

IDEARC INC.**Consolidated Statements of Income****Reported (GAAP)****Year Ended December 31, 2007 Compared to Year Ended December 31, 2006**

(dollars in millions, except per share amounts)

Unaudited	Year Ended 12/31/07	Year Ended 12/31/06	% Change
Operating Revenue			
Print products	\$ 2,900	\$ 2,978	(2.6)
Internet	285	230	23.9
Other	4	13	(69.2)
Total Operating Revenue	<u>3,189</u>	<u>3,221</u>	(1.0)
Operating Expense			
Selling	733	708	3.5
Cost of sales (exclusive of depreciation and amortization)	617	629	(1.9)
General and administrative	408	448	(8.9)
Depreciation and amortization	88	89	(1.1)
Total Operating Expense	<u>1,846</u>	<u>1,874</u>	(1.5)
Operating Income	1,343	1,347	(0.3)
Interest expense, net	676	60	nm
Income Before Provision for Income Taxes	<u>667</u>	<u>1,287</u>	(48.2)
Provision for income taxes	238	500	(52.4)
Net Income	<u>\$ 429</u>	<u>\$ 787</u>	(45.5)
Basic and Diluted Earnings per Common Share ⁽¹⁾	\$ 2.94	\$ 5.40	(45.6)
Basic and diluted weighted-average common shares outstanding (in millions)	146	146	
Dividends Declared per Common Share	\$ 1.37	\$ -	

Note:

⁽¹⁾ The number of shares issued in the spin-off on November 17, 2006 was approximately 146 million. For basic and diluted earnings per share calculations for 2006, it was assumed that approximately 146 million shares were outstanding for the entire period. Restricted stock awards granted in 2007 had no material impact on the calculation of diluted earnings per common share.

IDEARC INC.
Consolidated Statements of Income

Reported (GAAP)

Three Months Ended December 31, 2007 Compared to Three Months Ended December 31, 2006

(dollars in millions, except per share amounts)

Unaudited	3 Mos. Ended 12/31/07	3 Mos. Ended 12/31/06	% Change
Operating Revenue			
Print products	\$ 711	\$ 737	(3.5)
Internet	75	63	19.0
Other	1	1	-
Total Operating Revenue	<u>787</u>	<u>801</u>	(1.7)
Operating Expense			
Selling	187	186	0.5
Cost of sales (exclusive of depreciation and amortization)	153	155	(1.3)
General and administrative	114	162	(29.6)
Depreciation and amortization	22	22	-
Total Operating Expense	<u>476</u>	<u>525</u>	(9.3)
Operating Income	311	276	12.7
Interest expense, net	171	81	nm
Income Before Provision for Income Taxes	<u>140</u>	<u>195</u>	(28.2)
Provision for income taxes	40	88	(54.5)
Net Income	<u>\$ 100</u>	<u>\$ 107</u>	(6.5)
Basic and Diluted Earnings per Common Share ⁽¹⁾	\$.68	\$.73	(6.8)
Basic and diluted weighted-average common shares outstanding (in millions)	146	146	
Dividends Declared per Common Share	\$.3425	\$ -	

Note:

⁽¹⁾ The number of shares issued in the spin-off on November 17, 2006 was approximately 146 million. For basic and diluted earnings per share calculations for 2006, it was assumed that approximately 146 million shares were outstanding for the entire period. Restricted stock awards granted in 2007 had no material impact on the calculation of diluted earnings per common share.

IDEARC INC.**Consolidated Statements of Income****Adjusted Pro Forma (Non-GAAP)⁽¹⁾****Year Ended December 31, 2007 Compared to Year Ended December 31, 2006**

(dollars in millions, except per share amounts)

