

INFOUSA INC
Form DEF 14A
March 28, 2005

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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

Filed by the registrant x
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:
 - (5) Total fee paid:
 - Fee paid previously with preliminary materials.
 - Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
 - (1) Amount Previously Paid:
 - (2) Form, Schedule or Registration Statement No.:
 - (3) Filing Party:
 - (4) Date Filed:
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infoUSA INC.

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TO THE STOCKHOLDERS:

NOTICE IS HEREBY GIVEN that the 2005 Annual Meeting of Stockholders of *infoUSA Inc.*, a Delaware corporation (the Company), will be held on Friday, April 29, 2005, at 4:00 p.m. local time, at the Company's Carter Lake facility, 2200 Abbott Drive, Carter Lake, Iowa 51510, 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 approve an amendment to the Company's 1997 Stock Option Plan increasing the number of shares available for issuance under the plan by 3,000,000; 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 March 15, 2005 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 returned a proxy.

Sincerely,

Fred Vakili

Secretary

Omaha, Nebraska
March 28, 2005

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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 2005 Annual Meeting of Stockholders to be held on Friday, April 29, 2005, at 4:00 p.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 Carter Lake facility, 2200 Abbott Drive, Carter Lake, Iowa 51510. 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 March 28, 2005, to all stockholders entitled to vote at the meeting. The Company's Annual Report for the fiscal year ended December 31, 2004, 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 March 15, 2005 (the Record Date) are entitled to receive notice of and vote at the meeting. On the Record Date, 53,262,791 shares of the Company's Common Stock, \$.0025 par value per share, were issued and outstanding. For information regarding 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 have been voted. Proxies may be revoked by delivering a written notice of revocation to the Company or by duly executing and delivering to the attention of the Secretary of the Company a proxy bearing a later date. Proxies may also be revoked if the stockholder attends the meeting and votes in person.

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 the three nominees with the greatest number of votes will be elected. Approval of the amendment to the 1997 Stock Option Plan requires a vote of the majority of the shares represented at the Annual Meeting in person or by proxy and entitled to vote.

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 the 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

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with respect to that matter and will not be taken into account in determining the outcome of the votes on that matter.

The cost of this solicitation will be borne by the Company. The Company may reimburse expenses incurred by brokerage firms and other persons representing beneficial owners of shares in forwarding solicitation material to beneficial owners. Proxies may be solicited by certain of the Company's directors, officers, and regular employees personally, by telephone, or by telegram and no additional compensation will be paid to such individuals.

Deadlines for Receipt of Stockholder Proposals

The proxy rules of the Securities and Exchange Commission (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 2006 Annual Meeting must be received by the Company no later than November 28, 2005 to be included in the proxy statement and form of proxy for that meeting. The Company's proxy for the 2006 Annual Meeting may confer on the proxy holder discretionary authority to vote on any stockholder proposals that are intended to be presented at the Company's 2006 Annual Meeting that are received after February 11, 2006.

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 date of this Proxy Statement. 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 wishing to recommend candidates for Board membership generally should submit the recommendation in writing to the Secretary of the Company at least 30 but no more than 60 days prior to a date corresponding to the previous year's 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. Any stockholder wishing to bring matters for action at this year's Annual Meeting should note that, as permitted by the proxy rules, the persons named as proxies may exercise discretionary voting authority with respect to any such proposal because the proposals will have been received after February 16, 2005 (as disclosed in the Proxy Statement for the 2004 Annual Meeting).

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**PROPOSAL ONE
ELECTION OF DIRECTORS**

General

The Company's Board of Directors presently consists of eight directors and is divided into three classes, one of which has two directors and two of which have three directors, with the term of office of one class expiring each year. The terms of office of Richard J. Borda, Martin F. Kahn and Dennis P. Walker expire at this year's Annual Meeting. The terms of office of Vinod Gupta, Dr. George F. Haddix and Dr. Vasant H. Raval expire at the 2006 Annual Meeting, and the terms of office of Harold W. Andersen and Elliot S. Kaplan expire at the 2007 Annual Meeting.

Mr. Borda has informed the Company that due to other commitments he will retire from the Board upon the expiration of his term at this year's Annual Meeting. The Company is proposing that the stockholders elect Dr. Charles W. Stryker to succeed Mr. Borda, and re-elect the other two directors whose terms expire this year (Messrs. Kahn and Walker), for terms expiring at the 2008 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 nominees named.

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 nominees, and certain information about them, are set forth below:

Name of Nominee	Age	Position/Principal Occupation	Director Since	Nominated for Term Expiring
Martin F. Kahn(1)(2)	54	Director; Managing Director of Cadence Information Associates, L.L.C.	2004	2008
Dr. Charles W. Stryker	57	Nominee; President of Venture Development Center, Inc.	N/A	2008
Dennis P. Walker(1)(3)	59	Director; President and Chief Executive Officer of Jet Linx Aviation	2003	2008

(1) Member of the Governance and Nominating Committee.

