SUPERMEDIA INC.
Form DEF 14A
April 11, 2012
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant x

Filed by a Party other than the Registrant o

Check the appropriate box:

o	Preliminary Proxy Statement
o	**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
x	Definitive Proxy Statement
o	Definitive Additional Materials
o	Soliciting Material Pursuant to §240.14a-12

SUPERMEDIA INC.
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

x	No fee required.	
o	Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.	
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	(4)	Proposed maximum aggregate value of transaction:
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o	Fee paid previously with preliminary materials.	
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	(1)	Amount Previously Paid:
	(2)	Form, Schedule or Registration Statement No.:
	(3)	Filing Party:
	(4)	Date Filed:

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NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To be held on May 23, 2012

The 2012 annual meeting of stockholders of SuperMedia Inc. (the *company*) will be held on Wednesday, May 23, 2012, at 9:00 a.m., local time, at Dallas/Fort Worth Marriott Solana, 5 Village Circle, Westlake, Texas 76262. The meeting will be held for the following purposes:

1. To elect nine directors to serve until the 2013 annual meeting of stockholders;

2. To approve the company s executive compensation;

3. To ratify the appointment of Ernst & Young LLP as the company s independent registered public accounting firm for 2012; and

4. To transact such other business as may properly come before the meeting.

Information concerning the matters to be voted upon at the meeting is set forth in the accompanying proxy statement. Holders of record of the company s common stock as of the close of business on March 26, 2012, are entitled to notice of, and to vote at, the meeting.

The company is pleased to take advantage of the Securities and Exchange Commission rules that allow issuers to furnish proxy materials to their stockholders on the Internet. The company believes these rules allow us to provide you with the information you need while lowering the costs of delivery and reducing the environmental impact of the annual meeting. On or about April 11, 2012, we mailed a Notice of Internet Availability of Proxy Materials to our stockholders containing instructions on how to access the proxy statement and vote online and made proxy materials available to the stockholders over the Internet. Instructions for requesting a paper or e-mail copies of the proxy materials are contained in the Notice of Internet Availability of Proxy Materials.

You are cordially invited to attend the annual meeting in person. To ensure that your vote is counted at the annual meeting, however, please vote as promptly as possible.

By Order of the Board of Directors,

Cody Wilbanks
Executive Vice President,
General Counsel and Secretary

D/FW Airport, Texas

April 11, 2012

IMPORTANT

Whether or not you plan to attend the meeting in person, please vote over the internet at www.proxyvote.com promptly so that your shares may be voted in accordance with your wishes. If you request paper or e-mail copies of the proxy materials (which include a proxy card), you may also vote by completing, signing and returning the proxy card by mail.

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SUPERMEDIA INC.

P.O. Box 619810

2200 West Airfield Drive

D/FW Airport, Texas 75261

PROXY STATEMENT

GENERAL INFORMATION ABOUT THE ANNUAL MEETING AND VOTING

This proxy statement provides information in connection with the solicitation of proxies by the board of directors (the *board*) of SuperMedia Inc. (the *company*) for use at the company s 2012 annual meeting of stockholders or any postponement or adjournment thereof (the *annual meeting*). This proxy statement also provides information you will need in order to consider and to act upon the matters specified in the accompanying notice of annual meeting of stockholders.

Holders of record of the company s common stock as of the close of business on March 26, 2012, are entitled to vote at the annual meeting. Each holder of record as of March 26, 2012 is entitled to one vote for each share of common stock held. On March 26, 2012, there were 15,463,385 shares of common stock outstanding.

Pursuant to rules adopted by the Securities and Exchange Commission, the company has elected to provide access to its proxy materials via the Internet. Accordingly, on or about April 11, 2012, we mailed a Notice of Internet Availability of Proxy Materials (the notice) to all stockholders of record as of the close of business on March 26, 2012. This notice includes (i) instructions on how to access the company s proxy materials electronically, (ii) the date, time and location of the annual meeting, (iii) a description of the matters intended to be acted upon at the annual meeting, (iv) a list of the materials being made available electronically, (v) instructions on how a stockholder can request to receive paper or e-mail copies of the proxy materials, (vi) any control/identification numbers that a stockholder needs to access the proxy, and (vii) information about attending the annual meeting and voting in person. The company encourages stockholders to take advantage of the availability of the proxy materials on the Internet to help reduce the costs of delivery and the environmental impact of its annual meetings.

Most of our stockholders hold their shares through a broker, bank or other nominee rather than directly in their own name. As summarized below, there are some distinctions between shares held of record and those owned beneficially, in street name.

If your shares are registered directly in your name with the company s transfer agent, you are considered the stockholder of record with respect to those shares, and the notice is being sent directly to you by the company s agent. As a stockholder of record, you have the right to vote by proxy or to vote in person at the annual meeting. If you request paper or e-mail copies of the proxy materials, the materials will include a proxy card for the annual meeting.

If your shares are held in a brokerage account or by a bank or other nominee, you are considered the beneficial owner of shares held in street name, and the notice will be forwarded to you by your broker or nominee. The broker or nominee is considered the stockholder of record with respect to those shares. As the beneficial owner, you have the right to direct your broker how to vote. Beneficial owners that receive the notice by mail from their broker or nominee should follow the instructions included in the notice to view the proxy statement and transmit voting instructions. If you request paper or e-mail copies of the proxy materials, the proxy materials will include a proxy card for the annual meeting.

You cannot vote your shares unless you are present at the annual meeting or you have previously given your proxy. You can vote in one of four convenient ways:

- in person: if you are a stockholder of record, you may vote in person at the annual meeting; if you are a beneficial owner of shares held in street name and you wish to vote in person at the annual meeting, you must obtain a legal proxy from the organization that holds your shares (please contact that organization for instructions regarding obtaining a legal proxy);

- via the Internet: you may vote via the Internet by following the instructions provided in the notice;

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- by telephone: if you request paper or e-mail copies of the proxy materials, you may vote by calling the toll free number found on the proxy card; or

- by mail: if you request paper or e-mail copies of the proxy materials, you may vote by filling out the proxy card and sending it back in the envelope provided.

You may revoke your proxy at any time prior to the vote at the annual meeting by:

- voting again on a later date via the Internet or by telephone (in which case only your latest Internet or telephone proxy submitted prior to the annual meeting will be counted);

- delivering a written notice revoking your proxy to the company s corporate secretary at the address above;

- delivering a new proxy bearing a date after the date of the proxy being revoked; or

- voting in person at the annual meeting.

All properly executed proxies, unless revoked as described above, will be voted at the annual meeting in accordance with your directions on the proxy. With respect to the election of directors, you may vote for all nominees, withhold your vote for all nominees, or withhold your vote as to one or more specific nominees. If a properly executed proxy does not provide instructions, the shares of common stock represented by your proxy will be voted:

- FOR the election of the director nominees to serve until the company s 2013 annual meeting of stockholders;

- FOR the advisory vote approving of the company s executive compensation;

- FOR ratification of the appointment of Ernst & Young LLP as the company s independent registered public accounting firm for 2012; and

- at the discretion of the proxy holders with regard to any other matter that is properly presented at the annual meeting.

If you own shares of common stock held in street name and you do not instruct your broker how to vote your shares using the instructions your broker provides you, your shares will be voted in and for the ratification of the appointment of Ernst & Young LLP as the company s independent registered public accounting firm for 2012, but not with respect to any other proposal. To be sure your shares are voted in the manner you desire, you should instruct your broker how to vote your shares.

Voting your shares is important. Stock exchange rules prohibit your broker from voting your shares on Proposals 1 and 2 without your express voting instructions.

A majority of the outstanding shares of common stock must be present, in person or by proxy, to constitute a quorum at the annual meeting. The directors will be elected by a plurality of the votes cast by holders of the company s common stock. If you withhold authority to vote for a director nominee, your shares will not be counted in the vote for the director nominee. Approval of the advisory vote on executive compensation and ratification of Ernst & Young LLP as the company s independent registered public accounting firm for 2012 each require the affirmative vote of a majority of the shares present in person or represented by proxy and entitled to vote at the annual meeting. Those who fail to return a proxy or attend the annual meeting will not have their shares counted towards determining any required vote or quorum.

The company is soliciting your proxy and will pay the cost of such solicitation, including preparing this proxy statement and the proxy card and the costs of any mailing. The company may request banks, brokers and other custodians, nominees and fiduciaries to forward copies of these proxy materials to their principals and to request authority for the execution of proxies. The company may reimburse such persons for their expenses in so doing.

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PROPOSAL 1

ELECTION OF DIRECTORS

The company s by-laws provide that the number of directors will be determined by our board of directors from time to time, provided that the number of directors may not be less than seven nor more than eleven. After the annual meeting, the number of directors to serve on the board of directors will be set at nine directors.

Each of our current directors is serving a term that expires at the annual meeting. Each of the director nominees listed below is an incumbent director whose nomination to serve on the board was recommended by the nominating and corporate governance committee and approved by the board. The director nominees, if elected, will serve until the 2013 annual meeting of stockholders, or until their earlier resignation or removal. Each of the director nominees has indicated a willingness to serve as a director if elected.

The directors will be elected by a plurality of the votes cast at the annual meeting. An abstention or a withhold vote is not considered a vote cast and will have no effect on the outcome of the election of directors.

The board recommends a vote FOR each of the nine director nominees listed below.

Edward J. Bayone, age 57, has served as a director of the company since December 31, 2009. He also serves as a member of the audit committee. He has taught full time at Brandeis University s International Business School since 2003 and is the Earle W. Kazis Professor of the Practice of Finance and International Real Estate. He previously served as an advisor to Churchill Financial, LLC, a commercial finance and asset management company founded by Bear Stearns Merchant Banking (now known as Irving Place Capital) from July 2009 to June 2010 and served as a board member from 2006 to 2009. Mr. Bayone was formerly a financial consultant to various corporate clients from 2003 to 2006. Prior to this, he held numerous positions at FleetBoston Financial Group, and its predecessors, from 1979 to 2002, including executive vice president and chief credit officer. Mr. Bayone has an M.I.A. in Banking and Finance from Columbia University, an M.A. in History from the University of Rochester, and a B.A. in History from Queens College. He is also a member of the board of the Combined Jewish Philanthropies of Greater Boston and serves on the Budget and Administration Committee.

