

SUPERMEDIA INC.

FORM 8-K

(Current report filing)

Filed 01/06/10 for the Period Ending 01/06/10

Address	2200 WEST AIRFIELD DRIVE P.O. BOX 619810 DFW AIRPORT, TX 75261-9810
Telephone	(972) 453-7000
CIK	0001367396
Symbol	SPMD
SIC Code	2741 - Miscellaneous Publishing
Industry	Printing & Publishing
Sector	Services
Fiscal Year	12/31

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934**

Date of Report: (Date of Earliest Event Reported):
January 6, 2010

SUPERMEDIA INC.

(Exact name of registrant as specified in its charter)

Delaware
(State of Incorporation)

1-32939
(Commission File Number)

20-5095175
(I.R.S. Employer
Identification Number)

2200 West Airfield Drive, P.O. Box 619810, DFW Airport, Texas 75261
(Address of Principal Executive Offices)

(972) 453-7000
(Registrant's telephone number, including area code)

Idearc Inc.
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item. 7.01 Regulation FD Disclosure.

SuperMedia Inc. (the "Company") is furnishing a presentation that the Company presented to potential investors on January 6, 2010. This slide presentation, attached as Exhibit 99.1 to this Current Report on Form 8-K, is being furnished and will not be deemed "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that Section. The information in Item 7.01 of this Current Report on Form 8-K will not be incorporated by reference into any registration statement or other document filed by the Company under the Securities Act of 1933, as amended, or the Exchange Act, unless specifically identified therein as being incorporated by reference. The furnishing of the information in Item 7.01 of this Current Report on Form 8-K will not be deemed an admission (i) as to the materiality or completeness of any information in this Current Report on Form 8-K that is required to be disclosed solely by Regulation FD, or (ii) that investors should consider this information before making an investment decision with respect to the Company or of its affiliates. In addition, the Company does not assume any obligation to update such information or exhibit in the future.

Item 9.01 Financial Statements and Exhibits.

(d) *Exhibits*

<u>Exhibit No.</u>	<u>Description</u>
99.1	Slide Presentation

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

SUPERMEDIA INC.

By: /s/ Cody Wilbanks

Name: Cody Wilbanks

Title: Executive Vice President —
General Counsel and Secretary

Date: January 6, 2010

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
99.1	Slide Presentation



Investor Presentation

January 6, 2010

CEO Scott W. Klein
CFO Dee Jones

Agenda

- I. Industry and Business Overview
- II. We Are SuperMedia
- III. Financial Summary



I. Industry and Business Overview



Yellow Pages – Still a Critically Important Ad Vehicle of Small-and-Medium Businesses (SMBs)



- In an average month, 66% of adults in America refer to the yellow pages
- 85% of consumers refer to the yellow pages at least once per year

- Consumers made more than 12.3 billion yellow pages references in 2008
- After referencing an ad, 79% made a contact
 - 40% made a purchase
 - 91% bought from a company seen in the yellow pages
 - 40% were new customers
 - 22% spent over \$200

Internet and Mobile Products Growing Rapidly



- Internet Yellow Pages are used by over 35 percent of adults in an average month⁽¹⁾
- Industry-wide, Internet yellow pages searches increased 21% in 2008 to 4.6 billion⁽²⁾
- Usage of Internet Yellow Pages is increasing 21 percent per year⁽¹⁾
- The average ROI for Internet Yellow Pages ads is 46 to 1⁽¹⁾

(1) Com Score Media Metrix, 2009
(2) ComScore, 2008

Direct Mail – A Healthy Opportunity



- Direct mail is a \$62B industry, with \$51.8B spent by SMBs⁽¹⁾
- Roughly 40% of small-to-medium-sized businesses use direct mail⁽²⁾
 - Highly flexible, easy to measure results and effective at delivering results
- Direct mail is a complementary product to the yellow pages
- Great added value for businesses that:
 - Have frequent promotions and seasonal messages
 - Want to target specific types of consumers or businesses
 - Want to increase the number of qualified leads for their business

(1) Winterberry Group, Vertical Market Trends in Direct Mail – 2009, represents 2009 projected
(2) Direct Marketing Association (DMA)

SuperYellowPages – Designed for Differentiation



- Nearly 1,200 yellow pages titles
- Official publisher of Verizon print directories:
 - Benefit from Verizon's ~\$3 billion annual advertising spend and 87.7 million wireless subscribers
- Official publisher of FairPoint print directories