Unaudited	Year Ended 12/31/07	Year Ended 12/31/06	% Change
Operating Revenue			
Print products	\$ 2,900	\$ 2,978	(2.6)
Internet	285	230	23.9
Other	4	6	(33.3)
Total Operating Revenue	<u>3,189</u>	<u>3,214</u>	(0.8)
Operating Expense			
Selling	733	682	7.5
Cost of sales (exclusive of depreciation and amortization)	617	593	4.0
General and administrative	321	378	(15.1)
Depreciation and amortization	88	89	(1.1)
Total Operating Expense	<u>1,759</u>	<u>1,742</u>	1.0
Operating Income	1,430	1,472	(2.9)
Interest expense, net	676	702	(3.7)
Income Before Provision for Income Taxes	<u>754</u>	<u>770</u>	(2.1)
Provision for income taxes	270	290	(6.9)
Net Income	<u>\$ 484</u>	<u>\$ 480</u>	0.8
Basic and Diluted Earnings per Common Share ⁽²⁾	\$ 3.32	\$ 3.29	0.9
Basic and diluted weighted-average common shares outstanding (in millions)	146	146	

Notes:

⁽¹⁾ These consolidated statements of income provide a comparison of the year ended December 31, 2007 adjusted pro forma results to the year ended December 31, 2006 adjusted pro forma results. The following schedules provide reconciliations from our reported GAAP results to adjusted pro forma non-GAAP results for the periods shown above.

⁽²⁾ The number of shares issued in the spin-off on November 17, 2006 was approximately 146 million. For basic and diluted earnings per share calculations for 2006, it was assumed that approximately 146 million shares were outstanding for the entire period. Restricted stock awards granted in 2007 had no material impact on the calculation of diluted earnings per common share.

IDEARC INC.**Consolidated Statements of Income****Adjusted Pro Forma (Non-GAAP)⁽¹⁾****Three Months Ended December 31, 2007 Compared to Three Months Ended December 31, 2006**

(dollars in millions, except per share amounts)

Unaudited	3 Mos. Ended 12/31/07	3 Mos. Ended 12/31/06	% Change
Operating Revenue			
Print products	\$ 711	\$ 737	(3.5)
Internet	75	63	19.0
Other	1	1	-
Total Operating Revenue	<u>787</u>	<u>801</u>	(1.7)
Operating Expense			
Selling	187	181	3.3
Cost of sales (exclusive of depreciation and amortization)	153	151	1.3
General and administrative	97	93	4.3
Depreciation and amortization	22	22	-
Total Operating Expense	<u>459</u>	<u>447</u>	2.7
Operating Income	328	354	(7.3)
Interest expense, net	171	176	(2.8)
Income Before Provision for Income Taxes	<u>157</u>	<u>178</u>	(11.8)
Provision for income taxes	47	73	(35.6)
Net Income	<u>\$ 110</u>	<u>\$ 105</u>	4.8
Basic and Diluted Earnings per Common Share ⁽²⁾	\$.75	\$.72	4.2
Basic and diluted weighted-average common shares outstanding (in millions)	146	146	

Notes:

⁽¹⁾ These consolidated statements of income provide a comparison of the three months ended December 31, 2007 adjusted pro forma results to the three months ended December 31, 2006 adjusted pro forma results. The following schedules provide reconciliations from our reported GAAP results to adjusted pro forma non-GAAP results for the periods shown above.

⁽²⁾ The number of shares issued in the spin-off on November 17, 2006 was approximately 146 million. For basic and diluted earnings per share calculations for 2006, it was assumed that approximately 146 million shares were outstanding for the entire period. Restricted stock awards granted in 2007 had no material impact on the calculation of diluted earnings per common share.

IDEARC INC.**Consolidated Statements of Income****Reported (GAAP)****Three Months Ended December 31, 2007 Compared to Three Months Ended September 30, 2007**

(dollars in millions, except per share amounts)

Unaudited	3 Mos. Ended 12/31/07	3 Mos. Ended 9/30/07	% Change
Operating Revenue			
Print products	\$ 711	\$ 721	(1.4)
Internet	75	69	8.7
Other	1	1	-
Total Operating Revenue	<u>787</u>	<u>791</u>	(0.5)
Operating Expense			
Selling	187	164	14.0
Cost of sales (exclusive of depreciation and amortization)	153	143	7.0
General and administrative	114	104	9.6
Depreciation and amortization	22	22	-
Total Operating Expense	<u>476</u>	<u>433</u>	9.9
Operating Income	311	358	(13.1)
Interest expense, net	171	168	1.8
Income Before Provision for Income Taxes	<u>140</u>	<u>190</u>	(26.3)
Provision for income taxes	40	73	(45.2)
Net Income	<u>\$ 100</u>	<u>\$ 117</u>	(14.5)
Basic and Diluted Earnings per Common Share ⁽¹⁾	\$.68	\$.80	(15.0)
Basic and diluted weighted-average common shares outstanding (in millions)	146	146	

Note:

⁽¹⁾ Restricted stock awards granted in 2007 had no material impact on the calculation of diluted earnings per common share.