(2) Member of the Finance Committee.

(3) Member of the Compensation Committee.

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

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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 an M.B.A from the Harvard Business School and a B.A. from Yale University.

Dr. Charles W. Stryker has been nominated for election as a director of the Company at the 2005 Annual Meeting. Dr. Stryker is the founder of Venture Development Center, Inc., a professional advisory firm that assists companies in creating, developing and commercializing database properties, and has served as President of Venture Development Center, Inc. since 1991. Dr. Stryker has served as a board member of many of the companies to whom Venture Development, Inc. has provided advisory services, and currently holds active advisory and equity positions in more than 15 venture-backed companies in the database industry. From 1991 to 1999, Dr. Stryker was a part-time faculty member at the University of Pennsylvania, Wharton School, where he taught a number of courses in the Wharton Entrepreneurial Center. Dr. Stryker holds a B.S. and M.S. degrees in Electrical Engineering and a Ph.D. in Computer Science from New York University.

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 company which he co-founded. Mr. Walker has also held senior level marketing positions with First Data Resources and IBM.

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
Vinod Gupta	58	Chairman of the Board and Chief Executive Officer of the Company	1972	2006
Dr. George F. Haddix(1)(2)	66	Director; Chairman and Chief Executive Officer of PKW Holdings, Inc. and PKWARE, INC.	1995	2006
Dr. Vasant H. Raval(3)(4)	65	Director; Professor and Chair, Department of Accounting, at Creighton University	2002	2006
Harold W. Andersen(1)(2)(3)	81	Director; Contributing Editor to Omaha World Herald and Retired Publisher of Omaha World Herald Company	1993	2007
Elliot S. Kaplan(4)	68	Director; Senior Partner in law firm of Robins, Kaplan, Miller & Ciresi L.L.P.	1988	2007

(1) Member of the Governance and Nominating Committee.

(2) Member of the Compensation Committee.

(3) Member of the Audit Committee.

(4) Member of the Finance Committee.

Vinod Gupta is the founder of the Company and has been Chairman of the Board of the Company since its incorporation in 1972. 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

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an M.B.A. from the University of Nebraska. Mr. Gupta also was awarded an Honorary Doctorate from the Monterey Institute of International Studies and an Honorary Doctorate from the University of Nebraska. 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 on the Kennedy Center for Performing Arts in Washington, D.C. Mr. Gupta is also a director of 2 mutual funds 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. (NASDAQ: CSGS), companies providing software and information services to the communications industry. Dr. Haddix is a director of CSG Systems International, Inc., which is based in Englewood, Colorado. 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.

Harold W. Andersen has served as a director of the Company since September 1993. He is the former President, Chief Executive Officer, Chairman and Publisher of the Omaha World Herald Company, a newspaper publishing company. Mr. Andersen is currently a Contributing Editor to the Omaha World Herald. Mr. Andersen holds a Bachelor of Science in Liberal Arts from the University of Nebraska. Mr. Andersen is also a director of 2 mutual funds in the Everest mutual fund family.

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.

Board Meetings and Committees

The Board of Directors of the Company met 11 times during 2004, including 7 telephonic meetings. The Board of Directors has an Audit Committee, a Compensation Committee, a Finance Committee, and a Governance and Nominating Committee, the duties and activities of which are described in greater detail below. The Board has determined that each member of the Board other than Vinod Gupta, and each nominee for election to the Board, 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, which consists of Dr. Vasant H. Raval (Chair), Richard J. Borda, and Harold W. Andersen, met 9 times during 2004, including 1 telephonic meeting. 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 revised Audit Committee Charter, which was adopted by the Board in October 2003, 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

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the NASD's requirements for audit committee membership. The Board has determined that Dr. Raval is an audit committee financial expert under the Sarbanes-Oxley Act of 2002.

The Compensation Committee, which consists of directors Harold W. Andersen (Chair), Dr. George F. Haddix, and Dennis P. Walker, met 4 times during 2004. The Committee has been delegated the duties of administering existing and future stock and option plans of the Company, including the Company's 1997 Stock Option Plan, and establishing the compensation of the Company's executive officers. The Compensation Committee Charter, which was adopted by the Board in October 2003, 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 consists of Richard J. Borda (Chair), Martin F. Kahn, Elliot S. Kaplan, and Dr. Vasant H. Raval, met 4 times during 2004. 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 developments. The Finance Committee Charter, which was adopted by the Board in October 2003, is posted on the Company's website at www.infousa.com under the caption Investor Relations.

