

INFOUSA INC
Form PRRN14A
April 19, 2006

SCHEDULE 14A
(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

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

Filed by the registrant []

Filed by a party other than the registrant [X]

Check the appropriate box:

- Preliminary Proxy Statement.
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2)).
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Under Rule 14a-12.

infoUSA Inc.
(Name of Registrant as Specified in Its Charter)

Dolphin Limited Partnership I, L.P.
Dolphin Financial Partners, L.L.C.
(Name of Person(s) Filing Proxy Statement if Other Than the Registrant)

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2

Preliminary Copy Subject to Completion

Dated April 19, 2006

2006 ANNUAL MEETING OF

SHAREHOLDERS OF *infoUSA* INC.

PROXY STATEMENT

OF

DOLPHIN LIMITED PARTNERSHIP I, L.P.

AND

DOLPHIN FINANCIAL PARTNERS, L.L.C.

This proxy statement and the enclosed BLUE proxy card are being furnished to you, the holders of shares of common stock, par value \$0.0025 per share, of infoUSA Inc., a Delaware corporation, in connection with the solicitation by Dolphin Limited Partnership I, L.P. and Dolphin Financial Partners, L.L.C. of proxies for use at the May 26, 2006 annual meeting of shareholders of *infoUSA* Inc. and at any adjournments or postponements of the meeting. *infoUSA* is referred to in this proxy statement as the Company, and both Dolphin entities together are referred to as Dolphin. **Dolphin owns two million shares of the Company's common stock. With an investment at current market value of approximately \$25 million in the Company, our interests are squarely aligned with those of our fellow unaffiliated shareholders. Our only goal is to maximize value for all shareholders, in which we expect to share proportionately.**

The Company has nominated for election three incumbent directors: Mr. Vinod Gupta, the Company's Chairman of the Board, chief executive officer and the single largest shareholder of the Company's common stock, Dr. George F. Haddix and Dr. Vasant H. Raval. As discussed below, Dolphin believes that these incumbent directors have not served the unaffiliated shareholders of the Company well and installing new independent directors would be in the best interests of the unaffiliated shareholders.

Dolphin is soliciting proxies to—

- elect a slate of three highly-qualified and independent nominees to the Company's board of directors, who have no ties with Dolphin or its principals and are only seeking to benefit the unaffiliated shareholders; and
- amend the bylaws of the Company to prohibit for three years the re-nomination or appointment by the board of a director who had been voted down by shareholders.

You, the shareholders, have the ability to approve these proposals and effect the changes advocated by the nominees' platform.

Our objective is to install directors who are independent of management and untainted by what we believe was the lack of oversight by the board in connection with certain related party transactions between the Company and its executives, primarily Mr. Vinod Gupta; the exemption given to Mr. Vinod Gupta and his affiliates under the Company's shareholder rights plan; and the abrupt dissolution of the special committee formed to evaluate Mr. Vinod

Gupta's \$11.75 offer to purchase the Company in June 2005 and to explore strategic alternatives, after the committee did not approve Mr. Vinod Gupta's offer.

These independent nominees will also be committed to addressing what we believe have been the Company's disappointing operating results since 2001. We explain in detail in this proxy statement the basis for our beliefs why we think you should support the nominees and their platform. See "Dolphin's Reasons for Seeking To Install Three Independent Directors" below.

If elected, the nominees will constitute three of the nine directors on the board. Also, the terms of Mr. Martin Kahn and Mr. Anshoo Gupta (not related to Mr. Vinod Gupta), two incumbent directors who voted against the dissolution of the special committee, will continue following the annual meeting. After the withdrawal of Mr. Vinod Gupta's \$11.75 acquisition proposal, the special committee determined to continue to seek alternatives that would be in the interests of all shareholders but was dissolved by the full board. The nominees will seek to work with the other members of the board to effect positive change for all shareholders.

