



For Immediate Release

November 1, 2007

Idearc Q3 2007 GAAP and Non-GAAP Financial Schedules

<p><u>Consolidated Statements of Income Reported GAAP Nine Months Ended September 30, 2007 Compared to Nine Months Ended September 30, 2006</u></p>	<p><u>Consolidated Statements of Income Reported GAAP Three Months Ended September 30, 2007 Compared to Three Months Ended September 30, 2006</u></p>	<p><u>Consolidated Statements of Income Adjusted Pro Forma Non-GAAP Nine Months Ended September 30, 2007 Compared to Nine Months Ended September 30, 2006</u></p>	<p><u>Consolidated Statements of Income Adjusted Pro Forma Non-GAAP Three Months Ended September 30, 2007 Compared to Three Months Ended September 30, 2006</u></p>
<p><u>Consolidated Statements of Income Reported GAAP Three Months Ended September 30, 2007 Compared to Three Months Ended June 30, 2007</u></p>	<p><u>Consolidated Statements of Income Adjusted Pro-Forma Non-GAAP Three Months Ended September 30, 2007 Compared to Three Months Ended June 30, 2007</u></p>	<p><u>Consolidated Statements of Income Reconciliation from Reported GAAP to Adjusted Pro Forma Non-GAAP Nine Months Ended September 30, 2007</u></p>	<p><u>Consolidated Statements of Income Reconciliation from Reported GAAP to Adjusted Pro Forma Non-GAAP Nine Months Ended September 30, 2006</u></p>
<p><u>Consolidated Statements of Income Reconciliation from Reported GAAP to Adjusted Pro Forma Non-GAAP Three Months Ended September 30, 2007</u></p>	<p><u>Consolidated Statements of Income Reconciliation from Reported GAAP to Adjusted Pro Forma Non-GAAP Three Months Ended September 30, 2006</u></p>	<p><u>Consolidated Statements of Income Reconciliation from Reported GAAP to Adjusted Pro Forma Non-GAAP Three Months Ended June 30, 2007</u></p>	<p><u>Consolidated Balance Sheets Reported GAAP as of September 30, 2007 and December 31, 2006</u></p>
<p><u>Consolidated Statements of Cash Flows Reported GAAP Nine Months Ended September 30, 2007 Compared to Nine Months Ended September 30, 2006</u></p>	<p><u>Multi-Product Advertising Sales</u></p>	<p><u>Reconciliation of OIBITDA Non-GAAP to OIBITDA Non-GAAP Before Accounting Change Three and Nine Months Ended September 30, 2007 Compared to Three and Nine Months Ended September 30, 2006</u></p>	

IDEARC INC.

Consolidated Statements of Income

Reported (GAAP)

Nine Months Ended September 30, 2007 Compared to Nine Months Ended September 30, 2006

(dollars in millions, except per share amounts)

Unaudited	9 Mos. Ended 9/30/07	9 Mos. Ended 9/30/06	% Change
Operating Revenue			
Print products	\$ 2,189	\$ 2,241	(2.3)
Internet	210	167	25.7
Other	3	12	(75.0)
Total Operating Revenue	<u>2,402</u>	<u>2,420</u>	(0.7)
Operating Expense			
Selling	546	522	4.6
Cost of sales (exclusive of depreciation and amortization)	464	474	(2.1)
General and administrative	294	286	2.8
Depreciation and amortization	66	67	(1.5)
Total Operating Expense	<u>1,370</u>	<u>1,349</u>	1.6
Operating Income	1,032	1,071	(3.6)
Interest expense (income), net	505	(21)	NM
Income Before Provision for Income Taxes	<u>527</u>	<u>1,092</u>	(51.7)
Provision for income taxes	198	412	(51.9)
Net Income	<u>\$ 329</u>	<u>\$ 680</u>	(51.6)
Basic and Diluted Earnings per Common Share ⁽¹⁾	\$ 2.25	\$ 4.66	(51.7)
Basic and diluted weighted-average common shares outstanding (in millions)	146	146	
Dividends Declared per Common Share	\$ 1.0275	\$ -	

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.