Mr. Bayone possesses a strong financial management background, as evidenced by the various financial management, teaching and consulting positions held during his career. Mr. Bayone s experience and training in financial credit management provide a solid background for him to advise and consult with the board on financial and audit-related matters as a member of the audit committee.

Robert C. Blattberg, age 69, has served as a director of the company since December 31, 2009. He also serves as chairman of the nominating and corporate governance committee. He is currently the Timothy W. McGuire Distinguished Service Professor of Marketing and the director of the Center for Marketing Technology and Information at Carnegie Mellon University s Tepper School of Business. From 1991 to 2008, Mr. Blattberg was a professor and director of the Center for Retail Management at Northwestern University s Kellogg Graduate School of Management. Prior to this, he was a professor and director of the Center for Marketing Information Technology at the University of Chicago Graduate School of Business. Mr. Blattberg has a Ph.D. and an M.S. in Industrial Administration from Carnegie-Mellon University and a B.A. in Mathematics from Northwestern University. He has received numerous research grants from various organizations and has also been honored with a number of awards, including Best Paper in 2005 from the Journal of Interactive Marketing, Educator of the Year in 2004 from the Sales and Marketing Executives organization, and the Robert B. Clarke Award as the Direct Marketing Association Educator of the Year in 1990. Mr. Blattberg has also authored and published a wide array of books, industry reports and articles focused on various topics in marketing and economics.

Mr. Blattberg s extensive marketing and retail management experience provides the board with a valuable perspective on the yellow pages and advertising industries. Mr. Blattberg also brings to us experience from having recently served on another public company board of directors, which allows us to benefit from his insight into current trends in public company governance.

Charles B. Carden, age 67, has served as a director of the company since December 31, 2009. He also serves as chairman of the audit committee. Mr. Carden previously served as a director and member of the audit and compensation committees for Goldleaf Financial Solutions, a publicly-held financial software and services company, which was acquired by Jack Henry and Associates in October 2009, and as a director and member of the compensation committee for Netzee Inc., a publicly-held provider of Internet banking and bill payment services that was acquired by Certegy, Inc. in 2002. He also previously served on the board of directors of Ivox Corp., a privately held software company that provides driver-based risk management information to fleets and insurance companies. He also served on the advisory board of Dialog Medical, a

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privately held software company. From 1999 to 2007, Mr. Carden held the positions of senior vice president and chief financial officer for John H. Harland Company, a provider of products and services to the financial institution and education markets. Prior to this, he was the executive vice president and chief financial officer for Mariner Post-Acute Network and the senior vice president, finance and administration and chief financial officer for Leaseway Transportation Corp. In addition, he has served as a director of Fairmont Theatre for the Deaf and the Bellflower Center for the Prevention of Child Abuse. Mr. Carden has an M.B.A. from Harvard University and a B.A. in Mathematics from Westminster College. He also served as a lieutenant in the U.S. Army in Vietnam.

Mr. Carden s significant experience in senior financial positions at various companies provides a solid background for him to advise and consult the board on financial and audit-related matters as chairman of the audit committee and to serve as the audit committee s designated financial expert. Additionally, his previous service on public company boards provides valuable insight into working with directors generally and the appropriate exercise of diligence and oversight.

Thomas D. Gardner, age 54, has served as a director of the company since December 31, 2009. He also serves on the audit committee and the compensation committee. He is a trustee for Guideposts, and previously served as a trustee for Northern Westchester Hospital and Reader s Digest Foundation. He served as executive vice president of Reader s Digest Association, Inc. from 2006 to 2007, and was president of Reader s Digest International from 2003 to 2007. Prior to holding those positions, he held numerous other positions with Reader s Digest Association, Inc. from 1992 to 2007, including president, North American Books and Home Entertainment; senior vice president, global marketing; senior vice president, corporate strategy and U.S. new business development; vice president, marketing, Reader s Digest USA; and director, corporate planning. From 1989 to 1992, Mr. Gardner was a management consultant for McKinsey & Co. Other experience includes time with General Foods Corporation in product management, desserts division, and with Yankelovich, Skelly and White, Inc., industrial and corporate communications division, in project management. Mr. Gardner has an M.B.A. from Stanford University and a B.A. in Political Science from Williams College.

Mr. Gardner s significant experience in the publishing industries, including his several senior positions at Reader s Digest, gives him an in-depth understanding of the opportunities and challenges associated with our business. In addition, Mr. Gardner brings an understanding of financial issues to the board and the audit committee.

David E. Hawthorne, age 61, has served as a director of the company since December 31, 2009. He also serves as chairman of the compensation committee. He has been with Hawthorne Management LLC since 2005, a firm that develops, owns and operates commercial real estate in central Florida. He previously served as a consultant to Friedman s Inc., assisting the jewelry retailer in investigating operating and financial issues. From 2001 to 2003, Mr. Hawthorne was the president and chief executive officer of Lodgian, Inc., one of the largest independent hotel owners and operators. In December 2001, Lodgian filed for voluntary reorganization under Chapter 11 of the U.S. Bankruptcy Code. Mr. Hawthorne was a consultant for FTI Consulting, Inc. from 2000 to 2001, during which he served as executive vice president and chief restructuring officer of Tower Records, Inc. Mr. Hawthorne has also served as the acting chief executive officer of Premier Cruise Lines, the executive vice president and chief financial officer of Alliance Entertainment Corporation, and the chairman and chief executive officer of Servico Hotels and Resorts, Inc. Mr. Hawthorne has an M.B.A. from the University of Tampa and a B.A. from the University of South Florida. In addition, he served in the U.S. Army from 1970 to 1972.

Mr. Hawthorne s significant experience in senior and executive positions at various companies provides a solid platform for him to advise the company and enhances the board s business sophistication. Additionally, his experience, including his position as executive vice president and chief restructuring officer of Tower Records, Inc., is of substantial importance to the board in addressing similar aspects of the company s business.

Peter J. McDonald, age 61, has been the company s president and chief executive officer and has served as a director of the company since December 2010. From October 4, 2010 until December 9, 2010, Mr. McDonald served as the company s interim chief executive officer. Prior to joining the company, Mr. McDonald held various positions at R.H. Donnelley Corporation (now known as Dex One Corporation), including as president and chief operating officer from 2004 through 2008. In May 2009, R.H. Donnelley filed for voluntary reorganization under Chapter 11 of the U.S. Bankruptcy Code. From 2002 to 2008, Mr. McDonald served as senior vice president and president of Donnelley Media. Mr. McDonald served as a director of R.H. Donnelley between 2001 and 2002. Previously, Mr. McDonald served as president and chief executive officer of SBC Directory Operations, a publisher of yellow pages directories, from 1999 to 2000. He was president and chief executive officer of Ameritech Publishing s yellow pages business from 1994 to 1999, when Ameritech was acquired by SBC. Prior to that, Mr. McDonald was president and chief executive officer of DonTech and served in a variety of sales positions at R.H. Donnelley, after beginning his career at National Telephone Directory Corporation. He is currently the chairman of Local Search Association, formerly known as the Yellow Pages Publishers Association, where he previously served as vice chairman.

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Mr. McDonald s over 35 years of experience in the yellow pages directory advertising and publication industry gives him in-depth knowledge of the opportunities and challenges associated with our business. Mr. McDonald s familiarity with our business and industry and the various market participants provides invaluable insight and advice to our board.

Thomas S. Rogers, age 57, has served as a director of the company since 2006 and as vice chairman of the board since July 2010. He also serves as a member of the compensation committee and the nominating and corporate governance committee. Mr. Rogers currently serves as president and chief executive officer of TiVo Inc., a provider of television-based interactive and entertainment services, a position he has held since July 2005. He also currently serves on the board of directors of TiVo Inc. Mr. Rogers previously served as chairman of the board of Teleglobe International Holdings, Ltd., a provider of international voice, data, Internet and mobile roaming services, from November 2004 to February 2006. He also has served as chairman of TRget Media LLC, a media industry investment and operations advisory firm, since July 2003. Mr. Rogers served as the senior operating executive for media and entertainment for Cerberus Capital Management, a large private equity firm, from 2004 to July 2005. Prior to holding that position, he served as chairman and chief executive officer of Primedia, Inc., a print, video and online media company, from October 1999 to April 2003. From January 1987 until October 1999, Mr. Rogers held positions with National Broadcast Company, Inc., including president of NBC Cable and executive vice president.

As a long-term member of the board, Mr. Rogers has a familiarity with the company that makes him uniquely qualified to serve as a director of the company. As president and chief executive officer of a public company, Mr. Rogers has significant exposure to, and we benefit from his experiences related to, the opportunities and challenges associated with our business. Additionally, his service on other public company boards allows us to leverage his experiences with, among other things, appropriate oversight and corporate governance matters.

John Slater, age 38, has served as a director of the company since January 21, 2010. He currently serves as a vice president at Paulson & Co. Inc. where he focuses on investments in the media, telecom and technology sectors. Mr. Slater joined Paulson in January 2009. Previously, he was a vice president at Lehman Brothers and Barclays Capital where he worked from 2004 to 2008 in the global trading strategies group focusing on investments in the media and other sectors. Prior to Lehman, he was senior director, finance and strategy at NextSet Software Inc., a financial trading systems software vendor. He started his career as an associate consultant at Burlington Consultants, a strategy consultancy based in London. He holds an M.B.A. from INSEAD, an M.A. and B.A. from the University of Cambridge and he is a CFA Charterholder.

Mr. Slater brings leadership, financial experience and a background in the media, telecom and technology industries to the board. Mr. Slater s exposure to companies in the media, telecom and technology industries provides valuable insight to the board regarding industry trends that affect our company.

