DEX MEDIA INC
Form S-1/A
January 13, 2005
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As filed with the Securities and Exchange Commission on January 13, 2005

Registration No. 333-121859

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Amendment No. 1

to

FORM S-1

REGISTRATION STATEMENT

Under

THE SECURITIES ACT OF 1933

Dex Media, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**14-1855759**	**2741**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**	**(Primary Standard Industrial Classification Code Number)**

198 Inverness Drive West

Englewood, Colorado 80112

(303) 784-2900

(Address, including zip code, and telephone number, including area code, of the registrant s principal executive offices)

Frank M. Eichler, Esq.

Senior Vice President and General Counsel

Dex Media, Inc.

198 Inverness Drive West

Englewood, Colorado 80112

(303) 784-2900

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

Gregory A. Ezring, Esq.	**William V. Fogg, Esq.**
Latham & Watkins LLP	**Cravath, Swaine & Moore LLP**
885 Third Avenue	**825 Eighth Avenue**
Suite 1000	**New York, New York 10019**
New York, New York 10022	**(212) 474-1000**
(212) 906-1200	

Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this registration statement.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. ¨

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. ¨

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Proposed Maximum Aggregate Offering Price(2)	Amount of Registration Fee(3)
Common stock, par value $.01 per share(1)	$ 517,500,000	$ 60,910
Preferred stock purchase rights(4)		

(1) Includes shares of common stock issuable upon exercise of the underwriters option to purchase additional shares of common stock.
(2) Estimated solely for the purpose of calculating the registration fee in accordance with Rule 457(o) under the Securities Act.
(3) Previously paid.
(4) The preferred stock purchase rights initially will trade together with the common stock. The value attributable to the preferred stock purchase rights, if any, is reflected in the offering price of the common stock.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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The information in this preliminary prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell nor does it seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion. Dated January 13, 2005.

PRELIMINARY PROSPECTUS

18,000,000 Shares

Common Stock

DEX MEDIA, INC.

All of the shares of common stock in this offering are being sold by the selling stockholders identified in this prospectus. We will not receive any of the proceeds from the sale of the shares by the selling stockholders.

Our common stock is listed on the New York Stock Exchange under the symbol DEX. The last reported sale price of our common stock on the New York Stock Exchange on January 12, 2005 was $24.41 per share.

Investing in our common stock involves risks. See *Risk Factors* *beginning on page 13* *to read about factors you should consider before buying shares of our common stock.*

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

	Per Share	Total
Initial public offering price	$	$
Underwriting discounts and commissions	$	$
Proceeds, before expenses, to the selling stockholders	$	$

To the extent that the underwriters sell more than 18,000,000 shares of common stock, the underwriters have the option for a period of 30 days after the date of this prospectus to purchase up to an additional 2,700,000 shares of common stock from the selling stockholders at the initial public offering price less underwriting discounts and commissions.

The underwriters expect to deliver the shares to purchasers on , 2005.

Morgan Stanley **Lehman Brothers** **Merrill Lynch & Co.**

Deutsche Bank Securities **Goldman, Sachs & Co.** **Wachovia Securities**

Banc of America Securities LLC **Credit Suisse First Boston**
JPMorgan **Friedman Billings Ramsey**

The date of this prospectus is , 2005.

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You should rely only on the information contained in this prospectus. We have not authorized anyone to provide you with information different from that contained in this prospectus. The selling stockholders are offering to sell, and seeking offers to buy, shares of our common stock only in jurisdictions where offers and sales are permitted. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or of any sale of our common stock.

No action is being taken in any jurisdiction outside the United States to permit a public offering of the common stock or possession or distribution of this prospectus in that jurisdiction. Persons who come into possession of this prospectus in jurisdictions outside the United States are required to inform themselves about and to observe any restrictions as to this offering and the distribution of this prospectus applicable to those jurisdictions.

This offering is only being made to persons in the United Kingdom whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995 or the UK Financial Services and Markets Act 2000 (FSMA), and each underwriter has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA) received by it in connection with the issue or sale of the shares of common stock in circumstances in which section 21(1) of FSMA does not apply to us. Each of the underwriters agrees and acknowledges that it has complied and will comply with all applicable provisions of FSMA with respect to anything done by it in relation to the shares of common stock in, from or otherwise involving the United Kingdom.

The shares of common stock may not be offered, transferred, sold or delivered to any individual or legal entity other than to persons who trade or invest in securities in the conduct of their profession or trade (which includes banks, securities intermediaries (including dealers and brokers), insurance companies, pension funds, other institutional investors and commercial enterprises which as an ancillary activity regularly invest in securities) in the Netherlands.

On August 19, 2002, Dex Holdings, the former parent of Dex Media, entered into two purchase agreements with Qwest to acquire the directory businesses of Qwest Dex, the directory services subsidiary of Qwest, in two separate phases, for an aggregate consideration of approximately $7.1 billion (excluding fees and expenses). In connection with the first phase, Dex Holdings assigned its right to purchase the directory businesses in the Dex East States to its indirect subsidiary, Dex Media East. Dex Media East consummated the first phase of the acquisition on November 8, 2002 and currently operates the acquired directory businesses in the Dex East States. In connection with the second phase, Dex Holdings assigned its right to purchase the directory businesses in the Dex West States to its indirect subsidiary, Dex Media West. Dex Media West consummated the second phase of the acquisition on September 9, 2003 and currently operates the acquired directory businesses in the Dex West States. Dex Holdings was dissolved on January 5, 2005.

Unless the context otherwise requires, in this prospectus:

Dex Media, we, our or us refers collectively to Dex Media, Inc. and its consolidated subsidiaries and their predecessors;

Predecessor and Dex East refer to the historical operations of Qwest Dex Holdings, Inc. and its subsidiary in Colorado, Iowa, Minnesota, Nebraska, New Mexico, North Dakota and South Dakota, or, collectively, the Dex East States, prior to November 8, 2002;

Dex Media East refers to Dex Media East LLC, an indirect wholly owned subsidiary of Dex Media;

Dex Media West refers to Dex Media West LLC, an indirect wholly owned subsidiary of Dex Media;

Dex West refers to the historical operations of Qwest Dex Holdings, Inc. and its subsidiary in Arizona, Idaho, Montana, Oregon, Utah, Washington and Wyoming, or, collectively, the Dex West States;

Dex Holdings refers to Dex Holdings LLC, the former parent of Dex Media;

Dex States refers to collectively the Dex East States and the Dex West States;

Qwest refers to Qwest Communications International Inc. and its subsidiaries, including Qwest Corporation, the local exchange carrier subsidiary of Qwest, or Qwest LEC;

Qwest Dex refers collectively to Qwest Dex, Inc. and its parent, Qwest Dex Holdings, Inc.;

Predecessor Period refers to the period from January 1, 2002 through November 8, 2002 for Dex East;

Successor Period refers to the period from November 9, 2002 through December 31, 2002 for Dex Media;

Combined Year 2003 refers collectively to the year ended December 31, 2003 for Dex Media and the period from January 1, 2003 through September 9, 2003 for Dex West;

Combined Year 2002 refers collectively to the Successor Period, the Predecessor Period, and the year ended December 31, 2002 for Dex West;

Combined Year 2001 refers collectively to the year ended December 31, 2001 for Dex East and the year ended December 31, 2001 for Dex West;

Combined Successor and Predecessor Period refers collectively to the Successor Period and the Predecessor Period;

directory refers to telephone directory; and

Transactions refers to the Dex East Acquisition, the Dex West Transactions, the Notes Offerings, our initial public offering, the redemption of (i) our outstanding 5% Series A preferred stock for $125.7 million plus accrued and unpaid dividends, (ii) $183.8 million of Dex Media East s outstanding 12 $^{1}/_{8}$% senior subordinated notes due 2012, and (iii) $18.2 million of Dex Media West s outstanding 9 $^{7}/_{8}$% senior subordinated notes due 2013 and the payment of a final lump sum of $20.0 million to our Sponsors to terminate the annual advisory fees paid to our Sponsors under our management consulting agreements.

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PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus. Because this is only a summary, it does not contain all of the information that may be important to you. You should read this entire prospectus and should consider, among other things, the matters set forth under Risk Factors, Unaudited Pro Forma Financial Information, Management s Discussion and Analysis of Financial Condition and Results of Operations, our consolidated financial statements and related notes thereto and the consolidated financial statements of Dex Media West and related notes thereto appearing elsewhere in this prospectus before making your investment decision.

Unless otherwise indicated, the information contained in this prospectus assumes that the underwriters over-allotment option is not exercised. Certain historical information, including certain historical financial data, included in this prospectus is that of our Predecessor and/or of Dex West.

Our Company

We are the exclusive publisher of the official yellow pages and white pages directories for Qwest in the following states where Qwest is the primary incumbent local exchange carrier: Arizona, Colorado, Idaho, Iowa, Minnesota, Montana, Nebraska, New Mexico, North Dakota, Oregon, South Dakota, Utah, Washington and Wyoming, or collectively, the Dex States. We have been publishing directories for over 100 years. Our contractual agreements with Qwest grant us the right to be the exclusive incumbent publisher of the official yellow pages and white pages directories for Qwest in the Dex States until November 2052 and prevent Qwest from competing with us in the directory products business in the Dex States until November 2042.

We seek to bring buyers together with our advertising customers through a cost-effective, bundled advertising solution that includes print, CDROM and Internet-based directories. We generate our revenues primarily through the sale of print directory advertising. For the year ended December 31, 2003, after giving pro forma effect to the Transactions, we generated $1,631.1 million in revenue, $909.7 million in EBITDA and $31.6 million in net loss. For the nine months ended September 30, 2004, after giving pro forma effect to the Transactions, we generated $1,236.3 million in revenue, $675.6 million in EBITDA and $16.8 million in net loss. Our ability to generate EBITDA, along with low capital expenditure requirements and cash income taxes, allows our business to provide significant free cash flow. See Summary Historical and Pro Forma Financial Data.

For the Combined Year 2003, we published 259 directories and distributed approximately 43 million copies of these directories to business and residential customers throughout the Dex States. In addition, our Internet-based directory, DexOnline.com, which provides an integrated complement to our print directories, includes more than 15 million business listings and 200 million residential listings from across the United States. Approximately 96% of our revenue from directory services for the Combined Year 2003 came from the sale of advertising in yellow pages directories, and approximately 4% of our revenue from directory services for the same period came from the sale of advertising in white pages directories.

We believe that our advertising customers value: (i) our lower cost per usage versus other directories and higher return on investment than other forms of local advertising; (ii) our broad distribution to potential buyers of our advertisers products and services; (iii) our ability to provide potential buyers with an authoritative reference source to search for products and services; and (iv) the quality of our client service and support. We have advertising customers across a diverse range of industries and we believe our customer retention rates exceed the averages of other incumbent publishers, or those owned by or affiliated with incumbent local exchange carriers. In 2003, we had over 400,000 local advertising accounts consisting primarily of small and medium-sized businesses and over 4,000 national advertising accounts.

