

CORPORATE OFFICE PROPERTIES TRUST

Form 424B7

December 05, 2007

Prospectus Supplement No. 10

To Prospectus Dated October 6, 2006

Filed Pursuant to Rule 424(b)(7)

Registration No. 333-137894

CORPORATE OFFICE PROPERTIES TRUST

COMMON SHARES OF BENEFICIAL INTEREST

This prospectus supplement no. 10 supplements and amends the prospectus dated October 6, 2006, as previously supplemented on November 22, 2006, December 18, 2006, January 17, 2007, February 26, 2007, April 5, 2007, July 19, 2007, August 14, 2007, September 25, 2007 and October 24, 2007, relating to the resale from time to time by certain selling shareholders of our common shares of beneficial interest that may be issued in exchange for or on redemption of our 3.50% Exchangeable Senior Notes Due 2026.

This prospectus supplement should be read in conjunction with and accompanied by the prospectus and is qualified by reference to the prospectus, except to the extent that the information in this prospectus supplement supersedes the information contained in the prospectus.

The number of common shares issuable upon exchange of the notes shown in the table below assumes exchange of the full amount of notes held by each selling shareholder at the current conversion rate of 18.4908 common shares per \$1,000 principal amount of notes. This conversion price is subject to adjustment in certain events. Accordingly, the number of conversion shares may increase or decrease from time to time. Information concerning other selling shareholders will be set forth in prospectus supplements from time to time, if required. The number of common shares owned by the other selling shareholders or any future transferee from any such holder assumes that they do not beneficially own any common shares other than the common shares that we may issue to them in exchange for or on redemption of the notes. All information regarding the number of common shares beneficially owned by the selling shareholders named in this prospectus supplement is based on information originally provided to us by the selling shareholders with respect to such shares.

| Selling Shareholder                  | Number of Shares Beneficially Owned and Offered Hereby(1) | Number of Other Shares Beneficially Owned and Not Offered Hereby | Percent of All Common Shares Beneficially Owned Before Resale(2) | Beneficial Ownership After Resale of Shares |         |   |
|--------------------------------------|---|--|--|---|---------|---|
|                                      |   |  |  | Number of Shares                            | Percent |   |
|                                      |   |  |  |   |         |   |
| Akanthos Arbitrage Master Fund, L.P. | 369,816   | 48,600   | *  |   |         | * |
| BMO Nesbitt Burns Inc. +             | 240,380(3)  |  | *  |   |         | * |
| CNH CA Master Account, L.P.          | 212,644(3)  |  | *  |   |         | * |

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|   |         |     |  |  |      |  |  |   |
|---|---------|-----|--|--|------|--|--|---|
| CQS Convertible and Quantitative Strategies Master Fund Limited                             | 175,662 | (3) |  |  | *    |  |  | * |
| CSS, LLC +  | 64,717  | (3) |  |  | *    |  |  | * |
| DBAG London +   | 596,790 | (3) |  |  | 1.3% |  |  | * |
| dbx- Convertible Arbitrage 12 Fund c/o Quattro Global Capital, LLC                          | 5,898   |     |  |  | *    |  |  | * |
| Forest Global Convertible Master Fund, L.P.   | 50,905  | (3) |  |  | *    |  |  | * |
| Forest Multi Strategy Master Fund SPC, on behalf of its Multi Strategy Segregated Portfolio | 5,621   | (3) |  |  | *    |  |  | * |
| Froley Revy Alternative Strategies  | 9,245   | (3) |  |  | *    |  |  | * |
| GLG Market Neutral Fund   | 184,908 | (3) |  |  | *    |  |  | * |
| Grace Convertible Arbitrage Fund, Ltd.  | 73,963  | (3) |  |  | *    |  |  | * |
| HFR CA Global Opportunity Master Trust  | 16,882  | (3) |  |  | *    |  |  | * |
| HFR RVA Select Performance Master Trust   | 4,770   | (3) |  |  | *    |  |  | * |
| Highbridge Convertible Arbitrage Master Fund LP   | 64,717  | (3) |  |  | *    |  |  | * |
| Highbridge International LLC  | 184,908 | (3) |  |  | *    |  |  | * |
| Inflective Convertible Opportunity Fund I, LP +   | 25,887  | (3) |  |  | *    |  |  | * |
| Inflective Convertible Opportunity Fund I, LTD +  | 49,925  | (3) |  |  | *    |  |  | * |
| Institutional Benchmarks Master Fund Ltd.   | 11,353  | (3) |  |  | *    |  |  | * |

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|   |            |   |   |
|---|------------|---|---|
| Institutional Benchmarks Series-IVAN Segregated Account +   | 16,641(3)  | * | * |
| Institutional Benchmark Series (Master Feeder) Limited in Respect of Electra Series c/o Quattro Global Capital, LLC | 25,998(3)  | * | * |
| Jefferies and Company +   | 18,490(3)  | * | * |
| JMG Capital Partners, L.P.  | 208,946(3) | * | * |
| JMG Triton Offshore Fund, Ltd.  | 151,624(3) | * | * |
| JP Morgan Securities Inc. +   | 348,551(3) | * | * |
| KBC Financial Products USA Inc. +   | 27,736     | * | * |
| LLT Limited   | 7,636(3)   | * | * |
| Lyxor/Forest Fund Limited   | 87,738(3)  | * | * |
| Lyxor/Inflexive Convertible Opportunity Fund +  | 33,283(3)  | * | * |
| Magnetar Capital Master Fund, Ltd.  | 194,153(3) | * | * |
| Millenium Partners, L.P. +  | 138,681(3) | * | * |
| Partners Group Alternative Strategies PCC Limited, Red Delta Cell c/o Quattro Global Capital, LLC                   | 4,992(3)   | * | * |
| PNC Equity Securities LLC +   | 55,472(3)  | * | * |
| Polygon Global Opportunities Master Fund  | 184,908(3) | * | * |
| Quattro Fund Limited  | 194,060(3) | * | * |
| Quattro Multistrategy Masterfund LP(3)  | 14,422(3)  | * | * |
| Redbourn Partners Ltd.  | 83,208(3)  | * | * |
| Royal Bank of Canada +  | 138,681(3) | * | * |
| S.A.C. Arbitrage Fund, LLC  | 277,362(3) | * | * |
| Sailfish Multi Strategy Fixed Income Master Fund (G2) Ltd.  | 92,454(3)  | * | * |
| Silvercreek Limited Partnership   | 258,871(3) | * | * |
| Silvercreek II Limited  | 184,908(3) | * | * |
| UBS O Connor LLC F/B/O O Connor Global Convertible Arbitrage Master Limited   | 57,672(3)  | * | * |
| UBS O Connor LLC F/B/O O Connor Global Convertible Arbitrage II Master Limited                                      | 7,044(3)   | * | * |
| Vicis Capital Master Fund   | 55,472(3)  | * | * |
| Wachovia Capital Markets LLC +  | 9,245(3)   | * | * |
| Wachovia Securities Intl. LTD +   | 147,926(3) | * | * |
| Waterstone Market Neutral Mac 51, Ltd.  | 38,793(3)  | * | * |
| Waterstone Market Neutral Master Fund, Ltd.   | 72,151(3)  | * | * |

\* Indicates less than one percent (1%).

+ The selling shareholders identified with this symbol have identified that they are, or are affiliates of, registered broker-dealers. These selling shareholders have represented that they acquired their securities in the ordinary course of business and in the open market, and, at the time of the acquisition of the securities, had no agreements or understandings, directly or indirectly, with any person to distribute the securities. To the extent that we become aware that any such selling shareholder did not acquire its securities in the ordinary course of business or did have such an agreement or understanding, we will file a post-effective amendment to the registration statement of which this prospectus is a part to designate such person as an underwriter within the meaning of the Securities Act of 1933.

(1) Represents the maximum number of common shares issuable in exchange for or on redemption of all of the selling shareholder's notes, based on the current conversion rate applicable to the notes of 18.4908 common shares per \$1,000 principal amount of notes. This conversion rate is, however, subject to adjustment. As a result, the number of our common shares issuable upon conversion of the notes may increase or decrease in the future.

(2) Calculated based on 47,363,659 common shares outstanding as of October 31, 2007. In calculating this amount for each selling shareholder, we treated as outstanding the number of common shares in exchange for or on redemption of all of that selling shareholder's notes, but we did not assume conversion of any other selling shareholder's notes.

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(3) Includes the number of common shares registered for sale by this selling shareholder pursuant to previous prospectus supplements set forth opposite the selling shareholder's name in the following table:

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|   |         |
|---|---------|
| BMO Nesbitt Burns Inc.  | 239,569 |
| CNH CA Master Account, L.P.   | 211,786 |
| CQS Convertible and Quantitative Strategies Master Fund Limited   | 175,069 |
| CSS, LLC  | 64,499  |
| DBAG London   | 596,790 |
| Forest Global Convertible Master Fund, L.P.   | 50,733  |
| Forest Multi Strategy Master Fund SPC, on behalf of its Multi Strategy Segregated Portfolio                         | 5,602   |
| Froley Revy Alternative Strategies  | 9,214   |
| GLG Market Neutral Fund   | 184,284 |
| Grace Convertible Arbitrage Fund, Ltd.  | 73,713  |
| HFR CA Global Opportunity Master Trust  | 16,825  |
| HFR RVA Select Performance Master Trust   | 4,754   |
| Highbridge Convertible Arbitrage Master Fund LP   | 64,499  |
| Highbridge International LLC  | 184,284 |
| Inflective Convertible Opportunity Fund I, LP   | 25,799  |
| Inflective Convertible Opportunity Fund I, LTD  | 49,756  |
| Institutional Benchmarks Master Fund Ltd.   | 11,315  |
| Institutional Benchmarks Series-IVAN Segregated Account   | 16,585  |
| Institutional Benchmark Series (Master Feeder) Limited in Respect of Electra Series c/o Quattro Global Capital, LLC | 21,929  |
| Jefferies and Company   | 18,428  |
| JMG Capital Partners, L.P.  | 208,103 |
| JMG Triton Offshore Fund, Ltd.  | 151,012 |
| JP Morgan Securities Inc.   | 348,551 |
| LLT Limited   | 7,636   |
| Lyxor/Forest Fund Limited   | 87,442  |
| Lyxor/Inflective Convertible Opportunity Fund   | 33,171  |
| Magnetar Capital Master Fund, Ltd.  | 193,498 |
| Millenium Partners, L.P.  | 138,681 |
| Partners Group Alternative Strategies PCC Limited, Red Delta Cell c/o Quattro Global Capital, LLC                   | 4,975   |
| PNC Equity Securities LLC   | 55,285  |
| Polygon Global Opportunities Master Fund  | 184,162 |
| Quattro Fund Limited  | 163,644 |
| Quattro Multistrategy Masterfund LP   | 12,162  |
| Redbourn Partners Ltd.  | 82,927  |
| Royal Bank of Canada  | 138,213 |
| S.A.C. Arbitrage Fund, LLC  | 276,426 |
| Sailfish Multi Strategy Fixed Income Master Fund (G2) Ltd.  | 92,142  |
| Silvercreek Limited Partnership   | 257,997 |
| Silvercreek II Limited  | 184,284 |
| UBS O Connor LLC F/B/O O Connor Global Convertible Arbitrage Master Limited   | 57,440  |
| UBS O Connor LLC F/B/O O Connor Global Convertible Arbitrage II Master Limited                                      | 7,016   |
| Vicis Capital Master Fund   | 55,248  |
| Wachovia Capital Markets LLC  | 9,214   |
| Wachovia Securities Intl. LTD   | 147,427 |
| Waterstone Market Neutral Mac 51, Ltd.  | 38,662  |
| Waterstone Market Neutral Master Fund, Ltd.   | 71,907  |

Investing in our common shares involves risks. See **Risk Factors** beginning on page 5 of the prospectus and included in our periodic reports and other information that we file with the Securities and Exchange Commission before you invest in our securities.