Douglas D. Wheat, age 61, has served as chairman of the board since July 2010. From October 2010 to December 2010 he served as executive chairman. He currently serves as chairman of AMN Healthcare Services, Inc., one of the leading temporary healthcare staffing companies in the world. Mr. Wheat previously served as a director of Playtex Products, Inc. from 1995 to 2007 (including serving as its chairman from 2004 to 2006). Mr. Wheat has served as a member of the boards of directors of Dr. Pepper/Seven-Up Companies, Inc., Thermadyne Industries, Inc., Sybron International Corporation, Smarte Carte Corporation, Nebraska Book Corporation, and ALC Communications Corporation. Since 2008, he has served as managing Partner of Southlake Equity Group (formerly Challenger Equity Group), a private investment firm. Prior to Southlake Equity Group, he served as president of Haas Wheat & Partners, a private investment firm specializing in strategic equity investments and leveraged buyouts of middle market companies from 1992 to 2006. Mr. Wheat also held various leadership and senior management positions at Grauer & Wheat and Donaldson Lufkin & Jenrette Securities Corporation earlier in his career.

Mr. Wheat s extensive experience serving on public company boards, including as chairman, and his expertise in a variety of financial matters make him highly qualified to lead and advise our board as chairman. Additionally, Mr. Wheat s experiences have provided him with critical knowledge with respect to, among other things, appropriate oversight and related actions utilized in the board environment, including concerning corporate governance matters.

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PROPOSAL 2

ADVISORY RESOLUTION TO APPROVE EXECUTIVE COMPENSATION

Following emergence from Chapter 11 reorganization, the compensation committee undertook a detailed review of our executive compensation programs. As a result of this effort, we better aligned the interests of our leadership with our stockholders, which supports our dedicated efforts to significantly reduce operating costs in an effort to help mitigate declines in revenue.

At the company s annual meeting of stockholders held in May 2011, a substantial majority (92.3%) of the votes cast on the proposal to approve executive compensation, on an advisory basis, were voted in favor of the proposal. The compensation committee believes this affirms stockholders support of the company s approach to executive compensation.

Our goal for the company s executive compensation program is to attract, motivate, and retain a talented, entrepreneurial and creative team of executives who will provide leadership for the company s success in dynamic and competitive markets. We seek to accomplish this goal in a way that rewards performance and is aligned with our stockholders long-term interests. This is discussed in detail in the Compensation Discussion and Analysis and accompanying tables. Recipients of our 2011 long-term incentive plan equity grants participated along with other stockholders in the rise and fall of the company s share price during the year. Because the value of stock-based awards rises and falls with our stock price, we believe that the 2011 long-term incentive awards provide an effective link between executive pay and long term stockholders interests.

We believe stockholders should consider the following key components of our compensation programs and governance practices when voting on this proposal:

- Pay for performance orientation: our executive compensation program includes a mix of fixed and variable compensation, including base salaries, annual and long-term incentives that create a balance between short-term and long-term focus; incentive compensation of executive officers is based on a balanced mix of performance measures, including revenue, profitability and total stockholder return.

- Alignment with long-term stockholder interests: our option awards and time-vested restricted stock awards have multi-year vesting, and performance awards are based on achievement of financial and operational goals over a pre-determined period. The value of these awards is directly linked to our stock price, aligning the financial interests of our executives with the interests of our stockholders.

This advisory stockholder vote, commonly known as say-on-pay, gives you, as a stockholder, the opportunity to endorse or not endorse our executive compensation program by voting for or against the following resolution:

RESOLVED, that the stockholders approve the compensation of the company s named executive officers, as disclosed pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the Compensation Discussion and Analysis, compensation tables and any related material disclosed in this proxy statement.

Your consideration of this resolution is required pursuant to Section 14A of the Securities Exchange Act of 1934, as amended. In view of the fact that this vote is advisory, it will not be binding on the company or the board. However, the compensation committee will take into account the outcome of the vote when considering future executive compensation arrangements.

The affirmative vote of a majority of the shares present in person or represented by proxy and entitled to vote at the annual meeting is required to adopt the resolution approving the company s executive compensation program. Abstentions will be counted toward a quorum and considered shares present in person or by proxy and entitled to vote. Accordingly, abstentions will have the effect of a vote against this proposal.

We intend to hold this stockholder advisory vote to approve executive compensation annually until we hold the next advisory vote on the frequency of stockholder advisory votes on executive compensation, as required pursuant to Section 14A of the Securities Exchange Act of 1934, as amended.

The board recommends a vote FOR proposal 2.

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PROPOSAL 3

RATIFICATION OF APPOINTMENT OF

ERNST & YOUNG LLP AS THE COMPANY S INDEPENDENT

REGISTERED PUBLIC ACCOUNTING FIRM FOR 2012

The audit committee has appointed Ernst & Young LLP as the company s independent registered public accounting firm for 2012. The board is asking stockholders to ratify this appointment. Although Securities and Exchange Commission regulations require the company s independent registered public accounting firm to be engaged, retained and supervised by the audit committee, the board considers the selection of an independent registered public accounting firm to be an important matter to stockholders and considers a proposal for stockholders to ratify such appointment to be an opportunity for stockholders to provide input to the audit committee and the board on a key corporate governance issue. In the event that our stockholders do not ratify the appointment, it will be considered as a direction to our audit committee to consider the selection of a different firm.

The affirmative vote of a majority of the shares present in person or represented by proxy and entitled to vote at the annual meeting is required to ratify the appointment of Ernst & Young LLP. Abstentions will be counted toward a quorum and considered shares present in person or by proxy and entitled to vote. Accordingly, abstentions will have the effect of a vote against this proposal.

Representatives of Ernst & Young LLP are expected to be present at the annual meeting and will be offered the opportunity to make a statement if they so desire. They will also be available to answer questions.

The board recommends a vote FOR proposal 3.

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CORPORATE GOVERNANCE

Corporate Governance Guidelines

The company is committed to maintaining the highest standards of business conduct and corporate governance, which we believe are essential to running our business efficiently, serving our stockholders well and maintaining our integrity in the marketplace. The company has adopted corporate governance guidelines and a code of conduct for directors, officers and employees, which, together with our certificate of incorporation, by-laws and board committee charters, form our framework for governance. All of these documents are publicly available on our website at *www.supermedia.com* or may be obtained free of charge upon written request to: SuperMedia Inc., P.O. Box 619810, 2200 West Airfield Drive, D/FW Airport, Texas 75261, Attention: Investor Relations.

Director Independence

As part of the company s corporate governance guidelines, the board has established a policy requiring a majority of the members of the board to be independent. Eight of our directors who are standing for re-election are independent (as defined by our corporate governance guidelines). For a director to be independent, the board must determine, among other things, that the director does not have a relationship with the company that interferes with the exercise of independent judgment in carrying out the duties of a director. The guidelines for determining director independence are set forth in our corporate governance guidelines, which conform to the independence requirements of the NASDAQ corporate governance standards and the applicable rules of the Securities and Exchange Commission. Applying these independence standards, the board has determined that Edward J. Bayone, Robert C. Blattberg, Charles B. Carden, Thomas D. Gardner, David E. Hawthorne, Thomas S. Rogers, John Slater and Douglas D. Wheat are independent directors. Peter J. McDonald is not independent because he is an employee of the company.

Director Nominations

Qualifications. In considering nominees for election as director, the nominating and corporate governance committee considers a number of factors, with an objective of having a board with diverse backgrounds and experience. In furtherance of this objective, although we do not have a formal diversity policy in place, an important factor in the nominating and corporate governance committee s consideration and assessment of a director candidate is the diversity of the candidate s background, viewpoints, training, professional experience, education and skill set. Characteristics expected of all directors include integrity, high personal and professional ethics, sound business judgment and the ability and willingness to commit sufficient time to the board. In evaluating the suitability of individual board members, the committee takes into account many factors, including the candidate s general understanding of marketing, finance and other disciplines relevant to the success of a large publicly traded company in today s business environment, understanding of the company s business and technology, educational and professional background and personal accomplishments.

Stockholder Recommendations. The nominating and corporate governance committee will evaluate any director candidates recommended by a stockholder according to the same criteria as a candidate identified by the nominating and corporate governance committee. The company has never received a recommendation for a director candidate from our stockholders in a manner that purported to comply with the procedures set forth in our by-laws.

Stockholders may recommend candidates at any time, but to be considered by the nominating and corporate governance committee for inclusion in the company s proxy statement for the next annual meeting of stockholders, recommendations must be submitted in writing no later than 120 days in advance of the first anniversary of the date of the company s proxy statement mailed to stockholders for the preceding year s annual meeting of stockholders. A stockholder s notice must contain the following:

- the name and address of the stockholder recommending the director candidate for consideration, the name of the director candidate and the written consent of the stockholder and the director candidate to be publicly identified;

- a written statement by the director candidate agreeing to be named in the company s proxy materials and to serve as a member of the board (and any committee of the board to which the director candidate is assigned to serve by the board) if nominated and elected;

- a written statement by the stockholder and director candidate agreeing to make available to the nominating and corporate governance committee all information reasonably requested in connection with the nominating and corporate governance committee s consideration of the director candidate; and

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- the director candidate s name, age, business and residential address, principal occupation or employment, number of shares of the company s common stock and other securities beneficially owned, a resume or similar document detailing personal and professional experiences and accomplishments, and all other information relating to the director candidate that would be required to be disclosed in a proxy statement or other filing made in connection with the solicitation of proxies for the election of directors pursuant to the Securities Exchange Act of 1934, as amended, the rules of the Securities and Exchange Commission and the NASDAQ corporate governance standards.

The stockholder s notice must be signed by the stockholder recommending the director candidate for consideration and sent to the following address: SuperMedia Inc., P.O. Box 619810, 2200 West Airfield Drive, D/FW Airport, TX 75261, Attention: Corporate Secretary (Nominating and Corporate Governance Committee Communication/Director Candidate Recommendation).

Communications with the Board

Any stockholder and other interested party may communicate with the board, any board committee, the non-management directors or any other individual director. All written communications must identify the recipient and the author and be forwarded by certified mail to: SuperMedia Inc., P.O. Box 619810, 2200 West Airfield Drive, D/FW Airport, TX 75261, Attention: Corporate Secretary. The corporate secretary will act as agent for the directors in facilitating these communications.

