infoGROUP Inc.
Form 10-K/A
December 01, 2009

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K/A
(Amendment No. 3)

(Mark One)

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

For the fiscal year ended December 31, 2008
or

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

For the transition period from __________ to __________
Commission file number: 001-34298

***info*GROUP Inc.**
(Exact name of registrant as specified in its charter)

Delaware	**47-0751545**
(State or Other Jurisdiction of Incorporation or Organization)	*(I.R.S. Employer Identification No.)*

5711 South 86th Circle, Omaha, Nebraska 68127
(Address of principal executive offices)
(402) 593-4500
(Registrant s telephone number, including area code)

Securities Registered Pursuant to Section 12(b) of the Act:

Title of Each Class	**Name of Each Exchange on Which Registered**
Common Stock, $.0025 par value	Nasdaq Stock Market, LLC

Securities Registered Pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes o No þ

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes o No þ

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes þ No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes o No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. o

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

Large accelerated filer o	Accelerated filer þ	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes o No þ

The aggregate market value of the voting and non-voting common stock held by non-affiliates computed by reference to the last reported sales price of the common stock on June 30, 2008 (the last business day of the registrant s most recently completed second fiscal quarter) was $134.4 million.

As of November 5, 2009 the registrant had outstanding 57,523,923 shares of Common stock.

DOCUMENTS INCORPORATED BY REFERENCE

None

2

EXPLANATORY NOTE

We filed our Annual Report on Form 10-K for the year ended December 31, 2008 on March 16, 2009 (Form 10-K). We filed an amendment on Form 10-K/A on April 30, 2009 to provide the information required by Part III, Items 10 through 14.

Subsequent to filing our amendment on Form 10-K/A, the Company voluntarily provided documents to the Securities and Exchange Commission (SEC) at its request as part of an SEC investigation described in Item 3 of our Form 10-K. As announced in the press release incorporated in our Form 8-K filed on October 20, 2009, the Company has reached an agreement in principle to resolve the SEC investigation. The SEC Commissioners must still approve the agreement, which was reached with the Denver Regional Office of the SEC, and thus, the terms are not final.

The requested documents the Company voluntarily provided during the course of the investigation related to expense reimbursements and other corporate expenditures for Vinod Gupta, former chief executive officer of the Company. Specifically, the documents included Company records related to Mr. Gupta s credit card expenses which were reimbursed by the Company, country club expenses paid by the Company, and non-commercial flight costs paid by the Company for Mr. Gupta.

The documents provided included records from 2003 to 2007. At the request of the Division of Enforcement of the SEC, the Company prepared and included with the documents a summary of the expense reimbursements and corporate expenditures. The summary, among other things, identified the expense reimbursements and corporate expenditures that the Company believes should be appropriately categorized as personal benefits to Mr. Gupta. Mr. Gupta believes that the Company has included in this category expenses that were reasonable business expenses and that were integrally and directly related to the performance of his executive duties and/or did not provide any personal benefit to him.

In preparing the summary, the Company reviewed the available documentation detailing the amount and nature of each expense reimbursement and corporate expenditure related to Company-owned fractional interests in aircraft, club memberships and credit card expense reimbursements. On completion of the analysis, the Company concluded based on new methodology, which is disclosed in the notes to the All Other Compensation table within this document, that there were more personal benefits to Mr. Gupta than had been previously concluded for fiscal years 2003 through 2008. On November 3, 2009, the Company filed an Amendment No. 2 to the Company s Form 10-K for the fiscal year ended December 31, 2008 to amend the personal benefits reported for Mr. Gupta for fiscal years 2006, 2007, and 2008, the years covered by that report, which reported the following:

Benefit from Company aircraft as previously reported	**Benefit from Company aircraft as reported in this amendment**
2008: $181,629	2008: $208,500
2007: $152,903	2007: $252,422
2006: $125,708	2006: $460,950
Benefit from club memberships as previously reported	**Benefit from club memberships as reported in this amendment**
2008: $31,656	2008: $52,663
2007: $63,528	2007: $86,080
2006: $67,551	2006: $88,074
Benefit from expense reimbursement as previously reported	**Benefit from expense reimbursement as reported in this amendment**
2008: $ 62,537	2008: $114,793
2007: $156,682	2007: $368,309
2006: $123,512	2006: $238,379

Upon further discussion with the SEC and review of the circumstances surrounding the acquisition of the Company s yacht, the Company concluded based on revised methodology that there were more personal benefits to Mr. Gupta than had been previously concluded for fiscal years 2006 through 2008 related to the use of the Company yacht. Previously, the Company reported yacht expenses as personal benefits to Mr. Gupta for those days which the yacht was documented as used for personal rather than business purposes by Mr. Gupta. The Company revised its methodology and determined that all yacht expenses should be deemed as personal benefits to Mr. Gupta other than for those days in which the yacht was used by Mr. Gupta for a documented business purpose. The Company is filing this amendment to the Company s Form 10-K for the fiscal year ended December 31, 2008 to amend the personal benefits reported for Mr. Gupta for fiscal years 2006, 2007, and 2008, the years covered by that report. The Company is revising and increasing the personal benefits previously reported to Mr. Gupta for use of the Company yacht as follows:

Benefit from Company yacht as previously reported	Benefit from Company yacht as reported in this amendment
2008: $	2008: $873,078
2007: $ 5,836	2007: $770,433
2006: $11,376	2006: $633,432

The Company is filing this Amendment No. 3 on Form 10-K/A solely to amend the compensation and personal benefits previously reported in our prior Form 10-K/A (Amendment No. 2) for Mr. Gupta in the Summary Compensation Table included in Item 11, Executive Compensation. The Company is not materially modifying or updating the disclosures presented in our Form 10-K or prior amendments to our Form 10-K except as noted in the foregoing sentence. Accordingly, this Amendment should be read in conjunction with our Form 10-K and prior amendments to our Form 10-K for the year ended December 31, 2008, and our other filings with the SEC subsequent to those reports.

PART III

Item 11. ***Executive Compensation***

Compensation Discussion and Analysis

This Compensation Discussion and Analysis (CD&A) should be read in conjunction with the Summary Compensation Table and related discussion provided below. The term Named Executive Officers (NEOs) refers to the executive officers listed in the Summary Compensation Table. Our CD&A addresses the following items:

- overview of executive compensation;
- how we determine executive compensation;
- our philosophy regarding executive compensation;
- objectives of executive compensation elements;
- executive compensation decisions for fiscal year 2008;
- severance and change in control considerations; and
- tax and accounting considerations.

Overview of Executive Compensation

The Compensation Committee of our Board of Directors (the Committee) is responsible for establishing, implementing and monitoring the administration of our executive compensation programs in accordance with the Company s compensation philosophy and strategy, and for approving executive compensation (other than for the Chief Executive Officer, for whom the Committee makes recommendations to the full Board). The Committee also works in conjunction with the Independent Directors (as such term is defined in the Stipulation of Settlement) to determine equity plan awards. The Committee seeks to reward the Company s executive officers in a fair, reasonable and competitive manner. The compensation program consists of base salary, annual short-term incentives (both performance-based and discretionary), long-term equity-based incentive compensation, and personal benefits.

During fiscal year 2008, the members of the Committee who determined the compensation of our executive officers were Bernard W. Reznicek (Chair from January 1, 2008 until June 1, 2009 and member from January 1, 2008 until present), Robin S. Chandra (from January 25, 2008 until February 6, 2009), George F. Haddix (from January 25, 2008 until August 20, 2008), Clifton T. Weatherford (from September 12, 2008 until January 30, 2009), and Dennis P. Walker (from January 1, 2008 until January 25, 2008).

How We Determine Executive Compensation

The Role of the Committee. Executive compensation is determined by the Committee, which meets at least quarterly to consider issues relating to executive compensation. It draws on internal and external resources to provide necessary information and recommendations, as appropriate. In 2008, the Committee met eight times. Each year, the Committee (1) reviews its Charter to ensure that it remains consistent with stockholder interests and good corporate governance principles and (2) performs an evaluation of its performance. In 2008, the Committee engaged in the following activities related to executive compensation to ensure it carried out its responsibilities as outlined in the Charter:

- reviewed each element of compensation of the NEOs;
- reviewed and approved corporate goals and objectives relevant to the compensation of the Chief Executive Officer (CEO) and made a recommendation to the Board with regards to the CEO s compensation levels;

considered and made recommendations to the Board of Directors with respect to the adoption, amendment, administration or termination of compensation, welfare, benefit, pension and other plans related to the compensation of current and former employees of the Company;

reviewed and approved the CD&A as required by the SEC and certified the CD&A and its contents through the issuance of the Compensation Committee Report; and

retained legal, accounting and other relevant advisors as it deemed necessary to carry out its fiduciary responsibilities at the Company s expense.

In addition, each member of the Committee is a non-employee director within the meaning of Rule 16b-3 under the Securities Exchange Act of 1934, as amended (the Exchange Act), an outside director within the meaning of Section 162(m) of the Internal Revenue Code, and an Independent Directors under the applicable rules of the NASDAQ Global Select Market.

For the benefit of our stockholders, the Compensation Committee Charter is posted on the Company s website at www.infogroup.com under the caption Corporate Governance.

The Committee, in carrying out the responsibilities as outlined in its Charter, is wholly responsible for determining the compensation paid to the executive officers, other than the CEO, and recommending the compensation of the CEO to the Board. The Board determines the compensation of the CEO. The CEO is not present during Board or Committee deliberations or voting on the compensation of the CEO.