IDEARC INC.

Consolidated Statements of Income

Reported (GAAP)

Three Months Ended September 30, 2007 Compared to Three Months Ended September 30, 2006

(dollars in millions, except per share amounts)

Unaudited	3 Mos. Ended 9/30/07	3 Mos. Ended 9/30/06	% Change
Operating Revenue			
Print products	\$ 721	\$ 743	(3.0)
Internet	69	60	15.0
Other	1	2	(50.0)
Total Operating Revenue	<u>791</u>	<u>805</u>	(1.7)
Operating Expense			
Selling	164	172	(4.7)
Cost of sales (exclusive of depreciation and amortization)	143	149	(4.0)
General and administrative	104	88	18.2
Depreciation and amortization	22	23	(4.3)
Total Operating Expense	<u>433</u>	<u>432</u>	0.2
Operating Income	358	373	(4.0)
Interest expense (income), net	168	(8)	NM
Income Before Provision for Income Taxes	<u>190</u>	<u>381</u>	(50.1)
Provision for income taxes	73	136	(46.3)
Net Income	<u>\$ 117</u>	<u>\$ 245</u>	(52.2)
Basic and Diluted Earnings per Common Share ⁽¹⁾	\$.80	\$ 1.68	(52.4)
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.

IDEARC INC.

Consolidated Statements of Income

Adjusted Pro Forma (Non-GAAP)⁽¹⁾

Nine Months Ended September 30, 2007 Compared to Nine Months Ended September 30, 2006

(dollars in millions, except per share amounts)

Unaudited	9 Mos. Ended 9/30/07	9 Mos. Ended 9/30/06	% Change
Operating Revenue			
Print products	\$ 2,189	\$ 2,241	(2.3)
Internet	210	167	25.7
Other	3	5	(40.0)
Total Operating Revenue	<u>2,402</u>	<u>2,413</u>	(0.5)
Operating Expense			
Selling	546	501	9.0
Cost of sales (exclusive of depreciation and amortization)	464	442	5.0
General and administrative	224	285	(21.4)
Depreciation and amortization	66	67	(1.5)
Total Operating Expense	<u>1,300</u>	<u>1,295</u>	0.4
Operating Income	1,102	1,118	(1.4)
Interest expense (income), net	505	526	(4.0)
Income Before Provision for Income Taxes	<u>597</u>	<u>592</u>	0.8
Provision for income taxes	223	217	2.8
Net Income	<u>\$ 374</u>	<u>\$ 375</u>	(0.3)
Basic and Diluted Earnings per Common Share⁽²⁾	\$ 2.56	\$ 2.57	(0.4)
Basic and diluted weighted-average common shares outstanding (in millions)	146	146	

Notes:

- (1) These consolidated statements of income provide a comparison of the nine months ended September 30, 2007 adjusted pro forma results to the nine months ended September 30, 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.

IDEARC INC.

Consolidated Statements of Income

Adjusted Pro Forma (Non-GAAP)⁽¹⁾

Three Months Ended September 30, 2007 Compared to Three Months Ended September 30, 2006

(dollars in millions, except per share amounts)

Unaudited	3 Mos. Ended 9/30/07	3 Mos. Ended 9/30/06	% Change
Operating Revenue			
Print products	\$ 721	\$ 743	(3.0)
Internet	69	60	15.0
Other	1	2	(50.0)
Total Operating Revenue	<u>791</u>	<u>805</u>	(1.7)
Operating Expense			
Selling	164	167	(1.8)
Cost of sales (exclusive of depreciation and amortization)	143	142	0.7
General and administrative	86	91	(5.5)
Depreciation and amortization	22	23	(4.3)
Total Operating Expense	<u>415</u>	<u>423</u>	(1.9)
Operating Income	376	382	(1.6)
Interest expense (income), net	168	175	(4.0)
Income Before Provision for Income Taxes	<u>208</u>	<u>207</u>	0.5
Provision for income taxes	80	67	19.4
Net Income	<u>\$ 128</u>	<u>\$ 140</u>	(8.6)
Basic and Diluted Earnings per Common Share⁽²⁾	\$.88	\$.96	(8.3)
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 September 30, 2007 adjusted pro forma results to the three months ended September 30, 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.