Although these nominees would constitute only a minority of the Company's board of directors, they will be strong advocates for advancing shareholder interests, promoting board independence and management accountability, implementing operating improvements and maximizing shareholder value. Specifically, subject to the exercise of their fiduciary duties, Dolphin's nominees will promote a platform in the boardroom that includes—

- reconstituting the special committee of the board to explore all methods for improving the Company's performance and maximizing shareholder value, which could include a sale of the Company;
 - performing a thorough review of the effectiveness of the Company's top management;
- analyzing the Company's related party transactions over the past ten years, and, if appropriate, seeking reimbursement from executives found to have received improper benefits from the Company;
- eliminating the exemption in the Company's shareholder rights plan for Mr. Vinod Gupta and his affiliates; and
- designating a chairman of the board or, if appropriate, a lead director with no ties to Company management.

Although these nominees will advocate this platform and seek to work with other directors, we cannot assure you that, as a minority on the board, they will be successful or that as a result of their election, shareholder value will be maximized.

The terms of three of the Company's directors expire at the 2006 annual meeting—Mr. Vinod Gupta, Dr. Haddix and Dr. Raval. Dolphin has nominated three independent directors, Malcolm "Mick" M. Aslin, Karl L. Meyer and Robert A. Trevisani, for election to this

class for terms expiring in 2009. By independent we mean that these directors have no social, financial or business relationship with Dolphin, the Company or any member of management of the Company. You should be aware that from April to November 2005, Dolphin was a 5% shareholder of Gold Banc Corporation, of which Mr. Aslin was chief executive officer and a director. However, Dolphin had no relationship during this period with either Mr. Aslin or Gold Banc other than as a shareholder of that company.

As we set out in this proxy statement, Dolphin's nominees collectively have extensive backgrounds in public company financial oversight and accounting, the promotion of investor value and corporate law and governance. See page 33. Mr. Aslin brings to Dolphin's slate more than 30 years' experience in public and private company management and finance. Mr. Meyer has served for over 20 years as chief executive officer, chairman or director of a variety of publicly traded companies. Mr. Trevisani is of counsel and previously served as general partner of Gadsby Hannah LLC as part of its Corporate, International and Tax Law Groups and has served as director of a number of a public and private companies. For over 30 years he taught courses relating to business transactions and taxation at Boston University Graduate School of Law and at Boston College Law School. **Dolphin believes its nominees will bring to the board the independent judgment, experience and energy that shareholders can trust and that will be applied disinterestedly in the interests of all shareholders.**

See "Information About Dolphin" and "Certain Other Information Regarding Dolphin's Nominees" for information about Dolphin and its nominees.

Dolphin recommends that you vote to elect each of Dolphin's three nominees. Vote the enclosed BLUE proxy card.

The Company has announced that the 2006 annual meeting will be held at 9:00 a.m. local time on Friday, May 26, 2006 at the Company's facility located at 4001 South Business Park Avenue, Marshfield, Wisconsin 54449 and that the record date for determining shareholders entitled to notice of and to vote at the 2006 annual meeting is April 4, 2006.

YOUR VOTE IS IMPORTANT, NO MATTER HOW MANY OR HOW FEW SHARES OF COMMON STOCK YOU OWN. DOLPHIN URGES YOU TO MARK, SIGN, DATE AND RETURN THE ENCLOSED BLUE PROXY CARD PROMPTLY IN ACCORDANCE WITH THE INSTRUCTIONS SET FORTH BELOW. PLEASE DO NOT SIGN ANY PROXY CARD YOU MAY RECEIVE FROM THE COMPANY EVEN THOUGH IT ALLOWS YOU TO VOTE IN FAVOR OF A PROPOSAL THAT DOLPHIN SUPPORTS. YOU CAN VOTE FOR THAT PROPOSAL ON THE BLUE DOLPHIN CARD.

You are urged to mark, sign and date the enclosed BLUE proxy card and return it in the enclosed envelope whether or not you plan to attend the 2006 annual meeting. If you need assistance voting your shares of common stock, please call Dolphin's information agent, 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.

If you have already sent in the Company's white proxy card and wish to change your vote, you have every legal right to do so. Please sign, date and mail the enclosed BLUE proxy card. Only your last dated and signed proxy card will count.