IDEARC INC.**Consolidated Statements of Income****Adjusted Pro Forma (Non-GAAP)⁽¹⁾****Three Months Ended December 31, 2007 Compared to Three Months Ended September 30, 2007**

(dollars in millions, except per share amounts)

Unaudited	3 Mos. Ended 12/31/07	3 Mos. Ended 9/30/07	% Change
Operating Revenue			
Print products	\$ 711	\$ 721	(1.4)
Internet	75	69	8.7
Other	1	1	-
Total Operating Revenue	<u>787</u>	<u>791</u>	(0.5)
Operating Expense			
Selling	187	164	14.0
Cost of sales (exclusive of depreciation and amortization)	153	143	7.0
General and administrative	97	86	12.8
Depreciation and amortization	22	22	-
Total Operating Expense	<u>459</u>	<u>415</u>	10.6
Operating Income	328	376	(12.8)
Interest expense, net	171	168	1.8
Income Before Provision for Income Taxes	<u>157</u>	<u>208</u>	(24.5)
Provision for income taxes	47	80	(41.3)
Net Income	<u>\$ 110</u>	<u>\$ 128</u>	(14.1)
Basic and Diluted Earnings per Common Share ⁽²⁾	\$.75	\$.88	(14.8)
Basic and diluted weighted-average common shares outstanding (in millions)	146	146	

Note:

⁽¹⁾ These consolidated statements of income provide a comparison of the three months ended December 31, 2007 adjusted pro forma results to the three months ended September 30, 2007 adjusted pro forma results. The following schedules provide reconciliations from our reported GAAP results to adjusted pro forma non-GAAP results for the periods shown above.

⁽²⁾ Restricted stock awards granted in 2007 had no material impact on the calculation of diluted earnings per common share.

IDEARC INC.**Consolidated Statements of Income****Reconciliation from Reported (GAAP) to Adjusted Pro Forma (Non-GAAP)****Year Ended December 31, 2007**

(dollars in millions, except per share amounts)

Unaudited	Year Ended 12/31/07	Transition Costs		Year Ended 12/31/07 Adjusted Pro Forma (Non-GAAP)
		Reported (GAAP)	Stock-Based Compensation ⁽²⁾	
Operating Revenue				
Print products	\$ 2,900	\$ -	\$ -	\$ 2,900
Internet	285	-	-	285
Other	4	-	-	4
Total Operating Revenue	3,189	-	-	3,189
Operating Expense				
Selling	733	-	-	733
Cost of sales (exclusive of depreciation and amortization)	617	-	-	617
General and administrative	408	(19)	(68)	321
Depreciation and amortization	88	-	-	88
Total Operating Expense	1,846	(19)	(68)	1,759
Operating Income	1,343	19	68	1,430
Interest expense, net	676	-	-	676
Income Before Provision for Income Taxes	667	19	68	754
Provision for income taxes	238	7	25	270
Net Income	\$ 429	\$ 12	\$ 43	\$ 484
Basic and Diluted Earnings per Common Share	\$ 2.94	\$.08	\$.29	\$ 3.32
Operating income	\$ 1,343	\$ 19	\$ 68	\$ 1,430
Depreciation and amortization	88	-	-	88
OIBITDA (non-GAAP)⁽¹⁾	\$ 1,431	\$ 19	\$ 68	\$ 1,518
OIBITDA margin (non-GAAP)⁽¹⁾	44.9%			47.6%

Notes:

⁽¹⁾ OIBITDA is a non-GAAP measure that represents operating income before interest, taxes, depreciation, and amortization. OIBITDA margin is a non-GAAP measure calculated by dividing OIBITDA by total operating revenue.