IDEARC INC.

Consolidated Statements of Income

Reported (GAAP)⁽¹⁾

Three Months Ended September 30, 2007 Compared to Three Months Ended June 30, 2007

(dollars in millions, except per share amounts)

Unaudited	3 Mos. Ended 9/30/07	3 Mos. Ended 6/30/07	% Change
Operating Revenue			
Print products	\$ 721	\$ 731	(1.4)
Internet	69	73	(5.5)
Other	1	1	-
Total Operating Revenue	<u>791</u>	<u>805</u>	(1.7)
Operating Expense			
Selling	164	193	(15.0)
Cost of sales (exclusive of depreciation and amortization)	143	155	(7.7)
General and administrative	104	93	11.8
Depreciation and amortization	22	22	-
Total Operating Expense	<u>433</u>	<u>463</u>	(6.5)
Operating Income	358	342	4.7
Interest expense (income), net	168	167	0.6
Income Before Provision for Income Taxes	<u>190</u>	<u>175</u>	8.6
Provision for income taxes	73	66	10.6
Net Income	<u>\$ 117</u>	<u>\$ 109</u>	7.3
Basic and Diluted Earnings per Common Share	\$.80	\$.75	6.7
Basic and diluted weighted-average common shares outstanding (in millions)	146	146	
Dividends Declared per Common Share	\$.3425	\$.3425	

Note:

(1) These consolidated statements of income provide a comparison of the three months ended September 30, 2007 reported results to the three months ended June 30, 2007 reported results.

IDEARC INC.

Consolidated Statements of Income

Adjusted Pro Forma (Non-GAAP)⁽¹⁾

Three Months Ended September 30, 2007 Compared to Three Months Ended June 30, 2007

(dollars in millions, except per share amounts)

Unaudited	3 Mos. Ended 9/30/07	3 Mos. Ended 6/30/07	% Change
Operating Revenue			
Print products	\$ 721	\$ 731	(1.4)
Internet	69	73	(5.5)
Other	1	1	-
Total Operating Revenue	<u>791</u>	<u>805</u>	(1.7)
Operating Expense			
Selling	164	193	(15.0)
Cost of sales (exclusive of depreciation and amortization)	143	155	(7.7)
General and administrative	86	66	30.3
Depreciation and amortization	22	22	-
Total Operating Expense	<u>415</u>	<u>436</u>	(4.8)
Operating Income	376	369	1.9
Interest expense (income), net	168	167	0.6
Income Before Provision for Income Taxes	<u>208</u>	<u>202</u>	3.0
Provision for income taxes	80	75	6.7
Net Income	<u>\$ 128</u>	<u>\$ 127</u>	0.8
Basic and Diluted Earnings per Common Share	\$.88	\$.87	1.1
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 September 30, 2007 adjusted pro forma results to the three months ended June 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.

[Back to Financial Schedules Table of Contents](#)

IDEARC INC.

