



For Immediate Release

Yellow Pages Income Fund Reports Solid Second Quarter Results

Montreal (Québec), August 4, 2004 – Yellow Pages Income Fund (TSX: YLO.UN) announced its second quarter results today, reporting continuing momentum in the performance of Yellow Pages Group (YPG), the Fund's wholly-owned operating company.

YPG reported net earnings of \$70.0 million for the second quarter of 2004, compared to a net loss of \$22.1 million for the quarter ended June 30, 2003. For the six months ended June 30, 2004, YPG recorded net earnings of \$138.7 million, compared to a net loss of \$40.4 million for the first six months of 2003. In addition to improved operating performance, the results reflect lower non-cash amortization of certain intangible assets and reduced financial charges resulting from a reduced level of borrowings and lower borrowing costs.

“We are pleased to report a solid quarter. Our revenues and EBITDA have increased consistently since we became a standalone company in late 2002. These improvements reflect our commitment to increase revenues and reduce operating costs. We remain focused on our organic growth strategies and believe that we are well positioned to continue to meet our objectives for the year,” commented Marc P. Tellier, President and CEO.

For the quarter ended June 30, 2004, YPG reported Adjusted Revenues¹ of \$165.9 million up 4.5% and Adjusted EBITDA¹ of \$96.3 million up 6.2% compared to the corresponding period last year. For the six-months ended June 30, 2004, YPG reported Adjusted Revenues of \$330.2 million up 4.5% and Adjusted EBITDA of \$191.9 million up 5.4% compared to the same period last year. The increase in revenues is largely attributable to an increase in advertising revenues in the print directories. Specific initiatives such as new pricing models, improved sales coverage and our neighbourhood directories contributed to this growth.

Cost containment continued to be a priority for YPG in the first half of 2004 and was driven by initiatives undertaken in 2003 such as the renegotiation of our printing outsourcing arrangements, the optimization of business processes and our internal reorganization that eliminated redundant activities.

An important organic growth initiative has been YPG's focus on its online directories and city sites. YPG's online revenues increased by 20.9% during the second quarter and 23.6% for the year-to-date 2004. With the intent to further increase traffic on our online directories, we have recently introduced new search functions in our YellowPages.ca™ site. These improvements offer faster, more complete search functions which can be tailored to meet each user's specific needs.

Medium Term Note Program

During the second quarter, YPG Holdings issued a total of \$750 million in five- and ten-year Notes under its \$1 billion Medium Term Note program. The net proceeds which amounted to \$742 million were used to permanently reduce bank borrowings and for general corporate purposes.

Offering of Units of Yellow Pages Income Fund

On June 11, 2004, Yellow Pages Income Fund completed an offering of 66,666,600 units for aggregate proceeds of \$743.3 million. The units were distributed by a syndicate of underwriters to unitholders as either fully-paid units at an offering price of \$11.15 per unit or as instalment receipts at an offering price of \$11.35 per unit, of which \$6.85 was paid upon closing and \$4.50 is payable on or before June 10, 2005. At closing, 42,572,697 instalment receipts and 24,093,903 fully-paid units were issued by the Fund. The issuance of instalment receipts does not have any financial impact on the Fund as these units are fully-paid.

The net proceeds of the offering were used by the Fund to purchase 66,666,600 units of YPG LP and 66,666,600 common shares in YPG General Partner Inc. held by BAI LLP and BAI2 LLP, entities controlled by funds managed by Kohlberg Kravis Roberts & Co.

Concurrent with the closing of this offering, TMB Directories Inc. (a subsidiary of Ontario Teachers Pension Plan) exercised its pre-existing right to exchange all of its 35,333,300 units of YPG LP and 35,333,300 common shares of YPG General Partner Inc. for 35,333,300 units of the Fund.

Corporate Governance

Following the closing of the above-mentioned offering of units by the Fund, the two Board representatives of Kohlberg Kravis Roberts & Co. resigned their position as Directors of YPG LP. The decision by KKR to monetize the balance of its ownership interest in Yellow Pages Group allowed the Board to reduce its size from 13 to 11 directors. In addition, the Fund appointed Marc L. Reisch and Dean Metcalf as Trustees. Mr. Reisch was also appointed Chairman of the Board of Trustees. These appointments bring the total number of trustees of the Fund to 10, the maximum number of trustees permitted under the Fund's Declaration of Trust.

