

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE NORTHERN DISTRICT OF TEXAS  
DALLAS DIVISION**

|                             |   |                                |
|-----------------------------|---|--------------------------------|
| <b>IN RE:</b>               | § |                                |
|                             | § | <b>CASE NO. 09-31828 (BJH)</b> |
| <b>IDEARC INC., et al.,</b> | § |                                |
|                             | § | <b>(Chapter 11)</b>            |
| <b>Debtors.</b>             | § | <b>(Jointly Administered)</b>  |
|                             | § |                                |

**DECLARATION OF ANTHONY PLEC IN SUPPORT OF DEBTORS' MOTION  
TO ASSUME CERTAIN OPERATING AGREEMENTS**

I, Anthony Plec, declare under penalty of perjury as follows:

1. My name is Anthony Plec. I am over the age of 18, am of sound mind and am fully competent to make this declaration. I am familiar with and have personal knowledge of each and every statement of fact set forth in this declaration. Each and every statement of fact contained in the declaration is true and correct.
2. Attached as Exhibit A is a List of Traffic Partner Contracts Idearc would like to have assumed, with corresponding actual and estimated cure amounts. These contracts are in writing, executed, active, and have not expired or been terminated. As of March 31, 2009 the Debtors were not in default on any of these agreements for invoices which had been submitted for payment. I have in-depth knowledge of the nature of our arrangements with Traffic Partners due to my direct work in the Business Development and Partner Development group of Idearc, which is part of my nearly five years of Internet industry experience.
3. Traffic Partners refer to those companies that redistribute the Debtors client advertising online through their own proprietary Website and/or through other Websites with whom the Traffic Partners have sub-distribution arrangements. For "revenue-share" agreements (which represent the vast majority of our agreements), when a Website user clicks on an ad that the Debtors have distributed by way of a Traffic Partner, the Debtors are subsequently paid by the advertiser and the Debtors in turn pay the Traffic Partner a certain rate based upon the revenue share arrangement with such partner. The Debtors' value proposition to its client advertisers is significantly strengthened when the Debtors are able to provide additional channels of distribution that enhance the availability and relevancy of the ad to end user consumers.
4. The Business Development team is responsible for negotiating terms, working with the legal team to bring the contracts to fruition and managing the relationships after execution. There is extensive and ongoing communication with our current partners, as well as prospecting done by the Business Development team to identify and secure new high-quality and high-volume partners. Acquisition of new online distribution partners is key to achieving the Idearc operating plan, of which the growth of the Internet business is a significant component. As

consumer references and advertising dollars continue to shift online, the Internet division is a key component of Idearc's ongoing financial health.

5. As a Senior Staff Consultant in our group, I work to ensure that Idearc Partner agreements meet the objectives of the operating plan, including cost and quality objectives. All Partners are reviewed on an ongoing basis to determine traffic quality and overall financial value. Due to the fragmentation of sites that Internet (and now mobile) users frequent, Traffic Partners are a key component in delivering leads to our merchant advertisers because they provide the merchant visibility, which would be impossible on Idearc-owned and operated sites alone.
6. The contracts listed at Exhibit A are critical to the Idearc's Internet business – they deliver both the volume that overcomes the fragmented nature of online users and prominent placement for the Debtors' advertisers. As of May 2009, Traffic Partners accounted for a large majority of the pay-for-performance revenue streams generated by the Debtors. In order to have a successful partner network it is necessary to distribute the Debtors' advertisers to Internet sites where consumers are looking for specific businesses. The Partner network has been created over the past 7 years through diligent research, intense negotiations with some of the Internet's best advertising sites, and diligent Partner Management follow-through in order to grow traffic and revenue with these partners. Each partner is selected and retained based on their inherent capacity to deliver relevant consumer traffic to Idearc's advertising clients.
7. While transparency into terms is difficult to obtain in the online traffic partner marketplace, the Debtors' believes it pays vendors at or below market rates. For instance, the Debtors understand that some competitors compensate their traffic partners almost exclusively in terms of a per search rate, for which there is typically no guaranteed return on investment (i.e., for which there is no guaranteed "click"). Conversely, the Debtors have very few per-search agreements, and only with higher-quality partners who have proved value. The overwhelming majority of the Debtors' agreements are "revenue-share" in nature – that is, these traffic partners make money only when the Debtors makes money. When negotiating our agreements, rate is of course a major point of discussion. The coveted local advertisers that the Debtors makes available to our Partners allow us to negotiate more favorable terms. The rate the Debtors pay each Partner combined with the quality of the Partner traffic are two major factors in determining what type of advertisers the Debtors' deliver on each partner's request. In the event a Partner rate exceeds the overall value, or where Partner quality is substandard, the Debtors generally have the right to reduce or altogether eliminate that Partner's traffic.
8. Traffic Partners work with multiple advertiser and traffic providers. The Debtors' ability to gain preference is directly related to the quality of its advertisers, the volume of its advertisers, and the subsequent revenue opportunity resulting from consumer activity measured as revenue.