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Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

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The date of this prospectus supplement is December 5, 2007

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On March 8, 2006, Dolphin sent a letter to the non-management directors of the Company noting that the terms of Mr. Vinod Gupta's standstill letter would expire on or about March 12, 2006 and asking the board to publicly inform all shareholders by the opening of business on March 13, 2006 what action the board proposed to take in this regard. On March 15, 2006, Kaplan, Strangis and Kaplan, P.A., counsel to the board of directors of the Company, sent

a letter to Dolphin stating that the board would make an announcement to all shareholders regarding the standstill letter if and when it takes action in this regard.

On March 14, 2006, Dolphin sent a letter to the Company recommending Karl L. Meyer for election as director at the Company's 2006 annual meeting of shareholders to fill the vacancy created by the resignation of Dr. Stryker. On March 15, 2006, Dolphin issued a press release announcing this recommendation.

On March 17, 2006, Dolphin sent a letter to the Company enclosing notice of its intention to nominate Messrs. Aslin, Meyer and Trevisani to the board and requesting certain share and shareholder information.

On March 22, 2006, Ashby & Geddes, Dolphin's Delaware counsel, submitted a letter under seal, as required by the parties' confidentiality agreement, to the Delaware Court of Chancery requesting that designations of confidentiality be removed from documents concerning related party transactions which the Company continued to maintain should be treated as confidential. Dolphin also requested that the Company be required to furnish certain limited information from 1998 and 1999 regarding related party transactions and that Dolphin be permitted access to valuation materials previously presented to the special committee and that were being reviewed by the court.

On March 27, 2006, the Company publicly filed with the Court of Chancery its proposed redacted version of Dolphin's March 22 letter to the court.

On March 28, 2006, Dolphin sent the following letter to the board of directors of the Company, which it publicized the following day in a press release:

March 28, 2006

**Via Facsimile and Federal Express**

The board of directors,  
*infoUSA* Inc.  
5711 South 86th Circle  
Omaha, NE 68127

Attention: Secretary

Gentlemen:

As you know, Dolphin Limited Partnership-I, L.P. submitted the nominations of three distinguished and independent director nominees for election to the board at the May 26, 2006 annual shareholders meeting. Dolphin also submitted a binding bylaw amendment that would prohibit for three years the re-nomination or appointment by the board of a director voted off the IUSA board.

The nomination of this independent director slate and the proposed bylaw amendment follow Dolphin's continuing efforts over the past seven months to promote consensual governance improvements at IUSA. Most recently, this included our March 8, 2006 letter, in

which we again requested that the full board eliminate the exemption afforded Mr. Vinod Gupta under the Company's Shareholder Rights Plan. There has been no substantive response. Also, on March 15, 2006, we submitted the nomination of independent director, Mr. Karl L. Meyer, to fill the recent vacancy created by the resignation of Dr. Charles Stryker. IUSA was asked to respond to this nomination by March 28, 2006. Again, there was no response.

Further, Dolphin is, and we believe other unaffiliated shareholders<sup>36</sup> are, outraged that the full board has failed to take any action to address the circumstances surrounding Mr. Vinod Gupta's opportunistic going private transaction and the many other continuing serious governance failures at IUSA:

**(i) Mr. Vinod Gupta's Opportunistic \$11.75 Going Private Proposal**

On March 15, 2005, Mr. Gupta purchased 61,000 shares of IUSA at \$10.13/share, bringing his outright holdings to 18.4 million shares, or approximately 34.5%.<sup>37</sup> At that time, Mr. Gupta publicly stated:

"I continue to believe that *infoUSA* stock is worth in excess of \$18 per share based on the company's strong financial condition and earnings momentum. Additionally, it is trading at a discount to its peer group as measured by a multiple of EBITDA and free cash flow. Accordingly, I plan to purchase additional shares in the future as market conditions permit."<sup>38</sup>

On April 25, 2005, the Company reported first quarter results which exceeded Wall Street estimates in GAAP revenue, EBITDA and GAAP EPS and also confirmed fiscal 2005 revenue and EPS guidance.<sup>39</sup>

A little over one month later, on June 8, 2005, IUSA lowered its guidance by approximately 5%, sending the share price from approximately \$12 to \$9.40.<sup>40</sup>

Just three business days later, Mr. Vinod Gupta made an \$11.75 bid for all of the unaffiliated shares.<sup>41</sup> In his offer letter to the board (filed in a June 27, 2005 8-K), Mr. Vinod Gupta stated,

"It is my belief that this proposal offers *infoUSA* shareholders the best opportunity to realize a very attractive value for their shares. As the board considers its response to this proposal, it should be aware that I do not desire to dispose of any of my shares of *infoUSA* common stock, nor do I intend to vote in favor of any transaction involving a change in control of the Company other than [Mr. Vinod Gupta's] proposed transaction."

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(36) Our belief is based on a published article, dated August 29, 2005, containing statements of James Awad, head of Awad Asset Management, and the Complaint, Cardinal Value Equity Partners, LP v. Gupta et al., filed on February 22, 2006 with the Delaware Court of Chancery.

(37) See note 19.

(38) See note 20.

(39) Company's press release dated April 25, 2005 ("infoUSA Reports Record Revenue and Strong Results for Q1 2005").

(40) See note 23.

(41) See note 24.

Faced with the unanimous opposition of the Special Committee of the board formed in response to the offer,<sup>42</sup> Mr. Vinod Gupta withdrew his undervalued bid.<sup>43</sup> Remarkably, on the October 26, 2005 third quarter earnings conference call, Mr. Vinod Gupta again stated that his \$11.75 proposal was “fair to the shareholders.”<sup>44</sup> Against this background, and considering that the share price now materially exceeds Mr. Vinod Gupta’s \$11.75 bid (before or after a February 2006 \$0.23 annual dividend), Mr. Vinod Gupta’s repeated expressions of offering “fair” value to shareholders lack credibility, in Dolphin’s view.

It appears to Dolphin that Mr. Vinod Gupta’s extremely well timed \$11.75 bid was designed to make a quick profit off of the unaffiliated shareholders.<sup>45</sup> In these circumstances, Dolphin has little confidence in Mr. Vinod Gupta’s leadership or in his fulfilling his fiduciary obligations to all shareholders.

(ii) **The Full Board’s Abrupt Termination of the Special Committee**

On June 14, 2005, the full board broadly empowered a Special Committee to, “in its [the Committee’s] sole discretion, to solicit, consider, negotiate, approve or reject alternate proposals.”<sup>46</sup> On August 23, 2005, the Committee unanimously determined, after lengthy discussion with its financial and legal advisors, that Mr. Vinod Gupta’s offer of \$11.75 per share undervalued the Company and required a “market check.”<sup>47</sup> Mr. Vinod Gupta then withdrew his proposal on August 24, 2005 because in his words (and distorting the Committee’s statements), “the special committee indicated that they did not intend to proceed with my proposal on a prompt basis.”<sup>48</sup> In response to the withdrawal of his offer, the Committee issued the following public statement:

“The Special Committee further advised Mr. Vinod Gupta that, while the Committee had made no decision to recommend any transaction, the Committee had determined, in light of his [Mr. Vinod Gupta’s] proposal and potential strategic alternatives available to the Company, that it is in the best interests of the Company’s stockholders to continue to explore strategic alternatives.”<sup>49</sup>

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(42) Minutes of the special committee’s August 23, 2005 meeting.

(43) Minutes of the special committee’s August 23, 2005 meeting and Company’s press release, dated August 25, 2005 (“infoUSA Announces Withdrawal of Offer by Vinod Gupta; Special Committee intends to Continue Exploring Strategic Alternatives”).

(44) Page 3 of the transcript of the Company’s October 26, 2005 earnings conference call.

(45) Our belief is based on the documents in note 43.

(46) Minutes of the board of directors’ June 14, 2005 meeting.

(47) See note 8.

(48) See note 44.

(49) See note 26.

Just one day later, the Committee was abruptly terminated in a non-unanimous vote of the full board. Directors Anshoo Gupta (not related to Vinod Gupta), Kahn (the Chairman of the Committee) and Stryker voted to preserve the Committee while director Raval abstained. Directors Vinod Gupta, Haddix, Andersen, Kaplan and Walker voted to dissolve the Special Committee.<sup>50</sup>

At least some of the directors who voted with Mr. Vinod Gupta to disband the Committee had conflicts of interest, as disclosed in the Company's proxy statements. Mr. Kaplan is a named partner of a law firm that each year has received substantial compensation for services rendered to IUSA. Mr. Andersen is a director of two mutual funds in the Everest Mutual Fund family as is Mr. Vinod Gupta. Everest Asset Management and Everest Investment Management are 100% and 40%, respectively, owned by Mr. Vinod Gupta.<sup>51</sup>

If directors Vinod Gupta, Andersen and Kaplan had recused themselves from this important vote, the Special Committee's exploration of strategic alternatives would have continued.