Consolidated Statements of Income

Reconciliation from Reported (GAAP) to Adjusted Pro Forma (Non-GAAP)

Nine Months Ended September 30, 2007

(dollars in millions, except per share amounts)

Unaudited	9 Mos. Ended 9/30/07	Non-Recurring Items		9 Mos. Ended 9/30/07
		Reported (GAAP)	Stock Based Compensation ⁽²⁾	
Operating Revenue				
Print products	\$ 2,189	\$ -	\$ -	\$ 2,189
Internet	210	-	-	210
Other	3	-	-	3
Total Operating Revenue	2,402	-	-	2,402
Operating Expense				
Selling	546	-	-	546
Cost of sales (exclusive of depreciation and amortization)	464	-	-	464
General and administrative	294	(21)	(49)	224
Depreciation and amortization	66	-	-	66
Total Operating Expense	1,370	(21)	(49)	1,300
Operating Income	1,032	21	49	1,102
Interest expense (income), net	505	-	-	505
Income Before Provision for Income Taxes	527	21	49	597
Provision for income taxes	198	8	17	223
Net Income	\$ 329	\$ 13	\$ 32	\$ 374
Basic and Diluted Earnings per Common Share	\$ 2.25	\$.09	\$.22	\$ 2.56
Basic and diluted weighted-average common shares outstanding (in millions)	146	146	146	146
Operating Income	\$ 1,032	\$ 21	\$ 49	\$ 1,102
Depreciation and Amortization	66	-	-	66
OIBITDA (non-GAAP)⁽¹⁾	\$ 1,098	\$ 21	\$ 49	\$ 1,168
OIBITDA (non-GAAP) margin⁽¹⁾	45.7%			48.6%

Notes:

⁽¹⁾ OIBITDA is a non-GAAP measure that represents Operating Income Before Interest, Taxes, Depreciation, and Amortization. OIBITDA margin is calculated by dividing OIBITDA by total operating revenue.

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

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

[Back to Financial Schedules Table of Contents](#)

IDEARC INC.

Consolidated Statements of Income

Reconciliation from Reported (GAAP) to Adjusted Pro Forma (Non-GAAP)

Nine Months Ended September 30, 2006

(dollars in millions, except per share amounts)

Unaudited	Non-Recurring Items		Pro Forma Items			9 Mos. Ended 9/30/06	Adjusted Pro Forma (Non-GAAP)
	9 Mos. Ended 9/30/06	Separation Costs ⁽³⁾	9 Mos. Ended 9/30/06	Pension OPEB Reduction ⁽⁴⁾	Printing Contract ⁽⁵⁾		
Operating Revenue	Reported (GAAP)		Adjusted (Non-GAAP)				
Print products	\$ 2,241	\$ -	\$ 2,241	\$ -	\$ -	\$ -	\$ 2,241
Internet	167	-	167	-	-	-	167
Other	12	-	12	-	(7)	-	5
Total Operating Revenue	2,420	-	2,420	-	(7)	-	2,413
Operating Expense							
Selling	522	-	522	(21)	-	-	501
Cost of sales (exclusive of depreciation and amortization)	474	-	474	(7)	(25)	-	442
General and administrative	286	(2)	284	1	-	-	285
Depreciation and amortization	67	-	67	-	-	-	67
Total Operating Expense	1,349	(2)	1,347	(27)	(25)	-	1,295
Operating Income	1,071	2	1,073	27	18	-	1,118
Interest expense (income), net	(21)	-	(21)	-	-	547	526
Income Before Provision for Income Taxes	1,092	2	1,094	27	18	(547)	592
Provision for income taxes	412	1	413	10	7	(213)	217
Net Income	\$ 680	\$ 1	\$ 681	\$ 17	\$ 11	\$ (334)	\$ 375
Basic and Diluted Earnings per Common Share ⁽¹⁾	\$ 4.66	\$.01	\$ 4.67	\$.12	\$.08	\$ (2.29)	\$ 2.57
Basic and diluted weighted-average common shares outstanding (in millions)	146	146	146	146	146	146	146
Operating Income	\$ 1,071	\$ 2	\$ 1,073	\$ 27	\$ 18	\$ -	\$ 1,118
Depreciation and Amortization	67	-	67	-	-	-	67
OIBITDA (non-GAAP) ⁽²⁾	\$ 1,138	\$ 2	\$ 1,140	\$ 27	\$ 18	\$ -	\$ 1,185
OIBITDA (non-GAAP) margin ⁽²⁾	47.0%		47.1%				49.1%

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 calculated by dividing OIBITDA by total operating revenue.
- (3) Separation costs are non-recurring costs associated with becoming a stand-alone entity as a result of the spin-off from Verizon.
- (4) On-going pension costs are expected to be reduced, primarily as a result of the 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 OPEB costs. This pro forma adjustment reflects the expected on-going pension and OPEB cost levels for this historical period.
- (5) 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.
- (6) As a result of the spin-off on November 17, 2006, Idearc now has \$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.