Code of Conduct

The company has adopted a code of conduct applicable to all of its directors, officers and employees, including the chief executive officer, chief financial officer and chief accounting officer. The purpose of the code of conduct is to, among other things, focus our directors, officers and employees on areas of ethical risk, provide guidance to help them recognize and deal with ethical issues, provide mechanisms to report unethical or unlawful conduct and to help enhance and formalize our culture of integrity, respect and accountability. The code of conduct is publicly available on our website at *www.supermedia.com* in the Investor Relations section and we will post information regarding any amendment to, or waiver from, the code of conduct on our website, as required by applicable law.

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THE BOARD, ITS COMMITTEES AND ITS COMPENSATION

The Board

Under the company s corporate governance guidelines, each director is expected to devote the time necessary to appropriately discharge his or her responsibilities, review all meeting materials distributed in advance of a meeting and be prepared to discuss the business to be presented and is strongly encouraged to attend and participate in all board meetings and meetings of board committees on which he or she serves. During 2011, the board held nine meetings. Each director attended at least 75% of the total number of meetings of the board and committees on which he or she served during the period he or she was a director.

The company s corporate governance guidelines and code of conduct both state that the directors are encouraged to attend each stockholder meeting. All of our directors attended the May 2011 annual stockholders meeting.

Board Leadership Structure and Risk Oversight

The chairman of the board provides leadership to the board and works with the board to define its structure and activities in the fulfillment of its responsibilities. Pursuant to the company s by-laws, the board may, at its discretion, elect a chairman of the board from among the directors who are not members of management, or who are serving as members of management on an interim basis at the request of the board. The board adopted this structure to promote decision-making and governance independent of that of our management and to better perform the board s monitoring and evaluation functions.

The board has established a policy that its non-management directors meet regularly in executive session, without members of management present. A non-management director presides over each executive session. In 2011, our chairman of the board or, in his absence, the vice chairman, had this responsibility.

We believe that the foregoing structure, policies and practices, when combined with the company s other governance policies and procedures, provide the best opportunities for oversight, discussion and evaluation of decisions and direction from the board.

The board views risk management as one of its primary responsibilities. A fundamental part of risk management is not only understanding the risks the company faces and what steps management is taking to manage those risks, but also understanding what level of risk is appropriate for the company. Therefore, the board reviews with management its process for managing enterprise risk. While the board maintains the ultimate oversight responsibility for risk management, it monitors risks arising from financial reporting and steps management is taking to monitor and control such potential exposures through the audit committee. The audit committee also discusses guidelines and policies to govern the process by which risk assessment and management is undertaken.

In 2011, the compensation committee engaged Mercer (USA) Inc. (Mercer) to conduct a risk assessment of the company s compensation policies and practices. This review included an analysis of the company s short- and long-term compensation programs across the company. Program elements assessed relating to compensation risks included, performance measures, funding, pay mix, performance period, goal setting and plan leverage and process and controls.

Based on its review, Mercer concluded that the company does not utilize compensation policies or practices that create risk that are reasonably likely to have a material adverse effect on the company. In reaching this conclusion, Mercer noted that:

- the company s short-term and long-term incentive plan opportunities are market based;
- compensation of executive officers is based on a balanced mix of performance measures, including revenue, profitability and total stockholder return;
- the board has direct oversight in approving short-term funding levels and long-term grants including the financial results which drive funding levels;
- incentive plan designs provide caps on payouts, and have pay for performance relationships consistent with typical compensation practices; and
- sales incentive programs offered by the company are governed by a cross-functional team, including sales management, human resources, finance and operations.

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The results of this review were shared with the compensation committee. While risk is inherent in any strategy for growth, based on the results of Mercer s review, the compensation committee concluded that the company s compensation programs are not reasonably likely to have a material adverse effect on the company as a whole.

Board Committees

The board has three standing committees: audit committee, compensation committee and nominating and corporate governance committee, each of which is described below. Each committee operates under a written charter adopted by the board. All of the charters are publicly available on our website at *www.supermedia.com* in the Investor Relations section. You may also obtain a copy of the charters upon written request to our investor relations department at our principal corporate headquarters.

Based upon the recommendations of the nominating and corporate governance committee, the board appoints committee members annually. The table below sets forth the current composition of our board committees.

	Audit Committee	Compensation Committee	Nominating and Corporate Governance Committee
Edward J. Bayone	ü		
Robert C. Blattberg			ü(Chair)
Charles B. Carden	ü(Chair)		
Robin Domeniconi			ü
Thomas D. Gardner	ü	ü	
David E. Hawthorne		ü(Chair)	
Thomas S. Rogers		ü	ü

Subject to directors re-election at the annual meeting, the composition of the board committees for 2012 will be as follows:

	Audit Committee	Compensation Committee	Nominating and Corporate Governance Committee
Edward J. Bayone	ü		ü(Chair)
Robert C. Blattberg		ü	ü
Charles B. Carden	ü(Chair)		
Thomas D. Gardner	ü	ü(Chair)	
David E. Hawthorne	ü		
Thomas S. Rogers		ü	ü

Audit Committee

The audit committee oversees our accounting and financial reporting processes and the audits of the company s financial statements. The functions and responsibilities of the audit committee include:

- establishing, monitoring and assessing the company s policies and procedures with respect to business practices, including the adequacy of the company s internal controls over accounting and financial reporting;

- reviewing the annual audited financial statements, the form of audit opinion and quarterly financial statements with management and the company s independent registered public accounting firm;

- reviewing with management, the independent registered public accounting firm and the internal auditors the scope and the planning of the annual audit;

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- engaging the company s independent registered public accounting firm and conducting an annual review of the independence of that firm;
- pre-approving all audit and permitted non-audit services to be performed by the company s independent registered public accounting firm;
- reviewing the findings and recommendations of the company s independent registered public accounting firm and management s response to the recommendations of that firm;
- overseeing the internal audit function;
- overseeing compliance with applicable legal and regulatory requirements;
- overseeing compliance with the company s code of conduct;
- establishing procedures for the receipt, retention and treatment of complaints received by the company regarding accounting, internal accounting controls or auditing matters;
- establishing procedures for the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters;
- preparing the Audit Committee Report to be included in our annual proxy statement; and
- reviewing and reassessing the adequacy of the audit committee charter on an annual basis.

The audit committee may designate one or more subcommittees, each subcommittee to consist solely of independent directors, and the committee may delegate to such subcommittees any of its responsibilities, along with the authority to take action in relation to such responsibilities.

During 2011, the audit committee held eight meetings. Our independent registered public accounting firm reports directly to the audit committee. Each member of the audit committee has the ability to read and understand fundamental financial statements. The board has determined each member of the audit committee is independent as defined by the NASDAQ corporate governance standards and Rule 10A-3 of the Securities Exchange Act of 1934. The board has also determined that Mr. Carden meets the requirements of an audit committee financial expert as defined by the rules of the Securities and Exchange Commission.

Compensation Committee

The compensation committee establishes, administers and reviews the company s policies, programs and procedures for compensating our executive officers and the board. The functions and responsibilities of the compensation committee include:

- evaluating the performance of and determining the compensation for the company s executive officers, including its chief executive officer;
- administering and making recommendations to the board with respect to the company s equity incentive plan;
- approving, or recommending to the board for approval, and overseeing the execution of compensation and benefit plans for retirees;
- reviewing and approving employment and other contracts relating to compensation with the company s executive officers;
- reviewing director compensation policies, objectives and programs and approving, or recommending to the board for approval, the form and amount of director compensation;
- preparing the Compensation Committee Report to be included in the annual reports or proxy statement;

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- overseeing all matters relating to the stockholder approval of executive compensation;

- overseeing preparation of the Compensation Discussion and Analysis to be included in the annual report or proxy statement; and

- reviewing the adequacy of the compensation committee charter on an annual basis.

The compensation committee may designate one or more subcommittees, each subcommittee to consist solely of independent directors, and the committee may delegate to such subcommittees any of its responsibilities, along with the authority to take action in relation to such responsibilities.

During 2011, the compensation committee held 12 meetings. The board has determined that each member of the compensation committee is independent as defined by the NASDAQ corporate governance standards. The compensation committee engaged Mercer to advise it in its work. See further discussion in the Compensation Discussion and Analysis.

Nominating and Corporate Governance Committee

The functions and responsibilities of the nominating and corporate governance committee include:

- developing and recommending corporate governance guidelines applicable to the board and the company s employees;

- developing criteria and qualifications for directors to be used in identifying, reviewing and selecting director candidates;

- identifying individuals qualified to become directors and considering nominations of director candidates validly made by stockholders;

- recommending director nominees;

- recommending committee composition and assignments;

- overseeing and making recommendations with respect to the development of an effective compliance and ethics program;
- reviewing and assessing the adequacy of the company s code of conduct; and
- reviewing the adequacy of the nominating and corporate governance committee charter on an annual basis.

The nominating and corporate governance committee may designate one or more subcommittees, each subcommittee to consist solely of independent directors, and the committee may delegate to such subcommittees any of its responsibilities, along with the authority to take action in relation to such responsibilities.

During 2011, the nominating and corporate governance committee held three meetings. The board has determined that each member of the nominating and corporate governance committee is independent as defined by the NASDAQ corporate governance standards.

2011 Director Compensation

Set forth below is a summary of the components of compensation payable to non-management directors, except Mr. Slater, who has waived all director compensation, for board and committee services.

Cash Compensation. The annual cash retainer for board service is $70,000. The company reimburses directors for all expenses incurred in attending board and committee meetings. The table below shows director fees payable in addition to the annual retainer for 2011.

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Service	Fee Amount ($)
Annual Chairman of the Board Fee	70,000
Annual Vice Chairman of the Board Fee	10,000
Annual Audit Committee Chairman Fee	20,000
Annual Compensation Committee Chairman Fee	10,000
Annual Nominating and Corporate Governance Committee Chairman Fee	10,000
Per Board Meeting Fee(1)	1,500
Per Board Committee Meeting Fee	1,500

(1) Board meeting fees are paid only for meetings in addition to the regularly scheduled Board meetings.

Effective as of February 16, 2012, upon the recommendation of the compensation committee, the board approved an increase in: (i) the annual chairman of the board fee to $109,500; (ii) the annual compensation committee chairman fee to $20,000; (iii) per board meeting fee (other than the regularly scheduled board meetings) to $2,000; and (iv) per board committee meeting fee to $2,000.