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Our Industry

The U.S. directory advertising industry generated approximately $14 billion in revenues in 2003, of which Dex Media generated $1.6 billion after giving pro forma effect to the Transactions, and has been characterized by stability and revenue growth in every year since 1985. Unlike overall advertising spending, directory advertising revenues have grown despite changes in the U.S. economy s business cycle. For example, during the last two recessions in 1991 and 2001, the U.S. directory advertising industry experienced positive growth, while other major advertising media, including radio, television and newspapers, experienced revenue declines.

We believe that this growth is a result of several advantages that directory advertising has relative to other forms of advertising. First, directory advertising is often the primary form of paid advertising used by small and medium-sized businesses due to its low cost relative to other media, broad demographic distribution, enduring presence and high usage rates. Second, we believe that directory advertising is attractive to businesses looking to advertise their products or services because consumers generally view telephone directories as a free, comprehensive, single source of information. Third, we believe that the directional nature of directory advertising is especially valuable to advertisers because directory advertisements reach consumers at a time when buyers are actively seeking information and are prepared to make a purchase. Finally, we believe that directory advertising generates a higher return on investment for small and medium-sized businesses than most other major media, including newspapers, television, radio and the Internet.

Over the past decade, growth by independent publishers and out-of-territory expansion by some incumbent publishers have significantly increased competition in the directory advertising industry. However, the directory advertising industry is still largely dominated by the incumbent publishers, as evidenced by their generating approximately 86% of the industry s total revenue in 2003.

Our Strengths

While the directory advertising industry has become increasingly competitive, we believe that we possess the following strengths that will enable us to continue to compete successfully in the local advertising market:

Scale and leading market position. We are the fourth largest directory publisher in the United States and the exclusive directory publisher for Qwest in the Dex States. We believe that our scale and our incumbent position provide us with a substantial competitive advantage over independent directory advertising providers. Further, both our strong brand and long history as the incumbent yellow pages directory positions us as the official directory for both consumers and local advertisers, many of whom select our directories as their primary advertising medium.

Superior value proposition for our target advertisers. We believe that directory advertising provides our target advertisers with a greater value proposition than other media. We believe that our directory advertising has a lower cost per usage than other competing directories and higher return on investment than other local advertising alternatives, including newspapers, television, radio and the Internet.

Established and experienced sales force. As of September 30, 2004, we had 1,013 sales representatives who have been employed by Dex for an average of nine years. We believe that our sales force s experience, tenure and local market knowledge is a competitive advantage which has enabled us to develop longstanding relationships with our advertisers and was a key factor in our ability to exceed the average revenue growth of the incumbent industry for the Combined Year 2003.

Attractive market demographics. In 2003, the Dex States on a percentage basis experienced greater job creation and gross state product growth than the United States as a whole. In addition, we believe our markets are economically diverse, limiting our exposure to economic downturns in specific sectors of the economy.

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Stable and recurring revenue. Our business produces stable and recurring revenue because of our large diversified customer base, high account retention and renewal rates and limited exposure to national advertising. For the Combined Year 2003, our account renewal rate was 91%, no single account contributed more than 0.3% of total revenue (excluding Qwest) and no single directory heading contributed more than 2.8% of total revenue.

Strong financial profile generates significant free cash flow. Our business generates significant free cash flow due to its recurring revenue combined with the high margins associated with our incumbent position, low capital expenditures and favorable tax position. For the nine months ended September 30, 2004, we generated $354.2 million in cash provided by operating activities and $306.2 million in free cash flow. For the year ended December 31, 2003, on a pro forma basis giving effect to the Transactions, we generated $909.7 million in EBITDA and $31.6 million in net loss from $1,631.1 million of revenue. For the nine months ended September 30, 2004, after giving pro forma effect to the Transactions, we generated $675.6 million in EBITDA and $16.8 million in net loss from $1,236.3 million of revenue. Over the past three years ending December 31, 2003, we have invested an average of $37.5 million per year in capital expenditures on a combined basis, including capitalized software development costs. We also benefit from the favorable income tax treatment associated with the $6.8 billion step-up in the tax basis of our assets from the Acquisitions, as defined below, which is amortized for tax purposes on a straight-line basis for 15 years. In 2003 and for the nine months ended September 30, 2004, our free cash flow, along with proceeds from our initial public offering in July 2004, allowed us to repay $405.1 million and $539.4 million, respectively, of our indebtedness.

Experienced management team. We have assembled a strong and experienced senior management team across all areas of our organization, including sales, finance, operations, marketing and customer service. Our senior management team has an average of approximately 20 years of experience in their respective areas of expertise.

Our Strategy

We intend to leverage our incumbent position and strong brand while maintaining an entrepreneurial culture that encourages our employees to identify and capitalize on new opportunities to enhance our position in the Dex States. We believe that our directory advertisements enable our customers to connect with potential buyers in a very cost effective manner, which, when combined with our competitive strengths, will allow us to grow our revenues and cash flows. The principal elements of our business strategy include:

Introducing new products that enhance the value proposition for our customers. We have a long history of introducing and selling new products, product extensions and other innovations that offer creative opportunities for our advertisers to find new customers and generate additional revenue for their products and services. Over the past three years, our new product introductions have included: Dex Web Clicks, leader advertisements, Spanish yellow pages, white pages repeating corner advertisements, dining guides and top tabs. As the incumbent directory publisher in the Dex States, we have a large number of existing advertisers to whom we can effectively market our new products to generate additional revenue. We believe that our ability to innovate our product line will continue to serve as a competitive advantage.

Increasing revenue and customer growth through segmented pricing. Historically, the directory advertising industry has utilized a simplified approach to pricing, with set rates based upon the size and features (e.g., use of color, graphics, etc.) of the advertisement regardless of heading category. We are now instituting a more sophisticated pricing strategy, which prices advertisements by heading category. We believe that implementing this strategy will improve revenue growth by allowing us to respond to the different demand characteristics of various heading categories and to better align our pricing with our customers perceptions of value.

Further penetrating our addressable markets through enhanced sales force productivity. We believe a significant opportunity exists for our established local sales force to further penetrate the addressable markets that we serve and increase the sales of our services to existing customers. Over the past year, we have taken a number of steps to improve sales force effectiveness including: (i) servicing our customers on a more cost-effective means based on the revenue generated by such customers, (ii) rescheduling the launch and duration of sales campaigns to maximize available selling days and (iii) implementing standardized sales practices and procedures across all markets.

Increasing the value proposition for our customers through a content-driven Internet strategy. We currently provide an Internet-based directory, DexOnline.com, which includes fully searchable content derived from more than 240,000 yellow pages advertisements from our directories. The site incorporates free text search capabilities, with a single search box that is similar in design and functionality to popular search engines. We believe that the competitive advantage of DexOnline.com versus search engines is that our content is structured to deliver information from our printed directories on local services and products within the Dex States. We are also reviewing opportunities to expand our electronic product line in appropriately structured and cost-effective relationships with other Internet directory providers, portals and search engines. We are committed to developing these opportunities in a manner that will benefit us, and at a scale which is justified by usage and utility to our advertisers.

Strengthen our competitive position by aggressively promoting our superior value proposition. We are investing in brand awareness campaigns that reinforce the benefits that our directories and DexOnline.com offer to advertisers and consumers. Our marketing plan highlights the advantages we enjoy as an incumbent publisher by positioning us as the official directory with the broad distribution, high usage and low cost per usage, which are attributes that advertisers require.

Enhancing our operational efficiency by converting to the Amdocs software system. We are in the process of migrating from our legacy process management infrastructure to Amdocs, an industry-standard software system, that will allow us to better manage every aspect of our production cycle from initial sales call through distribution of our directories. We expect the implementation of this system will allow us to improve our operational efficiency and benefit from the associated cost savings.

You should also consider the many risks we face that could limit our ability to implement our business strategies, including:

- our inability to introduce new products in the future could adversely affect our ability to generate additional revenue;

- if we do not successfully implement our new segmented pricing strategy, we may not fully realize the expected growth of our revenues;

- if we experience a significant turnover of our sales force, we will incur additional costs in the hiring and training of new sales force personnel;

- the ability of search engines to provide local products and services content in a cost-effective manner could adversely affect our Internet strategy;

- competition from other yellow pages publishers has reduced, and may continue to reduce, our revenue growth trend;

- a significant decline in consumer usage could adversely affect our business; and

- our failure to utilize the capabilities of the Amdocs software system could adversely affect our planned operational efficiencies.

In addition, while we may implement individual elements of our strategies, the benefits derived from such implementation may be mitigated in part, or in whole, if we suffer from one or more of the risks described in this prospectus. See Risk Factors and Cautionary Notice Regarding Forward-Looking Statements.

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Our History

On August 19, 2002, Dex Holdings, the former parent of Dex Media, entered into two purchase agreements with Qwest to acquire the directory businesses of Qwest Dex, the directory services subsidiary of Qwest, for an aggregate consideration of approximately $7.1 billion (excluding fees and expenses). The acquisition was structured to be completed in two phases to accommodate the regulatory requirements in the applicable states. In the first phase, consummated on November 8, 2002, Dex Media East acquired Qwest Dex s directory businesses in the Dex East States for a total consideration of approximately $2.8 billion (excluding fees and expenses). We refer to the acquisition of Dex East, or the Dex East Acquisition, and the financing thereof, collectively, as the Dex East Transactions. In the second phase, consummated on September 9, 2003, Dex Media West acquired Qwest Dex s directory businesses in the Dex West States for a total consideration of approximately $4.3 billion (excluding fees and expenses). Dex Holdings was dissolved on January 5, 2005. We refer to the acquisition of Dex West, or the Dex West Acquisition, and the financing thereof, collectively, as the Dex West Transactions, and together with the Dex East Transactions, the Acquisition Transactions. We refer to the Dex East Acquisition and the Dex West Acquisition, collectively, as the Acquisitions.

For federal income tax purposes, the Acquisitions were treated as asset purchases and Dex Media East, Inc. and Dex Media West, Inc., the direct parents of Dex Media East and Dex Media West, respectively, generally have a tax basis in the acquired assets equal to the purchase price for the applicable Acquisition. Upon the consummation of the Dex East Acquisition and the Dex West Acquisition, Dex Media East and Dex Media West, respectively, each became a stand-alone company separate from Qwest. In this prospectus, we have made certain estimates of stand-alone costs associated with operating as a separate entity from Qwest. See Management s Discussion and Analysis of Financial Condition and Results of Operations.

In connection with the Acquisitions, we entered into contractual agreements with Qwest, which grant us the exclusive right to be its and its successors and assignees official directory publisher in the Dex States until November 7, 2052. In addition, Qwest agreed not to compete with us in the directory products business in the Dex States until November 7, 2042. See The Acquisition Transactions.

Financing of Dex East Acquisition

In connection with the Dex East Acquisition, Dex Media East entered into credit facilities comprised of a Tranche A term loan facility in an aggregate principal amount of $530.0 million, a Tranche B term loan facility in an aggregate principal amount of $700.0 million and a revolving credit facility comprised of commitments in an aggregate principal amount of $100.0 million. In addition, Dex Media East and Dex Media East Finance Co., a wholly owned subsidiary of Dex Media East, issued $450.0 million of their 9 $^{7}/8$% senior notes due 2009 and $525.0 million of their 12 $^{1}/8$% senior subordinated notes due 2012. See Description of Our Indebtedness.