The Role of Executive Officers. In January 2008, our former CEO reviewed the performance of Mr. Mallin, Mr. Dean, Mr. Israelsen and Dr. Mahnke, the NEOs employed by the Company at that time. Based on this review, the former CEO made compensation recommendations to the Committee, including recommendations for base salary adjustments, actual annual incentive award recommendations, and performance metrics for determining such awards at the end of 2008. In January 2009, Bill L. Fairfield, our current CEO, made compensation recommendations for the executive officers, including base salary adjustments, annual incentive awards to be granted for 2008 performance and metrics for determining 2009 annual incentive awards. Although the Committee considered these recommendations, it retained full discretion to set all compensation for the NEOs. The Committee has the discretion to invite the CEO to be present during the Committee s deliberations on the compensation of the NEOs.

The Role of the Compensation Consultant. Under the Committee s Charter, the Committee has the authority to retain consultants to aid in its duties from time to time. Pursuant to this authority, in 2007, the Committee retained Pearl Meyer & Partners (PM&P), an outside executive compensation consulting firm. PM&P assists the Committee with the collection and interpretation of competitive market data and prevalence information with regard to executive compensation levels and executive compensation plan design. PM&P is engaged by, and reports directly to, the Committee. PM&P works with the Committee, in conjunction with management, to design the Company s compensation programs to support our business strategy.

PM&P also participates in executive sessions of Committee meetings, where no members of Company management are present.

Employment Agreements. The Committee has negotiated and approved employment agreements with executive officers of the Company, including compensation terms commensurate with those of similarly-situated companies. In December 2008, the Committee negotiated and approved employment agreements with Mr. Fairfield and Mr. Oberdorf.

Compensation Benchmarking. It is crucial to our long-term performance that we are able to attract and retain a strong leadership team. To facilitate retention of executive officers, it is critical that we are able to offer compensation opportunities competitive with those available to them in equivalent positions in our industry or at other publicly-traded or similarly-situated companies. The Committee considers publicly-available information concerning executive compensation levels paid by other companies in our industry and in relevant labor markets as one factor in determining appropriate compensation levels.

In 2008, PM&P provided the Committee with counsel on compensation plan design and compensation levels for the CEO and the other senior executives, including each of the NEOs. PM&P assisted the Committee by providing market compensation data on base pay, as well as annual and long-term incentives, as further discussed below.

Peer Group. The Company primarily competes for talent in the information collection and distribution industry and benchmarks executive compensation levels against other publicly-traded companies in this industry. In 2008, the Committee referred to the following peer group, developed by PM&P, of publicly-traded companies in the information collection and distribution industry for benchmarking executive compensation.

Acxiom Corporation

Dun & Bradstreet Corporation

Equifax Incorporated

FactSet Research Systems, Inc.

Fair Isaac Corporation

Gartner Incorporated

Harte-Hanks Incorporated

Lamar Advertising Company

MSC Industrial Direct

Salesforce.com

Valassis Communications, Incorporated

This peer group was developed to reflect the size and growth profile of the Company. Data is generally size-adjusted as appropriate to account for the size of the companies in the peer group relative to the Company.

Other Market Comparisons. PM&P also provides the Committee with competitive data from compensation surveys conducted by other compensation consulting firms. These surveys collect compensation information from hundreds of companies for different positions in a variety of industries. These compensation surveys were queried to analyze the types and levels of compensation paid to executive officers (with responsibilities similar to those of our executive officers) of companies comparable in size and growth profile to the Company.

In addition, PM&P periodically provides the Committee and management with market data on a variety of compensation-related topics.

The Committee considers the competitive data from the peer group and from the compensation surveys but does not rely on it exclusively in making decisions with regard to executive compensation levels. Because the Company does not rely on compensation surveys exclusively, the specific compensation survey participants were not material to our decisions regarding executive compensation. Finally, the Committee was not aware of any individual participant in these surveys.

Our Philosophy Regarding Executive Compensation

We believe that it is in the best interest of the Company and its stockholders to employ talented, committed, high-performing leaders who can sustain and improve the Company s performance. We believe that executive compensation must serve to:

- align the interests of executives and stockholders;
- attract and retain top executives;

- reward executives for meeting and exceeding financial and strategic business goals;
- motivate executives to perform at their highest potential;
- reinforce a sense of teamwork through common objectives and shared rewards for performance;
- provide a competitive pay opportunity; and
- maintain internally fair and equitable compensation levels and practices.

The Committee does not necessarily target a specific position within the external market (i.e., the 50th percentile) but rather evaluates total compensation within the context of a number of factors described in greater detail below.

Objectives of Executive Compensation Elements

Each NEO s annual total compensation is composed of a mix of fixed and variable compensation elements, consisting of:

- base salary;
- annual cash incentive plan;
- long-term equity incentives; and
- other benefits.