This proxy statement and the accompanying BLUE proxy card are first being furnished to the Company's shareholders on or about April , 2006.

**DOLPHIN'S REASONS FOR SEEKING
TO INSTALL THREE INDEPENDENT DIRECTORS**

Over the past year, Dolphin has made a substantial investment in the Company because it believes that its shares have been undervalued in the market relative to its publicly traded peers. It has observed, however, a series of troubling circumstances at the Company, which in Dolphin's view all point to a chairman, chief executive and significant shareholder who has received improper benefits and a board that has not served as an effective check against this conduct. Specifically—

- *Related Party Transactions.* Since 1998, the Company's proxy materials report approximately \$16 million of payments to Mr. Vinod Gupta and his affiliates, including payments for purported travel, entertainment and other expenses and consulting services. The Company appears to have a disproportionately large amount of these transactions, especially when compared to its peers with multi-billion dollar market capitalizations. In the period 2003 to 2005, the Company purchased from affiliates of Mr. Vinod Gupta fractional airplane interests, the lease on an 80-foot yacht—the *American Princess*—and a skybox at the University of Nebraska-Lincoln Football Stadium, allegedly so that the board would have better control over the expensing of these items to the Company.

Because of the size of the related party payments and the board's apparent admission that it did not have sufficient control over the payments until 2004, Dolphin suspects that many of these payments were not for bona fide business purposes. As far as Dolphin is aware, however, the board has never sought to determine whether the Company is entitled to reimbursement from Mr. Vinod Gupta for any of the charges for the use of these items that over the years have been passed on to the Company. In its proxy materials, the Company expresses its belief that the payments made to an affiliate of Mr. Vinod Gupta for use of the aircraft were at rates comparable to those charged by other aircraft service providers. For the reasons stated, however, Dolphin believes that the Company may have also been paying for personal use of the aircraft by Mr. Vinod Gupta. The Company also states in its 2006 proxy materials—for the first time—that "[t]he Company utilizes the boat for corporate events and client development purposes." Dolphin has reviewed the log book for the yacht (which was not designated as confidential information), which it obtained pursuant to a books and records request under Delaware law. Based upon this review Dolphin believes that the yacht has also been used for personal entertainment, even though all of the expenses of the lease and maintenance of the 80-foot yacht appear to have been borne by the Company.

The Shareholder Rights Plan. The Company has a shareholder rights plan, which effectively prevents any shareholder from accumulating a position in excess of 15% of the Company's outstanding stock. According to the Company, the shareholder rights plan is designed to protect and maximize the value of the outstanding equity interests in the Company in the event of an unsolicited attempt by an acquiror to take over the Company, in a manner or on terms not approved by the board of directors. Only one acquiror is exempted from the plan. The rights plan does not apply to Mr. Vinod Gupta and his affiliates, who are free to increase their holdings in the Company without limit. The acquisition of additional shares by Mr. Vinod Gupta and his affiliates may facilitate a transaction not approved by disinterested members of the board or block a transaction that is favored by the board.

As of the April 4, 2006 annual shareholders meeting record date, Mr. Vinod Gupta purportedly owned or had sole voting and dispositive power with respect to approximately 40% of the Company's outstanding common shares. This is an increase of approximately 7% from his reported outright ownership in the Company's 2005 proxy statement. The approximate 3.6 million share increase is attributable to Mr. Vinod Gupta's exercise of options to acquire 1.2 million shares immediately prior to the record date for the 2006 annual shareholders meeting and the disclosure for the first time of his sole voting and dispositive power over approximately 2.4 million additional shares held in certain trusts and a charitable foundation. As of April 4, 2006, Mr. Vinod Gupta owed \$13,773,362 to commercial lenders in connection with his exercise of options on April 20, 2004 and March 30, 2006.