Also in connection with the Dex East Acquisition, The Carlyle Group, or Carlyle, and Welsh, Carson, Anderson & Stowe, or WCAS and together with Carlyle, the Sponsors, and their assignees and designees, or the Equity Investors, provided an aggregate of $655.0 million in equity contributions, which represented approximately 20% of the purchase price of the Dex East Acquisition (including fees and expenses).

Financing of Dex West Acquisition

In connection with the Dex West Acquisition, Dex Media West entered into credit facilities comprised of a Tranche A term loan facility in an aggregate principal amount of $960.0 million, a Tranche B term loan facility in an aggregate principal amount of $1,200.0 million and a revolving credit facility comprised of commitments in an aggregate principal amount of $100.0 million. We refer to the Dex Media East credit facilities and Dex Media West credit facilities, collectively, as our subsidiaries credit facilities. In addition, Dex Media West and Dex Media West Finance Co., a wholly owned subsidiary of Dex Media West, issued $385.0 million of their 8 1/2% senior notes due 2010 and $780.0 million of their 9 7/8% senior subordinated notes due 2013. Subsequent to the

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Dex West Acquisition, Dex Media West and Dex Media West Finance Co. issued $300.0 million of their 5 7/8% senior notes due 2011, the proceeds of which were used to repay a portion of Tranche A terms loans under Dex Media West s credit facilities. We refer to the senior notes and the senior subordinated notes of Dex Media East and Dex Media West, collectively, as the subsidiary notes. See Description of Our Indebtedness.

Also in connection with the Dex West Acquisition, the Equity Investors provided an aggregate of $962.0 million in equity contributions (of which $50.0 million was paid to Dex Media East), which represented approximately 20% of the purchase price of the Dex West Acquisition (including fees and expenses). In addition, Dex Media East borrowed an additional $160.0 million under the Dex Media East Tranche A term loan facility, the proceeds of which were paid by us to Qwest as a portion of the consideration for the Dex West Acquisition.

Financing by Dex Media

On November 10, 2003, we issued $500.0 million in aggregate principal amount of our 8% notes due 2013 and $389.0 million in aggregate principal amount at maturity of our 9% discount notes due 2013. On February 11, 2004, we issued an additional $361.0 million in aggregate principal amount at maturity of our 9% discount notes due 2013. We distributed the gross proceeds of approximately $1.0 billion from these offerings to Dex Holdings, our former parent. Dex Holdings distributed the gross proceeds from these offerings to its equity holders. We did not receive any of the proceeds from these offerings. Our 9% discount notes due 2013 issued in February 2004 are not fungible, and do not trade as a single class, with our 9% discount notes due 2013 issued in November 2003. We refer to our 8% notes due 2013 and both series of our 9% discount notes due 2013, collectively, as our notes and the issuance of our notes as the Notes Offerings. See Description of Our Indebtedness.

On July 27, 2004, we consummated our initial public offering of common stock, or our initial public offering. The proceeds we received from our initial public offering were used to redeem: (i) all of our outstanding 5% Series A preferred stock, which was held by our Sponsors and management, for approximately $125.7 million plus accrued and unpaid dividends, (ii) $183.8 million in aggregate principal amount of Dex Media East s outstanding 12 1/8% senior subordinated notes due 2012 at a redemption price of 112.125% of principal, plus accrued and unpaid interest and (iii) $18.2 million in aggregate principal amount of Dex Media West s outstanding 9 7/8% senior subordinated notes due 2013 at a redemption price of 109.875% of principal, plus accrued and unpaid interest.

Recent Developments

Dex Media West Bond Offering and Credit Agreement Amendment

On November 24, 2004, Dex Media West amended its credit facilities to, among other things, allow for a repricing of its Tranche B term loans on terms more favorable to Dex Media West. In connection with the repricing, Dex Media West and Dex Media West Finance Co. issued $300.0 million of their 5 7/8% senior notes due 2011. Dex Media West used the gross proceeds of the offering to repay Tranche A term loans under its credit facilities.

Dex Media East Credit Agreement Amendment

On November 24, 2004, Dex Media East amended its credit facilities to, among other things, allow for the repricing of the Tranche B term loans on more favorable terms to Dex Media East.

Declaration of a Quarterly Dividend

On December 14, 2004, Dex Media announced a quarterly cash dividend of $0.09 per common share, payable January 31, 2005, to shareholders of record as of January 3, 2005.

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Our Corporate Structure

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(1) Issuer of our notes. Obligor under the contingent support obligations in respect of our subsidiaries credit facilities.

(2) Guarantor under the Dex Media East credit facilities.

(3) Borrower under the Dex Media East credit facilities.

(4) Co-issuer of the Dex Media East $9\frac{7}{8}\%$ senior notes due 2009 and $12\frac{1}{8}\%$ senior subordinated notes due 2012.

(5) Employer of Dex Media East s and Dex Media West s non-senior management personnel.

(6) Guarantor under the Dex Media West credit facilities.

(7) Borrower under the Dex Media West credit facilities.

(8) Co-issuer of the Dex Media West $8\frac{1}{2}\%$ senior notes due 2010, $5\frac{7}{8}\%$ senior notes due 2011 and $9\frac{7}{8}\%$ senior subordinated notes due 2013.

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The Offering

Common stock being offered by the selling stockholders	18,000,000 shares
Common stock outstanding	150,306,662 shares
Use of proceeds	All of the shares of common stock offered hereby will be sold by the selling stockholders. We will not receive any proceeds from the sale of shares by the selling stockholders.
Preferred stock purchase rights	Each share of common stock offered hereby will have associated with it one preferred stock purchase right under the rights agreement. Each of these rights entitles its holder to purchase one one-thousandth of a share of Series A junior participating preferred stock at a purchase price specified in the rights agreement under the circumstances provided therein. See Description of Capital Stock Anti-Takeover Effects of Provisions of Delaware Law and our Charter Documents Rights Plan.
New York Stock Exchange symbol	DEX.
Risk factors	See Risk Factors beginning on page 13 of this prospectus for a discussion of factors you should carefully consider before deciding to invest in our common stock.

Unless we specifically state otherwise, all information in this prospectus assumes:

- no exercise of the over-allotment option granted by the selling stockholders in favor of the underwriters and

- the number of shares of common stock outstanding as of the date of this prospectus excludes 6,251,650 shares of common stock reserved but not yet issued under Dex Media s stock option plans, under which options to purchase 5,005,995 shares of common stock are outstanding as of the date of this prospectus with a weighted average exercise price of $5.18 per share.

Our principal executive offices are located at 198 Inverness Drive West, Englewood, Colorado 80112. Our telephone number is (303) 784-2900. Our internet address is *http://www.dexmedia.com*. The contents of our website are not part of this prospectus.

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Summary Historical and Pro Forma Financial Data

The summary historical financial data as of December 31, 2002 and 2003 and for the year ended December 31, 2001, the period from January 1, 2002 to November 8, 2002, the period from November 9, 2002 to December 31, 2002 and the year ended December 31, 2003 have been derived from our consolidated financial statements and related notes thereto included in this prospectus, which have been audited by KPMG LLP, independent registered public accounting firm. The summary historical financial data as of December 31, 2001 have been derived from our consolidated financial statements and related notes thereto not included in this prospectus, which have been audited by KPMG LLP, independent registered public accounting firm. The summary historical financial data as of September 30, 2004 and for the nine months ended September 30, 2003 and 2004 have been derived from our unaudited consolidated financial statements and related notes thereto, which have been prepared on a basis consistent with our annual consolidated financial statements, included in this prospectus. The summary historical financial data as of September 30, 2003 have been derived from our unaudited consolidated financial statements and related notes thereto, which have been prepared on a basis consistent with our annual consolidated financial statements. In the opinion of management, such unaudited financial data reflects all adjustments, consisting only of normal and recurring adjustments, necessary for a fair presentation of the results for those periods. The results of operations for the nine months ended September 30, 2004 are not necessarily indicative of the results to be expected for the full year or any future period.

On November 8, 2002, we consummated the Dex East Acquisition. Periods of our Predecessor reflect the historical basis of accounting of Qwest Dex s operations in the Dex East States, and periods of the Successor reflect the effects of purchase accounting for the Dex East Acquisition. On September 9, 2003, we consummated the Dex West Acquisition. The results of operations of Dex Media West are included in our historical results of operations for the period from September 10, 2003 to December 31, 2003 and the nine months ended September 30, 2004 and reflect the effects of purchase accounting for the Dex West Acquisition. Accordingly, the results of operations for periods of the Predecessor are not comparable to the results of operations for periods of the Successor and our results of operations prior to the Dex West Acquisition are not comparable to our results of operations subsequent to the Dex West Acquisition.

The summary pro forma statement of operations for the year ended December 31, 2003 and the nine months ended September 30, 2004 give pro forma effect to the Dex West Transactions, the Notes Offerings, our initial public offering, the redemption of (i) our outstanding 5% Series A preferred stock for $125.7 million plus accrued and unpaid dividends, (ii) $183.8 million of Dex Media East s outstanding 12 1/8% senior subordinated notes due 2012, and (iii) $18.2 million of Dex Media West s outstanding 9 7/8% senior subordinated notes due 2013 and the payment of a final lump sum of $20.0 million to our Sponsors to terminate the annual advisory fees paid to our Sponsors under our management consulting agreements as if each were completed on January 1, 2003. The summary pro forma statement of operations for the year ended December 31, 2003 and the nine months ended September 30, 2004 also eliminates the non-recurring effects on revenue and cost of revenue resulting from purchase accounting adjustments related to the Acquisitions.

We have historically operated as the directory business of Qwest Dex in the Dex States. Because our relationship with Qwest Dex, as well as Qwest and its other affiliates, changed as a result of the Acquisitions, our cost structure has changed from that reflected in our summary historical operating results and the historical operating results of Dex West included elsewhere in this prospectus. As a result, our summary historical results of operations, financial position and cash flows and those of Dex West would have been different if we had operated as a stand-alone company without the shared resources of Qwest and its affiliates. The summary pro forma financial data is for informational purposes only and should not be considered indicative of actual results that would have been achieved had the Transactions actually been consummated on the date indicated and do not purport to be indicative of results of operations as of any future date or for any future period. The following data should be read in conjunction with Unaudited Pro Forma Financial Information, Management s Discussion and Analysis of Financial Condition and Results of Operations, The Acquisition Transactions, our consolidated financial statements and related notes thereto and the combined financial statements of Dex West and related notes thereto included elsewhere in this prospectus.