[Back to Financial Schedules Table of Contents](#)

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	Non-Recurring Items		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 (income), 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
Basic and diluted weighted-average common shares outstanding (in millions)	146	146	146	146
Operating Income	\$ 358	\$ 4	\$ 14	\$ 376
Depreciation and Amortization	22	-	-	22
OIBITDA (non-GAAP)⁽¹⁾	\$ 380	\$ 4	\$ 14	\$ 398
OIBITDA (non-GAAP) margin⁽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 calculated by dividing OIBITDA by total operating revenue.

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

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

[Back to Financial Schedules Table of Contents](#)

IDEARC INC.
Consolidated Statements of Income
Reconciliation from Reported (GAAP) to Adjusted Pro Forma (Non-GAAP)
Three Months Ended September 30, 2006

(dollars in millions, except per share amounts)

Unaudited	Non-Recurring Items			Pro Forma Items			3 Mos. Ended 9/30/06	Adjusted Pro Forma (Non-GAAP)
	3 Mos. Ended 9/30/06	Separation Costs ⁽³⁾	Adjusted (Non-GAAP)	Pension OPEB Reduction ⁽⁴⁾	Printing Contract ⁽⁵⁾	Debt ⁽⁶⁾		
	Reported (GAAP)							
Operating Revenue								
Print products	\$ 743	\$ -	\$ 743	\$ -	\$ -	\$ -	\$ 743	
Internet	60	-	60	-	-	-	60	
Other	2	-	2	-	-	-	2	
Total Operating Revenue	805	-	805	-	-	-	805	
Operating Expense								
Selling	172	-	172	(5)	-	-	167	
Cost of sales (exclusive of depreciation and amortization)	149	-	149	(3)	(4)	-	142	
General and administrative	88	(2)	86	5	-	-	91	
Depreciation and amortization	23	-	23	-	-	-	23	
Total Operating Expense	432	(2)	430	(3)	(4)	-	423	
Operating Income	373	2	375	3	4	-	382	
Interest expense (income), net	(8)	-	(8)	-	-	183	175	
Income Before Provision for Income Taxes	381	2	383	3	4	(183)	207	
Provision for income taxes	136	1	137	1	1	(72)	67	
Net Income	\$ 245	\$ 1	\$ 246	\$ 2	\$ 3	\$ (111)	\$ 140	
Basic and Diluted Earnings per Common Share ⁽¹⁾	\$ 1.68	\$.01	\$ 1.69	\$.01	\$.02	\$ (.76)	\$.96	
Basic and diluted weighted-average common shares outstanding (in millions)	146	146	146	146	146	146	146	
Operating Income	\$ 373	\$ 2	\$ 375	\$ 3	\$ 4	\$ -	\$ 382	
Depreciation and Amortization	23	-	23	-	-	-	23	
OIBITDA (non-GAAP) ⁽²⁾	\$ 396	\$ 2	\$ 398	\$ 3	\$ 4	\$ -	\$ 405	
OIBITDA (non-GAAP) margin ⁽²⁾	49.2%		49.4%				50.3%	

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 calculated by dividing OIBITDA by total operating revenue.
- (3) Separation costs are non-recurring costs associated with becoming a stand-alone entity as a result of the spin-off from Verizon.
- (4) On-going pension costs are expected to be reduced, primarily as a result of the 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 OPEB costs. This pro forma adjustment reflects the expected on-going pension and OPEB cost levels for this historical period.
- (5) Reflects the impact of entry into a new printing contract which resulted in a reduction in printing cost rates.
- (6) As a result of the spin-off on November 17, 2006, Idearc now has \$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.