It is difficult for us to believe that the termination of the Committee's work really was in the best interests of all shareholders.<sup>52</sup>

**(iii) The Full Board's Failure to Include Mr. Vinod Gupta in the Shareholder Rights Plan**

Despite repeated admonishments, the full board has failed to amend the Company's Shareholder Rights Plan to eliminate the exemption afforded Mr. Vinod Gupta and his affiliates. Instead, the full board relied upon Mr. Vinod Gupta's standstill letter to the board of July 18, 2005, whose enforceability was untested. This letter was "renewed" by a subsequent letter on September 12, 2005, which by its terms expired on or about March 12, 2006.<sup>53</sup>

Mr. Vinod Gupta has repeatedly stated that he would oppose a sale transaction with any other party,<sup>54</sup> even though a third-party transaction might bring greater value to all IUSA shareholders. We cannot see how, in the exercise of its fiduciary duties to all shareholders, the full board continues to exempt Mr. Vinod Gupta from the Shareholder Rights Plan, so that he may acquire or receive additional shares and enhance his ability to block superior transactions that might benefit all shareholders.

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(50) Minutes of board of directors' August 26, 2005 meeting.

(51) "Certain Transactions" and director biographies sections in the Company's proxy statement for its 2005 annual meeting and Note 12 - "Related Party Transactions" to the financial statements in the Company's 2003 Form 10-K.

(52) Our belief is based on the minutes of the board of directors' June 14, 2005 meeting; minutes of the special committee's August 23, 2005 meeting; and the Company's press release dated August 25, 2005 ("infoUSA Announces Withdrawal of Offer by Vinod Gupta; Special Committee Intends to Continue to Explore Strategic Alternatives").

(53) Company's press release dated July 22, 2005, and Company's Form 8-K, filed on September 14, 2005.

(54) Company's press release dated June 13, 2005 ("infoUSA Receives \$11.75 Cash Offer That Would Take the Company Private; Offer Price Represents a 25% Premium to Yesterday's Closing Price"), and the press release dated August 24, 2005 ("Vin Gupta & Co. Withdraws Offer to Acquire infoUSA Inc.").

With the looming expiration of Mr. Vinod Gupta's standstill, Dolphin sent a letter to the full board on March 8, 2006, again requesting action on this vital matter. Our letter asked the full board to notify all shareholders of its determination by the open of business on March 13, 2006. We received no substantive response from the Company. The full board's continued inaction is simply astounding and its silence is deafening.

(iv) **The Full Board's Failure to Adequately Address the High Profile Related Party Transactions**

The full board has apparently failed to address the many related party transactions involving Mr. Vinod Gupta and his affiliates. Sizable payments to Mr. Gupta and/or his affiliates were initiated in 1998, when Mr. Vinod Gupta received \$48,000 in salary and Annapurna Corporation, 100% owned by Mr. Vinod Gupta, received \$1.4 million for purported "travel and consulting services and related expenses."<sup>55</sup>

In 1999, according to the Company's proxy statement, Mr. Vinod Gupta received \$48,000 in salary while Annapurna received \$2.2 million in payments for purported "executive travel expenses," \$1.3 million for "acquisition and other related expenses" and Everest Investment Management, an entity 40% owned by Mr. Vinod Gupta, received \$0.5 million for "investment advisory fees" - a total of \$4.0 million.

These types of payments continued into 2005, except that by then the Company had acquired from Annapurna the aircraft interests, the lease on the 80-foot yacht, the American Princess, and a skybox at the University of Nebraska-Lincoln football stadium, all used by Mr. Vinod Gupta.<sup>56</sup> Shareholders need to hear from the full board a compelling explanation of how these assets are expected to benefit all IUSA's shareholders, not just Mr. Vinod Gupta.

In its ongoing books and records investigation, Dolphin is focused on approximately \$16.0 million of these kinds of publicly disclosed related party payments since 1998, most of which are between the Company and Mr. Vinod Gupta and his affiliates. IUSA appears to have a disproportionately large amount of these transactions, especially when compared to its peers with multi-billion dollar market capitalizations referred to below. Shareholders have a right to ask, and the full board we believe has a duty to explain, how and why directors allowed these kinds of transactions to proceed.

According to the Company's proxy statements, since 1998 Mr. Vinod Gupta, on top of his already healthy equity stake, has been awarded 3.2 million options,<sup>57</sup>

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(55) "Executive Compensation" and "Certain Transactions" sections of the Company's proxy statement for its 1999 annual meeting.

(56) "Certain Transactions" section of the Company's proxy statement for its 2005 annual meeting.

(57) Company's proxy statements for its 1998 through 2005 annual meetings.

(an additional 6% of the Company's shares) of which approximately 2.1 million remain and were exercisable on or before March 1, 2006.<sup>58</sup> Did the full board conclude that Mr. Vinod Gupta had insufficient long-term incentive or did these continuous sizable option grants instead serve to deliver greater control to him at the expense of unaffiliated shareholders?

(v) **A Rotating Board of Directors and Executive Office**

The outlined activities have occurred behind a revolving door of directors that Dolphin believes prevented more effective oversight. Recent board resignations include directors Andersen and Stryker. During the past ten years, we count 15 director departures. Five directors, including Stryker, have served for less than one year. Additionally, in this same ten year period, we count over 15 executive officer departures or "re-assignments." Most recently, Mr. Raj Das, the Company's now-former CFO, in February 2006, was relegated to "strategic planning"<sup>59</sup> Dolphin wonders about the cause of this seemingly high rate of turnover.

We are also concerned how board vacancies have been filled. For example, the vacancy created by the resignation of director Andersen in November 2005 was filled by Bill Fairfield -the former Chairman of businessCreditUSA.com, an IUSA subsidiary. We note that in the Company's public release announcing Mr. Fairfield's appointment, IUSA failed to mention his prior affiliation with the Company.<sup>60</sup> Also, Mr. Vinod Gupta and Mr. Bill Fairfield serve together as Trustees of the University of Nebraska Foundation.<sup>61</sup> We do not think Mr. Fairfield was the most independent of choices.

We believe shareholders should always be concerned about the personnel and working environment of companies in which they are invested. With so much high-level turnover at IUSA, we question whether there is a constructive environment at the Company that truly provides for long-term employee advancement and continuity.

(vi) **The Failure of the Full Board To Take Prompt, Comprehensive and Corrective Action**

In Dolphin's letters to the directors of August 31, 2005, October 11, 2005, October 17, 2005, November 17, 2005 and March 8, 2006, we commented on these and other matters and suggested corrective action. Over the past seven months, the full board has had every opportunity to do what we asked of it in August 2005, "to put its own house in order."

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(58) Amendment No. 13 to Schedule 13G, filed by Mr. Gupta on March 17, 2006.

(59) Company's press release dated February 7, 2006 ("infoUSA Announces Management Change").

(60) Press release, dated May 2, 2000, announcing the appointment of Bill Fairfield as businessCreditUSA.com's chairman; Company's press release, dated November 11, 2005, announcing the appointment of Bill Fairfield to the Company's board; and biographies of directors in the Company's proxy statement for its 2006 annual meeting.

(61) University of Nebraska Foundation website at [www.nufoundation.org](http://www.nufoundation.org).

Dolphin always seeks to be fair and accurate. Remarkably, despite our letters to the board over the past seven months, the Company has neither publicly addressed the concerns that we have raised on behalf of all unaffiliated shareholders or corrected any inaccuracies it may have found in our prior communications.

Unfortunately it appears to us that, under the leadership of Mr. Vinod Gupta, the full board has failed to take actions that we believe are legitimately needed to protect the interests of the unaffiliated shareholders.<sup>62</sup>

It also appears to us that IUSA's shares, notwithstanding an approximate 10% increase in market price over the last month, presently trade at an approximate 1.5 multiple point discount of Total Enterprise Value ("TEV") / EBITDA to the average of its publicly traded peers<sup>2</sup>. On a price/earnings<sup>1</sup> ratio basis, IUSA shares presently trade approximately 4.7 points lower than the average of these peers. With a market capitalization of approximately \$674 million and analyst consensus estimated 2006 revenues of \$411 million, IUSA is by far the smallest of its peers:<sup>63</sup>

|                                  | Equity<br>Market      | Analyst<br>Consensus<br>Est. |
|----------------------------------|-----------------------|------------------------------|
| <u>IUSA Peer Group</u>           | <u>Capitalization</u> | <u>2006</u>                  |
|                                  |                       | <u>Revenues</u>              |
|                                  | <i>(\$ billions)</i>  | <i>(\$ billions)</i>         |
|                                  |                       |                              |
| The Dun & Bradstreet Corp. (DNB) | \$5.0                 | \$1.5                        |
| Equifax Inc. (EFX)               | 4.9                   | 1.5                          |
| ChoicePoint Inc. (CPS)           | 3.8                   | 1.1                          |
| Acxiom Corp. (ACXM)              | 2.3                   | 1.4                          |
| Harte-Hanks, Inc. (HHS)          | 2.2                   | 1.2                          |

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- 1 For all companies, TEV is based on December 31, 2005 company financials and prices are as of the March 28, 2006 close. 2006 EBITDA and diluted EPS consensus analyst estimates are calendarized where applicable (source: I/B/E/S). IUSA's TEV is adjusted to reflect a \$0.23 per share annual cash dividend paid on February 21, 2006.
  - 2 In its 2005 10-K, IUSA lists ACXM, DNB, EFX, HHS and Experian (a wholly-owned subsidiary of GUS Plc) as its primary competitors. Sell-side analysts, in their analysis of IUSA, frequently include CPS as a "comparable peer", and less frequently include Fair Isaac Corp. (FIC) and Trans Union LLC (private).

While we are mindful that Mr. Vinod Gupta founded IUSA in 1972, we believe that shareholders can no longer overlook the numerous troublesome activities that we refer to in this letter. Shareholders should also be troubled by the Company's consistently poor operating results. The Company's EBITDA has only now recovered to levels achieved in 2001, despite revenues increasing nearly \$100 million by 2005. Also, in fiscal 2002 and 2003, Mr. Vinod Gupta failed to achieve his own bonus targets, while in fiscal 2004 curiously, no bonus target was set, but his base salary increased 50%.<sup>64</sup>

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(62) See note 2.

(63) The numbers in this paragraph and in the table below are based on data collected by Dolphin through Bloomberg.  
(64) Reports of the compensation committee in the Company's proxy statement for its 2003, 2004 and 2005 annual meetings and Note 12 to the financial statements in the Company's 2002 Form 10-K.

Why, we ask, has the core of this board been so beholden to a CEO who appears to have treated his public partners so shabbily?<sup>65</sup> Just last year, Mr. Vinod Gupta stated that he “believed that IUSA was worth in excess of \$18 per share<sup>66</sup>; he then proceeded to offer \$11.75 for the Company.<sup>67</sup> The Special Committee stated that it “intended to explore a range of strategic options”; it was promptly shut down—we believe improperly—after the withdrawal of Mr. Vinod Gupta’s proposal.<sup>68</sup>

When public shareholders became Mr. Vinod Gupta’s partners in February 1992, each member of the board and management was charged with fiduciary duties. In light of the many apparent significant lapses, it appears that the full board and top management have failed to live up to those duties and that change is required for the benefit all shareholders.<sup>69</sup>

As always, Dolphin remains open to discuss any and all of these matters. But our calls for help from the full board have gone unanswered for seven months, and the full board has consistently failed to explain to all shareholders its failure to act on our requests. The full board must explain itself to all shareholders now. If the full board cannot or will not act, it will be up to the unaffiliated shareholders to do so before it is too late.