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	Predecessor		Dex Media					
					Unaudited Nine Months Ended September 30,			Unaudited Pro Forma Nine Months Ended
	Year Ended December 31, 2001	January 1, 2002 to November 8, 2002	November 9, 2002 to December 31, 2002	Year Ended December 31, 2003	2003	2004	Unaudited Pro Forma Year Ended December 31, 2003	September 30, 2004
Statement of operations data:								
Revenue[(a)]	$ 666,207	$ 589,896	$ 58,097	$ 882,772	$ 506,981	$ 1,189,467	$ 1,631,129	$ 1,236,280
Cost of revenue[(a)]	209,050	177,360	19,906	265,333	152,239	363,905	491,253	374,416
General and administrative expense[(b)]	47,610	49,606	20,502	146,480	79,008	188,187	218,104	186,187
Depreciation and amortization expense	12,707	9,258	33,299	305,420	183,526	331,649	482,156	331,649
Merger-related expenses[(c)]	3,859							
Impairment charges[(d)]	6,744							
Total operating expenses	279,970	236,224	73,707	717,233	414,773	883,741	1,191,513	892,252
Operating income (loss)	386,237	353,672	(15,610)	165,539	92,208	305,726	439,616	344,028
Other (income) expense:								
Interest income	(2,971)	(721)	(71)	(1,380)	(694)	(1,278)	(1,380)	(1,278)
Interest expense[(e)]	112,944	87,165	27,866	277,626	162,344	387,255	480,630	373,271
Other (income) expense, net[(f)]	7,417	3,506	3,578	12,058	11,299	60	12,058	60
Provision (benefit) for income taxes	108,292	106,629	(18,879)	(47,729)	(32,006)	(32,046)	(20,091)	(11,183)
Net income (loss)	$ 160,555	$ 157,093	$ (28,104)	$ (75,036)	$ (48,735)	$ (48,265)	$ (31,601)	$ (16,842)
Per share data:[(g)]								
Net income (loss) per share:								
Basic	n/a	n/a	$ (0.55)	$ (1.09)	$ (0.93)	$ (0.39)	(0.21)	(0.11)
Diluted	n/a	n/a	$ (0.55)	$ (1.09)	$ (0.93)	$ (0.39)	(0.21)	(0.11)
Weighted average common shares outstanding:								
Basic	n/a	n/a	52,400,000	76,459,950	58,601,905	135,341,843	149,119,976	149,964,394
Diluted	n/a	n/a	52,400,000	76,459,950	58,601,905	135,341,843	149,119,976	149,964,394
Cash dividends declared per common share	n/a	n/a		4.59	$	$ 1.53	5.03	1.68
Statements of cash flows data:								
Net cash provided by operating activities	280,404	240,868	77,382	380,385	243,816	354,207		
Net cash (used in) provided by investing activities	(7,401)	(13,367)	(2,803,668)	(4,366,631)	(4,372,599)	(42,848)		
Net cash (used in) provided by financing activities	(218,178)	(192,255)	2,763,912	3,956,036	4,140,770	(314,997)		
Other financial data:								
EBITDA[(h)]	391,527	359,424	14,111	458,901	264,435	637,315	909,714	675,617
Free cash flow[(i)]	n/a	n/a	n/a	n/a	n/a	306,174		
Capital expenditures	7,401	13,367	3,513	40,548	25,632	48,033		

Cash paid for interest			648	197,192	107,713	310,293		
Other operational data:								
Local account renewal rate	93%	92%	92%	91%	n/a	n/a		
Number of directories published	150	130	20	182	202	213		
Balance sheet data (at period end):								
Total cash and cash equivalents	54,825	n/a	37,626	7,416	$ 49,613	3,778	n/a	n/a
Working capital (deficit)[j]	(1,266,857)	n/a	29,354	(8,341)	57,132	(138,137)	n/a	n/a
Total assets	347,647	n/a	3,021,674	7,290,378	7,429,314	6,995,652	n/a	n/a
Total debt	1,390,920	n/a	2,207,130	6,097,434	5,519,243	5,838,910	n/a	n/a
Stockholders (deficit) equity	(1,250,187)	n/a	623,379	760,772	1,534,489	695,457	n/a	n/a

(a) Our revenue and cost of revenue for the twelve months following the consummation of the Dex East Acquisition were $85.9 million and $22.2 million lower, respectively, and our revenue and cost of revenue for the twelve months following the consummation of the Dex West Acquisition were $120.6 million and $31.6 million lower, respectively, than our revenue and cost of revenue would have otherwise been because the Acquisitions have been accounted for under the purchase method of accounting. Under the purchase method of accounting, the deferred revenue and deferred directory costs associated with directories that had previously been published were not carried over to our balance sheet. The purchase method of accounting has not affected our revenue and directory costs in periods subsequent to this twelve-month period and has no impact on cash flows.

(b) Includes bad debt expense and, for the nine-months ended September 30, 2004, $20.0 million paid to our Sponsors to terminate the annual advisory fees paid under our management consulting agreements.

(c) Merger-related expenses reflect expenses incurred in connection with Qwest s acquisition of US WEST, or the Merger, including contractual settlements incurred to cancel various commitments no longer deemed necessary as a result of the Merger, severance and employee-related expenses and rebranding expenses.

(d) Impairment charges reflect capitalized software costs that were written off as certain internal software projects were discontinued.

(e) Pro forma interest expense reflects an estimated weighted average interest rate on our subsidiaries credit facilities of approximately 4%. A 0.125% increase or decrease in the assumed interest rate applicable to our subsidiaries credit facilities would change pro forma interest expense and income before taxes by approximately $4 million for the year ended December 31, 2003.

(f) In 2001, other (income) expense, net represents charges for a permanent decline in the value of investments. In 2002 and 2003, other (income) expense, net represents commitment fees related to the financing of the Dex West Acquisition.

(g) The historical per share information gives effect to our initial public offering, including the stock split of each share of common stock outstanding immediately prior to our initial public offering into 10 shares of common stock but does not give effect to the redemption of all of our outstanding 5% Series A preferred stock. Pro forma per share information is derived from the weighted average number of shares of common stock outstanding after giving effect

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to our initial public offering, including the redemption of all of our outstanding 5% Series A preferred stock, the increase in the number of our authorized shares of capital stock to 700 million shares of common stock and 250 million shares of preferred stock and the split of each share of common stock outstanding immediately prior to our initial public offering into 10 shares of common stock.

(h) EBITDA represents net income (loss) before provision (benefit) for income taxes, interest expense, net and depreciation and amortization expense. The following table summarizes the calculation of EBITDA for the periods indicated:

	Predecessor		Dex Media					
					Unaudited		Unaudited	Unaudited
					Nine months ended September 30,			Pro forma Nine months ended September 30,
(In thousands)	Year ended December 31, 2001	January 1, 2002 to November 8, 2002	November 9, 2002 to December 31, 2002	Year ended December 31, 2003	2003	2004	Pro forma Year ended December 31, 2003	2004
Net income (loss)	$ 160,555	$ 157,093	$ (28,104)	$ (75,036)	$ (48,735)	$ (48,265)	$ (31,601)	$ (16,842)
Adjustments to net income (loss):								
Provision (benefit) for income taxes	108,292	106,629	(18,879)	(47,729)	(32,006)	(32,046)	(20,091)	(11,183)
Interest expense, net	109,973	86,444	27,795	276,246	161,650	385,977	479,250	371,993
Depreciation and amortization expense	12,707	9,258	33,299	305,420	183,526	331,649	482,156	331,649
EBITDA	$ 391,527	$ 359,424	$ 14,111	$ 458,901	$ 264,435	$ 637,315	$ 909,714	$ 675,617

EBITDA for the period from November 9, 2002 to December 31, 2002, for the year ended December 31, 2003 and for the nine months ended September 30, 2003 and 2004 includes the effects of purchase accounting adjustments recorded upon the consummation of the Dex East Acquisition and the Dex West Acquisition, as applicable. These purchase accounting adjustments relate to the portion of deferred revenue and related deferred costs associated with directories published and distributed prior to the Acquisitions that were not carried over to our balance sheet due to purchase accounting. As a result of such purchase accounting adjustments, revenue and cost of revenue were reduced by $41.5 million and $10.6 million, respectively, for the period from November 9, 2002 to December 31, 2002. As a result of the Dex Media East and the Dex Media West purchase accounting adjustments, revenue and cost of revenue were reduced by $83.7 million and $22.8 million, respectively, for the nine months ended September 30, 2003 and revenue and cost of revenue were reduced by $118.2 million and $32.6 million, respectively, for the year ended December 31, 2003. As a result of the Dex Media West purchase accounting adjustments, revenue and cost of revenue were reduced by $46.8 million and $10.5 million, respectively, for the nine months ended September 30, 2004. As a result, EBITDA was reduced by $30.9 million, $60.9 million, $85.6 million and $36.3 million for the period from November 9, 2002 to December 31, 2002, the nine months ended September 30, 2003, the year ended December 31, 2003 and the nine months ended September 30, 2004.

Management uses EBITDA as a measure of operating performance of its directory publishing business. Excluding certain items from net income (loss) allows management to view trends and changes in margins and pre-tax profitability, excluding the effects of interest expense, and amortization of intangible assets recorded in the acquisition and depreciation of property and equipment. EBITDA is also used by management to assess the ability of Dex Media to satisfy its debt service, capital expenditures and working capital requirements, and to assess certain covenants in our borrowing arrangements that are tied to similar measures. However, EBITDA presented in this prospectus is calculated in a different manner than comparable terms in our and our subsidiaries debt agreements, which permit the exclusion of certain items as defined.

The use of EBITDA instead of net income has limitations, including the inability to determine profitability, the exclusion of interest expense, net and significant cash requirements associated therewith, and the exclusion of income tax expenses or benefits which ultimately may be realized through the payment or receipt of cash. Amortization expense, although a material component of net income, will be comprised substantially of amortization of acquired intangible assets by Dex Media. Management believes it is acceptable to exclude depreciation from net income because Dex Media has not historically been required to invest significant amounts in property, plant or equipment in its primary business. Net income and a reconciliation of net income to EBITDA are provided above to compensate for these limitations.

EBITDA is not calculated under GAAP and should not be considered in isolation or as a substitute for net income, cash flows or other income or cash flow data prepared in accordance with GAAP or as a measure of our profitability or liquidity. While EBITDA and similar variations thereof are frequently used as a measure of operations and the ability to meet debt service requirements, these terms are not necessarily comparable to other similarly titled captions of other companies due to the potential inconsistencies in the method of calculation.

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(i) Free cash flow represents cash provided by operating activities less capital expenditures.
The following table summarizes the calculation of free cash flow for the nine months ended September 30, 2004:

(In thousands)	
Cash provided by operating activities	$ 354,207
less capital expenditures	(48,033)
Free cash flow	$ 306,174

Management believes free cash flow is an important liquidity metric because it measures, during a given period, the amount of cash generated that is available for principal payment on debt obligation, payment of dividends and other non-operating cash needs. Free cash flow is not a measure determined in accordance with GAAP and should not be considered a substitute for Operating income, Net income, Cash provided by operating activities or any other measure determined in accordance with GAAP. We believe this non-GAAP liquidity measure is useful when considered in addition to the most directly comparable GAAP measure of Cash provided by operating activities because free cash flow includes investments in operational assets. Free cash flow does not represent residual cash available for discretionary expenditures since it excludes cash required for debt repayment.