In connection with his failed bid last year to acquire the Company, Mr. Vinod Gupta stated in a letter dated June 13, 2005 to the Company that he would oppose any other acquisition offer for the Company, seemingly even if that offer would provide greater value to shareholders. Despite Dolphin's repeated admonishments and letters to the board, the full board has failed to amend the 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. This letter was "renewed" by a subsequent letter on September 12, 2005, which by its terms expired on or about March 12, 2006 and whose enforceability was untested. Because of the failure of the board to eliminate the exemption in the rights plan for Mr. Vinod Gupta, he is once again free to accumulate shares and receive option grants that may be used to facilitate a transaction opposed by the board or block a transaction favored by the board.

· *Option Awards to Mr. Vinod Gupta.* According to the Company's proxy statements, since 1998, Mr. Vinod Gupta has been awarded 3.2 million options (representing an additional 6% of the Company's shares), including options to acquire 500,000 shares awarded in March 2005. As noted, just recently, in advance of the record date for the 2006 annual meeting, Mr. Vinod Gupta exercised options to acquire 1.2 million shares, increasing his voting power in this election by an additional 2.2%.

In its annual reports in the Company's proxy materials, the board's compensation committee does not explain why it believed these option grants to Mr. Vinod Gupta

were appropriate. Dolphin believes that they were not. With approximately 35% of the outstanding equity of the Company before these option grants, as reported in the Company's proxy statement in connection with the 2005 annual shareholders meeting, Mr. Vinod Gupta had more than sufficient incentive to promote the long term equity value of the Company, without imposing on the unaffiliated shareholders the dilutive effects of his option grants and potentially increasing Mr. Vinod Gupta's voting control.

· *Disbanding the Special Committee.* In response to Mr. Vinod Gupta's opportunistic and undervalued \$11.75 per share bid to acquire the Company, the board established a special committee with a mandate to examine Mr. Vinod Gupta's bid and other strategic alternatives. Dolphin believes the bid was opportunistic because it was made within days of a drop of the Company's stock price after the Company announced a shortfall in projected performance. Dolphin believes the bid was undervalued, because only three months earlier Mr. Vinod Gupta had stated his belief that the Company was worth in excess \$18.00 per share. Also, the special committee unanimously determined, after lengthy discussion with its financial and legal advisors, that Mr. Vinod Gupta's offer undervalued the Company and required a "market check." Faced with this unanimous opposition, Mr. Vinod Gupta withdrew his bid rather than negotiate with the committee or participate in a competitive acquisition process.

On August 25, 2005, the Company issued a press release announcing that the special committee would continue its work of exploring strategic alternatives for the Company. As stated in the press release, the committee determined, "in light of [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 potential strategic alternatives*" (emphasis added).

Just one day later, the special committee was abruptly terminated, by a divided vote in which Mr. Vinod Gupta, a director that is a member of the Company's outside law firm and a director serving on the boards of mutual funds affiliated with Mr. Vinod Gupta cast the deciding votes. Three of the members of the special committee voted against its dissolution and one abstained. Dolphin agrees with the members of the special committee who voted against dissolving the committee that continuing the work of the special committee to explore alternatives to maximize shareholder value was in the best interests of all shareholders. Since Mr. Vinod Gupta had stated that he would oppose other offers for the Company, Dolphin believes that it was improper for Mr. Vinod Gupta and directors with ties to him to have voted on the dissolution of the committee.

· *Changes in the Board and Management.* By Dolphin's count, in the last 10 years, the Company's board has seen 15 directors come and go, with the most recent departure being Dr. Charles W. Stryker, a member of the special committee who voted to retain the special committee in its work to maximize shareholder value, but who served for only nine months. During the same 10 year period, Dolphin also counts 15 members of the Company's senior management who have either resigned their positions or been reassigned. Most recently, the Company announced that Mr. Raj Das, its former chief financial officer, was reassigned to an undefined "strategic planning" role.

Dolphin believes shareholders should always be concerned about the personnel and working environment of companies in which they are invested. Dolphin infers from the high rate of turnover among the Company's directors and officers that there have been conflicts among management and board members that are not being resolved and believes that the resulting friction and management discontinuity have had an adverse effect on the Company's operating performance.