[Back to Financial Schedules Table of Contents](#)

IDEARC INC.

Consolidated Statements of Income

Reconciliation from Reported (GAAP) to Adjusted Pro Forma (Non-GAAP)

Three Months Ended June 30, 2007

(dollars in millions, except per share amounts)

Unaudited	3 Mos. Ended 6/30/07	Non-Recurring Items		3 Mos. Ended 6/30/07 Adjusted Pro Forma (Non-GAAP)
		Reported (GAAP)	Stock Based Compensation ⁽²⁾	
Operating Revenue				
Print products	\$ 731	\$ -	\$ -	\$ 731
Internet	73	-	-	73
Other	1	-	-	1
Total Operating Revenue	805	-	-	805
Operating Expense				
Selling	193	-	-	193
Cost of sales (exclusive of depreciation and amortization)	155	-	-	155
General and administrative	93	(8)	(19)	66
Depreciation and amortization	22	-	-	22
Total Operating Expense	463	(8)	(19)	436
Operating Income	342	8	19	369
Interest expense (income), net	167	-	-	167
Income Before Provision for Income Taxes	175	8	19	202
Provision for income taxes	66	3	6	75
Net Income	\$ 109	\$ 5	\$ 13	\$ 127
Basic and Diluted Earnings per Common Share	\$.75	\$.03	\$.09	\$.87
Basic and diluted weighted-average common shares outstanding (in millions)	146	146	146	146
Operating Income	\$ 342	\$ 8	\$ 19	\$ 369
Depreciation and Amortization	22	-	-	22
OIBITDA (non-GAAP) ⁽¹⁾	\$ 364	\$ 8	\$ 19	\$ 391
OIBITDA (non-GAAP) margin ⁽¹⁾	45.2%			48.6%

Notes:

⁽¹⁾ OIBITDA is a non-GAAP measure that represents Operating Income Before Interest, Taxes, Depreciation, and Amortization. OIBITDA margin is calculated by dividing OIBITDA by total operating revenue.

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

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

IDEARC INC.

Consolidated Balance Sheets

Reported (GAAP)

As of September 30, 2007 and December 31, 2006

(dollars in millions)

Unaudited	9/30/2007	12/31/2006	\$ Change
Assets			
Current assets:			
Cash and cash equivalents	\$ 316	\$ 172	\$ 144
Accounts receivable, net of allowances of \$72 and \$76	407	325	82
Deferred directory costs	299	294	5
Prepaid expenses and other	7	13	(6)
Total current assets	1,029	804	225
Property, plant and equipment	465	474	(9)
Less: accumulated depreciation	347	331	16
	118	143	(25)
Goodwill	73	73	-
Other intangible assets, net	85	103	(18)
Pension assets	184	174	10
Non-current deferred tax assets	77	21	56
Debt issuance costs	89	97	(8)
Other noncurrent assets	3	-	3
Total Assets	\$ 1,658	\$ 1,415	\$ 243
Liabilities and Stockholders' Equity (Deficit)			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 320	\$ 412	\$ (92)
Deferred revenue	191	190	1
Current maturities of long-term debt	48	48	-
Current deferred taxes	49	5	44
Other	30	42	(12)
Total current liabilities	638	697	(59)
Long-term debt	9,031	9,067	(36)
Employee benefit obligations	322	401	(79)
Unrecognized tax benefits	121	-	121
Other liabilities	77	4	73
Stockholders' equity (deficit):			
Common stock (\$.01 par value; 225 million shares authorized, 146,835,307 and 145,851,862 shares issued and outstanding in 2007 and 2006, respectively)	1	1	-
Additional paid-in capital (deficit)	(8,777)	(8,786)	9
Retained earnings	311	99	212
Accumulated other comprehensive loss	(66)	(68)	2
Total stockholders' equity (deficit)	(8,531)	(8,754)	223
Total Liabilities and Stockholders' Equity (Deficit)	\$ 1,658	\$ 1,415	\$ 243