Annual Equity-Based Compensation. Non-management directors, except Mr. Slater, generally receive an annual award of restricted stock equal to $70,000 divided by the closing price of our common stock on the grant date. Non-management directors who are first elected or appointed to the board other than at an annual meeting of stockholders receive a prorated award. In either case, the shares of restricted stock vest one year from the date of grant.

On February 24, 2012, in lieu of an annual restricted stock award equal to $70,000, the board granted each non-management director 5,000 shares of restricted stock, with the balance of the award to be payable in cash. The shares of restricted stock granted on February 24, 2012 will vest, and the balance of the award will be paid out in cash, one year from the date of grant.

Emergence Compensation. Non-management directors who joined the board on December 31, 2009, (except Mr. Slater) received a one-time award of restricted stock units valued at $50,000 to provide a significant equity stake in the company upon initiation of board service and to ensure that the interests of all new directors were aligned with the interests of the company s stockholders. These one-time awards vest in three equal annual installments beginning on the first anniversary of the grant date. If a director ceases to be a member of the board on or before the third anniversary date of the award, the restricted stock units will vest on a prorated basis by dividing the number of days commencing on the most recent vesting date, and ending on the date of separation from service. The restricted stock units settle upon a director s departure from the board in good standing.

Director Compensation Table. The table below sets forth the compensation paid to our non-management directors for service during 2011.

Name(1)	Fees Earned or Paid in Cash	Stock Awards(2)	Total
Edward J. Bayone	$ 91,242	$ 70,000	$ 161,242
Robert C. Blattberg	89,000	70,000	159,000
Charles B. Carden	112,425	70,000	182,425
Robin Domeniconi	79,000	70,000	149,000

Thomas D. Gardner		111,850		70,000		181,850
David E. Hawthorne		105,425		70,000		175,425
Thomas S. Rogers		108,425		70,000		178,425
John Slater(3)						
Douglas D. Wheat	$	146,000	$	70,000	$	216,000

(1) Peter J. McDonald, our president and chief executive officer, is not included in this table because he was an employee of the company during 2011 and, therefore, did not receive compensation for his service as a director. See Executive Compensation Summary Compensation Table for a discussion of the compensation earned by Mr. McDonald during 2011.

(2) Represents the aggregate grant date fair value of restricted stock granted to our non-management directors in 2011. Pursuant to the Securities and Exchange Commission rules, the dollar amounts were computed in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718, Compensation-Stock Compensation (*ASC Topic 718*), and exclude the impact of estimated forfeitures related to service-based vesting

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conditions. See note 12 to the consolidated financial statements in the company s annual report on Form 10-K for the year ended December 31, 2011, for a description of the assumptions used in determining the accounting expense associated with these awards.

On February 25, 2011, each non-management director, except for Mr. Slater, received an award of 7,936 shares of restricted stock with a grant date fair value of $8.82 per share. As of December 31, 2011, each non-management director held 9,779 shares of common stock, and 1,317 restricted stock units, except for Mr. Wheat, who held 9,947 shares of common stock and 2,874 restricted stock units. Mr. Slater held no shares. See footnote 3 below.

(3) At his request, Mr. Slater, who was nominated by our largest stockholder to serve on our board, has waived all director compensation. See Review and Approval of Transactions With Related Persons Certain Relationships and Related Transactions for a description of Mr. Slater s employment relationship with Paulson & Co.

The following table sets forth the number of shares held by each of the non-management directors that are standing for re-election at the 2012 annual meeting of stockholders as of March 26, 2012.

Name of Director	**Number of Shares Held(1)**
Edward J. Bayone	15,657
Robert C. Blattberg	15,657
Charles B. Carden	15,657
Thomas D. Gardner	15,657
David E. Hawthorne	15,657
Thomas S. Rogers	15,657
John Slater(2)	
Douglas D. Wheat	15,905

(1) Number of shares reported for all directors, except Mr. Wheat, includes restricted stock awards from 2010 (1,843 shares), 2011 (7,936 shares) and 2012 (5,000 shares) and two-thirds of the restricted stock unit awards from 2010, which partially vested on March 12, 2011 (439 shares) and March 12, 2012 (439 shares). Number of shares reported for Mr. Wheat includes restricted stock awards from 2010 (2,011 shares), 2011 (7,936 shares) and 2012 (5,000 shares) and one-third of the restricted stock unit award from 2010, which partially vested on July 1, 2011 (958 shares).

(2) At his request, Mr. Slater, who was nominated by our largest stockholder to serve on our board, has waived all director compensation. See Review and Approval of Transactions With Related Persons Certain Relationships and Related Transactions for a description of Mr. Slater s employment relationship with Paulson & Co.

Stock Ownership Guidelines

We do not currently have stock ownership guidelines for our non-management directors. However, all non-management directors who joined the board on December 31, 2009 received an award of restricted stock units that vest in three equal annual installments beginning on the first anniversary of the grant date, but do not settle until after the director s departure from the board in good standing. The board believes that the significant value of the restricted stock unit award, together with settlement only upon retirement from the board, helps to ensure that the financial interests of our directors continue to be aligned with those of the company s stockholders. The compensation committee periodically evaluates whether stock ownership guidelines should be adopted.

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COMPENSATION DISCUSSION AND ANALYSIS

Overview

Decisions with respect to compensation for our executive officers, including our president and chief executive officer, are made by the compensation committee of our board of directors (the *committee*). Below we describe the actions and philosophies of the committee during 2011.

The following discussion and analysis is focused primarily on the compensation for our executive officers during 2011, with additional detail provided for our named executive officers. Our *named executive officers* are:

- our president and chief executive officer;
- our chief financial officer; and
- the three other most highly compensated executive officers in 2011 who were serving as executive officers at the end of 2011.

The compensation of our named executive officers is presented in the tables and related information and discussed under Executive Compensation following this section.

Executive Summary

Our goal for the executive compensation program is to attract, motivate and retain a talented, entrepreneurial and creative team of executives who will provide leadership for our success in dynamic and competitive markets. We seek to accomplish this goal in a way that rewards individual performance and that is aligned with stockholders long-term interests.

Upon the emergence from Chapter 11, all outstanding common stock of the company (then known as Idearc Inc.) was cancelled effective as of December 31, 2009. In addition, all of our then-existing long-term incentive plans were terminated and all outstanding equity incentive awards were cancelled. Following our reorganization in 2009, the committee undertook a detailed review of our executive compensation program. The overall objective of this effort was to align the interests of our leadership team with our new stockholders and help support our dedicated efforts to significantly reduce operating costs and mitigate declines in revenue. In addition, the committee s objective was to design our executive compensation program to be market competitive while promoting the pay for performance philosophy.

Our executive compensation program includes a mix of fixed and variable compensation, including base salaries and annual and long-term incentives that create a balance between short-term and long-term focus. Incentive compensation of executive officers is based on a balanced mix of performance measures, including revenue, profitability and total stockholder return. In 2011, we maintained short-term incentive targets (after reducing them in 2010 for each executive officer except the chief executive officer), and reduced the grant value of long-term incentives after making substantial grants in 2010. Our profitability has met or exceeded the goals established for our short-term incentive plan and the projections published in the disclosure statement associated with our plan of reorganization. In addition, through significant expense control efforts, results in the majority of our financial earnings metrics, including EBITDA (both in terms of dollars and margin percentage) and earnings per share, reflected outperformance of our primary industry peers on a year over year basis. The company also reduced its total debt outstanding by $426 million in 2011, for a total reduction of over $1 billion in the last two years, through efficient utilization of its cash flows. As a result, our short-term incentive plan has paid at or above target in 2010 and 2011.

Our long-term incentive grants have the effect of linking executive compensation to the performance of our common stock and effectively align executive pay with the interests of our stockholders. Long-term incentive plan award recipients participate along with the other stockholders in the rise and fall of the company s share price over the years. The following table sets forth the number of shares of restricted stock and restricted stock units granted to the named executive officers in 2010 and 2011 and the aggregate grant date fair value of the awards, based upon the company s closing stock price on the grant date. The last column of the table below reflects the 2011 year-end value of the awards, based upon the company s closing share price on December 30, 2011, the last trading day of the year.

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Name	Restricted Stock (#) /Grant Date	Restricted Stock Units(#) /Grant Date	Grant Date Value ($)	2011 Year-End Value ($)
Peter J. McDonald	150,000			
	12/9/2010		1,087,500	396,000
Samuel D. Jones	35,550			
	3/12/2010		1,350,189	93,852
Frank P. Gatto	29,493			
	3/12/2010		1,120,144	77,862
Del Humenik		35,000		
		2/25/2011	308,700	92,400
Cody Wilbanks	33,575			
	3/12/2010		1,275,179	88,638

In addition, all of the stock options granted since our emergence from bankruptcy have an exercise price greater than the current market price of our common stock.

In 2011, the company received a favorable advisory vote on its executive compensation program, with over 92% of the company s shares voted to approve the executive compensation program. The committee believes this affirms the stockholders support of the company s executive compensation program, and the committee did not change its approach in 2011 based on the results of the advisory vote. The committee will continue to monitor and consider the outcomes of future advisory votes on the company s executive compensation program when making compensation decisions for the company s executive officers and will continue to focus on strengthening the pay for performance orientation of our executive compensation program and its alignment with long-term stockholder interests.

Compensation Philosophy and Objectives

In making compensation decisions for our executive officers, the committee is guided by a pay for performance philosophy. The committee believes a significant portion of each executive s total compensation opportunity should be tied to, and vary with, the relative achievement of the company s financial, operational and strategic goals and the market value of our common stock.

In designing the compensation program for executive officers, the committee seeks to achieve the following key objectives:

- *Attract and Retain Talented Executives.* The compensation program should provide each executive officer with a total compensation opportunity that is market competitive. This objective is intended to ensure that the company is able to attract and retain executives who will provide leadership for its success in dynamic and competitive markets while maintaining an appropriate cost structure for the company.

- *Motivate Executives.* The compensation program should encourage our executive officers to achieve the company s financial, operational and strategic goals.