- *Performance.* Dolphin believes that the Company has suffered from poor operating performance since 2001. After devoting time, energy and capital resources to a series of acquisitions over the last five years, the Company's EBITDA is only now recovering to levels achieved in 2001, despite revenues increasing nearly \$100 million by 2005. Dolphin believes that these acquisitions have made it difficult for the investment community to evaluate what has been the true internal growth rate of the Company. Also, in fiscal 2002 and 2003, as disclosed in the Company's proxy materials, Mr. Vinod Gupta failed to achieve his own bonus targets, while in fiscal 2004, no bonus target was set, but his base salary increased 50%. No bonus was awarded to Mr. Vinod Gupta in 2005.

The Company has consistently traded at multiples that are below those of its publicly-traded peers. See Dolphin's March 28, 2006 letter to the board, quoted below. Dolphin believes that this market discount is an expression of disappointment with the Company's operating performance and a lack of confidence in the Company's leadership, particularly Mr. Vinod Gupta.

- *No response.* Over the past seven months, Dolphin has sent numerous letters to the board and has spoken with certain of the Company's directors seeking to create consensual positive change at the Company, as set forth in "Background of the Proxy Solicitation" below. As far as Dolphin can tell, the Company has not responded to Dolphin's concerns.

THE DOLPHIN PLATFORM

Our Goal

Dolphin is focused on the goal of maximizing shareholder value in which we will share proportionately. To accomplish this, we believe that—

- The special committee must be reconstituted and must be allowed to continue its work which began in July 2005 of seeking out the best strategic alternatives for the Company and its shareholders, which at the time the committee believed to be "in the best interests of the company's stockholders." One such alternative is a sale of the Company, but it is not the only one. The committee may conclude that greater value can be achieved by strengthening top management, promoting greater board independence, improving the Company's cost structure, pursuing strategic

- acquisitions and/or engaging in prudent financial transactions, such as issuing a significant dividend—as long as it does not increase Mr. Vinod Gupta’s proportionate share of the Company’s common stock. The reconstituted special committee must have the freedom to fulfill its mandate without fear that its work will be terminated because of the objection of Mr. Vinod Gupta, who sought to acquire all of the unaffiliated interests in the Company at \$11.75 per share, or any other interested constituency.
- The Company must promote trust in the leadership of its board. This can only be done by electing directors who are truly independent, who have no ties to Mr. Vinod Gupta and whose only purpose in serving on the board will be to promote the interests of all shareholders, equally and ratably in proportion to their ownership interests in the Company. An independent board should eliminate any special treatment of Mr. Vinod Gupta, as is currently the case under the shareholder rights plan, and should seek out the best possible management for the Company. An independent board should also engage in a thorough, disinterested review of all related party transactions and, if appropriate, recover with interest, payments that may have been improperly made to any individual and his or her affiliates.

The independent directors put forth by Dolphin intend to pursue these objectives, subject to the exercise of each director’s fiduciary duties. These directors would seek to work with others on the board who share similar views. Dolphin notes that the terms of Mr. Martin Kahn and Mr. Anshoo Gupta, two incumbent directors who voted against the dissolution of the special committee, will continue following the annual meeting. Dolphin cannot assure you, however, that as a minority on the Company’s board these independent directors will be successful or that, as a result of their election, shareholder value will be maximized.

Dolphin’s Independent Nominees

Dolphin believes that its independent nominees have the background, talent and experience to effectively promote and implement their platform. Dolphin’s slate consists of—

- Malcolm “Mick” M. Aslin, who brings to Dolphin’s slate more than 30 years’ experience in public and private company management and finance.
- Karl L. Meyer, who has served for over 20 years as chief executive officer, chairman or director of a variety of publicly traded companies in the shipping, banking and investment sectors.
- Robert A. Trevisani, who is of counsel and previously served as general partner of Gadsby Hannah LLC as part of its Corporate, International and Tax Law Group, has served as director of a number of a public and private companies and for over 30 years has taught courses relating to business transactions and taxation at Boston University Graduate School of Law and Boston College Law School.

For additional information concerning Dolphin’s nominees, see “Certain Information Regarding Dolphin’s Nominees” below.