The Governance and Nominating Committee, which consists of Dr. George F. Haddix (Chair), Harold W. Andersen, Martin F. Kahn and Dennis P. Walker, met 4 times during 2004. 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 Governance and Nominating Committee Charter, which was adopted by the Board in October 2003, 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 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. Stockholders wishing to recommend candidates for Board membership should submit the recommendations in writing to the Secretary of the Company at least 30 but no more than 60 days prior to a date corresponding to the previous year's 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. A stockholder wishing to recommend for nomination or nominate a director should contact the Company's Secretary for a copy of the relevant procedure. A stockholder intending to nominate an individual as a director at an Annual Meeting, rather than recommend the individual to the Committee for consideration as a nominee, must comply with the advance notice requirements set forth in the Company's Bylaws, which are described under Deadlines for Receipt of Stockholder Proposals, above.

Upon the recommendation of the Nominating Committee, the Board has selected Mr. Kahn, Dr. Stryker and Mr. Walker as nominees for election as directors at the Annual Meeting. Messrs. Kahn and Walker are incumbent directors. Dr. Stryker was recommended to the Committee as a director candidate by the Company's Chief Executive Officer. The 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. Director candidates are evaluated on the basis of a number of factors, including the candidate's background, skills, judgment, diversity, 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

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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. Director candidates recommended by stockholders are evaluated in the same manner as candidates recommended by other persons.

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. Four directors attended the 2004 Annual Meeting.

Board Compensation

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

The chair of each 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 2004, the chair of the Audit Committee received additional cash compensation of \$24,000 in recognition of his responsibilities relating to the Company's compliance with the Sarbanes-Oxley Act of 2002.

Board Contact Information

If you would like to contact the Board or any committee of the Board, you can send an email to Fred.Vakili@infousa.com, or 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 5711 South 86th Circle Omaha, Nebraska 68127	20,135,006	36.6%
Awad Asset Management, Inc.(2) 250 Park Avenue, 2nd Floor New York, New York 10177	3,808,111	7.1%
Columbia Wanger Asset Management, L.P.(3) 227 West Monroe Street, Suite 3000 Chicago, Illinois 60606	3,370,000	6.3%
Harold W. Andersen(4)	116,800	**
Richard J. Borda	10,000	**
Dr. George F. Haddix(5)	287,300	**
Martin F. Kahn	10,000	**
Elliot S. Kaplan	246,580	**
Dr. Vasant H. Raval	10,000	**
Dr. Charles W. Stryker	-0-	**
Dennis P. Walker	10,000	**
Ray Butkus	28,124	**
Edward C. Mallin	74,873	**
Monica Messer(6)	413,699	**
Fred Vakili	293,525	**
All directors, nominees and executive officers as a group (15 persons)	21,686,241	39.1%

** 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. Gupta, 1,737,479 shares; Mr. Andersen, 30,000 shares; Mr. Borda, 7,000 shares; Dr. Haddix, 30,000 shares; Mr. Kaplan, 36,000 shares; Dr. Raval, 8,000 shares; Mr. Butkus, 28,124 shares; Mr. Mallin, 44,873 shares; Ms. Messer, 239,622 shares; Mr. Vakili, 56,312 shares; and all directors and executive officers as a group, 2,245,326 shares.

(2) Based on a Schedule 13G filed by Awad Asset Management, Inc. on January 27, 2005.

(3) Based on a Schedule 13G/ A filed by Columbia Wanger Asset Management, L.P. (WAM), WAM Acquisition GP, Inc., the general partner of WAM (WAM GP), and Columbia Acorn Trust (Acorn) on February 11, 2005. WAM, WAM GP and Acorn have shared voting and investment power over 3,370,000 shares, and sole voting and investment power over no shares.

- (4) Includes 10,000 shares owned by Mr. Andersen s spouse.
- (5) Includes 257,300 shares owned jointly by Dr. Haddix with his spouse.
- (6) Includes 9,633 shares owned by Ms. Messer s daughter.

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KPMG LLP served as the Company's independent auditors for the fiscal year ended December 31, 2004. The Audit Committee is in the process of obtaining and reviewing audit proposals and therefore has not selected independent auditors for the fiscal year ending December 31, 2005. A representative of KPMG is expected to be present at the Annual Meeting, will have an opportunity to make a statement if they desire 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 2004 and 2003 annual financial statements and for other professional services rendered by KPMG in fiscal year 2004 and 2003.