⁽²⁾ The stock-based compensation reflects a one-time incentive compensation award granted to most of the Company's employees in January 2007.

⁽³⁾ Separation costs are costs associated with becoming a stand-alone entity as a result of the spin-off from Verizon.

IDEARC INC.
Consolidated Statements of Income

Reconciliation from Reported (GAAP) to Adjusted Pro Forma (Non-GAAP)
Three Months Ended December 31, 2007

(dollars in millions, except per share amounts)

Unaudited	3 Mos. Ended 12/31/07	Transition Costs		3 Mos. Ended 12/31/07 Adjusted Pro Forma (Non-GAAP)
		Reported (GAAP)	Stock-Based Compensation ⁽²⁾	
Operating Revenue				
Print products	\$ 711	\$ -	\$ -	\$ 711
Internet	75	-	-	75
Other	1	-	-	1
Total Operating Revenue	787	-	-	787
Operating Expense				
Selling	187	-	-	187
Cost of sales (exclusive of depreciation and amortization)	153	-	-	153
General and administrative	114	2	(19)	97
Depreciation and amortization	22	-	-	22
Total Operating Expense	476	2	(19)	459
Operating Income	311	(2)	19	328
Interest expense, net	171	-	-	171
Income Before Provision for Income Taxes	140	(2)	19	157
Provision for income taxes	40	(1)	8	47
Net Income	\$ 100	\$ (1)	\$ 11	\$ 110
Basic and Diluted Earnings per Common Share ⁽¹⁾	\$.68	\$ (.01)	\$.08	\$.75
Operating income	\$ 311	\$ (2)	\$ 19	\$ 328
Depreciation and amortization	22	-	-	22
OIBITDA (non-GAAP) ⁽¹⁾	\$ 333	\$ (2)	\$ 19	\$ 350
OIBITDA margin (non-GAAP) ⁽¹⁾	42.3%			44.5%

Notes:

- ⁽¹⁾ OIBITDA is a non-GAAP measure that represents operating income before interest, taxes, depreciation, and amortization. OIBITDA margin is a non-GAAP measure calculated by dividing OIBITDA by total operating revenue.
- ⁽²⁾ The stock-based compensation reflects a one-time incentive compensation award granted to most of the Company's employees in January 2007.
- ⁽³⁾ Separation costs are costs associated with becoming a stand-alone entity as a result of the spin-off from Verizon.

IDEARC INC.**Consolidated Statements of Income****Reconciliation from Reported (GAAP) to Adjusted Pro Forma (Non-GAAP)****Three Months Ended September 30, 2007**

(dollars in millions, except per share amounts)

Unaudited	3 Mos. Ended 9/30/07	Transition Costs		3 Mos. Ended 9/30/07 Adjusted Pro Forma (Non-GAAP)
		Reported (GAAP)	Stock-Based Compensation ⁽²⁾	
Operating Revenue				
Print products	\$ 721	\$ -	\$ -	\$ 721
Internet	69	-	-	69
Other	1	-	-	1
Total Operating Revenue	791	-	-	791
Operating Expense				
Selling	164	-	-	164
Cost of sales (exclusive of depreciation and amortization)	143	-	-	143
General and administrative	104	(4)	(14)	86
Depreciation and amortization	22	-	-	22
Total Operating Expense	433	(4)	(14)	415
Operating Income	358	4	14	376
Interest expense, net	168	-	-	168
Income Before Provision for Income Taxes	190	4	14	208
Provision for income taxes	73	2	5	80
Net Income	\$ 117	\$ 2	\$ 9	\$ 128
Basic and Diluted Earnings per Common Share	\$.80	\$.01	\$.06	\$.88
Operating income	\$ 358	\$ 4	\$ 14	\$ 376
Depreciation and amortization	22	-	-	22
OIBITDA (non-GAAP)⁽¹⁾	\$ 380	\$ 4	\$ 14	\$ 398
OIBITDA margin (non-GAAP)⁽¹⁾	48.0%			50.3%

Notes:

⁽¹⁾ OIBITDA is a non-GAAP measure that represents operating income before interest, taxes, depreciation, and amortization. OIBITDA margin is a non-GAAP measure calculated by dividing OIBITDA by total operating revenue.