(j) Working capital is defined as current assets less current liabilities. Working capital includes cash and short-term borrowings that were not acquired or assumed by Dex Media from Qwest Dex. The following table summarizes the effects of these items on working capital for the period of the Predecessor indicated:

(In thousands)	**December 31, 2001**
Working capital (deficit)	$ (1,266,857)
Cash and cash equivalents	(54,825)
Short-term borrowings	1,390,920
Working capital, excluding cash and short-term borrowings	$ 69,238

Working capital, excluding cash and short-term borrowings is included in this prospectus to provide additional information with respect to the working capital of Dex Media, as it excludes cash and short-term borrowings that were not acquired or assumed by Dex Media from Qwest Dex.

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RISK FACTORS

You should carefully consider the risks described below as well as the other information contained in this prospectus before investing in our common stock. Any of the following risks could materially adversely affect our business, financial condition or results of operations.

Risks Related to Our Business

The loss of any of our key agreements with Qwest could have a material adverse effect on our business.

In connection with the Acquisitions, we entered into several agreements with Qwest, including a publishing agreement, a non-competition agreement and billing and collection services agreements. Under the publishing agreement, we are the exclusive official publisher of directories for Qwest in the Dex States until November 7, 2052. We believe that acting as the exclusive official publisher of directories for the incumbent telephone company provides us with a competitive advantage. Under the non-competition agreement, Qwest agreed until November 7, 2042 not to sell directory products consisting principally of listings and classified advertisements for subscribers in the geographic areas in the Dex States in which Qwest provides local telephone service that are directed primarily at customers in those geographic areas. Under the billing and collection services agreements, as amended, Qwest has agreed until December 31, 2008 to continue to bill and collect, on behalf of Dex Media East and Dex Media West, amounts owed by our accounts, which are also Qwest local telephone customers, for our directory services. For the Combined Year 2003, Qwest billed approximately 45% of our local account billings on our behalf as part of Qwest s telephone bill and held these collections in joint accounts with Qwest s own collections. The termination of any of these agreements or the failure by Qwest to satisfy its obligations under these agreements could have a material adverse effect on our business. See The Acquisition Transactions Agreements between Us, Dex Media East and/or Dex Media West and Qwest.

Qwest is currently highly leveraged and has a significant amount of debt service obligations over the near term and thereafter. In addition, Qwest has faced and may continue to face significant liquidity issues as well as issues relating to its compliance with certain covenants contained in the agreements governing its indebtedness. Based on Qwest s public filings and announcements, Qwest has taken measures to improve its near-term liquidity and covenant compliance. However, Qwest still has a substantial amount of indebtedness outstanding and substantial debt service requirements. Consequently, it may be unable to meet its debt service obligations without obtaining additional financing or improving operating cash flow. Accordingly, we cannot assure you that Qwest will not ultimately seek protection under U.S. bankruptcy laws. In any such proceeding, our agreements with Qwest, and Qwest s ability to provide the services under those agreements, could be adversely impacted. For example:

- Qwest, or a trustee acting on its behalf, could seek to reject our agreements with Qwest as executory contracts under U.S. bankruptcy law, thus allowing Qwest to avoid its obligations under such contracts. Loss of substantial rights under these agreements could effectively require us to operate our business as an independent directory business, which could have a material adverse effect on our business.

- Qwest could seek to sell certain of its assets, including the assets relating to Qwest s local telephone business, to third parties pursuant to the approval of the bankruptcy court. In such case, the purchaser of any such assets might be able to avoid, among other things, our publishing agreement and non-competition agreement with Qwest.

- We may have difficulties obtaining the funds collected by Qwest on our behalf pursuant to the billing and collection service agreements at the time such proceeding is instituted, although pursuant to such agreements, Qwest prepares settlement statements 10 times per month for each state in the Dex States summarizing the amounts due to Dex Media East and Dex Media West and purchases Dex Media East s and Dex Media West s accounts receivable billed by it within approximately nine business days following such settlement date. Further, if Qwest continued to bill our customers pursuant to the billing and collection services agreement following any such bankruptcy filing, customers of Qwest may be less likely to pay on time, or at all, bills received, including the amount owed to us. Qwest has completed the preparation of its billing and collection system so that we will be able to transition from the Qwest billing and collection system to our own billing and collection system within approximately two weeks should we choose to do so. See The Acquisition Transactions Agreements between Us, Dex Media East and/or Dex Media West and Qwest Billing and Collection Services Agreements.

Our substantial indebtedness could adversely affect our financial condition and impair our ability to operate our business.

We are a highly leveraged company. As of September 30, 2004, after giving effect to the issuance of Dex Media West s 5 7/8% senior notes due 2011 and the application of the proceeds therefrom, our total indebtedness was $5,838.9 million, including $2,566.4 million of indebtedness under our subsidiaries credit facilities, $1,135.0 million of our subsidiaries senior notes, $1,103.1 million of our subsidiaries senior subordinated notes, $500.0 million of our 8% notes due 2013 and $534.4 million ($750.0 million at maturity) of our 9% discount notes due 2013. As of September 30, 2004, our ratio of total indebtedness to stockholders equity was 8.4 to 1.0. This level of indebtedness could have important consequences to you, including the following:

- the agreements governing our indebtedness substantially limit our ability to access the cash flow and value of our subsidiaries and, therefore, to pay interest and/or principal on the indebtedness of Dex Media;
- our indebtedness limits our ability to borrow money or sell stock to fund our working capital, capital expenditures, acquisitions and debt service requirements;
- our interest expense could increase if interest rates in general increase because a substantial portion of our indebtedness bears interest at floating rates;
- our indebtedness may limit our flexibility in planning for, or reacting to, changes in our business and future business opportunities;
- we are more highly leveraged than some of our competitors, which may place us at a competitive disadvantage;
- our indebtedness may make us more vulnerable to a downturn in our business or the economy;
- a substantial portion of our cash flow from operations is dedicated to the repayment of our indebtedness, including indebtedness we may incur in the future, and will not be available for other purposes; and
- there would be a material adverse effect on our business and financial condition if we were unable to service our indebtedness or obtain additional financing, as needed.

Despite our substantial indebtedness, we may still incur significantly more debt. This could exacerbate the risks described above.

Although covenants under (1) the indentures governing the subsidiary notes limit the ability of our subsidiaries to incur additional indebtedness, (2) our subsidiaries credit facilities limit our ability and the ability of our subsidiaries to incur additional indebtedness and (3) the indentures governing our notes limit our ability and the ability of our subsidiaries to incur additional indebtedness, the terms of our subsidiaries credit facilities and the indentures permit Dex Media and our subsidiaries to incur significant additional indebtedness in the future if conditions are satisfied, including indebtedness under our subsidiaries revolving credit facilities. As of September 30, 2004, our subsidiaries had $199.1 million available for additional borrowing under our subsidiaries revolving credit facilities. See Description of Our Indebtedness Our Subsidiaries Credit Facilities.

Dex Media is a holding company with no operations of its own and depends on our subsidiaries for cash.

Dex Media has no operations of its own and derives all of its cash flow and liquidity from its two principal operating subsidiaries, Dex Media East and Dex Media West. Dex Media therefore depends on distributions from

Dex Media East and Dex Media West to meet its debt service obligations and to pay dividends on our common stock. Because of the substantial leverage of Dex Media East and Dex Media West, and the dependence of Dex Media upon the operating performance of its subsidiaries to generate distributions to it, there can be no assurance that we will have adequate funds to fulfill our obligations in respect of our indebtedness when due or pay dividends on our common stock. In connection with our subsidiaries credit facilities, Dex Media entered into support agreements providing that, upon an acceleration of Dex Media East s or Dex Media West s credit facility, Dex Media is obligated to partially repay such subsidiary s credit facilities using a portion of any proceeds received by Dex Media from certain extraordinary events relating to the other subsidiary, including, for example, certain asset sale proceeds and excess distribution proceeds. A portion of any proceeds received from such extraordinary events from time to time is required to be pledged to secure Dex Media s obligations under the applicable support agreement. See Description of Our Indebtedness Our Subsidiaries Credit Facilities Support Agreement.

As of September 30, 2004, our subsidiaries had total indebtedness of approximately $4,804.5 million. Furthermore, $199.1 million was available to our subsidiaries for additional borrowing under our subsidiaries revolving credit facilities. In the event of bankruptcy, liquidation or dissolution of a subsidiary, following payment by the subsidiary of its liabilities, such subsidiary may not have sufficient assets to make payments to Dex Media.

The indentures governing our subsidiaries notes may restrict Dex Media s access to the cash flow and other assets of our subsidiaries that may be needed to make payments on its indebtedness or the payment of dividends on its common stock.

The indentures governing the subsidiary notes significantly restrict our subsidiaries from paying dividends and otherwise transferring assets to Dex Media. We cannot assure you that the agreements governing our current and future indebtedness or other agreements will permit us to engage in transactions to fund scheduled interest and principal payments on our indebtedness when due, and no assurances can be given as to the timing or cost of, or our ability to, effectuate any refinancing or renegotiation, if such transactions are necessary. If we cannot service our indebtedness, we may have to take actions such as selling assets, seeking additional equity or reducing or delaying capital expenditures, strategic acquisitions, investments and alliances. We cannot assure you that any such actions, if necessary, could be effected on commercially reasonable terms, or at all.

Specifically, the indentures relating to the senior notes and the senior subordinated notes of Dex Media East prohibit Dex Media East and its restricted subsidiaries from distributing funds to Dex Media if the amount of such distribution, together with all other restricted payments made by Dex Media East since November 8, 2002, would exceed the sum of (i) 50% of the adjusted consolidated net income accrued by Dex Media East since January 1, 2003, (ii) the aggregate net proceeds from the sale of capital stock of Dex Media East, (iii) the amount of debt issued after the date of the indenture relating to the senior notes or senior subordinated notes that is subsequently converted into capital stock, and (iv) certain amounts of payments received or credited to Dex Media East by its unrestricted subsidiaries. In addition, in order to make any such distributions of funds to Dex Media, Dex Media East would have to meet the leverage tests relating to the issuance of indebtedness under the indentures relating to its senior notes and senior subordinated notes. There is no specific exception to this restriction that would permit funds to be distributed to Dex Media to make interest payments on our indebtedness or the payment of dividends on its common stock.

The indentures relating to the senior notes and the senior subordinated notes of Dex Media West permit Dex Media West and its restricted subsidiaries to make one or more distributions to Dex Media with an aggregate amount not to exceed $50.0 million each fiscal year for the sole purpose of paying interest on Dex Media s debt obligations. However, the same indentures prohibit Dex Media West and its restricted subsidiaries from distributing funds to Dex Media in excess of $50.0 million each fiscal year to service interest on Dex Media s debt obligations or for any other purpose if the amount of such distribution, together with all other restricted payments made by Dex Media West since September 9, 2003, would exceed the sum of (i) 100% of the adjusted earnings before interest, tax, depreciation and amortization accrued since January 1, 2004 less 1.4 times the consolidated interest expense for the same period, (ii) the aggregate net proceeds from the sale of capital stock of Dex Media West, (iii) the amount of debt issued after the date of the indenture relating to the senior notes or senior subordinated notes that is subsequently converted into capital stock, and (iv) certain amounts of payments received or credited to Dex Media West by its unrestricted subsidiaries. In addition, in order to make any such distributions of funds to Dex Media, Dex Media West would have to meet the leverage tests relating to the issuance of indebtedness under the indentures relating to its senior notes and senior subordinated notes.