We expect that this mix can and should change from time to time as our business needs and objectives evolve, and as external business and market circumstances change. The Committee reviews the combined value of all of the elements of compensation awarded in previous years, both targeted and actual, when considering proposed compensation for the current year.

We believe that it is appropriate to take a holistic view of each executive officer s total compensation opportunity and review it annually on a prospective basis. The Company believes the value of an executive s performance cannot be measured solely by reference to objective performance indicators or based on a simple formulaic approach; compensation should be awarded based on consideration of both objective and subjective factors. Therefore, we retain discretion to adjust different compensation elements based on particular facts and circumstances and consider other subjective factors.

Base Salary. The objectives of the Company s base salary element are to allow the Company to attract and retain qualified executives and to recognize and reward individual performance. The following items are considered when determining actual base salaries and making adjustments to base salaries:

- our past performance and expectations of future performance;
- individual scope of responsibility, performance and experience;
- competitive compensation data from the peer group and other market comparisons;
- historical salary levels; and
- the recommendations of the CEO (only with respect to other NEOs).

Annual Cash Incentive Plan. The objectives of our Annual Cash Incentive Plan, which consists of annual performance-based cash incentives and discretionary bonuses, are to:

- reward executives for meeting financial and strategic business goals and objectives;
- motivate executives to perform at their highest potential;
- reinforce a sense of teamwork through common objectives and shared rewards for performance; and
- align the interests of executives and stockholders.

For performance-based cash incentives, target award opportunities are established at the beginning of each year. Actual awards of performance-based cash incentives are predicated on:

- the Company s and individual s performance against goals and objectives established at the beginning of the year, which rewards executives for meeting financial and strategic business goals and objectives; and
- the Committee s assessment of individual performance, which motivates executives to perform at their highest potential.

Each year the Committee selects performance measures and goals for the performance-based cash incentive portion of the Annual Cash Incentive Plan. The Company believes the performance measures and goals support stockholder value creation and align the interests of executives and stockholders.

For business unit heads, performance goals are often based on business unit-specific performance goals to reward executives when their business unit meets financial and strategic business goals and objectives.

The Committee has also used discretionary bonus awards in the past. The Committee considers a number of factors in determining who will receive a discretionary bonus award and the size of the award. Historically, discretionary cash bonuses have been made to recognize extraordinary efforts in the context of:

actual performance not warranting a formulaic incentive award because of changing business conditions; or

the completion of special projects (such as a business acquisition) or strategic initiatives.

The Committee believes it is important that it retain the authority to consider the strategic importance of items with respect to the payment of discretionary bonuses, as these items are not necessarily part of any business or strategic plan developed at the beginning of the year.

Long-term Equity Incentives. While the Committee focused on cash compensation for our executive officers in recent years and through most of 2008, the Committee, in conjunction with the disinterested Independent Directors on the board, implemented long-term equity incentives for executives near the end of 2008. The equity-based component is intended to provide significant incentives directly linked to the long-term performance of the Company. All equity grants are approved by a majority vote of the disinterested Independent Directors of the Board.

Benefits and Perquisites. We offer a variety of health, welfare and qualified retirement programs to all employees, including our NEOs. The health, welfare and retirement programs available to our NEOs are the same as those offered to all employees. The Company believes that offering a competitive benefits program is necessary to attract high-caliber executive talent. The Company does not offer any supplemental benefit programs, such as a supplemental executive retirement plan (SERP), to any NEO.

In the past, the Company also has offered certain perquisites, generally restricted to NEOs. As described below, as a result of the Special Litigation Committee s investigation, the Independent Directors implemented a policy essentially eliminating such perquisites in October 2008. Please see the All Other Compensation column in the Summary Compensation Table (and the related discussion in the footnotes thereto) provided below for more detailed information on the perquisites and personal benefits received by the NEOs during fiscal years 2006, 2007, and 2008.

As discussed in the explanatory note, we have revised certain other compensation amounts for Mr. Gupta within this filing. Please see the explanatory note on page 3 for further details on our current methodology of determining certain other compensation amounts.

The Special Litigation Committee, whose activities are described in more detail in Item 9A of our 2007 Form 10-K/A, reviewed, among other things, certain expense reimbursements (including those for lodging, flights, meals, private club memberships, the use of the former chief executive officer s residences, and legal fees incurred by the former chief executive officer) and certain other corporate expenditures (including for the usage of aircraft, a yacht and automobiles, premiums for life insurance policies, salaries of several employees and grants of stock options).

Based on its review, the Special Litigation Committee found that various expense reimbursements and corporate expenditures were excessive and approved a series of remedial measures relating to perquisites and personal benefits. These measures have been implemented by the Company and include the following, which are designed to continue in effect at least until December 31, 2013:

A new position of Executive Vice President for Business Conduct and General Counsel has been created. The Executive Vice President for Business Conduct and General Counsel will, among other things, approve certain expense reimbursement requests as determined by the Independent Directors (as such term is defined in the Stipulation of Settlement).