⁽²⁾ The stock-based compensation reflects a one-time incentive compensation award granted to most of the Company's employees in January 2007.

⁽³⁾ Separation costs are costs associated with becoming a stand-alone entity as a result of the spin-off from Verizon.

IDEARC INC.
Consolidated Statements of Income
Reconciliation from Reported (GAAP) to Adjusted Pro Forma (Non-GAAP)
Year Ended December 31, 2006

(dollars in millions, except per share amounts)

Unaudited	Year Ended 12/31/06	Transition Costs			Year Ended 12/31/06	Pro Forma Items			Year Ended 12/31/06
		Reported (GAAP)	Stock-Based Compensation Charge ⁽³⁾	Separation Costs ⁽⁴⁾		Adjusted (Non-GAAP)	Pension OPEB Reduction ⁽⁵⁾	Printing Contract ⁽⁶⁾	
Operating Revenue									
Print products	\$ 2,978	\$ -	\$ -	\$ 2,978	\$ -	\$ -	\$ -	\$ 2,978	
Internet	230	-	-	230	-	-	-	230	
Other	13	-	-	13	-	(7)	-	6	
Total Operating Revenue	3,221	-	-	3,221	-	(7)	-	3,214	
Operating Expense									
Selling	708	-	-	708	(26)	-	-	682	
Cost of sales (exclusive of depreciation and amortization)	629	-	-	629	(8)	(28)	-	593	
General and administrative	448	(39)	(30)	379	(1)	-	-	378	
Depreciation and amortization	89	-	-	89	-	-	-	89	
Total Operating Expense	1,874	(39)	(30)	1,805	(35)	(28)	-	1,742	
Operating Income	1,347	39	30	1,416	35	21	-	1,472	
Interest expense, net	60	-	-	60	-	-	642	702	
Income Before Provision for Income Taxes	1,287	39	30	1,356	35	21	(642)	770	
Provision for income taxes	500	15	4	519	13	8	(250)	290	
Net Income	\$ 787	\$ 24	\$ 26	\$ 837	\$ 22	\$ 13	\$ (392)	\$ 480	
Basic and Diluted Earnings per Common Share ⁽¹⁾	\$ 5.40	\$.17	\$.18	\$ 5.74	\$.15	\$.09	\$ (2.69)	\$ 3.29	
Operating income	\$ 1,347	\$ 39	\$ 30	\$ 1,416	\$ 35	\$ 21	\$ -	\$ 1,472	
Depreciation and amortization	89	-	-	89	-	-	-	89	
OIBITDA (non-GAAP) ⁽²⁾	\$ 1,436	\$ 39	\$ 30	\$ 1,505	\$ 35	\$ 21	\$ -	\$ 1,561	
OIBITDA margin (non-GAAP) ⁽²⁾	44.6%			46.7%				48.6%	

Notes:

⁽¹⁾ The number of shares issued in the spin-off on November 17, 2006 was approximately 146 million. For basic and diluted earnings per share calculations, it was assumed that approximately 146 million shares were outstanding for the entire period. No additional shares were issued through December 31, 2006.

⁽²⁾ OIBITDA is a non-GAAP measure that represents operating income before interest, taxes, depreciation, and amortization. OIBITDA margin is a non-GAAP measure calculated by dividing OIBITDA by total operating revenue.

⁽³⁾ The stock-based compensation charge reflects a one-time adjustment to record stock compensation expense of \$39 million associated with Verizon stock-based compensation and other stock-based awards that vested at the time of spin.

⁽⁴⁾ Separation costs are costs associated with becoming a stand-alone entity as a result of the spin-off from Verizon.

⁽⁵⁾ On-going pension costs are expected to be reduced, primarily as a result of the Internal Revenue Code 414(l) pension asset transfer from the Verizon pension plan as the result of the Idearc spin-off from Verizon. This reduction is partially offset by anticipated higher other post employment benefit costs. This pro forma adjustment reflects the expected on-going pension and other post employment benefit cost levels for this historical period.