The terms of our subsidiaries credit facilities may limit our subsidiaries ability to pay dividends to Dex Media.

Although the terms of our subsidiaries credit facilities permit Dex Media East and Dex Media West to pay cash dividends to Dex Media in an amount not to exceed 42% and 58%, respectively, of regularly scheduled cash interest payable on the initial $250.0 million of our 8% notes due 2013 (provided that no event of default is continuing or would result therefrom), Dex Media East or Dex Media West, as applicable, may not pay dividends on its 42% or 58% portion, as applicable, of the regularly scheduled interest payments on the remaining $250.0 million of the $500.0 million of our 8% notes due 2013 unless Dex Media East or Dex Media West, as applicable, meets an interest coverage ratio for the four consecutive fiscal quarters prior to the payment of the dividend. Furthermore, in the event that (1) Dex Media East or Dex Media West, as the case may be, is unable to pay any dividends to be used for payment of cash interest on our 8% notes due 2013 because an event of default is continuing or would result therefrom or (2) Dex Media East or Dex Media West is unable to pay dividends in excess of its 42% or 58% portion, respectively, of the interest payments on $250.0 million of the $500.0 million of our 8% notes due 2013, the other subsidiary will not be permitted by the terms of its credit facility to pay dividends in excess of its 42% or 58% portion, as applicable, of the cash interest payments to replace the dividends that cannot be paid by the other subsidiary.

Additionally, although the terms of our subsidiaries credit facilities permitted Dex Media to issue discount notes, such credit facilities do not specifically permit the payment of dividends to Dex Media to pay cash interest on our 9% discount notes due 2013 when cash interest becomes payable on May 15, 2009. Accordingly, any dividend to Dex Media for payment of cash interest on our 9% discount notes due 2013 must be permitted to be paid pursuant to the general dividend basket of each of our subsidiaries credit facilities, which restricts Dex Media East (including its immediate parent and its subsidiaries) and Dex Media West (including its immediate parent and its subsidiaries), as applicable, from paying dividends to Dex Media in excess of $5.0 million and $12.5 million per year, respectively, if Dex Media East (including its immediate parent and its subsidiaries) or Dex Media West (including its immediate parent and its subsidiaries), as applicable, does not comply with a coverage ratio and a leverage ratio test. In any event, any such dividend would be limited to a portion of excess cash flow (as defined in the Dex Media East and Dex Media West credit facilities). If Dex Media East and Dex Media West are not able to pay Dex Media dividends under the general dividend basket of our subsidiaries credit facilities in amounts sufficient to meet Dex Media s obligations to pay cash interest on our 9% discount notes due 2013 once cash payments become due, we will need to refinance or amend our subsidiaries credit facilities before such date. We cannot assure you that we will be able to refinance or amend our subsidiaries credit facilities on commercially reasonable terms or at all.

Our subsidiaries may enter into additional agreements or financings in the future which could further limit Dex Media s ability to access the assets and cash flow of our subsidiaries.

Our subsidiaries are permitted under the terms of our subsidiaries credit facilities, the indentures governing the subsidiary notes and the terms of other indebtedness to enter into other agreements or incur additional indebtedness that may severely restrict or prohibit the making of distributions, the payment of dividends or the making of loans by such subsidiaries to Dex Media. In addition to these contractual restrictions and prohibitions, the laws of our subsidiaries jurisdiction of organization may restrict or prohibit the making of distributions, the

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payment of dividends or the making of loans by our subsidiaries to Dex Media. The indentures governing our notes do not significantly limit our subsidiaries from entering into agreements restricting such distributions, dividends or loans. We cannot assure you that the agreements governing the current and future indebtedness of our subsidiaries, other agreements of our subsidiaries and statutory restrictions will permit our subsidiaries to provide Dex Media with sufficient dividends, distributions or loans to fund scheduled interest and principal payments on our indebtedness when due.

We operate in the competitive directory advertising industry.

The U.S. directory advertising industry is competitive. There are a number of independent directory publishers, such as TransWestern Publishing Company LLC and the U.S. business of Yell Group Ltd., with which we compete in one or more of the Dex States. In addition, we compete with other directory publishers in some of our markets, including Verizon Communications Inc., and these other directory publishers could elect to publish directories in the future in any of our markets in which they do not currently publish directories. For example, new competitive directories were introduced in six of our top ten markets in 2003 compared to just one new competitive directory in 2002. In the Dex States, our competitors publish and deliver approximately 550 directories. Our two largest competitors are Yell Group and Verizon. On average, there are two to three competing directories in each of our local markets. Through our Internet-based directory, we compete with these publishers and with other Internet sites providing classified directory information, such as Switchboard.com, yellowpages.com, Citysearch.com and Zagat.com, and with search engines and portals, such as Yahoo!, Google, MSN and others, some of which have entered into affiliate agreements with other major directory publishers. We cannot assure you that we will be able to compete effectively with these other companies, some of which may have greater resources than we do, for advertising in the future. Competition from other yellow pages publishers affects our ability to attract and retain advertisers and to increase advertising rates. The effect of competition and the current economic cycle on our revenue, excluding the effects of purchase accounting, can be seen in the decreasing revenue growth trend, on a combined revenue basis, of 4.3%, 2.8% and 2.6% in 2001, 2002 and 2003, respectively. We expect that competition will continue to impact future revenue growth. In addition, we compete against other media, including newspapers, radio, television, the Internet, billboards and direct mail, for business and professional advertising, and we cannot assure you that we will be able to compete successfully against these and other media for such advertising.

The Telecommunications Act of 1996 effectively opened local telephone markets to increased competition. Consequently, there can be no assurance that Qwest will remain the dominant local telephone service provider in its local service area. If Qwest were no longer the dominant local telephone service provider in its local service area, we may not realize some of the anticipated benefits under our publishing agreement with Qwest, which could have a material adverse effect on our business.

We could be materially adversely affected by declining usage of printed yellow pages directories.

We believe that overall usage of printed yellow pages directories in the United States and in the Dex States declined by a compound annual rate of approximately 2% between 1998 and 2003. Notwithstanding these declines in usage, we have been able to increase our annual revenue in recent years through, among other things, increases in our advertising prices and new product offerings and enhanced features such as color advertisements and awareness products. There can be no assurance that usage of our print yellow pages directories will not continue to decline at the existing rate or more severely. In addition, there can be no assurance that we will be able to continue to increase prices or increase revenues from new product offerings and enhanced features. Any declines in usage could impair our ability to maintain or increase our advertising prices, cause businesses that purchase advertising in our yellow pages directories to reduce or discontinue those purchases and discourage businesses that do not purchase advertising in our yellow pages directories from doing so.

Although we believe that the decline in the usage of our printed directories will be offset in part by an increase in usage of our Internet-based directory, we cannot assure you that such increase in usage will result in additional Internet revenue. Any of the factors that may contribute to a decline in usage of our printed directories, or a combination of them, could impair our directory services revenue and have a material adverse effect on our business.

Qwest, the former owner of our business, is the subject of ongoing investigations by the SEC and the U.S. Attorney s office.

On March 8, 2002, Qwest, the former owner of our business, received a request from the Denver regional office of the SEC to voluntarily produce documents and information as part of an informal inquiry into certain of its accounting practices. On April 3, 2002, the SEC issued an order authorizing a formal investigation of Qwest. The matters under investigation include, among others, the revenue recognition practices of Qwest Dex. In addition, two former Chief Executive Officers (one of whom is our current Chief Executive Officer) and two former Chief Financial Officers (one of whom is our current Vice President, Financial Planning and Analysis) of Qwest Dex were subpoenaed in August 2002 and have provided documents and testimony to the SEC. In the investigation, the SEC may issue additional subpoenas seeking documents and/or testimony from other current and former Qwest Dex employees. On October 21, 2004, without admitting or denying the allegations in the SEC s complaint, Qwest consented to the entry of a judgment enjoining it from violating the antifraud, reporting, books and records, internal control, proxy and securities registration provisions of the federal securities laws. As part of the judgment, Qwest agreed to pay a civil penalty of $250.0 million and $1.00 disgorgement. The SEC is continuing its investigation of Qwest s financial reporting. We cannot assure you that the SEC investigation will not result in any further enforcement action against Qwest Dex, its employees or those of our employees who were formerly employees of Qwest Dex.

In addition, on July 9, 2002, Qwest was informed by the U.S. Attorney s Office for the District of Colorado that it had begun a criminal investigation of Qwest. Although the U.S. Attorney s Office has not disclosed the subject matter of the investigation, it has indicated that it is investigating the matters under inquiry in the SEC investigation. It is not clear whether this investigation involves the business or management of Qwest Dex s directory business (other than its former revenue recognition policy under the point of publication method) or employees who historically worked for the Qwest Dex business, most of whom are now our employees. We do not have any knowledge that former employees of Qwest Dex are the subject of the U.S. Attorney s investigation. None of the former employees of Qwest Dex have informed us that they are the targets of the U.S. Attorney s investigation or have been contacted by the U.S. Attorney s office in connection with the investigation. Although we acquired only the assets of the Qwest Dex business located in the Dex States and not the Qwest Dex corporate entity and we did not assume in the Acquisitions any liabilities relating to the SEC or the U.S. Attorney s Office investigations, there can be no assurances that these investigations or other investigations will not have a material adverse effect on our business.

Restrictive covenants in our subsidiaries credit facilities and the indentures may restrict our ability to pursue our business strategies.

Our subsidiaries credit facilities, the indentures governing the subsidiary notes and/or the indentures governing our notes limit Dex Media s ability and/or the ability of our subsidiaries, among other things, to:

- access the cash flow and value of our subsidiaries and, therefore, to pay interest and/or principal on the indebtedness of Dex Media or to pay dividends on the common stock of Dex Media;
- incur additional indebtedness;
- issue preferred stock;
- pay dividends or make distributions in respect of Dex Media s or the applicable subsidiary s capital stock or to make certain other restricted payments or investments;
- sell assets, including capital stock of Dex Media s or the applicable subsidiary s future restricted subsidiaries;

agree to payment restrictions affecting Dex Media s or the applicable subsidiary s future restricted subsidiaries;

consolidate, merge, sell or otherwise dispose of all or substantially all of Dex Media s or the applicable subsidiary s assets;

- enter into transactions with Dex Media s or the applicable subsidiary s affiliates;
- incur liens;
- designate any of Dex Media s or the applicable subsidiary s future subsidiaries as unrestricted subsidiaries; and
- enter into new lines of businesses.

In addition, our subsidiaries credit facilities include other and more restrictive covenants and prohibit our subsidiaries from prepaying our other indebtedness while indebtedness under our subsidiaries credit facilities is outstanding. The agreements governing our subsidiaries credit facilities also require our subsidiaries to achieve specified financial and operating results and maintain compliance with specified financial ratios. Our subsidiaries ability to comply with these ratios may be affected by events beyond our control.