The Independent Directors developed and approved a new delegation of authority protocol to specify the size of transactions each officer is permitted to enter into on behalf of the Company. Among other things, pursuant to the protocol, the following will require prior approval by the Chairman of the Board, the Chairman of the Audit Committee and the Executive Vice President for Business Conduct and General Counsel (and a subsequent report to the Audit Committee): the purchase or lease of aircraft or motor vehicles (not including conventional car rentals); mortgage or rental payments on offices, homes, apartments or any other real property not used exclusively for business purposes; and club membership fees.

The Independent Directors mandated, in the delegation of authority, a business expense policy applicable to all employees of the Company. The policy prohibits the reimbursement of any expense that is not a legitimate business expense. The policy also provides guidance as to determining what is and what is not a proper business expenditure. In this regard, the policy prohibits the use of Company resources (including corporate credit cards) for personal expenses, requires restitution of any expenditure later deemed personal, and includes a compensation hold-back feature to ensure that restitution is made when necessary.

All company reimbursements for expenses are subject to uniform, company-wide policies and procedures.

As mentioned above, the delegation of authority adopted by the Independent Directors eliminated any Company expense that conveys to any employee a significant personal benefit unrelated to the Company s business interests.

Copies of the policies implementing the remedial measures adopted by the Special Litigation Committee are posted on the Company s website at *www.infogroup.com* under the caption Corporate Governance.

Executive Compensation Decisions for Fiscal Year 2008

For the fiscal year ended December 31, 2008, the principal components of compensation for the NEOs were: base salary; annual incentive plan consisting of performance-based cash incentive awards; equity-based awards; and other personal benefits and perquisites.

Base Salary. On an annual basis (and/or at the time of promotion), the Committee reviews individual base salaries of the NEOs. Salary increases are based on the Company s overall performance and the executive s attainment of individual objectives during the preceding year in the context of competitive market data.

The Committee does not assign relative weights or rankings to the different factors previously discussed to determine base salary, but instead makes a determination based upon the consideration of all factors.

At its meeting in January 2008, the Committee determined base salary levels for Mr. Dean at $380,000, Mr. Mallin at $660,000, Mr. Israelsen at $400,000, and Dr. Mahnke at $332,000. Effective in September 2008, the Committee approved increases to salaries for Mr. Dean and Mr. Mallin. The salaries at fiscal year-end December 31, 2008 for these NEOs are as follows:

NEO	2008 Position	Fiscal Year-End December 31, 2008 Base Salary	Fiscal Year-End December 31, 2007 Base Salary	Percent Increase (Decrease) for Fiscal Year 2008
Stormy L. Dean	Chief Financial Officer	$ 451,100	$ 300,000	50%
Edward C. Mallin	President, Services Group	$ 804,700	$ 600,000	34%

Mark Israelsen	President, SalesGenie.com	$ 400,000	$
Dr. Greg Mahnke	President, Macro International	$ 332,000	$ 332,000

The Committee approved an employment agreement with Mr. Israelsen in connection with his appointment as President of SalesGenie.com in January 2008, which such agreement was entered into on February 1, 2008. That agreement provides for (1) a base salary of $400,000 per year, (2) the opportunity for annual cash incentives based on the annual growth rate of SalesGenie.com; (3) an additional bonus of $100,000 per quarter for the first 12 quarters of employment; (4) other long-term incentives; and (5) a right to receive severance payments under certain conditions. In a related agreement, Mr. Israelsen agreed to post-employment non-competition and non-solicitation obligations.

Mr. Fairfield was appointed CEO on August 20, 2008, and the Committee deferred a decision concerning his base salary at that time. In October 2008, the Committee recommended, and the Board approved, a base salary of $750,000 per year for Mr. Fairfield. In December 2008, the Committee also negotiated and approved an employment agreement incorporating the guidelines for Mr. Fairfield s compensation established by the Board in October 2008. Mr. Fairfield s agreement provides for (1) a base salary of $750,000 per year, (2) the opportunity for annual cash incentives based upon achievement of individual and objective Company performance criteria, (3) other long-term incentives which may be awarded from time to time, and (4) a right to receive severance payments under certain conditions. This agreement was ratified by the Board in January 2009. As part of the agreement, Mr. Fairfield agreed to post-employment non-competition and non-solicitation obligations.

The Committee negotiated and approved an employment agreement with Thomas Oberdorf in connection with his appointment as CFO on December 5, 2008, providing for (1) a base salary of $425,000 per year, (2) a one-time sign-on bonus of $100,000, (3) the opportunity for annual cash incentives based upon achievement of individual and objective Company performance criteria, (4) other long-term incentives which may be awarded from time to time, (5) Company paid relocation expenses and (6) a right to receive severance payments under certain conditions. As part of the agreement, Mr. Oberdorf agreed to post-employment non-competition and non-solicitation obligations.