⁽⁶⁾ Reflects the impact of entering into a new printing contract which resulted in exiting the commercial printing business (\$7 million in revenue and \$4 million in costs) and a reduction in printing cost rates.

⁽⁷⁾ In connection with the spin-off on November 17, 2006, Idearc issued \$9.1 billion of debt and will incur interest expense that it did not incur in the past. This pro forma adjustment is to reflect the ongoing interest expense levels during this historical period.

IDEARC INC.
Consolidated Statements of Income
Reconciliation from Reported (GAAP) to Adjusted Pro Forma (Non-GAAP)
Three Months Ended December 31, 2006

(dollars in millions, except per share amounts)

Unaudited	Transition Costs			Pro Forma Items			
	3 Mos. Ended 12/31/06	Stock-Based Compensation Charge ⁽³⁾	Separation Costs ⁽⁴⁾	3 Mos. Ended 12/31/06	Pension OPEB Reduction ⁽⁵⁾	Printing Contract ⁽⁶⁾	Debt ⁽⁷⁾
	Reported (GAAP)		Adjusted (Non-GAAP)				Adjusted Pro Forma (Non-GAAP)
Operating Revenue							
Print products	\$ 737	\$ -	\$ -	\$ 737	\$ -	\$ -	\$ -
Internet	63	-	-	63	-	-	-
Other	1	-	-	1	-	-	-
Total Operating Revenue	801	-	-	801	-	-	801
Operating Expense							
Selling	186	-	-	186	(5)	-	-
Cost of sales (exclusive of depreciation and amortization)	155	-	-	155	(1)	(3)	-
General and administrative	162	(39)	(28)	95	(2)	-	-
Depreciation and amortization	22	-	-	22	-	-	-
Total Operating Expense	525	(39)	(28)	458	(8)	(3)	-
Operating Income	276	39	28	343	8	3	-
Interest expense, net	81	-	-	81	-	-	95
Income Before Provision for Income Taxes	195	39	28	262	8	3	(95)
Provision for income taxes	88	15	3	106	3	1	(37)
Net Income	\$ 107	\$ 24	\$ 25	\$ 156	\$ 5	\$ 2	\$ (58)
Basic and Diluted Earnings per Common Share ⁽¹⁾	\$.73	\$.17	\$.17	\$ 1.07	\$.03	\$.01	\$ (.40)
Operating income	\$ 276	\$ 39	\$ 28	\$ 343	\$ 8	\$ 3	\$ -
Depreciation and amortization	22	-	-	22	-	-	-
OIBITDA (non-GAAP) ⁽²⁾	\$ 298	\$ 39	\$ 28	\$ 365	\$ 8	\$ 3	\$ -
OIBITDA margin (non-GAAP) ⁽²⁾	37.2%			45.6%			46.9%

Notes:

⁽¹⁾ The number of shares issued in the spin-off on November 17, 2006 was approximately 146 million. For basic and diluted earnings per share calculations, it was assumed that approximately 146 million shares were outstanding for the entire period. No additional shares were issued through December 31, 2006.

⁽²⁾ OIBITDA is a non-GAAP measure that represents operating income before interest, taxes, depreciation, and amortization. OIBITDA margin is a non-GAAP measure calculated by dividing OIBITDA by total operating revenue.

⁽³⁾ The stock-based compensation charge reflects a one-time adjustment to record stock compensation expense of \$39 million associated with Verizon stock-based compensation and other stock-based awards that vested at the time of spin.

⁽⁴⁾ Separation costs are costs associated with becoming a stand-alone entity as a result of the spin-off from Verizon.

⁽⁵⁾ On-going pension costs are expected to be reduced, primarily as a result of the Internal Revenue Code 414(l) pension asset transfer from the Verizon pension plan as the result of the Idearc spin-off from Verizon. This reduction is partially offset by anticipated higher other post employment benefit costs. This pro forma adjustment reflects the expected on-going pension and other post employment benefit cost levels for this historical period.

⁽⁶⁾ Reflects the impact of entry into a new printing contract which resulted in a reduction in printing cost rates.