The restrictions contained in the indentures governing the subsidiary notes, the indentures governing our notes and the agreements governing our subsidiaries credit facilities could limit our ability to plan for or react to market conditions or meet capital needs or otherwise restrict our activities or business plans and adversely affect our ability to finance our operations, strategic acquisitions, investments or alliances or other capital needs or to engage in other business activities that would be in our interest.

A breach of any of these restrictive covenants or our inability to comply with the required financial ratios could result in a default under the agreements governing our subsidiaries credit facilities. If a default occurs, the lenders under our subsidiaries credit facilities may elect to declare all borrowings outstanding, together with accrued interest and other fees, to be immediately due and payable or prevent our subsidiaries from making distributions to Dex Media in order for Dex Media to make payments on its indebtedness, either of which could result in an event of default under such indebtedness. The lenders will also have the right in these circumstances to terminate any commitments they have to provide further borrowings. If we are unable to repay outstanding borrowings when due, the lenders under our subsidiaries credit facilities will also have the right to proceed against the collateral, including our available cash, granted to them to secure the indebtedness. If the indebtedness under our subsidiaries credit facilities, the subsidiary notes and our notes were to be accelerated, we can make no assurances that our assets would be sufficient to repay in full that indebtedness and our other indebtedness. See Description of Our Indebtedness.

Our business could suffer if there is a prolonged economic downturn.

We derive our net revenue from the sale of advertising in our directories. Our advertising revenue, as well as those of yellow pages publishers in general, generally does not fluctuate widely with economic cycles. However, a prolonged national or regional economic recession could have a material adverse effect on our business.

Our dependence on third-party providers of printing, distribution and delivery services could materially adversely affect us.

We depend on third parties for the printing and distribution of our directories. Dex Media East and Dex Media West each have contracts with two companies, R.R. Donnelley & Sons Company, or Donnelley, and Quebecor World Directory Sales Corporation, or Quebecor, for the printing of our directories, which expire on December 31, 2011 and July 30, 2008, respectively. Because of the large print volume and specialized binding of directories, there are only a small number of companies in the printing industry that could service our needs. Accordingly, the inability or unwillingness of Donnelley or Quebecor to provide printing services to us on acceptable terms or at all could have a material adverse effect on our business.

We have a contract with a single company, Product Development Corporation, or PDC, for the distribution of our directories. This contract expires on May 31, 2009. There are only a small number of companies that could service our distribution needs. Accordingly, the inability or unwillingness of PDC to provide distribution services to us on acceptable terms or at all could have a material adverse effect on our business. We have a contract with Matson Integrated Logistics, or Matson, to provide logistical support and to

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transport our printed directories from our printers locations to PDC. This contract expires on December 31, 2008. We rely on Matson s services extensively for our transportation and logistical needs, and only a small number of companies could service our transportation needs. Accordingly, any disruptions in the services provided to us by Matson or by a third party upon termination of the contracts with Matson could have a material adverse effect on our business.

Fluctuations in the price or availability of paper could materially adversely affect us.

The principal raw material that we use is paper. For the Combined Year 2003, paper costs equaled 3.6% of our revenue and 11.8% of our cost of revenue, excluding the effects of purchase accounting. Approximately 97% of the paper that we use is supplied by two companies: Nippon Paper Industries USA Co., Ltd. (formerly Daishowa America Co., Ltd.), or Nippon, and Norske Skog Canada (USA), Inc., or Norske. Pursuant to our agreements with Nippon and Norske, they are required to provide up to 60% and 40% of our annual paper supply, respectively. Prices under the two agreements are set each year based on prevailing market rates. If, in a particular year, the parties to either of the agreements are unable to agree on repricing, either party may terminate the agreement. The contract with Nippon expires on December 31, 2009 and the contract with Norske expires on December 31, 2008. Furthermore, we purchase paper used for the covers of our directories from Spruce Falls, Inc., or Spruce Falls. Pursuant to an agreement between Spruce Falls and us, Spruce Falls is required to provide 100% of our annual cover stock paper supply. Prices under this agreement are negotiated each year. If, in a particular year, Spruce Falls and we are unable to agree on repricing, either party may terminate this agreement. This agreement expires on December 31, 2006.

We do not engage in hedging activities to limit our exposure to paper price increases. The price of paper may fluctuate significantly in the future. Changes in the supply of or demand for paper could affect delivery times and prices. We cannot assure you that we will continue to have access to paper in the necessary amounts or at reasonable prices or that any increases in the cost of paper will not have a material adverse effect on our business. See Management s Discussion and Analysis of Financial Condition and Results of Operations Results of Operations.

We could be materially adversely affected by turnover among sales representatives or loss of key personnel.

We depend on our ability to identify, hire, train and retain qualified sales personnel. A loss of a significant number of experienced sales representatives would likely result in fewer sales of advertising in our directories and could materially adversely affect our business. We expend significant resources and management time in identifying and training our sales representatives. Our ability to attract and retain qualified sales personnel depends, however, on numerous factors, including factors that we cannot control, such as conditions in the local employment markets in which we operate. We cannot assure you that we will be able to hire or retain a sufficient number of sales representatives to achieve our financial objectives.

Furthermore, we depend on the continued services of key personnel, including George Burnett, our President and Chief Executive Officer, Robert M. Neumeister, Jr., our Executive Vice President and Chief Financial Officer, Marilyn B. Neal, our Executive Vice President and Chief Operating Officer, and other members of our senior management and regional sales management personnel. Although we believe that we could replace our key employees within a reasonable time should the need arise, the loss of key personnel could have a material adverse effect on our business.

We may be materially adversely affected by our practice of extending credit to small and medium-sized businesses.

For the Combined Year 2003, approximately 82% of our revenue, excluding the effects of purchase accounting, was generated through the sale of advertising to local businesses, which are generally small and medium-sized businesses. In the ordinary course of our directory operations, we extend credit to these customers for advertising purchases. As of December 31, 2003, we had approximately 399,000 accounts with local

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businesses to which we extended credit. Full collection of delinquent accounts can take many months or may never occur. For the Combined Year 2003, bad debt expense for all of our accounts amounted to approximately $55.8 million, or 3.4% of our revenue, excluding the effects of purchase accounting. Small and medium-sized businesses tend to have fewer financial resources and higher rates of failure than do larger businesses. Consequently, although we attempt to mitigate exposure to the risks that result from extending credit to small and medium-sized businesses through credit screening and the collection of advance payments under certain circumstances, we cannot assure you that we will not be materially adversely affected by our practice of extending credit to small and medium-sized businesses.

Our sales of advertising to national accounts is coordinated by third parties that we do not control.

Approximately 15% of our revenue for the Combined Year 2003 was derived from the sale of advertising to national or large regional chains, such as rental car companies, insurance companies and pizza delivery businesses, that purchase advertising in several of the directories that we publish. In order to sell advertising to these accounts, we contract with approximately 160 certified marketing representatives, or CMRs, which are independent third parties that act as agents for national companies and design their advertisements, arrange for the placement of those advertisements in directories and provide billing services. As a result, our relationships with these national advertisers depend significantly on the performance of these third party CMRs whom we do not control. In particular, we rely on one of our CMRs, TMP Worldwide Inc., or TMP, whose billings were approximately 4% of our revenue for the Combined Year 2003. Although we believe that our relationship with TMP is mutually beneficial and that those CMRs with whom we have existing relationships or other third parties could service our needs if TMP were unable or unwilling to provide its services to us on acceptable terms or at all, such inability or unwillingness could materially adversely affect our business. In addition, any decline in the performance of TMP or the other CMRs with whom we contract could harm our ability to generate revenue from our national accounts and could materially adversely affect our business.

We may be subject to work stoppages, which could increase our operating costs and disrupt our operations.

As of September 30, 2004, approximately 67% of our workforce was represented by various local labor unions. If our unionized workers were to engage in a strike, work stoppage or other slowdown in the future, we could experience a significant disruption of our operations and an increase in our operating costs, which could have a material adverse effect on us. In addition, if a greater percentage of our work force becomes unionized, our business and financial results could be materially adversely affected.

Future changes in Qwest s directory publishing obligations in the Dex States may increase our costs.

Pursuant to the publishing agreement, we are required to discharge Qwest s regulatory obligation to publish white pages directories covering each service territory in the Dex States where it provides local telephone service as the incumbent service provider. If the staff of a state public utility commission in a Dex State were to impose additional or changed legal requirements in any of Qwest s service territories with respect to this obligation, we would be obligated to comply with these requirements on behalf of Qwest, even if such compliance were to increase our publishing costs. Pursuant to the publishing agreement, Qwest will only be obligated to reimburse us for one half of any material net increase in our costs of publishing directories that satisfy Qwest s publishing obligations (less the amount of any previous reimbursements) resulting from new governmental legal requirements, and this obligation will expire on November 7, 2009. Our competitive position relative to competing directory publishers could be adversely affected if we are not able to recover from Qwest that portion of our increased costs that Qwest has agreed to reimburse and, moreover, we cannot assure you that we would be able to increase our revenue to cover any unreimbursed compliance costs.

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Our conversion to the Amdocs software system may disrupt our operations or we may not be able to realize the improvement in our operational efficiency and the associated cost savings.

We are in the process of migrating from our legacy process management infrastructure to Amdocs, an industry-standard software system. The conversion from our existing software system to the Amdocs software system is complicated and is expected to take several months for us to fully complete in all of the Dex States. During the conversion, we may experience a disruption to our business. We cannot assure you that any disruption caused by the conversion to Amdocs will not materially adversely affect our business or that we will be able to realize the anticipated cost savings as result of our conversion to Amdocs. In addition, if we are unable to convert to Amdocs, we will be unable to fully implement our segmented pricing strategy.

We are controlled by Carlyle and WCAS, whose interests may not be aligned with yours.

Carlyle and WCAS will own, after giving effect to this offering, approximately 51.9% of our common stock, or approximately 50.1% if the underwriters exercise their over-allotment option in full. The Sponsors have the power to control our affairs and policies. The Sponsors also control the election of directors, the appointment of management, the entering into of mergers, sales of substantially all of our assets and other extraordinary transactions. The directors so elected have the authority, subject to the terms of our debt, to issue additional stock, implement stock repurchase programs, declare dividends and make other decisions. The interests of the Sponsors could conflict with your interests. For example, the Sponsors could cause us to make acquisitions that increase the amount of our indebtedness or sell revenue-generating assets. Additionally, the Sponsors are in the business of making investments in companies and may from time to time acquire and hold interests in businesses that compete directly or indirectly with us. The Sponsors may also pursue acquisition opportunities that may be complementary to our business, and as a result, those acquisition opportunities may not be available to us. So long as the Sponsors continue to own a significant amount of the outstanding shares of our common stock, they will continue to be able to strongly influence or effectively control our decisions.