Mr. Gupta, whose base salary had not yet been established for 2008, resigned as CEO on August 20, 2008. His severance arrangements are described below the All Other Compensation table in footnote (b).

Annual Cash Incentive Plan. The 2008 Annual Cash Incentive Plan was designed to motivate and reward the NEOs for achievement of high levels of operating performance and to motivate executives to perform at their highest potential. NEOs were eligible for performance-based cash incentives under the plan based primarily upon achievement, both by the individual officer and the Company, of performance goals established for the year, as well as on the Committee s assessment of individual performance.

The Committee set minimum (threshold), target and maximum levels for each performance measure.

As a general rule, we believe that performance goals should be set at levels that reflect excellent performance, superior to the results of median-performing companies in our industry. Achieving performance goals requires significant effort on the part of the NEOs and the Company. At the same time, performance goals should be realistically achievable to provide the appropriate degree of motivation. To achieve this objective, in making the annual determination of the minimum, target and maximum performance goals, the Committee considers:

- the specific circumstances facing the Company in the current year;
- financial objectives of our strategic plan; and
- stockholder expectations regarding the Company s performance.

The minimum performance goal reflects the Committee s minimum level of acceptable performance. If the Company does not achieve the minimum performance goal, performance-based cash incentive awards will not be made. The maximum performance goal reflects a level of performance that would significantly exceed the Committee s and the Company s expectations of performance.

At the end of each fiscal year, the Committee also completes an assessment of individual performance relative to the goals that were set at the beginning of each year. These individual performance goals motivate and reward strong Company performance in relation to key metrics such as EBITA earnings before interest expense, income taxes and amortization , revenue and earnings per share. Specifically, the Committee compared the actual performance to the performance goals set at the beginning of the year, and linearly interpolated the amount of incentive to be paid to each individual based on actual Company performance.

For 2008, the Committee selected the following performance measures and the performance goals required for Messrs Mallin and Dean to earn the indicated cash bonus. Each of the performance measures was equally weighted.

Performance Measures	Threshold	Target	Maximum
Revenue	$748 million	$768 million	$788 million
EBITA	$114 million	$118 million	$123 million
EPS	84¢ per share	88¢ per share	94¢ per share
Year End Bonus As % of Salary	50% of salary	75% of salary	100% of salary

The Committee uses straight line interpolation in determining the year end bonus if actual performance occurs between goals. The performance measures and targets disclosed above are done so solely in the context of the annual cash incentive plan for 2008 and are not statements of management s expectations or estimates of future results or other guidance. Investors are cautioned not to apply these statements to other contexts.

The exhibit below shows the threshold, target, maximum performance-based cash incentive opportunity for each executive.

	Annual Performance-Based Cash Incentive Opportunity as a Percentage of Salary		
NEO	Threshold	Target	Maximum
Stormy L. Dean	50% of salary	75% of salary	100% of salary
Edward C. Mallin	50% of salary	75% of salary	100% of salary

The performance levels were not met for 2008 and therefore, no performance based year end bonuses were paid for 2008.

Mr. Fairfield, Mr. Oberdorf, and Mr. Gupta did not participate in the 2008 Annual Cash Incentive Plan. The employment agreement with Mr. Israelsen provides that he is eligible for an annual cash bonus equal to his base salary multiplied by a percentage that is equal to two times the annual growth rate of SalesGenie.com. Based on this calculation, Mr. Israelsen did not receive an annual performance based cash award for 2008. Dr. Mahnke s annual performance based cash award is based on 10% of operating income over $13 million for the Macro International division. Based on this calculation, Dr. Mahnke received an annual performance based cash award of $261,398 for 2008.

As previously discussed, the Committee also retains the authority to provide discretionary cash bonuses to NEOs. During 2008 discretionary bonuses were awarded to Mr. Dean in the amount of $50,000, and Mr. Mallin in the amount of $150,000. Mr. Mallin was awarded his discretionary bonus for 2008 based on his leadership of the Services Group, the performance of that group during the year despite a difficult economy, and in recognition that his total compensation was below the average of his peer group for the year. Mr. Dean was awarded his discretionary bonus for 2008 based on his leadership during the management transition at the Company, his increased and exceptional participation since the management changes of August 2008, and in recognition that his total compensation was below the average of his peer group for the year.

In January 2009, the Committee selected the participants and received input from management on the performance goals for the 2009 annual incentive program. The objective financial performance goals for most NEOs in 2009 are based on divisional and corporate operating income. For individuals who do not have responsibility for revenue producing areas of the Company, the financial performance goals are based on operating income and different forms of cost containment. All NEOs have also been provided with subjective goals related to Company and individual performance as well.