Type of Fee	Fiscal Year	
	2004	2003
Audit Fees	\$ 880,876	\$257,067
Audit-Related Fees(1)	177,108	155,447
Tax Fees(2)	60,425	5,350
All Other Fees	-0-	-0-
Total fees	\$1,118,409	\$417,864

(1) Audit-Related Fees consists of fees for 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. 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 consists of three directors who are independent, as independence for audit committee members is defined by the rules of the NASD. The Committee operates under a written charter adopted by the Board. In October 2003, the Board adopted a new Audit Committee Charter, which is posted on the Company's website at www.infousa.com under the caption "Investor Relations." Management is responsible for the Company's internal control 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 auditors 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 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, 2004 filed with the SEC.

Audit Committee

Dr. Vasant H. Raval (Chair)
Harold W. Andersen
Richard J. Borda

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The following Performance Graph compares the cumulative total return to stockholders of the Company's Common Stock from December 31, 1999 to December 31, 2004 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-99	31-Dec-00	31-Dec-01	31-Dec-02	31-Dec-03	31-Dec-04
<i>infoUSA</i> Common Stock	\$ 100.00	\$ 24.22	\$ 49.79	\$ 35.66	\$ 53.17	\$ 80.29
NASDAQ (U.S. Companies)	\$ 100.00	\$ 60.31	\$ 47.84	\$ 33.07	\$ 49.45	\$ 53.81
S&P Data Processing & Outsourced Services Index	\$ 100.00	\$ 120.77	\$ 131.48	\$ 93.45	\$ 109.37	\$ 115.32

* Assumes \$100 invested on December 31, 1999 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.

Table of Contents**EXECUTIVE COMPENSATION****Summary Compensation Table**

The following table sets forth the compensation paid by the Company for fiscal years 2004, 2003 and 2002 to the Company's Chief Executive Officer and each of the other four most highly compensated executive officers of the Company (collectively, the "Named Executive Officers"):

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Annual Compensation		Long-Term Compensation	
		Salary(\$)	Bonus(\$)	Stock Options(#)	All Other Compensation(\$)
Vinod Gupta Chairman of the Board and Chief Executive Officer	2004	\$750,000(1)	\$ -0-	-0-	\$6,500
	2003	500,770(1)	250,000	600,000	6,000
	2002	560,000(1)	430,000	500,000	5,500
Ray Butkus(2) President, Donnelly Group	2004	\$371,539	\$324,442(3)	-0-	\$6,000
	2003	239,231	-0-	50,000	3,877
	2002	8,462	-0-	-0-	-0-
Edward C. Mallin President, Walter Karl	2004	\$338,077	\$279,000	-0-	\$6,500
	2003	300,000	196,767	50,000	6,000
	2002	300,000	176,980	20,000	5,500
Monica Messer Chief Operations Officer	2004	\$333,846	\$ 50,000(4)	-0-	\$6,500
	2003	273,558	-0-	150,000	6,000
	2002	300,000	25,000	200,000	5,500
Fred Vakili Executive Vice President of Administration and Chief Administrative Officer	2004	\$275,211	\$108,040(5)	-0-	\$6,500
	2003	237,404	182,000(5)	35,000	6,000
	2002	260,000	50,000(5)	-0-	5,500

- (1) Excludes certain amounts paid to Annapurna Corporation for reimbursement of Company related travel and entertainment expenses and to Everest Investment Management for rent and investment advisory fees, all as more particularly set forth under "Certain Transactions" in this Proxy Statement.
- (2) Mr. Butkus' employment with the Company began in December 2002.
- (3) Includes \$301,775 paid to White Oaks Consulting, which is wholly owned by Mr. Butkus.
- (4) Includes \$50,000 paid to Growth Quest Ventures, which is wholly owned by Ms. Messer.
- (5) Includes the following amounts paid to Alborz Corp., which is wholly owned by Mr. Vakili: \$108,040 in 2004; \$182,000 in 2003; and \$50,000 in 2002.

Option Grants in the Last Fiscal Year

The Company did not grant stock options during the fiscal year ended December 31, 2004 to any of the Named Executive Officers.

Table of Contents**Option Exercises and Fiscal Year-End Option Values**

The following table sets forth, for each of the Named Executive Officers, the value realized on options exercised during the fiscal year ended December 31, 2004, and the year-end value of unexercised options:

**AGGREGATED OPTION EXERCISES
AND DECEMBER 31, 2004 OPTION VALUES**

Name	Shares Acquired on Exercise(#)	Value Realized(\$)	Number of Securities Underlying Unexercised Options at 12/31/04 (#)		Value of Unexercised In-the-Money Options at 12/31/04(\$)(1)	
			Exercisable	Unexercisable	Exercisable	Unexercisable
Vinod Gupta	400,000	\$ 1,352,000	1,535,400	764,600	\$3,698,731	\$ 1,936,269
Ray Butkus	-0-	-0-	22,916	27,084	118,934	