Platform

If elected, Dolphin's nominees will work with other committed, independent members of the board to implement the objectives discussed above. Specifically, Dolphin's nominees will advocate—

- reconstituting the special committee of the board to explore methods to improve the Company's performance and maximize shareholder value, which could include a sale of the Company;
- performing a thorough review of the effectiveness of the Company's top management;
- analyzing the Company's related party transactions over the past ten years, and, if appropriate, seeking reimbursement from executives found to have received improper benefits from the Company;
- eliminating the exemption in the Company's shareholder rights plan for Mr. Vinod Gupta and his affiliates; and
- designating a chairman of the board or, if appropriate, a lead director with no ties to Company management.

THE PROPOSALS

Dolphin is soliciting proxies from the holders of shares of the Company's common stock to elect three independent nominees to fill the seats of the Company's directorships that expire at the 2006 annual meeting. The directors whose terms expire at the annual meeting are Mr. Vinod Gupta, the Company's Chairman of the Board and Chief Executive Officer, Dr. Haddix and Dr. Raval. Dolphin is also seeking proxy authority 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.

The election of directors requires a plurality of the votes cast in the election. The other proposal requires a majority of the votes cast on that matter. See "Voting Procedures" below.

Dolphin recommends that you vote **FOR** each of Proposal Nos. 1 and 2 by checking the appropriate boxes and signing, dating and returning the enclosed **BLUE** proxy card.

Election of Directors to Terms Expiring in 2009

Proposal No. 1 -- Election of Dolphin's Nominees as Directors to Terms Expiring in 2009

Proposal No. 1 provides for the election of Malcolm "Mick" M. Aslin, Karl L. Meyer and Robert A. Trevisani to serve as directors until the 2009 annual meeting of shareholders. See "Certain Other Information Regarding Dolphin's Nominees" for information concerning the background and experience of Messrs. Aslin, Meyer and Trevisani. If elected, Dolphin's nominees would constitute three of the Company's nine directors.

Each of Dolphin's nominees has consented to being named herein as a nominee for director of the Company and has agreed to stand for election as a director.

Although we have no reason to believe that any of Dolphin's nominees will be unable to serve as a director, if any Dolphin nominee is not available to serve, we expect that the remaining Dolphin nominees, upon taking office, would seek to work with the other receptive members of the Company's board to fill the vacancy with an individual willing to consider and implement the nominees' platform to maximize shareholder value, subject to the exercise of the director's fiduciary duties.

Dolphin recommends a vote **in FAVOR** of this proposal.

Amendment of the Company's Bylaws

Proposal No. 2—Amendment of the Company's Bylaws to prohibit for three years certain individuals from serving as directors of the Company

Proposal No. 2 provides for the amendment of 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. For more information regarding this proposal see "Amendment of Bylaws" in this proxy statement.

Dolphin recommends a vote **in FAVOR** of this proposal.

INFORMATION ABOUT DOLPHIN

Dolphin's nominees and certain other persons named below may be deemed to be "participants" in this proxy solicitation, as the term participant is defined in Schedule 14A promulgated under the Securities Exchange Act of 1934.

Dolphin Limited Partnership I, L.P., or "Dolphin I," is a Delaware limited partnership that is engaged in the business of investing in corporate securities. The address of the principal business and principal offices of Dolphin I is c/o Dolphin Holdings Corporation, 96 Cummings Point Road, Stamford, Connecticut 06902.

The general partner of Dolphin I is Dolphin Associates, LLC, a Delaware limited liability company that is engaged in the business of advising on the investment of corporate securities. The address of the principal business and principal offices of Dolphin Associates, LLC is c/o Dolphin Holdings Corporation, 96 Cummings Point Road, Stamford, Connecticut 06902.

The managing member of Dolphin Associates, LLC is Dolphin Holdings Corporation, a Delaware corporation engaged in managing partnerships entities that advise on the investment of corporate securities. The address of the principal business and principal offices of Dolphin Holdings Corporation is 96 Cummings Point Road, Stamford, Connecticut 06902. Donald T. Netter is Chairman, Chief Executive Officer, President and Senior Managing Director of Dolphin Holdings Corporation. The business address of Mr. Netter is c/o Dolphin Holdings Corporation, 96 Cummings Point Road, Stamford, Connecticut 06902. The other officers of Dolphin Holdings Corporation and their principal occupations and business addresses are set forth on Schedule I to this proxy statement. These persons may also solicit proxies on Dolphin's behalf so that they may be deemed participants in our solicitation.