Very truly yours,  
/s/ Donald T. Netter  
Senior Managing Director,  
Dolphin Limited Partnership I, L.P.

On March 30, 2006, the Company announced that it had named to its board Bernard W. Reznicek to fill the vacancy resulting from the resignation of Dr. Charles W. Stryker in January 2006.

On April 3, 2006, Dolphin issued the following press release in which it commented on Mr. Reznicek’s appointment to the board:

**Dolphin Not Surprised by New Director Appointment from IUSA 'Old Boy' Network - Follows Plummeting Governance Rating by the Corporate Library**

Monday April 3, 3:49 pm ET

STAMFORD, Conn., April 3 /PRNewswire/ -- On March 30, 2006 infoUSA Inc. (Nasdaq: IUSA) announced that the board had hand picked yet another director, Bernard W. Reznicek, to fill the vacancy created by the most recent resignation from a rotating board which Dolphin believes is riddled with interlocks and relationships that raise serious concerns about its independence.<sup>70</sup>

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(65) See note 2.

(66) See note 19.

(67) See note 24.

(68) Company’s press release dated August 25, 2005 (“infoUSA Issues Clarification Regarding Discussions Between Special Committee with Vinod Gupta”) and the minutes of the board of directors’ August 26, 2005 meeting.

(69) See note 1.

(70) Our belief is based on the information about the Company’s directors referred to in the following notes.

Mr. Reznicek has been a director of CSG Systems International, Inc. (CSGS) since 1997. Mr. George Haddix is a co-founder and former CEO of CSGS and was a director from March 1995 until May 2005.<sup>71</sup> Since March 1995, Mr. Haddix has been a director of IUSA and he is the Chairman of the Nominating and Corporate Governance Committee.<sup>72</sup>

According to public filings, in 1994 IUSA invested \$500,000 in Trident Capital. In 1997, the Company invested an additional \$500,000 in CSG Acquisition Fund, a limited partnership organized by Trident Capital to acquire CSG Holdings, Inc.<sup>73</sup> In 1999, infoUSA.com, a subsidiary of IUSA, received \$10 million from Trident Capital.<sup>74</sup> That same year, Donald R. Dixon, Trident's managing director, was appointed Chairman of infoUSA.com. Mr. Dixon was a director of IUSA until September 1996, and was also a director of CSGS.<sup>75</sup>

Also, Mr. Reznicek was the Dean of the College of Business Administration at Creighton University from 1994 through 1996.<sup>76</sup> Dr. Vasant Raval, an IUSA director and Chairman of its Audit Committee, has been a Professor and Chairman of the Department of Accounting at the College of Business Administration at Creighton University since 2001. Dr. Raval has also been a Professor, Associate Dean and a Director of Graduate Programs at the College of Business Administration<sup>77</sup> which has been involved with the Indian Institute of Technology (IIT) for over 10 years. Mr. Vinod Gupta is an alumni of IIT and in 2002, the Vinod Gupta School of Management at IIT partnered with Creighton's College of Business Administration to exchange students and faculty and develop a joint graduate certificate program.<sup>78</sup> Mr. Haddix is also on the board of directors of Creighton University.<sup>79</sup>

Unaffiliated IUSA holders will have a chance to weigh in on the performance of, and the interconnected relationships among, Mr. Haddix, Dr. Raval and Mr. Vinod Gupta as they are all up for election at the 2006 annual shareholder meeting.

A Dolphin spokesman commented: "On March 15, 2006, Dolphin nominated an outstanding independent candidate (not affiliated with Dolphin or its principals), Karl L. Meyer to fill this vacancy hoping that the board would have recognized the pressing need for an independent director committed to ensuring that the interests of all unaffiliated shareholders are vigorously represented. Dolphin never received a response to its nomination. Instead the board, dominated by Mr. Vinod Gupta with his 34% outright holdings, reached out again to what seems to Dolphin as the IUSA "Old Boy" network to fill the vacancy. To add insult to injury, the IUSA board installed Mr. Reznicek on the Nominating and Corporate Governance Committee."<sup>80</sup>

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(70) Our belief is based on the information about the Company's directors referred to in the following notes.

(71) CSGS' proxy statement for its 2005 annual meeting and its 2005 Form 10-K.

(72) Biography of Dr. Haddix and description of this committee in the Company's proxy statement for its 2006 annual meeting.

(73) Note 6 in the Company's 1996 Form 10-K and "Certain Transactions" section of the Company's proxy statement for its 1997 annual meeting.

(74) Company's press release dated December 29, 1999 ("infoUSA Gets \$10 million Cash Infusion from Trident").

(75) Company's press release dated December 27, 1999 ("infoUSA, Inc. Completes \$10 million Venture Capital Financing with Trident Capital").

(76) Biography of Mr. Reznicek in the Company's proxy statement for its 2006 annual meeting.

(77) Biography of Dr. Raval in the Company's proxy statement for its 2003 annual meeting.

(78) Creighton University's press release dated August 20, 2002 ("College of Business Collaborates with India's Vinod Gupta School of Management").

(79) Creighton University website at [www.creighton.edu](http://www.creighton.edu).

(80) Description of Nominating and Corporate Governance Committee in the Company's proxy statement for its 2006 annual meeting.



The board's most recent action is all the more shocking in light of the March 10, 2006 downgrade of IUSA's Board Composition Rating to a "D" by the well respected corporate governance rating agency, The Corporate Library, "due to concerns about related party transactions with the CEO, Chairman and dominant shareholder, Vinod Gupta."<sup>81</sup> The Corporate Library has also given IUSA a "D" in its Board Effectiveness Rating and determined that its Board Risk Assessment is "High."<sup>82</sup>

The Dolphin spokesman continued, "With institutional holders and now a respected governance rating agency effectively calling for a complete governance overhaul, the IUSA board appears to need a hearing aid as, the only voice that can be heard is that of Mr. Vinod Gupta.

For the voices of unaffiliated shareholders to be heard, new independent directors must be elected at this year's May 26, 2006 annual shareholder meeting. Dolphin has nominated three such directors, Malcolm M. Aslin, Karl L. Meyer and Robert A. Trevisani, all of whom are committed to vigorously pursuing all avenues to maximize value for all shareholders including testing Mr. Vinod Gupta's public statement that he "believed that IUSA was worth in excess of \$18 per share,"<sup>83</sup> made three months before he proceeded to offer \$11.75 per share for the Company.<sup>84</sup> Dolphin looks forward to communicating with shareholders about these independent nominees and their program upon the distribution of Dolphin's proxy materials."

On April 4, 2006, the Company sent Dolphin a letter stating that if Dolphin's bylaw amendment was approved by the shareholders the Company would challenge its validity.

On April 11, 2006, the Delaware Court of Chancery issued an order granting Dolphin's request to inspect certain books and records dating back to 1998 and 1999 relating to the compensation of, and related party transactions with, Mr. Vinod Gupta. The Court also found that certain other documents of the company furnished pursuant to Dolphin's books and records request evidencing, summarizing or discussing related party transactions involving Mr. Vinod Gupta should not be designated confidential and therefore may be disclosed by Dolphin.

On April 13, 2006, Dolphin issued a press release disclosing the decision of the Court of Chancery.

On April 17, 2006, the Company filed, and the Delaware Court of Chancery heard argument on, a motion for a stay preventing the release of certain information that the court had previously held was not entitled to confidential treatment, while the Company appealed one aspect of the court's April 1<sup>st</sup> ruling to the Supreme Court of Delaware. On April 18, 2006, the court granted a stay with respect to information concerning the identity of certain customers of the Company.

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(81) Corporate Governance Profile of the Company, dated March 10, 2006, administered by The Corporate Library.

(82) See note 81.

(83) See note 19.

(84) See note 24.

**CERTAIN OTHER INFORMATION REGARDING****DOLPHIN'S NOMINEES**

Set forth below are the name, age, business address, present principal occupation, employment history and directorships of each of Dolphin's nominees for at least the past five years. This information has been furnished to Dolphin by the respective Dolphin nominees. Each of Dolphin's nominees has consented to serve as a director of the Company. Each of Dolphin's nominees is at least 18 years of age. None of the entities referenced below is a parent or subsidiary of the Company.

| <b>Dolphin Nominee</b>  | <b>Age</b> | <b>Business Address</b>  |
|-------------------------|------------|--|
| Malcolm "Mick" M. Aslin | 58         | 7092 Placida Road<br>Cape Haze, Florida 33946                    |
| Karl L. Meyer           | 68         | Two Sound View Drive<br>Greenwich, Connecticut 06830             |
| Robert A. Trevisani     | 72         | 225 Franklin Street<br>Suite 2200<br>Boston, Massachusetts 02110 |

Malcolm "Mick" M. Aslin served as President and Chief Executive Officer of Gold Banc Corporation, Inc. (NASDAQ: GLDB), a \$700 million market cap financial services holding company with commercial bank branches and trust offices located in Kansas, Oklahoma, Missouri and Florida, from March 2003 until its acquisition in March 2006 by Marshall & Ilsley. He was a member of Gold Banc's board of directors beginning in February 1999. From February 1999 until March 2003, Mr. Aslin served as Gold Banc's chief operating officer. Beginning in March 2003, Mr. Aslin served as chairman of the board and chief executive officer of Gold Bank, Gold Banc Corp.'s bank operating subsidiary. From October 1995 until February 1999, Mr. Aslin served as chairman of the board of Western National Bank and Unison Bancorporation, Inc. in Lenexa, Kansas and chairman and managing director of CompuNet Engineering, L.L.C., a Lenexa, Kansas computer service business that Gold Banc acquired in February 1999. From May 1994 until May 1995 Mr. Aslin served as President of Langley Optical Company, Inc., a wholesale optical laboratory located in Lenexa, Kansas. From January 1990 until April 1994 Mr. Aslin was a director of Visa USA. Before that time, Mr. Aslin spent more than 22 years in various positions with UMB Banks and United Missouri Financial Corporation, including president, chief operating officer and director of United Missouri Bancshares, Inc. and president of UMB's Kansas City Bank, United Missouri Bank of Kansas City, N.A. Presently, Mr. Aslin serves as a director of Marshall & Ilsley, Corporation, a financial services company headquartered in Milwaukee, Wisconsin, LabConco Inc., a

manufacturer of laboratory equipment and accessories, and ACT Teleconferencing Inc. a global provider of audio and video conferencing solutions. Mr. Aslin is currently a Trustee of the Midwest Research Institute and a Member of the Strategic Development Board, University of Missouri, Columbia, Business School. Mr. Aslin is also life director and first vice chairman of the board of governors, as well as past president, past chairman of the board of the American Royal Association, a not-for-profit organization charged with the mission of promoting agricultural advancement and developing future generations of leaders through agrarian values in the Midwest.