Our Internet and Mobile Products are Critical to Our Future



- Superpages.com® constantly being enhanced
 - Highly relevant local content
 - Easy navigation with customized local home page
 - User reviews/top-rated listings
 - Extended Distribution Network
 - Search Engine Marketing and Optimization
 - Mobile applications – iPhone, Blackberry, Droid, others
-
- SuperMedia Internet products average nearly 28 million unique visitors per month⁽¹⁾
 - Superpages.com network has more than 25% of total searches among local online search directories and is ranked in the Top 40 Brands on the web⁽¹⁾
 - After referencing Superpages.com:⁽²⁾
 - 75% plan to make a contact
 - 65% plan to make a purchase

(1) Com Score Media Metrix, 2009
(2) SuperMedia Superpages.com User Satisfaction Survey, Q4 2008

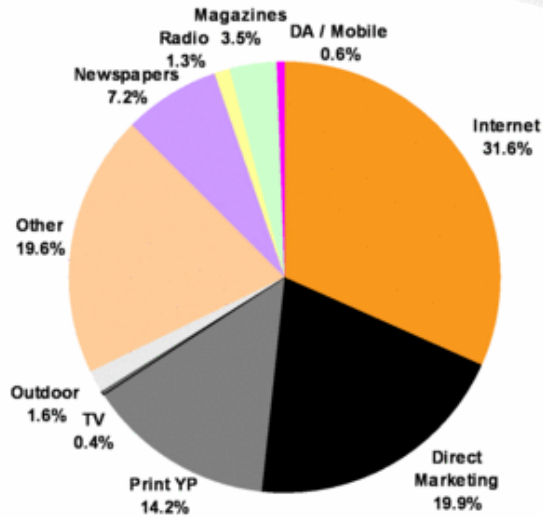
Direct Mail – A Complementary and High Potential Growth Engine



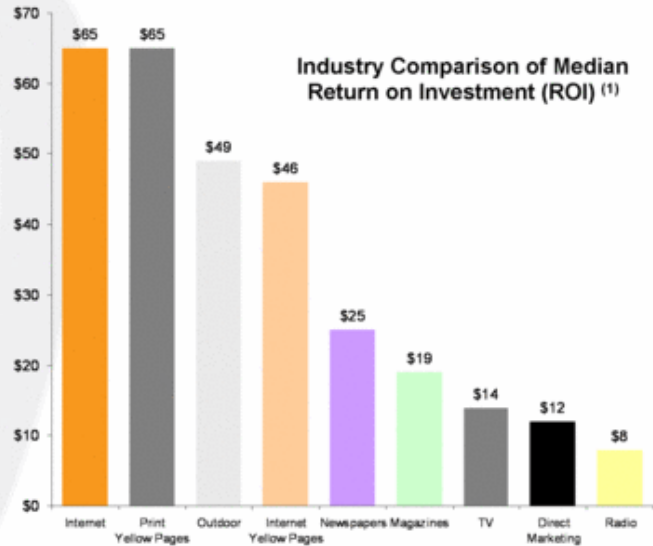
- SuperpagesDirect™ shared advertising postcard packs and exclusive mailers
- Highly targeted to those most likely to buy
- Complete, turn-key services for small business
- Direct mail is a complementary product to the yellow pages
- SuperpagesDirect revenue is approximately 3.5x the prior year's total

SuperMedia Products Provide Strong ROI to SMBs

65% of Small/Medium Business Ad Dollars are in Our Areas



Our Multi-Platform Portfolio Delivers in High ROI Categories



Source: The Kelsey Group, Local Commerce Monitor Wave 12, 12/08
 (1) CRM Associates, 12/08; ROI measured as return for every \$1 spent



II. We Are SuperMedia



Why is SuperMedia Different?

[SuperMedia Mantra Video Clip]