- Alignment with Stockholders Interests.The compensation program should align executives interests with those of our stockholders, promoting actions that will have a long-term positive impact on total stockholder return.

- Compensation Should Be Transparent. The elements of our compensation program should be easily understood by both our executive officers and our stockholders.

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Elements of Our 2011 Executive Compensation Program

Our 2011 compensation program for executive officers included the compensation elements summarized in the table below.

Compensation Program Elements	Employees Covered	Description	Key Objectives Promoted
Annual Cash Compensation			
Base Salary	All salaried employees	Fixed annual cash compensation paid every two weeks.	Attract and retain talented employees.
Short-Term Incentive Programs	Available to executive officers and eligible employees	Variable cash compensation based on performance achieved against pre-established goals.	Motivate and reward achievement of financial, operational and strategic business goals.
Long-Term Equity-Based Compensation			
Stock Options	Executive officers	Stock options that provide participation in the appreciation in the value of the company s stock.	Attract, retain and motivate talented executives; share price appreciation.
Restricted Stock Units	Executive officers	Shares of stock that vest as a result of continued employment with the company.	Attract, retain and motivate talented executives; align executive and stockholders interests.
Retirement Benefits			
Savings Plan	Available to eligible employees	A 401(k) retirement savings plan that enables employees to contribute a portion of their compensation with the potential for a company matching contribution.	Designed to be market competitive given that most companies our size provide a 401(k) with a matching component.
Management and Excess Pension Plans	Available to eligible employees hired before 2006	Retirement benefits provided by Verizon prior to the spin-off. The plans were frozen by Verizon Communications Inc. (*Verizon*) in mid-2006. Except for employees	A legacy obligation transferred to the company in connection with our spin-off in 2006.

	whose benefits are grandfathered under this plan, the company no longer offers this benefit.

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Executive Retiree Life Insurance Plan	Available to eligible employees who (i) were within certain salary bands as of December 31, 2001 and (ii) retire with a pension (other than a deferred vested pension) from a plan that is sponsored by Verizon.	Retirement benefits provided by Verizon prior to the spin-off. The plan was frozen by Verizon in January 2002. Except for employees whose benefits are grandfathered under this plan, the company no longer offers this benefit.	A legacy obligation transferred to the company in connection with our spin-off in 2006.
Severance and Change in Control Benefits			
Severance Benefits absent a Change in Control	Executive officers	Severance benefits equal to a multiple of salary and short-term incentive in the event of a termination by the company without cause.	Designed to enable the company to attract and retain talented executives and to protect the company s interests through restrictive post-employment covenants, including non-competition and non-solicitation.
Severance Benefits in connection with a Change in Control	Executive officers	Severance benefits equal to a multiple of salary and short-term incentive in the event of a termination by the company without cause or by the executive for good reason following a change in control.	Designed to ensure that management is able to evaluate any potential change in control transaction objectively and provide for continuity of management in the event of a change in control.
Health and Welfare Benefits			
Health and Welfare Benefits	All salaried employees	Health, dental, vision, term life and disability insurance.	Customary benefits that enable the company to attract and retain employees as most companies of our size provide similar benefits.
Financial Planning and Other Benefits	Executive officers	Flexible allowances; financial planning; annual physical exams.	Customary benefits that enable the company to attract and retain employees as most companies of our size provide similar benefits

Committee s Role in Establishing Compensation

The committee approves, or recommends to the board for approval, all compensation decisions for our executive officers. One of the committee s key responsibilities is to ensure that our executives are appropriately compensated based upon their performance and contribution to the company s future growth and profitability. The committee s compensation decisions are guided and supported by the company s compensation philosophy and objectives, which include alignment with

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stockholders interests as a key objective. The committee chair sets the agenda for all committee meetings, with input from management and the committee s executive compensation advisor.

Advisor to the Committee

The committee has retained Mercer, a wholly-owned subsidiary of Marsh & McLennan Companies, Inc., as its executive compensation advisor. In 2011, Mercer provided the committee with third-party data and advice with respect to its compensation decisions for all of our executive officers, including our president and chief executive officer. While Mercer works closely with the appropriate members of the company s management team, Mercer reports directly to the committee and only provides services relating to executive compensation matters that are requested and authorized by the committee. The aggregate fees paid for executive compensation consulting services provided to the committee in 2011 were $329,519.

In 2011, the company also retained Mercer to provide services unrelated to executive compensation, including compensation benchmarking surveys, licensing compensation management software and co-sourcing arrangements. The aggregate fees paid for those services, surveys and software in 2011 were $88,987. The committee did not review or approve the other services provided by Mercer, as those services were approved by management in the normal course of business. We have been advised by Mercer that the reporting relationship and compensation of the Mercer consultants who perform executive compensation consulting services for the committee is separate from, and is not determined by reference to, Mercer s or Marsh & McLennan s other lines of business and their other work for us. The committee considers these separate reporting relationships and compensation structures, and the other policies and procedures implemented by Mercer, to be adequate to ensure that Mercer s advice to the committee is objective and not influenced by the other relationships that the company has with Mercer and its Marsh & McLennan affiliates.

Management s Role in Establishing Compensation

The company s human resources department administers our executive compensation program. At the request of the committee or management, the executive vice president of human resources is responsible for making proposals to the committee for changes to our executive compensation program. The committee may also request its executive compensation advisor to review and provide suggestions for changes to the compensation program. Our executive vice president of human resources is the primary management contact for the committee chair.

In 2011, our chief executive officer, chief financial officer, executive vice president of human resources and general counsel attended most regularly-scheduled committee meetings to discuss executive compensation matters under consideration by the committee and to answer questions regarding those matters. The committee also regularly met in executive session without management present.

With the participation of our chief executive officer and other company management, the committee annually reviews and approves (or recommends to the board for approval) the corporate goals, objectives, and other key measures relevant to compensation of our executive officers. In consultation with the company management and our chief executive officer, the committee evaluates the performance of other executive officers in light of these agreed upon measures. The committee then, based on such evaluations and assessment of each executive s responsibilities and potential for future contributions to the company s success, determines and approves, or recommends to the Board for approval, such officers compensation or changes to compensation, if any. The chief financial officer participates in committee meetings when performance goal setting or measurement is on the agenda.

With the participation of the company management, the committee also annually reviews and approves (or recommends to the board for approval) the corporate goals, objectives, and other key measures relevant to the compensation of our chief executive officer. The committee evaluates the performance of the chief executive officer in light of these agreed upon measures. The committee then, based on such evaluation, determines and approves, or recommends to the Board for approval, the chief executive officer s total compensation or changes to compensation, if any. Neither the chief executive officer nor other executive officers or management are directly involved in determining or recommending changes to the chief executive officer s compensation.

In addition, in determining the total compensation or changes to the compensation of our chief executive officer and other executive officers, the committee also evaluates market data provided by Mercer and other relevant information.

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Review of Compensation Program

In determining our executive compensation program, the committee considers the main factors described below. The committee s actions are influenced by the fact that the company completed its reorganization on December 31, 2009. The committee also takes into account a review by Mercer of our compensation program relative to market practices prevailing among companies recently completing reorganizations.

- Market Competitiveness. The committee reviews market data provided by its executive compensation advisor for each of the executive officers. The committee completes a market study at the beginning of each year to evaluate whether market trends suggest changes to the current compensation program and pay levels of the executives.

- Internal Equity. The committee considers the level of total compensation opportunity for the executive officers in relation to one another and contribution to the company s performance to ensure that each executive s contributions to company performance are appropriately reflected. The committee also considers the relationship between the compensation of our chief executive officer and the company s other executive officers.

- Alignment with Stockholder s Interests.The committee considers equity awards to further the alignment of executive s interests with those of our stockholders.

- Individual Performance. The committee considers each individual executive s performance and the potential for the executive to expand his or her responsibilities and contributions to the company.

- Cost Cutting Efforts. The committee considers the company s continuous efforts to reduce operating costs in 2011.

Employment Agreements

President and Chief Executive Officer

In October 2010, the company entered into an interim employment agreement and in December 2010 into a new employment agreement with Peter J. McDonald in connection with his appointment as our president and chief executive officer. The agreement expires on December 13, 2013, unless extended. The agreement provides for an annual base salary of $900,000 and Mr. McDonald is eligible to earn an annual incentive award with a target value equal to 100% of his base salary. Also in connection with his appointment as our president and chief executive officer, Mr. McDonald was awarded (i) a one-time cash payment of $750,000 as a signing incentive and relocation payment; (ii) stock options to purchase 150,000 shares of the company s common stock; and (iii) a restricted stock award for 150,000 shares of the company s common stock.

For a description of the material terms of Mr. McDonald s employment agreement, see Executive Compensation President and CEO Employment Agreement and Executive Compensation Potential Payments Upon Termination or Change in Control President and CEO Employment Agreement.

Other Executive Officers

The company does not have employment agreements with any executive officers except for Mr. McDonald. Other executive officers are eligible to receive severance benefits and are subject to certain restrictive covenants under the company s executive transition plan. This plan was approved by the committee in April 2007 and amended and restated in May and November 2010, and was designed primarily to encourage executives to remain employed by the company by providing certain severance protection against involuntary termination of employment with additional severance protection applicable to a termination of employment in connection with a change in control. The company also eliminated gross-up payments associated with excise taxes on severance benefits following a change in control for new participants. For additional information about this plan, see Executive Compensation Potential Payments Upon Termination or Change in Control Executive Transition Plan.