Karl L. Meyer, from February 2000 until December 2004, served as chairman of the board of Ermis Maritime Holdings Ltd., an owner and operator of ocean going tankers. Mr. Meyer served at the request of its bondholders to manage the company through its liquidation process, which was successfully completed in 2004. From May 2003 until May 2004, Mr. Meyer was a director of Computer Horizons (NASDAQ: CHRZ). He was re-elected to the board of CHRZ in October 2005 at a special meeting wherein the shareholders voted to replace the entire board. From the time of its initial public offering in March 2001 until December 2002, Mr. Meyer was a director, and chairman of the audit committee, of Stelmar Shipping Inc. (NYSE: SJH), which was acquired by Overseas Shipholding Group, Inc. (NYSE: OSG) in January 2005. From July 1992 until its sale to Seacoast Financial Services Corp. (NASDAQ: SCFS) in December 2000, Mr. Meyer was chairman of the board, chief executive officer and president of Home Port Bancorp, Inc. (NASDAQ: HPBC), the parent of Nantucket Bank. Mr. Meyer has also served from 1995 to 2004 as managing director of Diogenes Management Company, an investment advisor in the tanker shipping industry. From 1986 to 1989, Mr. Meyer was the chairman of the board and chief executive officer of Marine Transport Lines, Inc., a commercial shipping company that was sold to private investors. Mr. Meyer served as a director of BT Shipping Limited (NASDAQ: BTBT) and in April 2005, Mr. Meyer was nominated to the board of directors of OfficeMax (NYSE: OMX) by its then third largest shareholder.

Robert A. Trevisani was a general partner of Gadsby Hannah LLP until 2004 when he became of counsel. He is a member of the bar of Massachusetts, New York and the District of Columbia. He has been an adjunct professor at Boston University Graduate School of Law (1977-1996) and Boston College Law School (1996-2005). From 1996 through 2000, Mr. Trevisani was a director of Home Port Bancorp (NASDAQ: HPBC) until its sale to Seacoast Financial Services Corp. (NASDAQ: SCFS) in December 2000. In 2004, he was nominated to the board of Computer Horizons (NASDAQ:CHRZ) in opposition to the nominees of management, and elected as a director for a one-year term. Mr. Trevisani was nominated to the board of CHRZ by Aquent Corporation, a private company that made an offer to acquire all of the outstanding capital stock of CHRZ. Aquent subsequently determined to withdraw its offer, and Mr. Trevisani was not nominated for a second term. Mr. Trevisani has been president and a director of the Commonwealth Charitable Fund, Inc., a non-profit membership company, since its founding in 1978. He was elected in 2005 to the board of Salary.com, a private company providing comparative compensation guidance and services to institutions and individuals, and serves on its Board and Audit Committee. At Mount Ida College, he served as a trustee (1988-2005), as a member of the executive and audit committees and recently acted as chairman of its physical resources committee. He has been a trustee or director of several other non-profit organizations.

Each of Messrs. Aslin, Meyer and Trevisani has entered into a nominee agreement with Dolphin, pursuant to which Dolphin has agreed to indemnify the nominee for certain liabilities, losses, claims, damages and expenses, including reasonable attorneys' fees and expenses, in connection with any action, investigation or other proceeding involving the nominee as a result of his nomination as a director of the Company.

As presented in the table below, none of Dolphin's nominees own any shares of the Company as of the date of this proxy statement.

| Dolphin Nominee     | Number of Shares<br>Beneficially Owned (1) | Percentage<br>Ownership |
|---------------------|--|-------------------------|
| Malcolm M. Aslin    | -  | -                       |
| Karl L. Meyer       | -  | -                       |
| Robert A. Trevisani | -  | -                       |
| Total               | -  | -                       |

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(1) Under the rules of the SEC, Dolphin's nominees may be deemed to be members of a group with Dolphin and, as a result, each Dolphin nominee may be deemed to beneficially own shares of common stock beneficially owned by Dolphin. Dolphin owns 2,000,000 shares, constituting approximately 3.6% of the outstanding shares, based upon 55,140,753 shares of common stock outstanding as reported in the definitive proxy materials filed with the SEC on April 17, 2006. Each of Dolphin's nominees disclaims beneficial ownership of the shares of common stock beneficially owned by Dolphin.

All of Dolphin's nominees are citizens of the United States.

Except as set forth in this proxy statement or in the Annexes hereto, to the best knowledge of Dolphin, none of Dolphin, any of the persons participating in this proxy solicitation on behalf of Dolphin, Dolphin's nominees and, with respect to items (i), (vii) and (viii) of this paragraph, any associate (within the meaning of Rule 14a-1 of the Securities Exchange Act of 1934) of the foregoing persons (i) owns beneficially, directly or indirectly, any securities of the Company, (ii) owns beneficially, directly or indirectly, any securities of any parent or subsidiary of the Company, (iii) owns any securities of the Company of record but not beneficially, (iv) has purchased or sold any securities of the Company within the past two years, (v) has incurred indebtedness for the purpose of acquiring or holding securities of the Company, (vi) is or has within the past year been a party to any contract, arrangement or understanding with respect to any securities of the Company, (vii) since the beginning of the Company's last fiscal year has been indebted to the Company or any of its subsidiaries in excess of \$60,000 or (viii) has any arrangement or understanding with respect to future employment by the Company or with respect to any future transactions to which the Company or any of its affiliates will or may

be a party. In addition, except as set forth in this proxy statement or in the Annexes hereto, to the best knowledge of Dolphin, none of Dolphin, any of the persons participating in this proxy solicitation on behalf of Dolphin, Dolphin's nominees and any associates of the foregoing persons, has had or is to have a direct or indirect material interest in any transaction or proposed transaction with the Company in which the amount involved exceeds \$60,000, since the beginning of the Company's last fiscal year.

Except as set forth in this proxy statement or in the Annexes hereto, to the best knowledge of Dolphin, none of Dolphin's nominees, since the beginning of the Company's last fiscal year, has been affiliated with (i) any entity that made or received, or during the Company's current fiscal year proposes to make or receive, payments to or from the Company or its subsidiaries for property or services in excess of five percent of either the Company's or such entity's consolidated gross revenues for its last full fiscal year, or (ii) any entity to which the Company or its subsidiaries were indebted at the end of the Company's last full fiscal year in an aggregate amount exceeding five percent of the Company's total consolidated assets at the end of such year. None of Dolphin's nominees is, or during the Company's last fiscal year has been, affiliated with any law or investment banking firm that has performed or proposes to perform services for the Company.

To the best knowledge of Dolphin, none of the corporations or organizations in which the Dolphin's nominees have conducted their principal occupation or employment was a parent, subsidiary or other affiliate of the Company, and Dolphin's nominees do not hold any employment position or office with the Company or have any family relationship with any executive officer or director of the Company or have been involved in any proceedings, legal or otherwise, of the type required to be disclosed by the rules governing this solicitation.

#### **AMENDMENT OF BYLAWS**

Dolphin is seeking approval to amend the Company's bylaws to prohibit for three years the re-nomination or appointment by the board of a director who had been voted down by the shareholders of the Company.

There are currently nine members serving on the Company's board, so that if Dolphin nominees are elected, they will constitute only one third of the full board. In the absence of the bylaw amendment that Dolphin proposes, following the annual meeting, the other members of the board could expand the board and fill the newly created vacancies with the persons whom the shareholders had voted out as directors at the annual meeting. While Dolphin has no reason to believe that the other directors would do this, Dolphin is aware of instances in which this has occurred. If this were to happen, Dolphin believes that it would be an improper disregard of the will of a majority of the Company's shareholders.

The bylaw amendment calls for a three year hiatus in the ability of the board to re-nominate or appoint a director who has failed to be elected by shareholders to correspond to the length of the terms of directors chosen by the Company under its staggered board structure. The bylaw proposal would not prevent a shareholder from nominating for election at a subsequent meeting of stockholders a director who previously had been voted out by shareholders.

The Company states in its proxy materials that it has received the oral opinion of Potter Anderson and Corroon LLP, and has requested its written opinion, that Dolphin's proposed bylaw amendment would be invalid under Delaware law to the extent it limits the ability of the Board of Directors to fill vacancies occurring on the Board. Article VIII.B of the Company's certificate of incorporation provides in relevant part that "[a]ny vacancies in the Board of Directors for any reason, and any directorships resulting from any increase in the number of Directors, may be filled by the Board of Directors, acting by a majority of the Directors then in office, although less than a quorum, and any Director so chosen shall hold office until the next election of the class for which such Director shall have been chosen."

Ashby & Geddes, Dolphin's Delaware counsel, has informed Dolphin that, while there is no case law directly on point, it believes that the proposed bylaw amendment is consistent with Delaware law. In this regard, section 109 Delaware General Corporation Law provides that "bylaws may contain any provision, not inconsistent with law or with the certificate of incorporation, relating to the business of the corporation, the conduct of its affairs, and its rights and powers or the rights and powers of its stockholders, directors, officers or employees." In the view of Dolphin's counsel, the proposed bylaw amendment is not inconsistent with the Company's certificate of incorporation. The basis for this view is that the bylaw amendment would not take away the power of the board to fill vacancies. Rather, it would establish a qualification criterion for the persons that the board chose to fill the vacancy. Section 141(b) of the Delaware General Corporation Law explicitly provides that the bylaws may contain qualifications for directors. The Company states in its proxy materials that the proposed bylaw amendment is not a qualification because it would apply only to directors nominated or appointed by the board and not by shareholders. Dolphin has been informed by its Delaware counsel that counsel is unaware of any case law supporting this proposition. While the statements contained in this paragraph are based upon the advice that Dolphin has received from its Delaware counsel, Dolphin has not requested that its counsel deliver a written opinion to this effect.

