Committee was dissolved. The members of the Special Committee each received, in addition to other compensation for

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services as a director, a cash retainer of \$75,000 in recognition of their additional responsibilities. The chair of the Special Committee received an additional \$25,000 for his services.

Board Contact Information

If you would like to contact the Board or any committee of the Board, you can write to the Company, c/o Secretary, 5711 South 86th Circle, Omaha, Nebraska 68127. All communications will be compiled by the Secretary of the Company and submitted to the Board or the applicable committee or director on a periodic basis.

Code of Conduct

The Company has adopted a Code of Business Conduct and Ethics that applies to all of its directors, officers and employees, including its principal executive officer, principal financial officer, and principal accounting officer. The Code of Business Conduct and Ethics is posted on the Company's website at www.infousa.com under the caption Investor Relations.

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The following table sets forth the beneficial ownership of the Company's common stock as of the Record Date (i) by each of the executive officers named in the table under Executive Compensation Summary Compensation Table, (ii) by each director, (iii) by all current directors and executive officers as a group, and (iv) by all persons known to the Company to be the beneficial owners of more than 5% of the Company's common stock:

Beneficial Owners	Common Stock Beneficially Owned(1)	Percent of Outstanding Shares of Common Stock
Vinod Gupta(2) 5711 South 86th Circle Omaha, Nebraska 68127	22,984,566	41.0%
Columbia Wanger Asset Management, L.P.(3) 227 West Monroe Street, Suite 3000 Chicago, Illinois 60606	3,370,000	6.1%
Cardinal Capital Management, LLC(4) One Fawcett Place Greenwich, Connecticut 06830	3,336,810	6.1%
Bill L. Fairfield	-0-	**
Anshoo S. Gupta	-0-	**
Dr. George F. Haddix(5)	287,300	**
Martin F. Kahn	10,000	**
Elliot S. Kaplan	236,580	**
Dr. Vasant H. Raval(6)	10,000	**
Bernard W. Reznicek	-0-	**
Dennis P. Walker	10,000	**
Ray Butkus	-0-	**
Edward C. Mallin	85,416	**
Monica Messer(7)	536,545	1.0%
D.J. Thayer	36,159	**
Fred Vakili	333,076	**
All directors, nominees and executive officers as a group (13 persons)	24,532,283	43.4%

** Less than 1%

- (1) Includes the following shares that may be purchased within 60 days of the Record Date pursuant to the exercise of outstanding options: Mr. Vinod Gupta, 924,994 shares; Dr. Haddix, 20,000 shares; Mr. Kaplan, 26,000 shares; Dr. Raval, 6,000 shares; Mr. Mallin, 55,416 shares; Ms. Messer, 306,248 shares; Mr. Thayer, 14,365 shares; Mr. Vakili, 24,791 shares; and all directors and executive officers as a group, 1,377,814 shares.
- (2) Includes shares held by the following trusts, with respect to which Mr. Gupta has sole voting and dispositive powers: Vinod Gupta Revocable Trust (18,769,071 shares); Vinod Gupta Irrevocable Annuity Trust (799,656 shares); Vinod Gupta Charitable Trust (107,500 shares); Vinod Gupta Family Foundation (200,000 shares); and irrevocable trusts for three adult children (2,104,557 shares). Also includes 33,788 shares held by the Jess A. Gupta Revocable Trust, with respect to which Vinod Gupta has shared voting and dispositive powers, and 45,000 shares held by Mr. Gupta's spouse. Mr. Gupta disclaims beneficial ownership of the shares held by the Vinod

Gupta Charitable Trust, the Vinod Gupta Family Foundation, the trusts for his children, including the Jess A. Gupta Revocable Trust, and the shares held by his spouse.

- (3) Based on a Schedule 13G/ A filed by Columbia Wanger Asset Management, L.P. (WAM) and WAM Acquisition GP, Inc., the general partner of WAM (WAM GP) on February 14, 2006. WAM and WAM GP have shared voting and dispositive power with respect to all of these shares.

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- (4) Based on a Schedule 13D/ A filed by Cardinal Capital Management, L.P. (Cardinal Capital), on March 22, 2006. Cardinal Value Equity Partners, an affiliate of Cardinal Capital, has sole voting and dispositive power over 154,500 of these shares.
- (5) Includes 267,300 shares owned jointly by Dr. Haddix with his spouse.
- (6) Includes 4,000 shares owned jointly by Dr. Raval with his spouse.
- (7) Includes 9,633 shares owned by Ms. Messer s daughter.

Table of Contents**INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

KPMG LLP served as the Company's independent auditors for the fiscal year ended December 31, 2005 and has been selected as the Company's independent auditors for the fiscal year ending December 31, 2006. A representative of KPMG is expected to be present at the Annual Meeting, will have an opportunity to make a statement if he or she desires to do so and will be available to respond to appropriate questions.

Audit Fees

The following table presents the aggregate fees billed to the Company for professional services rendered by KPMG for the audit of the Company's fiscal year 2005 and 2004 annual financial statements and for other professional services rendered by KPMG in fiscal year 2005 and 2004.