⁽⁷⁾ In connection with the spin-off on November 17, 2006, Idearc issued \$9.1 billion of debt and will incur interest expense that it did not incur in the past. This pro forma adjustment is to reflect the ongoing interest expense levels during this historical period.

IDEARC INC.
Reconciliation of OIBITDA (non-GAAP) to OIBITDA Before Accounting Change (non-GAAP)
Three Months and Year Ended December 31, 2007 compared to Three Months and Year Ended December 31, 2006

(dollars in millions)

Unaudited	Reported			Adjusted Pro Forma ⁽¹⁾		
	3 Mos. Ended	3 Mos. Ended	% Change	3 Mos. Ended	3 Mos. Ended	% Change
	12/31/07	12/31/06		12/31/07	12/31/06	
Operating Income	\$ 311	\$ 276	12.7%	\$ 328	\$ 354	(7.3%)
Depreciation and Amortization	22	22	-	22	22	-
OIBITDA (non-GAAP)	333	298	11.7%	350	376	(6.9%)
less: Accounting Change Impact	6	13	(53.8%)	6	13	(53.8%)
OIBITDA before accounting change (non-GAAP)	\$ 327	\$ 285	14.7%	\$ 344	\$ 363	(5.2%)

Unaudited	Reported			Adjusted Pro Forma ⁽¹⁾		
	Year Ended	Year Ended	% Change	Year Ended	Year Ended	% Change
	12/31/07	12/31/06		12/31/07	12/31/06	
Operating Income	\$ 1,343	\$ 1,347	(0.3%)	\$ 1,430	\$ 1,472	(2.9%)
Depreciation and Amortization	88	89	(1.1%)	88	89	(1.1%)
OIBITDA (non-GAAP)	1,431	1,436	(0.3%)	1,518	1,561	(2.8%)
less: Accounting Change Impact	-	24	(100.0%)	-	24	(100.0%)
OIBITDA before accounting change (non-GAAP)	\$ 1,431	\$ 1,412	1.3%	\$ 1,518	\$ 1,537	(1.2%)

Note:

⁽¹⁾ Previous schedules provide reconciliations of reported (GAAP) results to adjusted pro forma (non-GAAP) results for the periods shown above.

IDEARC INC.
Consolidated Balance Sheets

Reported (GAAP)

As of December 31, 2007 and December 31, 2006

(dollars in millions)

Unaudited	12/31/2007	12/31/2006	\$ Change
Assets			
Current assets:			
Cash and cash equivalents	\$ 48	\$ 172	\$ (124)
Accounts receivable, net of allowances of \$77 and \$76	423	325	98
Deferred directory costs	312	294	18
Prepaid expenses and other	10	13	(3)
Total current assets	793	804	(11)
Property, plant and equipment	471	474	(3)
Less: accumulated depreciation	356	331	25
	115	143	(28)
Goodwill	73	73	-
Other intangible assets, net	303	103	200
Pension assets	171	174	(3)
Non-current deferred tax assets	124	21	103
Debt issuance costs	86	97	(11)
Other noncurrent assets	2	-	2
Total Assets	\$ 1,667	\$ 1,415	\$ 252
Liabilities and Stockholders' Equity (Deficit)			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 272	\$ 412	\$ (140)
Deferred revenue	209	190	19
Current maturities of long-term debt	48	48	-
Current deferred taxes	28	5	23
Other	31	42	(11)
Total current liabilities	588	697	(109)
Long-term debt	9,020	9,067	(47)
Employee benefit obligations	327	401	(74)
Unrecognized tax benefits	109	-	109
Other liabilities	223	4	219
Stockholders' equity (deficit):			
Common stock (\$.01 par value; 225 million shares authorized, 146,795,971 and 145,851,862 shares issued and outstanding in 2007 and 2006, respectively)	1	1	-
Additional paid-in capital (deficit)	(8,776)	(8,786)	10
Retained earnings	361	99	262
Accumulated other comprehensive loss	(186)	(68)	(118)
Total stockholders' equity (deficit)	(8,600)	(8,754)	154
Total Liabilities and Stockholders' Equity (Deficit)	\$ 1,667	\$ 1,415	\$ 252