Specifically, in this proposal Dolphin is asking the shareholders to approve the following resolution:

RESOLVED: That Section 3 of Article III of the Company's Bylaws be amended by adding the following provision at the end thereof:

provided, however, that the Board of Directors shall be prohibited from (i) designating any person to fill a vacancy occurring on the Board of Directors for whatever reason, whether by expansion of the size of the Board or otherwise, or (ii) nominating any person to stand for election as a director of the Company, whether at an annual or special meeting of shareholders or in a written consent solicitation in lieu of a meeting, if such person (x) was previously nominated by the Board of Directors to stand for election as a director, whether at an annual or special meeting of shareholders or in a written consent solicitation in lieu of a meeting, and (y) failed to be elected by shareholders at such meeting or in such consent solicitation, such prohibition to continue for a period of three years from the date of the meeting, or of the effectiveness of the consent solicitation, at or in which such person was previously nominated for election.

The approval of this proposal is consistent with Dolphin's overall goal of promoting the independence of the Company's board.

Dolphin recommends that you vote **FOR** the bylaws amendment. See Proposal No. 2 under "The Proposals."

### **AUDITORS**

According to information contained in the Company's proxy statement, the Company's board of directors has appointed KPMG LLP as the independent accountants to audit the Company's financial statements for fiscal 2006. The Company has stated in its proxy statement that a representative of KPMG LLP is expected to be available at the 2006 annual meeting and will have an opportunity to make a statement if such representative so desires and will be available to respond to appropriate questions.

### **SOLICITATION OF PROXIES**

Dolphin has retained Innisfree to act as an advisor in connection with this proxy solicitation. In connection with its retention by Dolphin, Innisfree has agreed to provide consulting and analytic services and solicitation services with respect to banks, brokers, institutional investors and individual shareholders. Dolphin has agreed to pay Innisfree a fee for its services estimated to be not more than \$125,000 and to reimburse Innisfree for its reasonable out-of-pocket expenses. Innisfree is entitled to an additional fee of \$62,500 in the event that Dolphin is successful in bringing about the election of at least two of its nominees. Dolphin also has agreed to indemnify Innisfree against certain liabilities and expenses in connection with this proxy solicitation, including liabilities under the federal securities laws. Approximately [ ] employees of Innisfree will engage in the solicitation. Proxies may be solicited by mail, advertisement, telephone, facsimile or in person. Solicitations may be made by persons employed by or affiliated with Dolphin. However, no person will receive additional compensation for such solicitation other than Innisfree.

Banks, brokerage houses and other custodians, nominees and fiduciaries will be requested to forward the proxy materials to the beneficial owners of shares of common stock for which they hold of record and Dolphin will reimburse them for their reasonable out-of-pocket expenses.

The expenses related directly to this proxy solicitation are expected to aggregate approximately \$325,000 and will be borne by Dolphin. These expenses include fees and expenses for attorneys, proxy solicitors, printing, postage, filing expenses and other costs incidental to the solicitation. Of this estimated amount, approximately \$75,000 has been spent to date. The actual costs and expenses could be materially different than the estimated amounts and, in particular, could be substantially higher if for any reason litigation is instituted in connection with the matters related to this proxy statement.

The purpose of the proposals in this proxy statement is to advance the interests of all the Company's shareholders. Therefore, Dolphin believes that its expenses related to this proxy solicitation, and its efforts to require the Company to produce the books and records under Section 220 of the Delaware General Corporation law, should be borne by the Company and it intends to seek reimbursement of such expenses from the Company whether or not this proxy solicitation is successful. The question of reimbursement of the expenses of Dolphin by the Company will not be submitted to a shareholder vote.

If you have any questions about this proxy solicitation or voting your shares or require assistance, please contact:

Innisfree M&A Incorporated  
501 Madison Avenue  
New York, New York 10022  
Toll Free: (888) 750-5834  
Banks and Brokers call collect: (212) 750-5833

### **OTHER MATTERS**

This proxy solicitation is being made by Dolphin and not on behalf of the board of directors or management of the Company. Dolphin is not aware of any other matters to be brought before the Company's 2006 annual meeting, except as set forth herein. Should other matters be brought before the 2006 annual meeting, by having signed and returned the enclosed BLUE proxy card, you will have authorized the persons named as proxies in the enclosed BLUE proxy card to vote on all such matters in their discretion.

The Company's filings with the SEC contains information regarding (1) financial information of the Company; (2) securities ownership of certain beneficial owners and management of the Company; (3) the committees of the board of directors; (4) the meetings of the board of directors and all committees thereof; (5) the business background and employment biographies of the Company's nominees for election to the board of directors; (6) the compensation and remuneration paid and payable to the Company's directors and management; and (7) the Company's stock price performance in relation to an assumed group of "peers" or market-based indices. Shareholders are referred to the Company's filings for this information.

### **SHAREHOLDER PROPOSALS FOR 2007 ANNUAL MEETING**

We expect the Company's proxy statement with respect to the 2006 annual meeting will indicate the date that proposals of the Company's shareholders intended to be presented at the Company's 2007 annual meeting must be received by the Company in order for them to be considered for inclusion in the Company's proxy statement. The Company's shareholders are hereby referred to the Company's proxy statement in connection with the 2006 annual meeting for such information.

### **INFORMATION REGARDING THE COMPANY**

The information concerning the Company contained in this proxy statement has been taken from or is based upon documents and records on file with the SEC and other publicly available information. Dolphin has no knowledge that would indicate that statements relating to the Company contained in this proxy statement in reliance upon publicly available information are inaccurate or incomplete. Although Dolphin has been given access to certain books and records of the Company, Dolphin was not involved in the preparation of such information and statements, and cannot represent the accuracy or completeness of, any such information or statements.



## VOTING PROCEDURES

### **Who is entitled to vote?**

If the Company's stock records show that you are a shareholder as of the close of business on the record date for the 2006 annual meeting, you are entitled to vote the shares of common stock that you held on such date. Even if you sell your shares after the record date for the 2006 annual meeting, you will retain the right to execute a proxy in connection with the 2006 annual meeting. Each outstanding share of common stock entitles its holder to cast one vote for each matter to be voted upon.

### **Can I attend the meeting?**

All shareholders of record of the Company's common stock at the close of business on April 4, 2006, the record date for the 2006 annual meeting, or their designated proxies, are authorized to attend the 2006 annual meeting. If your shares are held of record by a bank, broker or other nominee, you will need to obtain a "legal proxy" form from your bank or broker if you wish to vote at the 2006 annual meeting.

### **What constitutes a quorum? How will abstentions and broker non-votes be counted?**

The holders of a majority of the Company's common stock outstanding and entitled to vote, present in person or represented by proxy, will constitute a quorum at the 2006 annual meeting. 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 with respect to that matter and will not be taken into account in determining the outcome of the votes on that matter.

Shares as to which voting instructions are given as to at least one of the matters to be voted on or which the nominee has the discretion to vote on at least one of the matters presented at the 2006 annual meeting will be deemed to be represented at the meeting and be counted for purposes of determining whether a quorum is present, even if the nominee may not exercise discretionary voting power with respect to other matters and voting instructions have not been received from the beneficial owner (a "broker non-vote"). Shares as to which a proxy is submitted to us without instructions will be deemed to be represented at the meeting and be counted for purposes of determining the presence of a quorum, and our representatives will vote your shares in favor of Proposals Nos. 1 and 2. Broker non-votes will not be counted as votes for, nor the withholding of authority for, the election of our three nominees (Proposal No. 1). They will also not be considered votes for or against our bylaw proposal (Proposal No. 2), and will have no effect on the outcome of that vote.

### **How do I vote?**

*Voting by proxy for holders of shares registered in the name of a brokerage firm or bank.* If your shares are held by a broker, bank or other nominee (i.e., in “street name”), only your bank or broker can give a proxy with respect to your shares. You should receive a proxy card from your bank or broker which you must return in the envelope provided in order to have your shares voted. If you have not received a proxy card from your bank or broker, you may contact it directly to provide it with instructions on how you wish to vote. If you need assistance in dealing with your bank or broker, please contact Innisfree at (888) 750-5834.

*Voting by proxy for holders of shares registered directly in the name of the shareholder.* If you hold your shares in your own name as a holder of record, you may vote your shares by marking, signing, dating and mailing the BLUE proxy card in the postage-paid envelope that has been provided to you by Dolphin. To vote your shares in accordance with your instructions at the 2006 annual meeting, we must receive your proxy as soon as possible but, in any event, prior to the 2006 annual meeting.

*Vote in person.* If you are a registered shareholder and attend the 2006 annual meeting, you may vote in person by completing a ballot provided for this purpose at the meeting. You may also deliver your completed BLUE proxy card at the meeting to a representative of Dolphin. “Street name” shareholders who wish to vote at the 2006 annual meeting will need to obtain a “legal proxy” form from the broker, bank or other nominee that holds their shares of record and must bring that document to the meeting in order to vote in person at the 2006 annual meeting. If you need assistance, please contact Innisfree at (888) 750-5834.

### **What should I do if I receive a proxy card which is not BLUE?**

If you submit a proxy to us by signing and returning the enclosed BLUE proxy card, do **NOT** sign or return the proxy card or follow any voting instructions provided by the Company’s board of directors unless you intend to change your vote, because only your latest-dated proxy will be counted.

### **Can I revoke my proxy instructions?**

You may revoke your proxy at any time before it has been exercised by:

- submitting a written revocation with the Corporate Secretary of the Company or Innisfree;
- submitting a duly executed proxy bearing a later date with the Corporate Secretary of the Company or Innisfree; or
- appearing in person and voting by ballot at the 2006 annual meeting as described above under “How do I vote? -- Vote in Person.”

Any shareholder of record as of the record date of the 2006 annual meeting attending the 2006 annual meeting may vote in person whether or not a proxy has been previously given, but the presence (without further action) of a shareholder at the 2006 annual meeting will NOT constitute revocation of a previously given proxy.

If you choose to revoke a proxy by giving written notice or a later-dated proxy to the Corporate Secretary of the Company, we would appreciate if you would assist us in representing the interests of shareholders on an informed basis by sending us a copy of your revocation or proxy or by calling Innisfree, at (888) 750-5834. Banks and brokers may call collect at (212) 750-5833. **Remember, your latest-dated proxy is the only one that counts.**

**Will other matters be voted on at the annual meeting?**

We are not now aware of any matters to be presented at the 2006 annual meeting other than the election of directors and Dolphin's bylaw amendment proposal. If any other matters not described in the proxy statement are properly presented at the 2006 annual meeting, including matters incidental to the conduct of the 2006 annual meeting, proxies will be voted in accordance with the best judgment of the proxy holders.

**If I plan to attend the annual meeting, should I still submit a proxy?**

Whether you plan to attend the 2006 annual meeting or not, we urge you to submit a proxy. Returning the enclosed BLUE proxy card will not affect your right to attend the 2006 annual meeting.