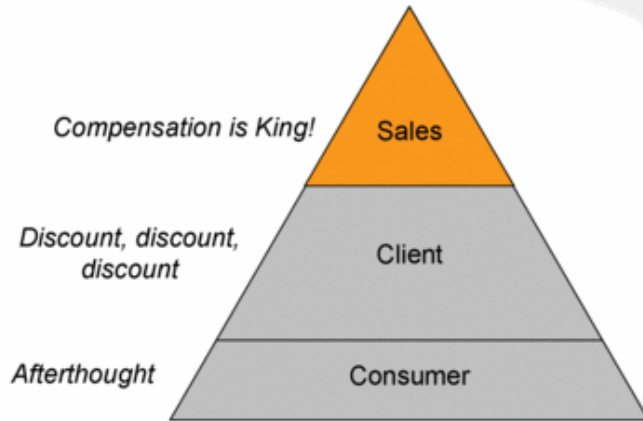


supermedia *Transformation*

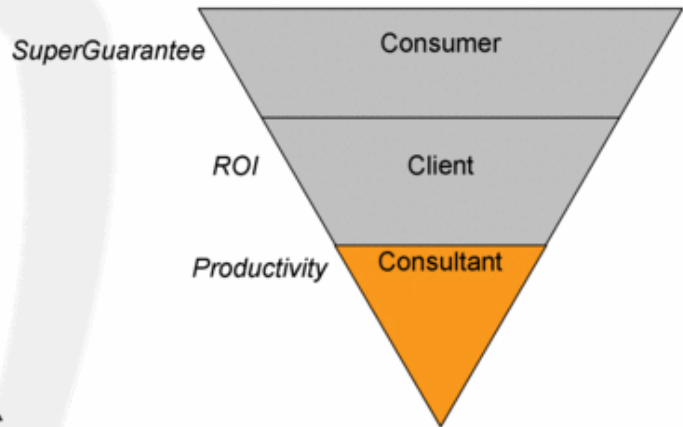
- Renewed focus
- Building a new company
- Superior value proposition

We Are Effecting a Fundamental Change in How We Approach the Business

Before



Today



supermedia

Changing the Rules of the Game with SuperGuarantee

- Providing consumers protection so they can spend with confidence
- Only service providers covered, not products
- Free consumer registration required on Superpages.com or SuperGuarantee.com
- Consumer service team organized to step in and make it right or provide up to \$500 compensation



superguarantee™

supermedia

Breakthrough Consumer Service Guarantee

- Backed by powerful advertising

[Commercial Video Clip]

Breakthrough Consumer Service Guarantee

- Client testimonial – GrimeBusters

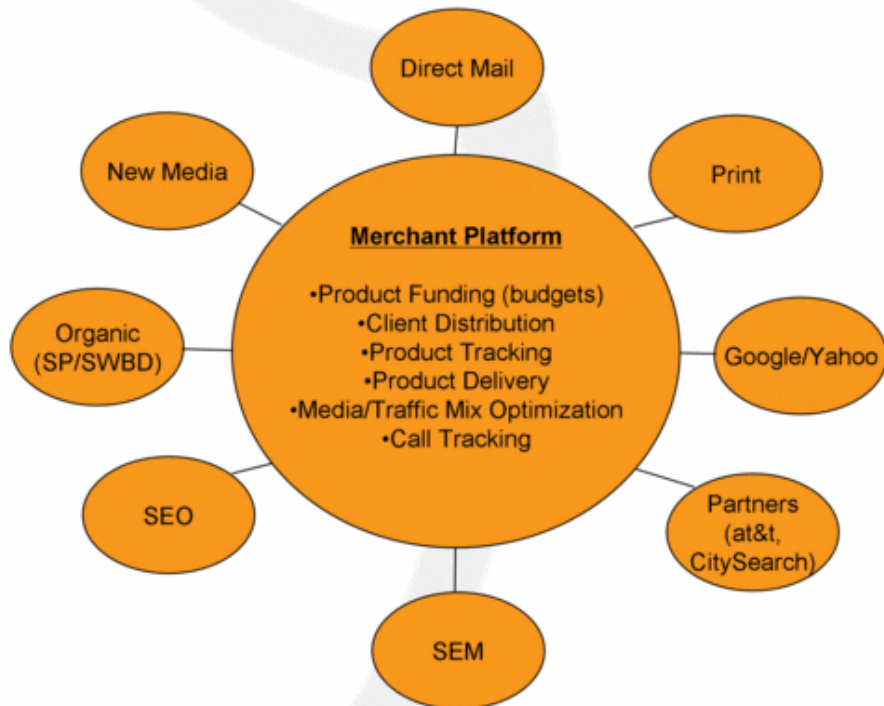
[Client Testimonial Video Clip]

Breakthrough Consumer Service Guarantee

- Client testimonial – Avatar Painting

[Client Testimonial Video Clip]

Providing Comprehensive Benefits to Clients



Raising the Stakes with SuperTradeExchange

- Advanced form of barter
- Over 22,000 traders
- Provides “stickiness”
- Must be an advertiser in good standing

superTradeExchangeSM

supermedia

Revolutionary Program - SuperTradeExchange

- Client testimonial – Bungalow Beach Resort

[Client Testimonial Video Clip]