IDEARC INC.
Consolidated Statements of Cash Flows
Reported (GAAP)
Nine Months Ended September 30, 2007 Compared to Nine Months Ended September 30, 2006

(dollars in millions)

Unaudited	9 Mos. Ended 9/30/07	9 Mos. Ended 9/30/06	\$ Change
Cash Flows from Operating Activities			
Net Income	\$ 329	\$ 680	\$ (351)
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization expense	66	67	(1)
Employee retirement benefits	(4)	33	(37)
Deferred income taxes	(5)	(12)	7
Provision for uncollectible accounts	111	101	10
Stock based compensation expense	34	24	10
Changes in current assets and liabilities			
Accounts receivable	(193)	(60)	(133)
Deferred directory costs	(5)	21	(26)
Other current assets	1	(2)	3
Accounts payable and accrued liabilities	18	(49)	67
Other, net	(18)	(9)	(9)
Net cash provided by operating activities	<u>334</u>	<u>794</u>	<u>(460)</u>
Cash Flows from Investing Activities			
Capital expenditures (including capitalized software)	(31)	(40)	9
Acquisitions	(3)	(16)	13
Proceeds from sale of assets	26	20	6
Other, net	4	16	(12)
Net cash used in investing activities	<u>(4)</u>	<u>(20)</u>	<u>16</u>
Cash Flows from Financing Activities			
Repayment of long-term debt	(36)	-	(36)
Change in note receivable due from former parent	-	(132)	132
Dividends paid to Idearc stockholders	(150)	-	(150)
Dividends / returns of capital paid to former parent	-	(642)	642
Net cash used in financing activities	<u>(186)</u>	<u>(774)</u>	<u>588</u>
Increase in cash and cash equivalents	<u>144</u>	<u>-</u>	<u>144</u>
Cash and cash equivalents, beginning of year	<u>172</u>	<u>-</u>	<u>172</u>
Cash and cash equivalents, end of period	<u>\$ 316</u>	<u>\$ -</u>	<u>\$ 316</u>

[Back to Financial Schedules Table of Contents](#)

IDEARC INC.
Mutli-Product Advertising Sales

(dollars in millions)

Unaudited	3 Mos. Ended 9/30/07	3 Mos. Ended 9/30/06	3 Mos. Ended 9/30/05	9 Mos. Ended 9/30/07	9 Mos. Ended 9/30/06	9 Mos. Ended 9/30/05
Net Print Products Revenue⁽¹⁾	\$ 554	\$ 580	\$ 600	\$ 2,016	\$ 2,083	\$ 2,164
<i>% Change year-over-year</i>	(4.5%)	(3.3%)		(3.2%)	(3.7%)	
Net Internet Revenue⁽²⁾	69	60	49	210	167	147
<i>% Change year-over-year</i>	15.0%	22.4%		25.7%	13.6%	
Net Multi-Product Advertising Sales⁽³⁾	623	640	649	2,226	2,250	2,311
<i>% Change year-over-year</i>	(2.7%)	(1.4%)		(1.1%)	(2.6%)	

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.

[Back to Financial Schedules Table of Contents](#)

IDEARC INC.

