



Idearc Files Motion to Enter into Standby Equity Purchase Facility with Paulson & Co. Inc.

DALLAS, Oct 30, 2009 (BUSINESS WIRE) -- Idearc Inc. ("Idearc") today announced that it filed a motion with the United States Bankruptcy Court for the Northern District of Texas in its pending Chapter 11 proceedings requesting authority to enter into a standby equity purchase arrangement with certain funds and accounts managed by Paulson & Co. Inc. ("Paulson"). Under Paulson's proposed standby purchase arrangement, each holder of Class 3 and Class 4 claims under Idearc's proposed plan of reorganization will have the right to elect, in its sole discretion, to receive cash in lieu of shares of new Idearc common stock upon the effectiveness of the plan of reorganization.

The cash to fund the elections by claim holders will be provided by Paulson's purchase from reorganized Idearc of the number of shares of new common stock that otherwise would have been distributed to electing claim holders. The amount of cash to be received would be an amount per share implied by a \$200 million valuation for all of the equity of reorganized Idearc. Under the proposed standby purchase agreement, the amount of new common stock that Paulson can acquire is limited so that Paulson will not beneficially own more than 45 percent of the outstanding new Idearc common stock as of the effective date of the reorganization.

As part of the proposed standby equity purchase arrangement, Paulson and Idearc would agree on corporate governance measures described in detail in the motion filed with the Bankruptcy Court, including Paulson being granted the right to nominate one director to serve on the Board of Directors of Idearc, and Paulson's beneficial ownership of common stock being limited to 45 percent of the issued and outstanding stock of Idearc. The ability of Idearc to enter into the standby equity purchase arrangement is subject to approval of the Bankruptcy Court. The Bankruptcy Court is scheduled to consider the Paulson proposal on November 18, 2009. The obligations of Paulson and Idearc would be subject to additional conditions set forth in a proposed form of standby purchase agreement that Idearc filed with its motion for Bankruptcy Court approval.

A confirmation hearing on Idearc's proposed plan of reorganization is scheduled for December 9, 2009, and Idearc anticipates that the reorganized company will be able to emerge from its Chapter 11 proceedings in the near term.

More information about Idearc's restructuring is available at www.idearc.com/restructuring.

The Bankruptcy Court has approved a disclosure statement in the Chapter 11 bankruptcy proceeding of Idearc and its domestic subsidiaries. The court approved disclosure statement is the exclusive means by which Idearc may solicit the plan of reorganization. This press release (i) has not been approved by the Bankruptcy Court, (ii) is not a solicitation of the plan of reorganization, (iii) is not a part of the approved disclosure statement, and (iv) is not a solicitation of an offer to sell or an offer to buy any securities of Idearc.

Certain statements included in this press release constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Statements that include the words "believe," "will," "would," "propose," "anticipate," "foresee," and similar expressions identify forward-looking statements. Idearc cautions you not to place undue reliance on these forward-looking statements. The following important factors could affect future results and could cause those results to differ materially from those expressed in the forward-looking statements: (i) the risk that the Bankruptcy Court does not approve the proposed standby purchase arrangement with Paulson; (ii) the risk that Paulson is not obligated to enter into the standby purchase arrangement, even if approved by the Bankruptcy Court; (iii) the risk that Idearc's pending bankruptcy disrupts current plans and operations; (iv) risks that Idearc's business could suffer from the loss of key customers, suppliers, or personnel during the pendency of the bankruptcy cases; (v) risks that Idearc's plan of reorganization fails to obtain the requisite approval from the claim holders entitled to vote on the plan; (vi) risks that Idearc will be able to maintain sufficient liquidity for the pendency of the bankruptcy cases; and (vii) the risk that the bankruptcy court rejects Idearc's plan of reorganization. For a discussion of these and other risks and uncertainties, including the risks associated with Idearc's pending bankruptcy proceedings generally, see Idearc's periodic filings with the Securities and Exchange Commission, which you may view at www.sec.gov, and in particular, Idearc's Annual Report on Form 10-K.

About Idearc Inc.

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