Long-term Equity Incentives. The Company did not actively use long-term incentives through most of 2008. After the management changes in August, the Committee reviewed its prior focus on cash compensation, developing the view that the Company needed to add an equity-based component. The equity-based component is intended to provide significant incentives directly linked to the long-term performance of the Company and the performance of our stock price.

The Committee considered the balance between short-term and long-term incentives for executive officers. In December 2008, the Committee recommended to the Independent Directors, and the Independent Directors approved, the grant of restricted stock units to all executive officers. The award amounts (other than those for the CEO) were recommended by the CEO, based in part on the income level and relative importance of the executive officer. The vesting provisions for these restricted stock units are described within the Grants of Plan-Based Awards table.

Name	Restricted Stock Units Granted (#)
B. Fairfield	200,000
S. Dean	25,000
T. Oberdorf	117,080
E. Mallin	100,000
M. Israelsen	40,000
G. Mahnke	25,000

Other Personal Benefits and Perquisites. Our NEOs are entitled to participate in the same health, welfare and retirement programs offered to all employees. These programs include tax-qualified 401(k), medical, dental and vision coverage and wellness programs, use of our employee assistance program, short and long-term disability, and paid time off in accordance with company policies. For programs to which employees contribute premiums, executives are subject to the same premium structure as other exempt employees.

In addition to the benefits programs described above, in the past we also provided our executives with certain perquisites of a more personal nature, to the extent they serve a legitimate business function. However, the Special Litigation Committee s review, as described above, has found that various expense reimbursements and corporate expenditures related to perquisites were excessive. Based on the Special Litigation Committee s review, the Independent Directors eliminated material perquisites for Company executives. For information on the perquisites and personal benefits received by the NEOs during fiscal years 2006, 2007 and 2008, please see the All Other Compensation column in the Summary Compensation Table and related discussions in the footnotes thereto provided below. Please refer to (i) Item 9A of the 2007 Form 10-K/A for more information on the Special Litigation Committee s findings and (ii) the Form 8-K/A filed with the Securities and Exchange Commission on August 22, 2008 for the final remedial measures adopted in connection with the Stipulation of Settlement. Copies of the policies implementing the remedial measures adopted by the Special Litigation Committee are available on our website www.infogroup.com under the caption entitled Corporate Governance .

As discussed in the explanatory note, we have revised certain other compensation amounts for Mr. Gupta within this filing. Please see the explanatory note for further details on our current methodology of determining certain other compensation amounts. Please refer to the Form 8-K filed on October 20, 2009 incorporating by reference a press release that announced the Company has reached an agreement in principle to resolve the SEC investigation.

Severance and Change in Control Considerations

Mr. Dean and Mr. Mallin entered into severance agreements with the Company in February 2006 that provide for certain payments upon termination of employment and/or change in control. The Company s employment agreements with Mr. Fairfield and Mr. Oberdorf entered into in December 2008, and Mr. Israelsen, entered into in February 2008, provide for certain payments upon termination of their employment and/or change in control.

When the Company entered into these severance arrangements, it was determined that such arrangements were appropriate based on their prevalence within the information collection and distribution industry, as well as for public companies in general, and the dynamic nature of mergers and acquisitions activity within the industry. Given the nature of the responsibilities of the NEOs, we also recognize that they could be involved in critical decisions relating to potential change in control transactions and responsible for the successful implementation of such transactions, while being at risk of losing their jobs if a change in control occurs. The severance arrangements are intended to provide sufficient protection for the NEOs to permit them to consider potential transactions that are in the best

13

interest of our stockholders without being unduly influenced by the possible effects of the transaction on their personal employment situation and individual compensation.

As previously reported, on August 20, 2008, the Company announced that Mr. Gupta resigned as the CEO of the Company effective as of that date. In connection with Mr. Gupta s resignation, the Company and Mr. Gupta entered into a separation agreement and general release, dated as of August 20, 2008. The Company and Mr. Gupta amended the separation agreement and general release on September 4, 2008 to clarify the terms that govern Mr. Gupta s entitlement to healthcare benefits.

The severance arrangements and Mr. Gupta s separation agreement and general release, along with the severance arrangements of the other NEOs, are described in greater detail below the All Other Compensation table in footnote (b).

Tax and Accounting Considerations

The Committee considers the tax impact and accounting considerations of our compensation programs on the Company as well as on the NEOs from a personal perspective. For example, the Committee has considered the impact of tax provisions such as Section 162(m) of the Internal Revenue Code in structuring our executive compensation program and, to the extent reasonably possible, in consideration of compensation goals and objectives, the compensation paid to the NEOs has been structured so as to qualify as performance-based and deductible for federal income tax purposes under Section 162(m). However, in consideration of the competitive nature of the market for executive talent, the Committee believes it is more important to deliver situation-appropriate and competitive compensation to drive shareholder value than to use a particular compensation practice or structure solely to ensure tax deductibility. Tax and accounting considerations are one of the many key elements of the Committee s decision-making process.