Benchmarking and Comparator Group

In 2011, the committee reviewed the comparator group of companies in consultation with Mercer and other market data to be used to provide market references in establishing the total compensation opportunity for our executive officers. The

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comparator group includes companies that are similar to our company and is used to provide market references in establishing the total compensation opportunity for our executive officers. For 2011, this group comprised:

- A. H. Belo Corporation
- AOL Inc.
- Dex One Corporation
- The E.W. Scripps Company
- Gannett Co., Inc.
- GSI Commerce Inc.
- Harte Hanks Inc.
- IAC/InterActiveCorp
- Lee Enterprises, Inc.
- The McClatchy Company
- Media General, Inc.
- The New York Times Company
- Valassis Communications, Inc.
- Valueclick Inc.
- The Washington Post Company

When reviewing compensation data from the comparator group, the committee considered the peers profiles across several metrics including:

	SuperMedia Positioning (in July 2011)
Sales	Between 50th and 75th percentile
EBITDA	Between 50th and 75th percentile
Equity market value	Below the 25th Percentile
Enterprise Value	Between 50th and 75th percentile

The committee concluded that the company s high debt relative to equity made sales, earnings before interest, taxes, depreciation and amortization (EBITDA), and enterprise value more valid measures of comparative size than equity market value and concluded, with Mercer s concurrence, that the comparator group is a valid group for pay comparisons.

2011 Compensation Program

Throughout 2011, the committee reviewed compensation data from the comparator group, supplemented by benchmark compensation data from relevant executive compensation surveys, in order to evaluate proposed annual base salaries and incentive award opportunities for 2011. The committee s primary objective was to balance the need to offer appropriate compensation opportunities to the company s executives with the company s need to reduce operating expenses. In addition, the committee took into consideration the reintroduction of stock-based incentives as a component of executive officer pay in 2010, in order to further the alignment between executive compensation and stockholders interests.

Based on these objectives, the committee decided to keep 2011 base salaries and annual incentive targets at the same level as in 2010, since annual incentive targets were reduced in 2010 as a percent of base salary for all of the company s executive positions except for the chief executive officer.

While the committee used market competitiveness as a guideline, it also considered individual performance, changes in responsibilities from the prior year, experience, potential for future contributions, internal pay equity and the current economic conditions impacting our business and industry. In addition, the committee exercised its judgment regarding the appropriate compensation levels necessary to retain individuals qualified and motivated to lead the company through the current market and industry conditions.

Base Salary

Base salaries provide our executive officers with a predictable level of income. The committee typically reviews base salaries of our executive officers on an annual basis. During the committee s review of base salaries for executive officers for 2011, the committee primarily considered market data provided by the committee s advisor, individual responsibilities, performance and experience of the executive officer, recommendations made by our chief executive officer, internal pay equity among all of our executive officers and requirements to attract key talent to the organization.

In 2011, the committee reviewed market data indicating the market position of our executive officers relative to similar positions at the companies comprising the comparator group. Based upon this market data and consideration of the other factors described above, the committee determined not to increase the base salaries of our named executive officers in 2011. The committee approved a company-wide budget of 3% for base salary increases in 2012 for all employees, including our executive officers, effective April 1, 2012.

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Incentive Compensation

In February 2011, the committee approved grants of stock option and restricted stock unit awards under the company s 2009 long-term incentive plan, effective as of February 25, 2011. The stock options and restricted stock units vest over three years in equal installments of one-third on the first, second, and third anniversaries of the grant date. Pursuant to the terms of the company s 2009 long-term incentive plan and award agreements, all unvested options and restricted stock units will terminate upon the employee s termination of employment with the company for any reason on or before the third anniversary date of the award, except that the committee, at its sole option and election, may permit unvested options or restricted stock units not to terminate if the employee is terminated without cause. If a change in control occurs on or before the third anniversary date of the award, all unvested options and restricted stock units will immediately vest.

The differences in the equity awards between the named executive officers were primarily the result of differences in the applicable estimated market level of equity compensation for their positions, and not the application of any formula designed to maintain differentials between the officers.

The following named executive officers were granted options to purchase shares of our common stock and restricted stock units in the amounts set forth below:

Name	Stock Options	Restricted Stock Units
Samuel D. Jones	40,000	
Frank P. Gatto	10,000	
Del Humenik	20,000	35,000
Cody Wilbanks	16,000	

In February 2011, the committee approved target opportunities for each named executive officer under the 2011short-term incentive compensation plan, pursuant to the company s 2009 long-term incentive plan. The target awards were set at a percentage of the individual executive officer s base salary and were the same as 2010 short-term incentive targets. Award opportunities were subject to the company achieving levels of performance for the following metrics:

• *Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA).* The committee selected this metric because it provides a measure of the company s performance and ability to service debt and reinvest in growth initiatives. The committee also believes EBITDA to be a strong indicator of the company s cash flow, which the committee determined to be an important metric given the company s level of indebtedness. EBITDA is a non-GAAP measure. The committee calculated EBITDA by adding GAAP depreciation and amortization to GAAP operating income. The committee also added the costs related to restructuring, certain one-time compensation and benefit costs and fresh start accounting items. The committee retained discretion to adjust EBITDA for unusual or one-time items.

• *Multi-product Ad Sales.* The committee selected this metric because it is useful for comparing advertising sales for current advertising periods to corresponding sales for previous periods. The committee retained discretion to adjust multi-product ad sales for unusual or one-time items.

The committee decided that the performance metrics should be weighted 70% for EBITDA and 30% for multi-product ad sales to balance the company s focus on revenue growth and cash flows to service debt and other initiatives. The committee also established threshold, target and maximum levels of performance for each metric. No payments would be made for performance that is below the threshold for either metric and the maximum award payable for performance at or above the pre-determined maximum level is equal to 200% of an executive officer s target opportunity. The following table illustrates potential payouts associated with various levels of performance under the plan.

		Performance Goals as a Percent of Target				
Performance Metrics	**Weight**	**Below Threshold**	**Between Threshold and Target**	**Target**	**Between Target and Maximum**	**At or Above Maximum**
EBITDA	70%	<90%	90% to 99%	100%	101% to 119%	120%
Multi-product Ad Sales	30%	<92%	92% to 99%	100%	101% to 109%	110%
Potential payout as a percent of target:		**0%**	**25% to 99%**	**100%**	**101% to 199%**	**200%**

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In accordance with the terms of the short-term incentive plan, an executive officer s actual payout may be increased or decreased based on individual performance. The performance evaluation includes objective measures established for each executive officer.

The following table sets forth the threshold, target and maximum levels of performance, the weights of each performance metric and performance attained for each of these metrics in 2011.

			Performance Goals ($ in millions)		% Target Award Attained
Performance Metrics	**Weight**	**Threshold**	**Target**	**Maximum**	**Actual**
EBITDA	70%	$ 540	$ 600	$ 720	115%
Multi-product Ad Sales	30%	$ 1,503	$ 1,634	$ 1,797	83%

In February 2012, the committee reviewed the company s performance against the specified performance metrics under the 2011 short-term incentive plan. The committee considered the extraordinary business-related items that impacted short-term incentive plan performance and evaluated adjustments to plan targets and results that included extraordinary items.

Based on overall company performance for 2011, including adjustments for extraordinary items related to both EBITDA and multi-product ad sales, the calculated payout for executive officers was 101.04% of target. In order to balance the company s above-target performance on EBITDA with below-target performance on multi-product ad sales, the committee exercised discretion and determined that the short-term incentive plan payout for 2011 would be fixed at 100%, resulting in target award values for each of the company s named executive officers. The awards were paid in February 2012. The amounts paid to the named executive officers under the annual incentive plan are included in the Summary Compensation Table under Non-Equity Incentive Plan Compensation.

As previously described, the committee approved 2011 target short-term incentive opportunities for each named executive officer that were the same as the 2010 short-term incentive targets, except for our chief executive officer. The following table sets forth the short-term incentive target opportunities and the actual 2011 short-term incentive award payouts based on performance achieved under the 2011 short-term incentive plan, as a percentage of base salary, for each of our named executive officers that had an opportunity to earn a short-term incentive award in 2011.

Name	**2011 Target Annual Incentive Opportunity (% of base salary)**	**Actual 2011 Award Payout (% of base salary)**
Peter J. McDonald	100%	100%
Samuel D. Jones	75%	75%
Frank P. Gatto	70%	70%
Del Humenik	70%	70%
Cody Wilbanks	70%	70%

As part of its compensation review with respect to key management personnel, the committee approved an award of special bonuses to two of our executive officers in recognition of their significant contributions during 2011. The committee approved the payment of a special bonus in the amount of $100,000 to Mr. Jones, the company s chief financial officer, for his leadership in the company s expense reduction initiatives that contributed to the improvement in operating results that the committee considers significant to the company s deleveraging effort, which resulted in efficient utilization of cash flows to reduce our senior secured term loans by $426 million in 2011. The committee also approved a special bonus in the amount of $100,000 to Mr. Humenik, the company s executive vice president sales, to recognize his efforts in developing and implementing the transition to the company s new business model focused on becoming a trusted marketing partner for small and medium businesses across search, mobile, social and traditional media, designed to effectively connect advertisers with their target audiences through a variety of digital advertising solutions.

Other Benefits

Our executive officers are eligible to participate in various benefit plans available generally to our employees. Under these plans, all employees are entitled to access to health, dental, vision, term life insurance and disability coverage. All employees, including our executive officers, are also eligible to receive vacation, sick leave and other paid holidays. Former employees of Verizon s directories business and employees with at least 131/2 years of service as of June 30, 2006 are also

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entitled to post-retirement medical benefits. We assumed this obligation to provide post-retirement medical benefits from Verizon in connection with the spin-off in 2006.

The executive officers are also eligible to receive the following benefits:

- annual physical examinations;
- financial planning resources, services and assistance; and
- flexible allowances.

The company also reimburses a portion of the premiums associated with whole life insurance policies for those executive officers who received this benefit as Verizon employees prior to the spin-off in 2006. In addition, the company provides these executive officers with payments for taxes owed by the executives as a result of the premiums reimbursed by the company. This benefit was provided by Verizon prior to the spin-off in 2006. For 2011, the committee decided to continue to provide this benefit only to those executive officers who were eligible to receive it from Verizon prior to the spin-off. In 2011, only Mr. Gatto received this benefit.

The committee approved the flexible allowance for executives in lieu of other benefits historically provided by our former parent company, such as car allowances and club dues. For additional information regarding benefits provided by the company, see the Executive Compensation Summary Compensation Table All Other Compensation.