Dolphin Financial Partners, L.L.C. is a Delaware limited liability company that is engaged in the business of advising on the investment of corporate securities. The sole member of Dolphin Financial Partners is Donald T. Netter. The address of the principal business and principal offices of Dolphin Financial Partners 96 Cummings Point Road, Stamford, Connecticut 06902.

As of the date of this proxy statement, Dolphin owns beneficially and of record 1,000 shares of common stock and beneficially, but not of record, an aggregate of 1,999,000 shares of common stock of the Company's outstanding stock, representing approximately 3.6% of the outstanding shares.

Additional information about Dolphin and the independent nominees including information regarding the beneficial ownership of common stock is set forth under the heading "Certain Other Information Regarding Dolphin's Nominees" and in Annex A attached to this proxy statement.

Dolphin has retained Innisfree to act as an advisor and to provide consulting, analytic and solicitation services in connection with this proxy solicitation. Innisfree is a proxy service company. It mails documents to shareholders, responds to shareholder questions and solicits shareholder votes for many entities. Innisfree does not believe that it or any of its directors, officers, employees, affiliates or controlling persons, if any, is a "participant" in this proxy solicitation or that Schedule 14A requires the disclosure of certain information concerning Innisfree. The business address of Innisfree is 501 Madison Avenue, New York, New York 10022. Innisfree has informed Dolphin that, as of the date of this proxy statement, it does not hold any shares of the Company's common stock for its own account or for the accounts of others.

BACKGROUND OF THE PROXY SOLICITATION

Background

On June 13, 2005, the Company announced that it had received from its chairman and chief executive officer, Mr. Vinod Gupta, an offer to acquire all shares in the Company that he did not already own for \$11.75. The offer was made just five days after the Company announced lowered revenue guidance, causing its stock to drop from an \$11.94 close on June 8 to a \$9.37 close on June 9, 2005.

On June 24, 2005, the Company announced that it had formed a special committee to consider the proposal of Mr. Vinod Gupta. According to the minutes of the Company's board, the mandate of the committee was, among other things, "to solicit, consider, negotiate, approve or reject alternate proposals."

Believing that the Company's stock was undervalued, in June 2005, Dolphin began to purchase the Company's shares in the open market.

On August 25, 2005, the Company issued two press releases:

The Company first announced that:

The Special Committee of its Board of Directors communicated to Mr. Vinod Gupta, infoUSA's Chairman and CEO, the preliminary conclusions of the Committee regarding the previously announced proposal by an affiliate of Mr. Vinod Gupta to acquire all of the shares of infoUSA not owned by Mr. Vinod Gupta for \$11.75 per share in cash. The Special Committee informed Mr. Vinod Gupta that, based upon the preliminary information reviewed by the Committee, it did not intend to move forward with his current proposal.

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 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 potential strategic alternatives.

Mr. Vinod Gupta then advised the Special Committee that he intended to withdraw his \$11.75 per share proposal. In addition, Mr. Vinod Gupta also reiterated that he does not intend to sell his shares or to vote his shares in favor of any other change in control transaction. Mr. Vinod Gupta subsequently issued a press release confirming these statements.

The Special Committee intends to continue to explore a range of strategic alternatives and to exercise its functions unless and until the authority of the Committee is terminated by the Board of Directors of infoUSA, despite the withdrawal of Mr. Vinod Gupta's proposal and his statement that he does not intend to sell his shares or support any change in control transaction. However, there can be no assurance that any transaction will result from the Committee's exploration of strategic alternative.