SuperView – Driving Productivity and Effectiveness

- Built on Salesforce.com platform
- Fully deployed in the first half of 2009
- Adoption rate exceeded expectations
 - Six face-to-face calls per day
- Improved prep tools driving time management
- Will eventually be the single user interface for the entire Company

Media Consultants Embrace SuperView

***[Media Consultant Testimonial
Video Clip]***



III. Financial Summary



Historical Financial Summary

(\$ in millions)

	<u>2007A</u>	<u>2008A</u>	<u>YTD 9/30/09</u>
Revenue	\$3,189	\$2,973	\$1,936
Adj. EBITDA	\$1,518	\$1,272	\$661
% Revenue	47.6%	42.8%	34.1%
CapEx	(\$46)	(\$56)	(\$33)
Adj. EBITDA - CapEx	\$1,472	\$1,216	\$628
% Revenue	46.2%	40.9%	32.4%
Employees	7,633	6,312	5,819



Chapter 11 Restructuring

- SuperMedia positioned with a clean balance sheet

(\$ in millions)

	March 31, 2009	December 31, 2009
Bank Debt	\$6,990 ⁽¹⁾	\$2,750
Unsecured Debt	\$2,850	\$0
Total Debt	\$9,840	\$2,750
Less: Cash	(\$682)	(\$150)
Net Debt	\$9,158	\$2,600

(1) Includes swap liability of approximately \$573 million as of March 31, 2009



Summary of Secured Credit Facility

Amount	<ul style="list-style-type: none">▪ \$2.75 Billion
Interest Rate	<ul style="list-style-type: none">▪ Cash interest @ L + 800; 300 bps LIBOR floor▪ If fixed charge coverage ratio < 1.25x, interest @ L + 550 + 2.5% PIK (at Company's option); 300 bps LIBOR floor
Amortization / Cash Sweep	<ul style="list-style-type: none">▪ 67.5% sweep▪ No mandatory amortization
Cash	<ul style="list-style-type: none">▪ SuperMedia will retain \$150 million upon emergence▪ No revolving credit facility
Open Market Purchases	<ul style="list-style-type: none">▪ 18 month moratorium▪ Maximum capacity of \$250 million▪ Subject to other significant limitations
Financial Covenants	<ul style="list-style-type: none">▪ 15-20% cushion for next several years
Tenor	<ul style="list-style-type: none">▪ 6-year maturity



APPENDIX

2009 YTD GAAP Reconciliation

(\$ in millions)

Unaudited	9 Mos. Ended 09/30/09 Reported (GAAP)	Adjustments			9 Mos. Ended 09/30/09 Adjusted (Non-GAAP)
		Stock-Based Compensation and Sw ap Adjustments ⁽⁶⁾	Restructuring Costs ⁽⁵⁾	Reorganization Items ⁽⁷⁾	
Operating Revenue					
Print products	\$ 1,723	\$ -	\$ -	\$ -	\$ 1,723
Internet	211	-	-	-	211
Other	2	-	-	-	2
Total Operating Revenue	1,936	-	-	-	1,936
Operating Expense					
Selling	528	-	-	-	528
Cost of sales (exclusive of depreciation and amortization)	436	-	-	-	436
General and administrative	334	(4)	(19)	-	311
Depreciation and amortization	51	-	-	-	51
Total Operating Expense	1,349	(4)	(19)	-	1,326
Operating Income	587	4	19	-	610
Interest expense, net	148	2	-	-	150
Income Before Reorganization Items and Provision (Benefit) for Income Taxes	439	2	19	-	460
Reorganization Items	440	-	-	(440)	-
Income (Loss) Before Provision (Benefit) for Income Taxes	(1)	2	19	440	460
Provision (benefit) for income taxes	(1)	1	6	163	169
Net Income	\$ -	\$ 1	\$ 13	\$ 277	\$ 291
Basic and Diluted Earnings per Common Share	\$ -	\$ 0.01	\$ 0.09	\$ 1.89	\$ 1.99
Operating Income	\$ 587	\$ 4	\$ 19	\$ -	\$ 610
Depreciation and Amortization	51	-	-	-	51
EBITDA (non-GAAP)⁽¹⁾	\$ 638	\$ 4	\$ 19	\$ -	\$ 661
Operating Income margin ⁽²⁾	30.4%				31.5%
Impact of depreciation and amortization	2.6%				2.6%
EBITDA margin (non-GAAP)⁽¹⁾	33.0%				34.1%