Type of Fee	Fiscal Year	
	2005	2004
Audit Fees	\$ 740,770	\$ 911,376
Audit-Related Fees(1)	227,779	177,108
Tax Fees(2)	177,020	60,425
All Other Fees	-0-	-0-
Total fees	\$ 1,145,569	\$ 1,148,909

(1) Audit-Related Fees consists of fees for statutory audits of a foreign subsidiary, employee benefit plan audits, due diligence, and assistance with Form 8-K filings.

(2) Tax Fees consists of fees for state and federal income tax preparation for a Company subsidiary, tax research, and preparation of refund claims.

The above amounts include out-of-pocket expenses incurred by KPMG. The Audit Committee pre-approved all non-audit services described above. A copy of the Audit Committee's pre-approved policy with respect to non-audit services is attached as Appendix B to this Proxy Statement. The Audit Committee has considered whether the provision of the services described above was and is compatible with maintaining the independence of KPMG.

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AUDIT COMMITTEE REPORT

The Audit Committee of the Board of Directors of the Company oversee the accounting and financial reporting processes of the Company and the audits of the financial statements of the Company. The Committee operates under a written charter adopted by the Board, which is posted on the Company's website at www.infousa.com under the caption Investor Relations. The charter provides that the Audit Committee shall consist of at least three directors who are independent, as independence for audit committee members is defined by the rules of the NASD. Management is responsible for the Company's internal controls and the financial reporting process. The independent accountants are responsible for performing an independent audit of the Company's consolidated financial statements in accordance with generally accepted auditing standards and to issue a report thereon. The Committee's responsibility is to monitor and oversee these processes.

In this context, the Committee met and held discussions with management and the independent accountants. Management represented to the Committee that the Company's consolidated financial statements were prepared in accordance with generally accepted accounting principles, and the Committee reviewed and discussed the consolidated financial statements with management and the independent accountants. The Committee also discussed with management, the internal auditors and the independent accountants the quality and adequacy of the Company's internal controls and the internal audit department's organization, responsibilities, budget and staffing. The Committee reviewed both with the independent accountants and internal auditors their audit plans, audit scope, and identification of audit risks. The Committee discussed with the independent accountants matters required to be discussed by Statement on Auditing Standards No. 61 (Communication with Audit Committees). The Company's independent accountants also provided to the Committee the written disclosures required by Independence Standard No. 1 (Independence Discussions with Audit Committees), and the Committee discussed with the independent accountants that firm's independence.

Based upon the Committee's discussion with management and the independent accountants and the Committee's review of the representations of management and the report of the independent accountants, the Committee recommended that the Board include the audited consolidated financial statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2005 filed with the SEC.

Audit Committee

Dr. Vasant H. Raval (Chair)

Bill L. Fairfield

Anshoo S. Gupta

Bernard W. Reznicek*

* Mr. Reznicek became a member of the Committee on March 30, 2006 and did not participate in the actions described above.

Table of Contents**PERFORMANCE GRAPH**

The following Performance Graph compares the cumulative total return to stockholders of the Company's common stock from December 31, 2000 to December 31, 2005 to the cumulative total return over such period of (i) The Nasdaq Stock Market (U.S. Companies) Index, and (ii) the S&P Data Processing & Outsourced Services Index. The performance graph is not necessarily indicative of future investment performance.

**COMPARISON OF FIVE-YEAR CUMULATIVE TOTAL RETURN*
AMONG INFOUSA INC., NASDAQ STOCK MARKET INDEX, AND
S&P DATA PROCESSING OUTSOURCED SERVICES INDEX**

	31-Dec-00	31-Dec-01	31-Dec-02	31-Dec-03	31-Dec-04	31-Dec-05
<i>infoUSA</i> Common Stock	\$ 100.00	\$ 205.33	\$ 147.04	\$ 219.23	\$ 331.07	\$ 323.37
NASDAQ (U.S. Companies)	\$ 100.00	\$ 79.32	\$ 54.84	\$ 81.99	\$ 89.23	\$ 91.12
S&P Data Processing & Outsourced Services Index	\$ 100.00	\$ 108.86	\$ 77.38	\$ 90.56	\$ 95.49	\$ 100.75

* Assumes \$100 invested on December 31, 2000 in *infoUSA* Inc. common stock, Nasdaq Stock Market (U.S. Companies) Index, and S&P Data Processing & Outsourced Services Index.

The information contained in the Performance Graph will not be deemed to be soliciting material or to be filed with the SEC, nor will such information be incorporated by reference into any future filing under the Securities Act of 1933, as amended (the Securities Act), or the Securities and Exchange Act of 1934, as amended (the Exchange Act), except to the extent that the Company specifically incorporates it by reference into any such filing.

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EXECUTIVE COMPENSATION

Summary Compensation Table

The following table sets forth the compensation paid by the Company for fiscal years 2005, 2004 and 2003 to the Company's Chief Executive Officer, each of the other four most highly compensated executive officers of the Company for fiscal year 2005, and one other executive officer who would have been among the four most highly compensated executive officers of the Company had he been employed at the end of fiscal year 2005 (collectively, the Named Executive Officers):

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Annual Compensation Salary(\$)	Long-Term Compensation	
			Stock	All Other