Later the same day, the Company issued the following correction:

infoUSA Inc. (Nasdaq: IUSA) announced that an analyst's research brief issued today inaccurately characterizes discussions between the Special Committee of the Board of Directors of infoUSA and Mr. Vinod Gupta that preceded the withdrawal by Mr. Vinod Gupta of his previously announced proposal to acquire all of the shares of infoUSA not owned by him for \$11.75 per share in cash.

The research report suggests that Mr. Vinod Gupta withdrew his offer after being told that the Special Committee was open to negotiations with him only if he was willing to vote for the best deal.

In fact, the Special Committee did not condition further negotiations with Mr. Vinod Gupta on a commitment to vote in favor of any alternative transaction. The Special Committee advised Mr. Vinod Gupta that it had concluded that any transaction would require a market test and offered two alternatives to Mr. Gupta. The first alternative was for the Special Committee to explore strategic alternatives, as part of which Mr. Gupta would be offered the opportunity to participate in the process along with other interested parties. The Special Committee did not impose upon Mr. Gupta any requirement that he commit to support a transaction in the context of the company exploring strategic alternatives.

The Special Committee did, however, present to Mr. Gupta an alternative approach. Under this approach, the Special Committee would negotiate directly with Mr. Gupta, without first undertaking an exploration of strategic alternatives, with a view to determining whether an

agreement could be reached on terms acceptable to the Special Committee. The Committee informed Mr. Vinod Gupta that it was prepared to pursue this approach only if Mr. Gupta agreed to a post-signing market check and, if the company received a superior offer that Mr. Gupta was unable to top, to support that alternative transaction.

As previously announced, the Special Committee intends to continue to explore a range of strategic alternatives and to exercise its functions unless and until the authority of the Committee is terminated by the Board of Directors of infoUSA, despite the withdrawal of Mr. Vinod Gupta's proposal and his statement that he does not intend to sell his shares or support any change in control transaction. However, there can be no assurance that any transaction will result from the Committee's exploration of strategic alternatives.

The next day, on August 26, 2005, the Company issued a release announcing that the special committee had been dissolved, notwithstanding the Company's twice reiterated statement one day earlier that the committee would continue its work.

The minutes of the Company reflect that the board vote to disband the special committee was opposed by three members of the special committee, Mr. Kahn, Mr. Anshoo Gupta and Dr. Stryker. The fourth member, Dr. Raval, abstained. The board vote to disband the committee was carried by a slim majority of five members of the board comprised of Messrs. Vinod Gupta, Haddix, Harold Andersen, Elliott S. Kaplan and Dennis P. Walker. 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 the Company. 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. If Messrs. Vinod Gupta, Andersen and Kaplan had recused themselves from this important vote, the special committee's exploration of strategic alternatives would have continued.

On August 30, 2005, Abbe L. Dienstag, a partner in the law firm of Kramer Levin Naftalis & Frankel LLP, counsel to Dolphin, spoke with Mr. Kaplan by telephone. In these conversations, Mr. Kaplan stated that the board had disbanded the special committee because certain executives had indicated that they would leave the Company if the Company were to be sold; that Mr. Vinod Gupta believed the Company was undervalued but felt that he was unable to implement necessary steps to increase value so long as *infoUSA* remained a public company; that the Company was not currently growing and was losing key accounts in its Donnelley division; that the Company had grown through acquisition but this growth was not reflected in the Company's market price; that although Mr. Gupta was using the planes and the yacht for corporate purposes, the Company had purchased the interests of Mr. Vinod Gupta's affiliate in these assets at the suggestion of the audit committee to have more control over expenditures that were being charged to the Company; and that Mr. Vinod Gupta's standstill agreement of July 16, 2005, in which he agreed not to increase his stake in the Company, remained in effect.

On August 31, 2005, Dolphin sent the following letter to the non-management directors of the Company and sent a copy of the letter to certain sizable shareholders of the Company:

August 31, 2005

Via Facsimile and Federal Express

To the Non-Management Directors
of infoUSA Inc.

Gentlemen:

Dolphin Limited Partnership-I, L.P., together with its affiliate (“Dolphin”), is a sizable shareholder in *infoUSA* Inc. (“IUSA” or “the Company”). It is with no delight that we write this letter to the Company’s non-management directors.