2008 GAAP Reconciliation

(\$ in millions)

Unaudited	Year Ended 12/31/08 Reported (GAAP)	Adjustments				Year Ended 12/31/08 Adjusted (Non-GAAP)
		Stock-Based Compensation ⁽²⁾	Separation Costs ⁽⁴⁾	Restructuring Costs ⁽³⁾	Impairment Charges ⁽⁵⁾	
Operating Revenue						
Print products	\$ 2,670	\$ -	\$ -	\$ -	\$ -	\$ 2,670
Internet	300	-	-	-	-	300
Other	3	-	-	-	-	3
Total Operating Revenue	2,973	-	-	-	-	2,973
Operating Expense						
Selling	700	-	-	-	-	700
Cost of sales (exclusive of depreciation and amortization)	608	-	-	-	-	608
General and administrative	436	(5)	(15)	(23)	-	393
Impairments	225	-	-	-	(225)	-
Depreciation and amortization	78	-	-	-	-	78
Total Operating Expense	2,047	(5)	(15)	(23)	(225)	1,779
Operating Income	926	5	15	23	225	1,194
Interest expense, net	647	-	-	-	-	647
Income Before Provision for Income Taxes	279	5	15	23	225	547
Provision for income taxes	96	1	5	9	83	194
Net Income	\$ 183	\$ 4	\$ 10	\$ 14	\$ 142	\$ 353
Basic and Diluted Earnings per Common Share	\$ 1.25	\$ 0.03	\$ 0.07	\$ 0.10	\$ 0.97	\$ 2.42
Operating Income	\$ 926	\$ 5	\$ 15	\$ 23	\$ 225	\$ 1,194
Depreciation and Amortization	78	-	-	-	-	78
EBITDA (non-GAAP)⁽¹⁾	\$ 1,004	\$ 5	\$ 15	\$ 23	\$ 225	\$ 1,272
Operating Income margin ⁽²⁾	31.2%					40.2%
Impact of depreciation and amortization	2.6%					2.6%
EBITDA margin (non-GAAP)⁽¹⁾	33.8%					42.8%



2007 GAAP Reconciliation

(\$ in millions)

Unaudited	Adjustments			
	Year Ended 12/31/07 Reported (GAAP)	Stock-Based Compensation ⁽²⁾	Separation Costs ⁽⁴⁾	Year Ended 12/31/07 Adjusted (Non-GAAP)
Operating Revenue				
Print products	\$ 2,900	\$ -	\$ -	\$ 2,900
Internet	285	-	-	285
Other	4	-	-	4
Total Operating Revenue	3,189	-	-	3,189
Operating Expense				
Selling	726	-	-	726
Cost of sales (exclusive of depreciation and amortization)	628	-	-	628
General and administrative	404	(19)	(68)	317
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	\$ 0.08	\$ 0.30	\$ 3.32
Operating Income	\$ 1,343	\$ 19	\$ 68	\$ 1,430
Depreciation and Amortization	88	-	-	88
EBITDA (non-GAAP) ⁽¹⁾	\$ 1,431	\$ 19	\$ 68	\$ 1,518
Operating Income margin ⁽²⁾	42.1%			44.8%
Impact of depreciation and amortization	2.8%			2.8%
EBITDA margin (non-GAAP) ⁽¹⁾	44.9%			47.6%



Notes

- ⁽¹⁾ EBITDA is a non-GAAP measure that represents earnings before interest, taxes, depreciation, and amortization. EBITDA margin is a non-GAAP measure calculated by dividing EBITDA by total operating revenue.
- ⁽²⁾ Operating income margin is calculated by dividing operating income by total operating revenue.
- ⁽³⁾ Stock-based compensation reflects costs associated with a one-time incentive compensation award granted to most of the Company's employees in January 2007. The swap adjustments reflect the changes associated with the discontinuation of hedge accounting.
- ⁽⁴⁾ Separation costs reflects costs associated with becoming a stand-alone entity as a result of the spin-off from Verizon.
- ⁽⁵⁾ Restructuring costs are associated with strategic organizational realignment and market exit initiatives.
- ⁽⁶⁾ Impairment charges are non-cash costs associated with the write down of certain intangible assets and other assets.
- ⁽⁷⁾ Reorganization items represent charges that are directly associated with the process of reorganizing the business under Chapter 11 of the United States Bankruptcy Code.