Reconciliation of OIBITDA (non-GAAP) to OIBITDA (non-GAAP) Before Accounting Change

Three and Nine Months Ended September 30, 2007 compared to Three and Nine Months Ended September 30, 2006

(dollars in millions)

Unaudited	Reported			Adjusted Pro Forma ⁽¹⁾		
	3 Mos. Ended	3 Mos. Ended	% Change	3 Mos. Ended	3 Mos. Ended	% Change
	9/30/07	9/30/06		9/30/07	9/30/06	
Operating Income	\$ 358	\$ 373	(4.0%)	\$ 376	\$ 382	(1.6%)
Depreciation and Amortization	22	23	(4.3%)	22	23	(4.3%)
OIBITDA (non-GAAP)	380	396	(4.0%)	398	405	(1.7%)
less: Accounting Change Impact	(10)	(4)	150.0%	(10)	(4)	150.0%
OIBITDA (non-GAAP) before accounting change	\$ 390	\$ 400	(2.5%)	\$ 408	\$ 409	(0.2%)

Unaudited	Reported			Adjusted Pro Forma ⁽¹⁾		
	9 Mos. Ended	9 Mos. Ended	% Change	9 Mos. Ended	9 Mos. Ended	% Change
	9/30/07	9/30/06		9/30/07	9/30/06	
Operating Income	\$ 1,032	\$ 1,071	(3.6%)	\$ 1,102	\$ 1,118	(1.4%)
Depreciation and Amortization	66	67	(1.5%)	66	67	(1.5%)
OIBITDA (non-GAAP)	1,098	1,138	(3.5%)	1,168	1,185	(1.4%)
less: Accounting Change Impact	(6)	11	(154.5%)	(6)	11	(154.5%)
OIBITDA (non-GAAP) before accounting change	\$ 1,104	\$ 1,127	(2.0%)	\$ 1,174	\$ 1,174	-

Note:

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

###

About Idearc Inc.

[Idearc Inc.](#) (NYSE:IAR) connects buyers and sellers with its multi-platform of advertising solutions including [Verizon® Yellow Pages](#), Verizon® White Pages, smaller-sized portable [Verizon® Yellow Pages Companion Directories](#), [Superpages.com®](#), [Superpages MobileSM](#), [Solutions At HandTM](#) magazine, [Solutions at HomeTM](#) magazine and Solutions on the MoveTM and [Solutions DirectTM](#) direct mail packages. Idearc provides sales, publishing and other related services for more than 1,200 distinct directory titles in 35 states and the District of Columbia. Superpages.com, the expert in local search with more than 2.8 billion network searches and 18 million business listings in the United States in 2006, offers advertisers a variety of [online advertising](#) solutions. Superpages MobileSM provides local search functionality for wireless subscribers. For more information, visit www.idealrc.com.

IDEARC'S ONLINE NEWS CENTER: Idearc news releases, fact sheets, biographies, media contacts, high quality video and images and other information are available at Idearc's News Center on the World Wide Web at www.idealrc.com/pressroom.

Certain statements included in this press release and the hyperlinked materials constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements reflect Idearc's current views with respect to its financial performance and future events with respect to its business and industry in general. Statements that include the words "may," "could," "should," "would," "believe," "anticipate," "forecast," "estimate," "expect," "intend," "plan," "project," "outlook" 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) risks inherent in our spin-off from Verizon Communications Inc., including increased costs and reduced profitability associated with operating as an independent company; (ii) risks related to our borrowings; (iii) risks associated with our dependence on key agreements entered into with Verizon in connection with our spin-off; (iv) risks associated with our ability to replicate services provided to us by Verizon prior to our spin-off and currently under the transition services agreement; (v) increased demands on our management team as a result of operating as an independent company; (vi) changes in our competitive position due to competition from other yellow pages publishers and search engines and/or our ability to anticipate or respond to changes in technology and user preferences; (vii) changes in the availability and cost of printing raw materials and third-party printers and distributors; (viii) changes in U.S. labor, business, political and/or economic conditions; (ix) changes in governmental regulations and policies and actions of regulatory bodies; (x) changes in operating performance; and (xi) access to capital markets and changes in credit ratings. For a discussion of these and other risks and uncertainties, see Idearc Inc.'s periodic filings with the Securities and Exchange Commission, which you may view at www.sec.gov, and in particular, Idearc Inc.'s Annual Report on Form 10-K for the year ended December 31, 2006.

IAR-G