COMPENSATION COMMITTEE REPORT

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management and, based on such review and discussion, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this Annual Report.

Respectfully submitted by the Compensation Committee:

Thomas L. Thomas (Chair)
George Krauss
Bernard W. Reznicek
Roger Siboni

The information contained in the Compensation Committee Report in this report is not deemed to be soliciting material or to be filed with the SEC or subject to Regulation 14A or 14C under the Exchange Act or to the liabilities of Section 18 of the Exchange Act, and will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent we specifically incorporate it by reference into such a filing.

SUMMARY COMPENSATION TABLE

The following table sets forth the compensation paid by the Company for fiscal year 2008, 2007 and 2006 to the Company s Chief Executive Officer, Chief Financial Officer and each of the Company s three most highly compensated executive officers who were serving as executive officers as of December 31, 2008 and whose total compensation exceeded $100,000 for fiscal year 2008 (collectively, the Named Executive Officers or NEOs):

Name and Principal Position	Year	Salary ($)(5)	Bonus ($)(6)	Stock Awards ($)(7)	Option Awards ($)(8)	Non-Equity Incentive Plan Compensation ($)(6)	All Other Compensation ($)(9)	Total ($)
Vinod Gupta(1)	2008	$499,039	$	$	$455,822	$	$11,415,828	$12,370,689
Former Chief Executive	2007	750,000			746,738	995,625	1,916,543	4,408,906
Officer (Former Principal	2006	836,539			987,546		1,739,619	3,563,704
Executive Officer)								
Bill L. Fairfield(1)	2008	253,846		6,460			865	261,171
Chief Executive Officer								
(Principal Executive Officer)								
Stormy L. Dean(2)	2008	392,989	50,000	399			40,900	484,288
Former Chief Financial Officer	2007	300,000	100,000			236,100	48,250	684,350
(Former Principal Financial	2006	270,769	46,000			144,000	9,600	470,369
Officer; Former Principal								
Accounting Officer)								
Thomas Oberdorf(2)	2008	22,885	100,000	3,782			4,231	130,898
Executive Vice President and								
Chief Financial Officer								
(Principal Financial Officer								
and								
Principal Accounting Officer)								
Edward C. Mallin	2008	694,349	150,000	1,595			79,625	925,569
President, Services Group	2007	600,000			3,312	472,200	102,750	1,178,262
	2006	597,692	300,000		22,931		102,600	1,023,223
Mark Israelsen(3)	2008	355,385	400,000	638			18,228	774,251
President, SalesGenie.com								
Dr. Greg Mahnke(4)	2008	336,162		399		261,398	64,142	662,101
President, Macro International								

(1) Effective August 20, 2008, Mr. Gupta resigned his position as the Chief Executive Officer of the Company, and Mr. Fairfield was appointed to the position. This table

reflects Mr. Gupta s and Mr. Fairfield s compensation as NEOs. Mr. Gupta s compensation subsequent to August 20, 2008 as a director, and Mr. Fairfield s compensation as a director prior to August 20, 2008, are reported under Director compensation.

(2) Effective December 5, 2008, Mr. Dean resigned his position as the Chief Financial Officer of the Company, and Mr. Oberdorf was appointed to the position. Mr. Dean remains employed by the Company in a different capacity.

(3) Mr. Israelsen was hired on February 1, 2008. Subsequent to the end of fiscal 2008, Mr. Israelsen ceased to be an executive officer and employee of the Company.

(4) Subsequent to the end of fiscal 2008, Dr. Mahnke ceased to be an executive officer and employee of the Company.

(5) The dollar amount for the base salary of each executive officer varies slightly from that presented under the heading Compensation Discussion and Analysis due to the timing of the Company s pay cycle.

(6) See Compensation Discussion and Analysis Executive Compensation Decisions for Fiscal Year 2008 for a discussion of how the bonus and incentive award amounts were determined.

(7) Represents the amount recognized for financial statement reporting purposes with respect to the

fiscal year ended December 31, 2008 in accordance with SFAS 123R for awards of restricted stock units granted under our 2007 Omnibus Incentive Plan, as amended. The number of awards granted in 2008 can be found in the table Grants of Plan-Based Awards.

(8) Represents the amount recognized for financial statement reporting purposes with respect to the fiscal year ended December 31, 2008 in accordance with SFAS 123R for awards of stock options under our 1997 Stock Option Plan, as amended. The following table summarizes the assumptions used in the valuation of option awards.

Number of Shares of	2008 Fiscal Year	2007 Fiscal	2006 Fiscal