IDEARC INC.
Consolidated Statements of Cash Flows
Reported (GAAP)
Year Ended December 31, 2007 Compared to Year Ended December 31, 2006

(dollars in millions)

Unaudited	Year Ended 12/31/07	Year Ended 12/31/06	\$ Change
Cash Flows from Operating Activities			
Net income	\$ 429	\$ 787	\$ (358)
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization expense	88	89	(1)
Employee retirement benefits	(5)	50	(55)
Deferred income taxes	(21)	(46)	25
Provision for uncollectible accounts	159	140	19
Stock-based compensation expense	27	56	(29)
Changes in current assets and liabilities			
Accounts receivable	(253)	(96)	(157)
Deferred directory costs	(18)	(3)	(15)
Other current assets	(2)	(6)	4
Accounts payable and accrued liabilities	(8)	33	(41)
Other, net	(27)	(11)	(16)
Net cash provided by operating activities	<u>369</u>	<u>993</u>	<u>(624)</u>
Cash Flows from Investing Activities			
Capital expenditures (including capitalized software)	(46)	(64)	18
Acquisitions	(230)	(16)	(214)
Proceeds from sale of assets	26	20	6
Other, net	4	19	(15)
Net cash used in investing activities	<u>(246)</u>	<u>(41)</u>	<u>(205)</u>
Cash Flows from Financing Activities			
Proceeds from issuance of long-term debt	-	1,953	(1,953)
Repayment of long-term debt	(47)	-	(47)
Change in note receivable due from former parent	-	348	(348)
Dividends paid to Idearc stockholders	(200)	-	(200)
Dividends / returns of capital paid to former parent	-	(652)	652
Final distribution to former parent	-	(2,429)	2,429
Net cash used in financing activities	<u>(247)</u>	<u>(780)</u>	<u>533</u>
Increase (decrease) in cash and cash equivalents	<u>(124)</u>	<u>172</u>	<u>(296)</u>
Cash and cash equivalents, beginning of year	<u>172</u>	<u>-</u>	<u>172</u>
Cash and cash equivalents, end of period	<u>\$ 48</u>	<u>\$ 172</u>	<u>\$ (124)</u>

IDEARC INC.
Mutli-Product Advertising Sales

(dollars in millions)

Unaudited	3 Mos. Ended 12/31/07	3 Mos. Ended 12/31/06	3 Mos. Ended 12/31/05	Year Ended 12/31/07	Year Ended 12/31/06	Year Ended 12/31/05
Net Print Products Revenue⁽¹⁾	\$ 799	\$ 856	\$ 868	\$ 2,815	\$ 2,939	\$ 3,032
<i>% Change year-over-year</i>	(6.7%)	(1.4%)		(4.2%)	(3.1%)	
Net Internet Revenue⁽²⁾	75	63	50	285	230	197
<i>% Change year-over-year</i>	19.0%	26.0%		23.9%	16.8%	
Net Multi-Product Advertising Sales⁽³⁾	\$ 874	\$ 919	\$ 918	\$ 3,100	\$ 3,169	\$ 3,229
<i>% Change year-over-year</i>	(4.9%)	0.1%		(2.2%)	(1.9%)	

Notes:

(1) Net print products revenue represents the total revenue value (less a provision for sales allowances) of directories published that will be amortized over the life of the directories, which is typically 12 months. Directories from preceding periods have been aligned to match the publication schedule of 2007 publications, allowing for a meaningful comparison of current publications to previous publications.

(2) Net Internet revenue represents total revenue for our fixed-fee and performance-based advertising products less a provision for sales allowances. Fixed-fee advertising includes advertisement placement on our Superpages.com website, and website development and hosting for our advertisers. Revenue from fixed-fee advertisers is recognized monthly over the life of the advertising service. Performance-based advertising revenue is earned when consumers connect with our Superpages.com advertisers by a "click" on their Internet advertising or a phone call to their business. Revenue from performance-based advertising is recognized when there is evidence that qualifying transactions have occurred.

(3) Net multi-product advertising sales is a statistical measure. It is important to distinguish net multi-product advertising sales from total operating revenue, which on our financial statements is recognized under the deferral and amortization method.