**How will my shares be voted?**

If you give a proxy on the accompanying BLUE proxy card, your shares will be voted as you direct. If you submit a proxy to us without instructions, our representatives will vote your shares **in favor of** Proposal Nos. 1 and 2. Submitting a BLUE proxy card will entitle our representatives to vote your shares in accordance with their discretion on matters not described in this proxy statement that may arise at the 2006 annual meeting, including matters incidental to the conduct of the 2006 annual meeting. Unless a proxy specifies otherwise, it will be presumed to relate to all shares held of record on the record date for the 2006 annual meeting by the person who submitted it.

How can I receive more information?

If you have any questions about giving your proxy or about our solicitation, or if you require assistance, please call Innisfree at (888) 750-5834. Banks and brokers may call collect at (212) 750-5833.

**Your vote is important. No matter how many or how few shares you own, please vote to elect Dolphin's nominees by marking, signing, dating and mailing the enclosed BLUE proxy card promptly.**

DOLPHIN LIMITED PARTNERSHIP I, L.P.

DOLPHIN FINANCIAL PARTNERS, L.L.C.

April [\_\_], 2006

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**Directors and Officers of Dolphin Holding Corporation**

| Name and Position   | Principal Occupation  | Principal Business Address                            |
|---|---|---|
| Donald T. Netter<br>Chairman, Chief Executive<br>Officer, President and Senior<br>Managing Director | Chairman, Chief Executive<br>Officer, President and<br>Senior Managing Director,<br>Dolphin Holdings<br>Corporation, Member,<br>Dolphin Financial<br>Partners, L.L.C. | 96 Cummings Point Road<br>Stamford, Connecticut 06902 |
| Theodore A. DeBlanco<br>Managing Director and<br>Senior Vice President                              | Managing Director and<br>Senior Vice President,<br>Dolphin Holdings<br>Corporation  | 96 Cummings Point Road<br>Stamford, Connecticut 06902 |
| Brett J. Buckley<br>Managing Director and<br>Vice President   | Managing Director and<br>Vice President, Dolphin<br>Holdings Corporation  | 96 Cummings Point Road<br>Stamford, Connecticut 06902 |
| Justin A. Orlando<br>Managing Director and<br>Secretary   | Managing Director and<br>Secretary, Dolphin<br>Holdings Corporation   | 96 Cummings Point Road<br>Stamford, Connecticut 06902 |

**TRANSACTIONS IN COMMON STOCK**

The following tables set forth information with respect to all purchases and sales of common stock of the Company beneficially owned by Dolphin Limited Partnership I, L.P. and Dolphin Financial Partners, L.L.C. during each of the past two years. Except as set forth below, to the knowledge of Dolphin, no participant in this solicitation or Dolphin has purchased or sold securities of the Company within the past two years.

**Dolphin Limited Partnership I, L.P.**

| Date of Transaction | Transaction Type | Number of Shares | Transaction Price* |
|---------------------|------------------|------------------|--------------------|
| 06/20/05            | Purchase         | 200              | 11.5200            |
| 07/11/05            | Purchase         | 650              | 11.5200            |
| 07/13/05            | Purchase         | 11,550           | 11.4597            |
| 07/14/05            | Purchase         | 2,500            | 11.4251            |
| 07/15/05            | Purchase         | 3,950            | 11.4214            |
| 07/18/05            | Purchase         | 6,500            | 11.3253            |
| 08/03/05            | Purchase         | 50               | 11.6200            |
| 08/04/05            | Purchase         | 5,899            | 11.6197            |
| 08/05/05            | Purchase         | 1,755            | 11.6200            |
| 08/08/05            | Purchase         | 1,250            | 11.6200            |
| 08/08/05            | Purchase         | 1,114            | 11.6200            |
| 08/09/05            | Purchase         | 500              | 11.6200            |
| 08/10/05            | Purchase         | 5,500            | 11.6095            |
| 08/12/05            | Purchase         | 7,450            | 11.6072            |
| 08/15/05            | Purchase         | 3,827            | 11.6148            |
| 08/16/05            | Purchase         | 4,743            | 11.6115            |
| 08/17/05            | Purchase         | 4,950            | 11.6118            |
| 08/18/05            | Purchase         | 9,072            | 11.5852            |
| 08/19/05            | Purchase         | 8,900            | 11.4757            |
| 08/22/05            | Purchase         | 5,000            | 11.5127            |
| 08/23/05            | Purchase         | 1,300            | 11.5200            |
| 08/23/05            | Purchase         | 6,500            | 11.4914            |
| 08/24/05            | Purchase         | 6,840            | 11.5018            |
| 08/25/05            | Purchase         | 71,292           | 10.6619            |
| 08/26/05            | Purchase         | 25,000           | 11.0200            |
| 08/26/05            | Sale             | 1,500            | 10.9300            |
| 08/26/05            | Purchase         | 66,214           | 10.9630            |
| 08/29/05            | Purchase         | 2,500            | 9.8300             |
| 08/29/05            | Sale             | 50               | 10.7300            |
| 08/29/05            | Purchase         | 76,925           | 9.7840             |
| 08/29/05            | Purchase         | 7,858            | 9.9585             |
| 08/30/05            | Purchase         | 26,811           | 10.1094            |



**Dolphin Limited Partnership I, L.P.**

| Date of Transaction | Transaction Type | Number of Shares | Transaction Price* |
|---------------------|------------------|------------------|--------------------|
| 08/31/05            | Purchase         | 24,950           | 10.2809            |
| 09/01/05            | Purchase         | 21,000           | 10.6620            |
| 09/02/05            | Purchase         | 3,750            | 10.6679            |
| 09/07/05            | Purchase         | 154              | 10.6600            |
| 09/08/05            | Purchase         | 182              | 10.6600            |
| 09/09/05            | Purchase         | 3,084            | 10.6952            |
| 09/12/05            | Purchase         | 17,550           | 10.8170            |
| 09/13/05            | Purchase         | 8,556            | 10.9615            |
| 09/13/05            | Purchase         | 33,223           | 10.8910            |
| 09/14/05            | Purchase         | 13,453           | 10.9961            |
| 09/14/05            | Purchase         | 11,155           | 10.8429            |
| 09/15/05            | Purchase         | 13,127           | 10.5931            |
| 09/16/05            | Purchase         | 66,133           | 10.5610            |
| 09/19/05            | Purchase         | 8,633            | 10.7270            |
| 09/20/05            | Purchase         | 13,121           | 10.4152            |
| 09/21/05            | Purchase         | 10,000           | 10.4190            |
| 09/21/05            | Purchase         | 17,267           | 10.2787            |
| 09/22/05            | Purchase         | 11,906           | 10.4772            |
| 09/23/05            | Purchase         | 800              | 10.6100            |
| 09/26/05            | Purchase         | 4,400            | 10.4953            |
| 09/27/05            | Purchase         | 15,100           | 10.4858            |
| 09/27/05            | Purchase         | 15,000           | 10.5018            |
| 09/29/05            | Purchase         | 600              | 10.5100            |
| 09/29/05            | Purchase         | 2,334            | 10.5300            |
| 09/30/05            | Purchase         | 12,065           | 10.6192            |
| 09/30/05            | Purchase         | 11,600           | 10.5993            |
| 10/03/05            | Purchase         | 18,400           | 10.7500            |
| 10/04/05            | Purchase         | 175              | 10.7291            |
| 10/05/05            | Purchase         | 23,539           | 10.6650            |
| 11/14/05            | Purchase         | 3,500            | 10.7000            |
| 11/14/05            | Purchase         | 9,500            | 10.6622            |
| 11/15/05            | Purchase         | 10,700           | 10.7075            |
| 11/15/05            | Purchase         | 240              | 10.7000            |
| 11/15/05            | Purchase         | 17,600           | 10.7190            |
| 11/16/05            | Purchase         | 18,200           | 10.5619            |
| 11/16/05            | Purchase         | 16,000           | 10.6365            |
| 11/17/05            | Purchase         | 9,500            | 10.7717            |
| 11/18/05            | Purchase         | 17,600           | 10.7534            |
| 11/21/05            | Purchase         | 100              | 10.7625            |
| 11/22/05            | Purchase         | 2,800            | 10.7591            |
| 11/23/05            | Purchase         | 2,400            | 10.7555            |
| 11/28/05            | Purchase         | 11,100           | 10.6414            |
| 11/29/05            | Purchase         | 16,000           | 10.5872            |



**Dolphin Limited Partnership I, L.P.**

| Date of<br>Transaction | Transaction Type | Number of<br>Shares | Transaction Price* |
|------------------------|------------------|---------------------|--------------------|
| 11/30/05               | Purchase         | 57,700              | 10.3777            |
| 12/02/05               | Purchase         | 2,500               | 10.4147            |
| 12/05/05               | Purchase         | 8,900               | 10.3725            |
| 12/06/05               | Purchase         | 15,056              | 10.3833            |
| 12/07/05               | Purchase         | 8,161               | 10.3869            |
| 12/08/05               | Purchase         | 8,746               | 10.5092            |
| 12/09/05               | Purchase         | 6,604               | 10.5065            |
| 12/12/05               | Purchase         | 4,666               | 10.5695            |
| 12/16/05               | Purchase         | 1,596               | 10.9662            |
| 12/19/05               | Purchase         | 11,064              | 10.7626            |
| 12/20/05               | Purchase         | 1,245               | 10.6701            |
| 12/23/05               | Purchase         | 2,220               | 10.9603            |
| 12/27/05               | Purchase         | 6,780               | 10.9043            |
| 12/28/05               | Purchase         | 1,080               | 10.8761            |
| 12/29/05               | Purchase         | 4,620               | 10.9319            |
| 12/30/05               | Purchase         | 26,738              | 10.9466            |
| 01/03/06               | Purchase         | 10,405              | 10.6372            |

\* Includes commissions and execution related costs.