9. Traffic Partners obtain their traffic through both organic (direct navigation and search engine optimization) and paid (search engine marketing) means. In this process, the Partners have often incurred substantial up-front costs for their traffic, and therefore must “float” these substantial costs prior to payment by Idearc. The high quality of Idearc’s advertisers and its historically timely payments have made Partners willing to endure this cost, but an interruption in the traffic payment process will have a negative impact on the cash flow of the Debtors’ Partners. Additionally, such a payment interruption may cause valuable and long-time – but smaller – traffic partners substantial distress. Where payment interruptions have already occurred, some partners have already reduced or eliminated their search traffic for the Debtors’ advertisers.
  
10. Internet Traffic Partners represent a very close business community where intense competition and cooperation exist in parallel. We understand that it is common for competing traffic networks to exchange excess advertiser inventory to maximize the yield of their traffic. Assuming these critical contracts now will allow the Debtors to maintain and grow these most valuable relationships and secure some of the required traffic to meet the Debtors’ operating plan. Slow or late payment of invoices will damage the Debtors’ reputation in a very integrated marketplace. Additionally, while Traffic Partners may be obligated to continue to provide service to the Debtors during the restructuring, they could easily alter traffic patterns and/or advertiser placement on their Web properties, which would cause a reduction in advertiser impressions and the associated click-throughs that drive the Debtors’ revenue. Both circumstances would be difficult for Idearc to detect or validate in a timely manner, but would have a significantly negative impact on both the Debtors’ revenue and customer reputation.

In short, without the partner network, the value the Debtors deliver to their online merchant customers is substantially compromised. And with the online portion of the Debtors’ business expected to be a growth engine of the company, it is critical that this network remains uncompromised and growing. Any payment interruption could easily put such an outcome in jeopardy.

11. As of March 31, 2009 (the "Petition Date"):
  - The Debtors were not in default under any of the Traffic Partner contracts listed in Exhibit A for invoices which had been submitted for payment;
  - The approximate unpaid amounts for Traffic Partners due from Idearc to the companies under their respective contracts are set forth in Exhibit A under the "Cure Amount" column.
12. The Debtors intend to continue to perform in accordance with its agreement with all of these companies and there is no need for further assurance of Idearc's performance.
13. Based on the facts set forth herein, it is my opinion that assumption of the traffic contract listed in Exhibit A is in the best interest of the Idearc, its creditors and customers.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on May 20, 2009.

\_\_\_\_\_/s/ Anthony Plec\_\_\_\_\_  
ANTHONY PLEC

**EXHIBIT A**

| COUNTER PARTY   | CATEGORY OF CONTRACTS           | DESCRIPTION OF CONTRACT   | CONTRACT DATE              | CURE AMOUNTS   |
|---|---------------------------------|---|----------------------------|----------------|
| AdMarketplace, Inc.<br>55 Broad Street 23rd Floor<br>New York, NY 10004   | Operations and<br>Miscellaneous | "Pay for Performance<br>Advertising" Distribution<br>Agreement      | 12/18/08 –<br>auto-renewal | \$121,594.03   |
| HelloMetro Inc.<br>131 E. Court Ave., Suite 300<br>Jefferson, IN 47130  | Operations and<br>Miscellaneous | Pay per Click Advertising<br>Distribution Agreement                 | 2/1/07 –<br>auto-renewal   | \$56,595.23    |
| IAC SEARCH & MEDIA, INC.<br>555 12 <sup>th</sup> Street, Suite 500<br>Oakland, CA 94607                             | Operations and<br>Miscellaneous | "Pay for Performance<br>Advertising" Distribution<br>Agreement      | 7/1/08 –<br>auto-renewal   | \$199,454.50   |
| IT INTERACTIVE SERVICES INC.<br>1567 Argyle Street, 2 <sup>nd</sup> Floor<br>Halifax, Nova Scotia Canada B3J<br>2B2 | Operations and<br>Miscellaneous | Performance Based<br>Advertising Products<br>Distribution Agreement | 5/18/06 –<br>auto-renewal  | \$236,763.20   |
| LOCAL PAGES INC.<br>5027 Zelzah Ave. Suite 250<br>Encino, CA 91316  | Operations and<br>Miscellaneous | "Pay for Performance<br>Advertising" Distribution<br>Agreement      | 12/18/08 –<br>auto-renewal | \$115,379.16   |
| MAGICYELLOW INC.<br>31225 La Baya Drive, Suite 110<br>Westlake Village, CA 97362                                    | Operations and<br>Miscellaneous | Pay per Click Advertising<br>Distribution Agreement                 | 1/19/06 –<br>auto-renewal  | \$55,794.64    |
| Traffic Engine Inc.<br>27068 La Paz Road Suite 491<br>Aliso Viejo, CA 92656   | Operations and<br>Miscellaneous | "Pay for Performance<br>Advertising" Distribution<br>Agreement      | 8/14/08 –<br>auto-renewal  | \$56,149.11    |
| WHITEPAGES.COM INC.<br>1301 Fifth Avenue Suite 1600<br>Seattle, WA 98101  | Operations and<br>Miscellaneous | Advertising Agreement   | 9/16/05                    | \$5,030,850.00 |
| TOTAL   |                                 |   |                            | \$5,872,579.87 |