Upon completion of this offering, our Sponsors as a group will continue to control a majority of our outstanding common stock. As a result, we are a controlled company within the meaning of the New York Stock Exchange corporate governance standards. Under the New York Stock Exchange rules, a company of which more than 50% of the voting power is held by a group is a controlled company and may elect not to comply with certain New York Stock Exchange corporate governance requirements, including (1) the requirement that a majority of the board of directors consist of independent directors, (2) the requirement that the nominating committee be composed entirely of independent directors, (3) the requirement that the compensation committee be composed entirely of independent directors, and (4) the requirement for an annual performance evaluation of the nominating and corporate governance and compensation committees. Following this offering, we intend to continue to avail ourselves of these exemptions. As a result, we will not have a majority of independent directors and our nominating and compensation committees may not consist entirely of independent directors. Accordingly, you may not have the same protections afforded to stockholders of companies that are subject to all of the New York Stock Exchange corporate governance requirements.

Risks Related to Our Common Stock

Our common stock price may be volatile.

Our common stock price may fluctuate in response to many things, including but not limited to:

our quarterly or annual earnings or those of other companies in our industry;

changes in earnings estimates or recommendations by research analysts who track our common stock or the stocks of other companies in our industry or failure of analysts to cover our common stock;

new laws or regulations or new interpretations of laws or regulations applicable to our business;

- changes in accounting standards, policies, guidance, interpretations or principles;

- changes in general conditions in the U.S. and global economies or financial markets, including those resulting from war, incidents of terrorism or responses to such events; and

- sale of common stock by our directors and executive officers and the selling stockholders.

Some companies that have had volatile market prices for their securities have been subject to securities class action suits filed against them. If a suit were to be filed against us, regardless of the outcome, it could result in substantial costs and a diversion of our management s attention and resources. This could have a material adverse effect on our business, results of operations and financial condition.

We may be restricted from paying cash dividends on our common stock in the future.

We currently intend to declare and pay regular quarterly cash dividends on our common stock. Any payment of cash dividends will depend upon our financial condition, earnings, legal requirements, restrictions in our debt agreements and other factors deemed relevant by our board of directors. The terms of our subsidiaries credit facilities, the indentures governing the subsidiary notes and/or the indentures governing our notes may restrict us from paying cash dividends on our common stock. See The indentures governing our subsidiaries notes may restrict Dex Media s access to the cash flow and other assets of our subsidiaries that may be needed to make payment on its indebtedness or the payment of dividends on its common stock, The terms of our subsidiaries credit facilities may limit our subsidiaries ability to pay dividends to Dex Media and Our subsidiaries may enter into additional agreements or financings in the future which could further limit Dex Media s ability to access the assets and cash flow of our subsidiaries. Furthermore, we will be permitted under the terms of our debt agreements to incur additional indebtedness that may severely restrict or prohibit the payment of dividends. We cannot assure you that the agreements governing our current and future indebtedness will permit us to pay dividends on our common stock. See Description of Our Indebtedness.

Shares eligible for future sale may adversely affect our common stock price.

Sales of substantial amounts of our common stock in the public market, or the perception that these sales may occur, could cause the market price of our common stock to decline. This could also impair our ability to raise additional capital through the sale of our equity securities. Under our amended and restated articles of incorporation, we are authorized to issue up to 700 million shares of common stock, of which approximately 150.3 million shares of common stock were outstanding as of the date of this prospectus and approximately 5.0 million shares of common stock will be issuable upon the exercise of outstanding stock options. We, our directors, officers and the selling stockholders have entered into lock-up agreements described under the caption Underwriting. The lock-up agreements provide that parties to such agreements shall not sell shares of our common stock until at least 90 days after the date of this prospectus. We have entered into a stockholders agreement with the Sponsors granting certain demand and piggyback registration rights to the Sponsors. The amended and restated management stockholders agreement and the sponsor stockholders agreement both provide for piggyback registration rights for certain of our stockholders. We cannot predict the size of future issuances of our common stock or the effect, if any, that future sales and issuances of shares of our common stock would have on the market price of our common stock. See Certain Relationships and Related Transactions and Shares Eligible for Future Sale.

Delaware law and our charter documents may impede or discourage a takeover, which could cause the market price of our shares to decline.

We are a Delaware corporation and the anti-takeover provisions of Delaware law impose various impediments to the ability of a third party to acquire control of us, even if a change of control would be beneficial to our existing stockholders. In addition, provisions of our amended and restated certificate of incorporation and by-laws may also make it more difficult for, or prevent a third party from, acquiring control of us without the approval of our board of directors. These provisions include:

- a classified board of directors;
- limitations on the removal of directors;
- the sole power of the board of directors to fill any vacancy on the board of directors, whether such vacancy occurs as a result of an increase in the number of directors or otherwise;
- the ability of our board of directors to designate one or more series of preferred stock and issue shares of preferred stock without stockholder approval; and
- the inability of stockholders to act by written consent or to call special meetings.

Our incorporation under Delaware law, the ability of our board of directors to create and issue a new series of preferred stock, our stockholder rights plan, the acceleration of the vesting of the outstanding stock options upon a change of control of Dex Media and certain other provisions of our amended and restated certificate of incorporation and by-laws could impede a merger, takeover or other business combination involving Dex Media or the replacement of our management or discourage a potential investor from making a tender offer for our common stock, which, under certain circumstances, could reduce the market value of our common stock. See Description of Capital Stock.

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CAUTIONARY NOTICE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements. These statements relate to future events or our future financial performance, and involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. These risks and other factors include, among other things, those listed in Risk Factors, Management s Discussion and Analysis of Financial Condition and Results of Operations Overview Stand-Alone Company and elsewhere in this prospectus. In some cases, you can identify forward-looking statements by terminology such as may, will, should, expects, intends, plans, anticipates, believes, estimates, continue or the negative of these terms or other comparable terminology. These statements are only predictions. Actual events or results may differ materially. In evaluating these statements, you should specifically consider various factors, including the risks outlined in Risk Factors. These factors may cause our actual results to differ materially from any forward-looking statement.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. These forward-looking statements are made as of the date of this prospectus and, except as required under the federal securities laws and the rules and regulations of the SEC, we assume no obligation to update or revise them or to provide reasons why actual results may differ.

We do not undertake any responsibility to release publicly any revisions to these forward-looking statements to take into account events or circumstances that occur after the date of this prospectus. Additionally, we do not undertake any responsibility to update you on the occurrence of any unanticipated events which may cause actual results to differ from those expressed or implied by the forward-looking statements contained in this prospectus.

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MARKET AND INDUSTRY DATA

Unless otherwise indicated, information contained in this prospectus concerning the U.S. directory advertising industry, the U.S. advertising industry and their respective segments, our general expectations concerning such industries and their segments and our market position and market share within such industries and their segments are derived from data from various third party sources. We have not independently verified any of such information and cannot assure you of its accuracy or completeness. In addition, this prospectus presents similar information based on management estimates. Such estimates are derived from third party sources as well as data from our internal research and on assumptions made by us, based on such data and our knowledge of the U.S. directory advertising industry, which we believe to be reasonable. Our internal research has not been verified by any independent source. While we are not aware of any misstatements regarding any industry or similar data presented herein, such data involves risks and uncertainties and is subject to change based on various factors, including those discussed under the caption Risk Factors in this prospectus.

Data on U.S. directory advertising industry revenue and corresponding market position and market share within the industry are based on U.S. directory advertising sales. A few of our competitors utilize the point of publication method of accounting under which revenue and expenses are recognized when a directory is published. We utilize the deferral and amortization method of accounting under which revenue and expenses are recognized over the lives of the directories. As a result, while we believe that the information presented herein with respect to ourselves and our competitors is comparable, comparisons made beyond the scope of those made in this prospectus may be impacted by the differing accounting methods. Except where otherwise noted, the calculation of advertiser renewal and retention rates is based on local advertisers and excludes the loss of advertisers as a result of business failures, which we believe is the customary calculation method in our industry.

The DEX® trademark referred to in this prospectus is a registered trademark of Dex Media. The QWEST DEX® and QWEST DEX ADVANTAGE® trademarks referred to in this prospectus are registered trademarks of Qwest and are used by us under license.

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USE OF PROCEEDS

All of the shares of common stock being offered in this offering are being sold by the selling stockholders, including the overallotment shares, if any. We will not receive any of the proceeds from the sale of these shares.

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PRICE RANGE OF COMMON STOCK

Our common stock began trading on the New York Stock Exchange on July 22, 2004 and is traded under the symbol DEX. Prior to that date, there was no public market for our common stock. The following table sets forth the high and low closing sales prices of the common stock.

	High	Low
Fiscal Year Ended December 31, 2004		
Third Quarter (beginning July 22, 2004)	$ 22.01	$ 17.80
Fourth Quarter	25.24	20.60
Fiscal Year Ended December 31, 2005		
First Quarter (through January 12, 2005)	$ 25.01	$ 23.67

As of January 12, 2005, there were 45 stockholders of record of our common stock.

The last reported sale price of our common stock on the New York Stock Exchange on January 12, 2005 was $24.41 per share.

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DIVIDEND POLICY

On December 14, 2004, we declared a quarterly cash dividend of $0.09 per share of common stock, payable January 31, 2005 to stockholders of record as of January 3, 2005. We intend to continue paying quarterly cash dividends on our common stock at an annual rate of $0.36 per share. However, there can be no assurance that we will declare or pay any cash dividends. The declaration and payment of future dividends to holders of our common stock will be at the discretion of our board of directors and will depend upon many factors, including our financial condition, earnings, legal requirements, restrictions in our debt agreements and other factors our board of directors deems relevant. The terms of our indebtedness may also restrict us from paying cash dividends on our common stock under some circumstances. See Risk Factors The indentures governing our subsidiaries notes may restrict Dex Media s access to the cash flow and other assets of our subsidiaries that may be needed to make payment on its indebtedness or the payment of dividends on its common stock, The terms of our subsidiaries credit facilities may limit our subsidiaries ability to pay dividends to Dex Media, Our subsidiaries may enter into additional agreements or financings in the future which could further limit Dex Media s ability to access the assets and cash flow of our subsidiaries, We may be restricted from paying cash dividends on our common stock in the future and Description of Our Indebtedness.

On November 10, 2003, we made a distribution of approximately $750.2 million to our stockholders with the proceeds received from the 8% notes due 2013 and 9% discount notes due 2013 issued in November 2003, and on February 17, 2004, we made another distribution of approximately $250.5 million to our stockholders with the proceeds received from the 9% discount notes due 2013 issued in February 2004.

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CAPITALIZATION

The following table sets forth our cash and cash equivalents and capitalization as of September 30, 2004. The table does not give effect to the $300.0 million offering of 5 7/8% senior notes due 2011 by Dex Media West and Dex Media West Finance Co. and the application of the proceeds therefrom.

The information in this table should be read in conjunction with Management s Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements and related notes thereto included elsewhere in this prospectus.

(In thousands)	September 30, 2004 (unaudited)
Cash and cash equivalents	$ 3,778
Total debt:	
Subsidiary debt:	
Dex Media East credit facilities:	
Revolving credit facility(1)	$
Term loan facilities	998,427
Dex Media West credit facilities:	
Revolving credit facility(2)	
Term loan facilities	1,868,000
Senior notes:	
9 7/8% senior notes of Dex Media East	450,000
8 1/2% senior notes of Dex Media West	385,000