**Dolphin Financial Partners, L.L.C.**

| Date of Transaction | Transaction Type | Number of Shares | Transaction Price* |
|---------------------|------------------|------------------|--------------------|
| 06/20/05            | Purchase         | 200              | 11.5200            |
| 07/11/05            | Purchase         | 650              | 11.5200            |
| 07/13/05            | Purchase         | 11,550           | 11.4597            |
| 07/14/05            | Purchase         | 2,500            | 11.4251            |
| 07/15/05            | Purchase         | 3,950            | 11.4214            |
| 07/18/05            | Purchase         | 6,500            | 11.3253            |
| 08/03/05            | Purchase         | 50               | 11.6200            |
| 08/04/05            | Purchase         | 5,899            | 11.6197            |
| 08/05/05            | Purchase         | 1,755            | 11.6200            |
| 08/08/05            | Purchase         | 1,250            | 11.6200            |
| 08/08/05            | Purchase         | 1,114            | 11.6200            |
| 08/09/05            | Purchase         | 500              | 11.6200            |
| 08/10/05            | Purchase         | 5,500            | 11.6095            |
| 08/12/05            | Purchase         | 7,450            | 11.6072            |
| 08/15/05            | Purchase         | 3,828            | 11.6148            |
| 08/16/05            | Purchase         | 4,742            | 11.6115            |
| 08/17/05            | Purchase         | 4,950            | 11.6118            |
| 08/18/05            | Purchase         | 9,072            | 11.5852            |
| 08/19/05            | Purchase         | 8,900            | 11.4757            |
| 08/22/05            | Purchase         | 5,000            | 11.5127            |
| 08/23/05            | Purchase         | 1,300            | 11.5200            |
| 08/23/05            | Purchase         | 6,500            | 11.4914            |
| 08/24/05            | Purchase         | 6,840            | 11.5018            |
| 08/25/05            | Purchase         | 71,293           | 10.6619            |
| 08/26/05            | Purchase         | 25,000           | 11.0200            |
| 08/26/05            | Sale             | 1,500            | 10.9300            |
| 08/26/05            | Purchase         | 66,213           | 10.9630            |
| 08/29/05            | Purchase         | 2,500            | 9.8300             |
| 08/29/05            | Sale             | 50               | 10.7300            |
| 08/29/05            | Purchase         | 76,925           | 9.7840             |
| 08/29/05            | Purchase         | 7,859            | 9.9585             |
| 08/30/05            | Purchase         | 26,810           | 10.1094            |
| 08/31/05            | Purchase         | 24,950           | 10.2809            |
| 09/01/05            | Purchase         | 21,000           | 10.6620            |
| 09/02/05            | Purchase         | 3,750            | 10.6679            |
| 09/07/05            | Purchase         | 155              | 10.6600            |
| 09/08/05            | Purchase         | 181              | 10.6600            |
| 09/09/05            | Purchase         | 3,085            | 10.6952            |
| 09/12/05            | Purchase         | 17,550           | 10.8170            |



**Dolphin Financial Partners, L.L.C.**

| Date of Transaction | Transaction Type | Number of Shares | Transaction Price* |
|---------------------|------------------|------------------|--------------------|
| 09/13/05            | Purchase         | 8,557            | 10.9615            |
| 09/13/05            | Purchase         | 33,223           | 10.8910            |
| 09/14/05            | Purchase         | 13,453           | 10.9961            |
| 09/14/05            | Purchase         | 11,155           | 10.8429            |
| 09/15/05            | Purchase         | 13,128           | 10.5931            |
| 09/16/05            | Purchase         | 66,132           | 10.5610            |
| 09/19/05            | Purchase         | 8,631            | 10.7270            |
| 09/20/05            | Purchase         | 13,122           | 10.4152            |
| 09/21/05            | Purchase         | 10,000           | 10.4190            |
| 09/21/05            | Purchase         | 17,267           | 10.2787            |
| 09/22/05            | Purchase         | 11,906           | 10.4772            |
| 09/23/05            | Purchase         | 600              | 10.6100            |
| 09/26/05            | Purchase         | 2,900            | 10.4953            |
| 09/27/05            | Purchase         | 10,091           | 10.4858            |
| 09/27/05            | Purchase         | 10,000           | 10.5018            |
| 09/29/05            | Purchase         | 400              | 10.5100            |
| 09/29/05            | Purchase         | 1,557            | 10.5300            |
| 09/30/05            | Purchase         | 8,044            | 10.6192            |
| 09/30/05            | Purchase         | 7,800            | 10.5993            |
| 10/03/05            | Purchase         | 12,200           | 10.7500            |
| 10/04/05            | Purchase         | 116              | 10.7291            |
| 10/05/05            | Purchase         | 15,692           | 10.6650            |
| 11/14/05            | Purchase         | 2,291            | 10.7000            |
| 11/14/05            | Purchase         | 6,275            | 10.6622            |
| 11/15/05            | Purchase         | 7,200            | 10.7075            |
| 11/15/05            | Purchase         | 160              | 10.7000            |
| 11/15/05            | Purchase         | 11,670           | 10.7190            |
| 11/16/05            | Purchase         | 12,123           | 10.5619            |
| 11/16/05            | Purchase         | 10,692           | 10.6365            |
| 11/17/05            | Purchase         | 6,300            | 10.7717            |
| 11/18/05            | Purchase         | 11,800           | 10.7534            |
| 11/21/05            | Purchase         | 100              | 10.7625            |
| 11/22/05            | Purchase         | 1,900            | 10.7591            |
| 11/23/05            | Purchase         | 1,600            | 10.7555            |
| 11/28/05            | Purchase         | 7,395            | 10.6414            |
| 11/29/05            | Purchase         | 10,645           | 10.5872            |
| 11/30/05            | Purchase         | 38,312           | 10.3777            |
| 12/02/05            | Purchase         | 1,600            | 10.4147            |
| 12/05/05            | Purchase         | 5,996            | 10.3725            |
| 12/06/05            | Purchase         | 10,000           | 10.3833            |
| 12/07/05            | Purchase         | 5,442            | 10.3869            |
| 12/08/05            | Purchase         | 5,831            | 10.5092            |



**Dolphin Financial Partners, L.L.C.**

| Date of Transaction | Transaction Type | Number of Shares | Transaction Price* |
|---------------------|------------------|------------------|--------------------|
| 12/09/05            | Purchase         | 4,402            | 10.5065            |
| 12/12/05            | Purchase         | 3,110            | 10.5694            |
| 12/16/05            | Purchase         | 1,064            | 10.9662            |
| 12/19/05            | Purchase         | 7,376            | 10.7626            |
| 12/20/05            | Purchase         | 831              | 10.6701            |
| 12/23/05            | Purchase         | 1,480            | 10.9603            |
| 12/27/05            | Purchase         | 4,520            | 10.9043            |
| 12/28/05            | Purchase         | 720              | 10.8761            |
| 12/29/05            | Purchase         | 3,080            | 10.9319            |
| 12/30/05            | Purchase         | 17,825           | 10.9466            |
| 01/03/06            | Purchase         | 6,937            | 10.6372            |

\* Includes commissions and execution related costs.

**OWNERSHIP OF COMMON STOCK**

The following table is reproduced from the Company's definitive proxy statement filed by the Company with the SEC on April 17, 2006 with respect to the Company's 2006 annual meeting and 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" in the Company's definitive proxy statement, (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<br>Stock<br>Beneficially<br>Owned(1) | Percent of<br>Outstanding Shares<br>of Common Stock |
|---|---|---|
| Vinod Gupta(2)<br>5711 South 86th Circle<br>Omaha, Nebraska 68127   | 22,984,566                                  | 41.0%   |
| Columbia Wanger Asset Management,<br>L.P.(3)<br>227 West Monroe Street, Suite 3000<br>Chicago, Illinois 60606 | 3,370,000                                   | 6.1%  |
| Cardinal Capital Management, LLC(4)<br>One Fawcett Place<br>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  | 10,000                                      | **  |

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|  |            |       |
|--|------------|-------|
|  | -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% |

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\*\* 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.

(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.

**FORM OF PROXY SOLICITED ON BEHALF OF  
DOLPHIN LIMITED PARTNERSHIP I, L.P.  
AND DOLPHIN FINANCIAL PARTNERS, L.L.C.**

The undersigned shareholder of infoUSA, Inc., a Delaware corporation (the “Company”), on May 26, 2006 (the “record date”), hereby appoints Donald T. Netter or Brett Buckley or either of them, each with full power of substitution, to act as proxies for the undersigned, and to vote all shares of common stock, par value \$0.0025 per share, of the Company, which the undersigned would be entitled to vote if personally present at the 2006 Annual Meeting of Shareholders of the Company to be held on May 26, 2006, and at any and all postponements and adjournments thereof as indicated on this proxy.

IF YOU SIGN, DATE AND RETURN THIS CARD WITHOUT INDICATING YOUR VOTE ON ONE OR MORE OF THE FOLLOWING PROPOSALS, YOU WILL BE DEEMED TO HAVE VOTED IN FAVOR OF PROPOSAL NOS. 1 AND 2. IF YOU VOTE OR ABSTAIN WITH RESPECT TO ONE OR MORE OF THE FOLLOWING PROPOSALS, THIS PROXY CARD WILL REVOKE ANY PREVIOUSLY EXECUTED REVOCATION OF PROXY WITH RESPECT TO SUCH PROPOSALS.

[X] PLEASE MARK VOTES AS IN THIS EXAMPLE.

DOLPHIN STRONGLY RECOMMENDS THAT SHAREHOLDERS VOTE IN FAVOR OF PROPOSAL NOS. 1 AND 2.

Proposal No. 1 -- Election of Malcolm “Mick” M. Aslin, Karl L. Meyer and Robert A. Trevisani as Directors with Terms Expiring in 2009.

FOR [ ] AGAINST [ ]

(Instruction: If you wish to vote for the election of certain of the nominees, but not all of them, check the “FOR” box above and write the name of the person(s) you do not wish elected in the following space:

\_\_\_\_\_. If no box is marked above with respect to this Proposal, the undersigned will be deemed to vote for such Proposal, except that the undersigned will not be deemed to vote for the election of any candidate whose name is written in the space provided above.)

Proposal No. 2—Amendment of Bylaws to prohibit for three years the re-nomination or appointment by the board of a director who had been voted down by shareholders.

FOR [ ] AGAINST [ ] ABSTAIN [ ]

And in the discretion of the proxies appointed hereunder, on such other business as may properly come before the meeting.

IMPORTANT: THIS PROXY MUST BE SIGNED AND DATED TO BE VALID.

Dated:

\_\_\_\_\_

Signature:

\_\_\_\_\_

Signature (if held jointly):

\_\_\_\_\_

Title or Authority

Please sign exactly as name appears hereon. If shares are registered in more than one name, the signature of all such persons should be provided. A corporation should sign in its full corporate name by a duly authorized officer, stating his or her title. Trustees, guardians, executors and administrators should sign in their official capacity, giving their full title as such. If a partnership, please sign in the partnership name by an authorized person. The proxy card votes all shares in all capacities.

PLEASE MARK, SIGN AND DATE THIS PROXY BEFORE MAILING THE PROXY IN THE ENCLOSED ENVELOPE.

If you have any questions or need assistance in voting your shares, please contact Innisfree M&A Incorporated toll-free at 1-888-750-5834 or if you are a bank or broker please call collect at 1-212-750-5833.