Savings Plan

Our executive officers and other employees are eligible to participate in the SuperMedia Savings Plan. Participants can elect to contribute to this plan on a pre-tax and/or post-tax basis and receive a company matching contribution of up to 6% of eligible compensation, which includes base salary and annual short-term incentives, subject to applicable Internal Revenue Service limitations. Management employees are eligible for an additional company matching contribution under the plan of up to 3% of eligible compensation if company performance criteria, established by the committee, are met. For 2011, based on the company s relative achievement against these measures, the committee determined that no supplemental contributions would be made.

Pension Plans

In connection with the spin-off, Verizon transferred to the company certain pension assets and liabilities related to our employees, including some of our executive officers. The benefit obligations are now provided under company pension plans. These plans were frozen by Verizon and do not accept new participants. For a description of these plans and the benefits payable to the named executive officers, see Executive Compensation 2011 Pension Benefits.

Potential Benefits and Payments upon Severance and Change in Control

We provide our executive officers with severance benefits in the event of a termination of employment without cause or in connection with a change in control of the company. These benefits are provided to our president and chief executive officer pursuant to his employment agreement. For our other executive officers, these benefits are provided pursuant to the company s executive transition plan. The severance benefits are designed to assist the company in attracting and retaining talented executives. In addition, the change in control severance benefits are intended to (a) ensure that our executives are able, as a practical matter, to evaluate any potential change in control transaction objectively, (b) encourage executives to remain employed by the company in the event a change in control becomes a real possibility and (c) protect the company s interests through restrictive post-employment covenants, including noncompetition and nonsolicitation. For additional information, see Executive Compensation Potential Payments Upon Termination or Change in Control.

Stock Ownership Guidelines

We currently have stock ownership guidelines only for Mr. McDonald, our president and chief executive officer. Pursuant to his employment agreement, Mr. McDonald is required to maintain ownership of at least 50% of the vested restricted stock (net of any shares withheld to pay taxes) and exercised stock options awarded to Mr. McDonald under his employment agreement during the term of his employment with the company and for six months thereafter. These stock ownership guidelines terminate in the event of Mr. McDonald s death or disability.

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Hedging Transactions

As part of the company s code of conduct, we have a policy prohibiting employees from engaging in transactions involving risks associated with the fluctuations in the company s share price.

Impact of Regulatory Compliance

Deductibility of Compensation

Section 162(m) of the Internal Revenue Code places a limit of $1,000,000 on the amount of compensation the company may deduct for federal income tax purposes in any one year with respect to the chief executive officer and the next four most highly compensated officers (excluding the principal financial officer) who were serving as executive officers as of the last day of the applicable year. Performance-based compensation that meets certain requirements is excluded from this limitation.

The committee considers the anticipated tax treatment to the company and to our executive officers of various payments and benefits. However, the deductibility of certain compensation payments depends upon the timing of an executive s vesting or exercise of previously granted awards, as well as interpretations and changes in the tax laws and other factors beyond the committee s control. For these and other reasons, including the need to maintain flexibility in compensating executive officers in a manner designed to promote varying corporate goals, the committee will not necessarily, or in all circumstances, limit executive compensation to that which is deductible under Section 162(m) and has not adopted a policy requiring that all compensation be deductible.

The committee will also consider various practicable alternatives to preserving the deductibility of compensation payments and benefits to the extent consistent with its other compensation objectives. The committee may establish performance criteria in an effort to ensure the deductibility of short-term cash incentives and also the deductibility of compensation resulting from equity awards made under the long-term incentive plan. Base salary does not qualify as performance-based compensation under Section 162(m). The company currently expects that all compensation paid to the named executive officers in 2011 will be deductible by the company.

Taxation of Nonqualified Deferred Compensation

To the extent the committee permits executive officers to defer their own compensation, or commits to deliver compensation at a later date than when earned and vested, the committee will make efforts to ensure that the requirements of Section 409A of the Internal Revenue Code are satisfied. Failure to satisfy Section 409A requirements could subject the executive officers receiving nonqualified deferred compensation to a 20% excise tax.

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COMPENSATION COMMITTEE REPORT

The compensation committee is currently comprised of three directors: David E. Hawthorne (Chair), Thomas D. Gardner and Thomas S. Rogers. The members of the compensation committee reviewed and discussed the Compensation Discussion and Analysis with management. Based on this review and discussion, the members of the compensation committee recommended to our board of directors that the Compensation Discussion and Analysis be included in the company s annual report on Form 10-K for the year ended December 31, 2011 and this proxy statement on Schedule 14A.

David E. Hawthorne, Chair

Thomas D. Gardner

Thomas S. Rogers

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EXECUTIVE COMPENSATION

The following executive compensation tables and related information are intended to be read together with the more detailed disclosure regarding our executive compensation program presented under the caption Compensation Discussion and Analysis above.

Summary Compensation Table

The following table sets forth information regarding the compensation of our named executive officers.

Name and Principal Position	Year	Salary	Bonus	Stock Awards	Option Awards(3)	Non-Equity Incentive Plan Compensation(4)	Change in Pension Value(5)	All Other Compensation(6)	Total
Peter J. McDonald	2011	$ 900,000				$ 900,000		$ 34,788	$ 1,834,788
President and Chief Executive Officer	2010	204,231	$ 850,000	$ 1,087,500	$ 628,500			3,115	2,773,346
Samuel D. Jones	2011	450,000	100,000(1)		210,800	337,500	242,742	46,075	1,387,117
Executive Vice President,	2010	447,500	225,000	1,350,189		428,996	221,814	49,390	2,722,889
Chief Financial Officer and Treasurer	2009	382,500	225,000			291,160	257,852	47,062	1,203,574
Frank P. Gatto	2011	400,000			52,700	280,000	69,273	102,812	904,785
Executive Vice President Operations	2010	398,500	160,000	1,120,144		355,908	79,639	103,099	2,217,290
	2009	385,000	160,000			213,460	105,283	95,565	959,308
Del Humenik	2011	450,000	100,000(1)	308,700(2)	105,400	315,000		77,084	1,356,184
Executive Vice President Sales									
Cody Wilbanks	2011	425,000			84,320	297,500	124,628	39,686	971,134
Executive Vice President, General	2010	419,500	212,500	1,275,179		378,152	183,987	39,343	2,508,661
Counsel and Secretary	2009	352,134	212,500			208,420	182,911	44,675	1,000,640

(1) As part of its compensation review with respect to key management personnel, the committee approved an award of special bonuses to two of our executive officers in recognition of their significant contributions during 2011. The committee approved the payment of a special bonus in the amount of $100,000 to Mr. Jones, the company s chief financial officer, for his leadership in the company s expense reduction initiatives that contributed to the improvement in operating results that the committee considers significant to the company s deleveraging effort, which resulted in efficient utilization of cash flows to reduce our senior secured term loans by $426 million in 2011. The committee also approved a special bonus in the amount of $100,000 to Mr. Humenik, the company s executive vice president sales, to recognize his efforts in developing and implementing the transition to the company s new business model focused on becoming a trusted marketing partner for small and medium businesses across search, mobile, social and traditional media, designed to effectively connect advertisers with their target audiences through a variety of digital advertising solutions.

(2) For 2011, this value represents the grant date fair value of the restricted stock unit award granted to Mr. Humenik. The dollar amounts were computed in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718, Compensation Stock Compensation (*ASC Topic 718*) as required by the Securities and Exchange Commission regulations, and exclude the impact of estimated forfeitures related to service-based vesting

conditions. See note 12 to the consolidated financial statements in the company s annual report on Form 10-K for the year ended December 31, 2011, for a description of the assumptions used in determining the accounting expense associated with these awards.

(3) For 2011, this value represents the grant date fair value of nonqualified stock option awards granted to each of the named executive officers, except for Mr. McDonald. The dollar amounts were computed in accordance with *ASC Topic 718* as required by the Securities and Exchange Commission regulations, and exclude the impact of estimated forfeitures related to service-based vesting conditions. See note 12 to the consolidated financial statements in the company s annual report on Form 10-K for the year ended December 31, 2011, for a description of the assumptions used in determining the accounting expense associated with these awards.

(4) Represents cash awards made under the company s short-term incentive plan, as described in Compensation Discussion and Analysis Incentive Compensation.

(5) Represents the year-to-year increase in pension value for each of the named executive officers that participate in the company s pension plans. Mr. McDonald and Mr. Humenik do not participate in the company s pension plans. See 2011 Pension Benefits for additional information.

(6) Includes compensation as described under All Other Compensation below.

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All Other Compensation

The table below sets forth the components of compensation for 2011 included in the All Other Compensation column in the Summary Compensation Table above.

Name	Flexible Allowance	Company Contributions to Savings Plan	Financial Planning	Physical Examination	Other	Total
Peter J. McDonald	$ 26,400	$ 7,350	$ 1,038	$	$	$ 34,788
Samuel D. Jones	15,600	15,267	13,055	2,153		46,075
Frank P. Gatto	15,600	20,825	13,055	1,819	51,513(1)	102,812
Del Humenik	15,600	7,981	13,055		40,449(2)	77,085
Cody Wilbanks	15,600	21,315		2,771		39,686

(1) This aggregate amount includes $32,737 paid in premiums for whole life insurance and $18,777 in reimbursement for taxes associated with the portion of the life insurance premiums that the company pays on behalf of Mr. Gatto. This benefit is a carry-over benefit that was provided to Mr. Gatto by Verizon prior to and after the company spun off from Verizon in 2006.

(2) During 2011, the company assisted Mr. Humenik with household relocation in connection with his employment with the company. This represents the aggregate value of relocation services provided to Mr. Humenik.

2011 Grants of Plan-Based Awards

The table below sets forth information about plan-based awards granted to our named executive officers during 2011 under the company s short-term incentive plan and long-term incentive plan. In this table, the short-term incentive plan is abbreviated as STI and awards under the long-term incentive plan are abbreviated as RSU for restricted stock units and SOA for stock option awards.

			Estimated Future Payouts Under Non-Equity Incentive Plan Awards(1)						
Name	Type	Grant Date	Threshold	Target	Maximum	All Other Stock Awards: Number of Shares of Stock or Units(2)	All Other Option Awards: Number of Securities Underlying Options(3)	Exercise or Base Price of Option Awards	Grant Date Fair Value of Stock and Option Awards(4)
Peter J. McDonald	STI								