

SUPERMEDIA INC.
Form 10-Q
July 27, 2012
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2012

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: 1-32939

SUPERMEDIA INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State of Incorporation)

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

2200 West Airfield Drive, P.O. Box 619810 D/FW Airport, TX
(Address of Principal Executive Offices)

75261
(Zip Code)

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

Indicate by check mark whether the Registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the Registrant has submitted electronically and posted on its Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate by check mark whether the Registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by the court. Yes No

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As of July 23, 2012, there were 15,668,058 shares of the Registrant's common stock outstanding.

Table of Contents

TABLE OF CONTENTS

		Page No.
<u>Forward-Looking Statements</u>		i
<u>PART I - FINANCIAL INFORMATION</u>		
<u>Item</u>	<u>1.</u>	<u>Financial Statements</u> 1
<u>Item</u>	<u>2.</u>	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u> 17
<u>Item</u>	<u>3.</u>	<u>Quantitative and Qualitative Disclosures About Market Risk</u> 23
<u>Item</u>	<u>4.</u>	<u>Controls and Procedures</u> 23
<u>PART II - OTHER INFORMATION</u>		
<u>Item</u>	<u>1.</u>	<u>Legal Proceedings</u> 24
<u>Item</u>	<u>1A.</u>	<u>Risk Factors</u> 26
<u>Item</u>	<u>2.</u>	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u> 27
<u>Item</u>	<u>3.</u>	<u>Defaults Upon Senior Securities</u> 27
<u>Item</u>	<u>4.</u>	<u>Mine Safety Disclosures</u> 27
<u>Item</u>	<u>5.</u>	<u>Other Information</u> 27
<u>Item</u>	<u>6.</u>	<u>Exhibits</u> 28

Table of Contents

FORWARD-LOOKING STATEMENTS

Some statements included in this report constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and the federal securities laws. Statements that include the words may, will, could, should, would, believe, anticipate, forecast, estimate, expect, preliminary, intend, plan, project, outlook and similar statements of a future or forward-looking nature identify forward-looking statements. You should not place undue reliance on these statements. These forward-looking statements include statements that reflect the current views of our senior management with respect to our financial performance and future events with respect to our business and industry in general. Forward-looking statements address matters that involve risks and uncertainties. Accordingly, there are or will be important factors that could cause our actual results to differ materially from those indicated in these statements. We believe that these factors include, but are not limited to, the risks related to the following:

- our inability to provide assurance for the long-term continued viability of our business;
- reduced advertising spending and increased contract cancellations by our clients, which causes reduced revenue;
- declining use of print yellow pages directories by consumers;
- competition from other yellow pages directory publishers and other traditional and new media;
- our ability to anticipate or respond to changes in technology and user preferences;
- changes in our operating performance;
- limitations on our operating and strategic flexibility and the ability to operate our business, finance our capital needs or expand business strategies under the terms of our credit agreement;
- failure to comply with the financial covenants and other restrictive covenants in our credit agreement;
- limited access to capital markets and increased borrowing costs resulting from our leveraged capital structure and debt ratings;

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- changes in the availability and cost of paper and other raw materials used to print our directories;
- our reliance on third-party providers for printing, publishing and distribution services;
- credit risk associated with our reliance on small- and medium-sized businesses as clients;
- our ability to attract and retain qualified key personnel;
- our ability to maintain good relations with our unionized employees;
- changes in labor, business, political and economic conditions;
- changes in governmental regulations and policies and actions of federal, state and local municipalities; and
- the outcome of pending or future litigation and other claims.

The foregoing factors should not be construed as exhaustive and should be read together with the other cautionary statements included in this and other reports we file with the Securities and Exchange Commission (the "SEC"), including the information in Item 1A. Risk Factors in Part I of our Annual Report on Form 10-K for the year ended December 31, 2011 as updated in the subsequent quarterly report on Form 10-Q. If one or more events related to these or other risks or uncertainties materialize, or if our underlying assumptions prove to be incorrect, actual results may differ materially from what we anticipate. All forward-looking statements included in this report are expressly qualified in their entirety by these cautionary statements. The forward-looking statements speak only as of the date made and, other than as required by law, we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Table of Contents**PART I- FINANCIAL INFORMATION****Item 1. Financial Statements.****SuperMedia Inc. and Subsidiaries****Consolidated Statements of Comprehensive Income****(Unaudited)**

	Three Months Ended June 30,		Six Months Ended June 30,					
	2012	2011	2012	2011				
	(in millions, except per share amounts)							
Operating Revenue	\$	349	\$	421	\$	712	\$	859
Operating Expense								
Selling		88		112		178		228
Cost of sales (exclusive of depreciation and amortization)		84		106		170		216
General and administrative		33		53		74		118
Depreciation and amortization		40		44		80		88
Total Operating Expense		245		315		502		650
Operating Income		104		106		210		209
Interest expense, net		43		57		89		114
Income Before Reorganization Items, Gains on Early Extinguishment of Debt and Provision for Income Taxes		61		49		121		95
Reorganization items				(1)				(1)
Gains on early extinguishment of debt		23				51		
Income Before Provision for Income Taxes		84		48		172		94
Provision for income taxes		20		19		46		35
Net Income	\$	64	\$	29	\$	126	\$	59
Basic and diluted earnings per common share	\$	4.11	\$	1.89	\$	8.08	\$	3.79
Basic and diluted weighted-average common shares outstanding		15.3		15.1		15.3		15.1
Comprehensive Income								
Net income	\$	64	\$	29	\$	126	\$	59
Adjustments for pension and post-employment benefits, net of taxes		173		5		173		3
Total Comprehensive Income	\$	237	\$	34	\$	299	\$	62

See Notes to Consolidated Financial Statements.

Table of Contents

SuperMedia Inc. and Subsidiaries

Consolidated Balance Sheets

(Unaudited)

	At June 30, 2012	At December 31, 2011
	(in millions)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 77	\$ 90
Accounts receivable, net of allowances of \$47 and \$59	132	147
Accrued taxes receivable		