"We consider proper corporate governance standards to be an important factor in the Company's success and believe that the changes to the composition of our Board of Trustees reflect this commitment," said Marc Reisch, Chairman of the Board of Trustees of the Fund.

Distributions

During the quarter, the Trustees of the Fund approved a 4.5% increase in cash distributions to \$0.92 annually. This higher level of monthly distributions of \$0.0766 per unit was paid June 15, 2004 to unitholders of record on May 31, 2004.

The Board of Directors periodically reviews cash distributions taking into account the current and prospective performance of YPG. Other factors considered include cash amounts required to service debt obligations, maintenance capital expenditures, taxes and other amounts considered to be prudent.

About Yellow Pages Income Fund

Yellow Pages Income Fund is an unincorporated, open-ended, limited purpose trust established to invest in Yellow Pages Group. The Fund indirectly holds 100% of Yellow Pages Group.

About Yellow Pages Group

Yellow Pages Group is Canada's largest telephone directories publisher and the official publisher of Bell Canada's directories. Yellow Pages Group publishes annually more than 200 print Yellow Pages™ directories and alphabetical pages reaching approximately 70% of the Canadian population. The Company also manages Canada's most visited commercial online directories YellowPages.ca™, Canada411.ca, CanadaTollFree.ca, as well as the CanadaPlus.ca network, a leader in the local city sites market.

Investor Conference Call

Yellow Pages Group will hold an analyst call at 11:00 a.m. (EST) on August 4th to discuss the second quarter results. The call may be accessed by dialling (416) 405-9328 within the Toronto area, or 1 800 387-6216 outside of Toronto. The call will be simultaneously webcast on the Company's Web site at <http://www.ypg.com/page.php/en/1/173.html>.

The conference call will be archived in the Investor Center of the site at www.ypg.com. A playback of the call can also be accessed from August 4th to August 11th by dialling (416) 695-5800 from within the Toronto area, or 1 800 408-3053 outside Toronto. The seven-digit access code is 3079426.

Caution Concerning Forward-Looking Statements

Certain statements in this news release may contain forward-looking statements. Such statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements to differ materially from those expressed in the forward-looking statements. Neither the Fund nor YPG assume responsibility for the accuracy and completeness of the forward-looking statements and do not undertake any obligation to publicly revise these forward-looking statements to reflect subsequent events or circumstances.

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Contacts:

Claire Lanctôt
Vice President, Corporate Finance
Tel: (514) 934-6509
claire.lanctot@ypg.com

Annie Marsolais
Senior Manager, Corporate Communications
Tel: (514) 934-4016
annie.marsolais@ypg.com

Enclosure: Financial Highlights

¹Non-GAAP Measures

In order to provide a better understanding of the results, YPG uses the term EBITDA (earnings before interest, taxes, depreciation and amortization). Management defines EBITDA as revenues less operating costs which represents income/(loss) from operations before depreciation and amortization. YPG also uses the terms Adjusted Revenues and Adjusted EBITDA (revenues and EBITDA adjusted for certain items, which management believes are reflective of ongoing operations). These terms do not have any standardized meaning prescribed by Canadian GAAP and may not be comparable to similar measures presented by other issuers. Management believes EBITDA, Adjusted Revenues and Adjusted EBITDA to be important measures as they allow management to assess the operating performance of the ongoing business. The table below is a reconciliation of Adjusted Revenues, EBITDA and Adjusted EBITDA to the most comparable Canadian GAAP financial measures:

	Three-month period ended June 30,		Six-month period ended June 30,	
	2004	2003	2004	2003
Revenues	\$165,888	\$149,661	\$330,211	\$295,956
Elimination of purchase accounting impact	-	9,120	-	20,027
Adjusted revenues	\$165,888	\$158,781	\$330,211	\$315,983

	Three-month period ended June 30,		Six-month period ended June 30,	
	2004	2003	2004	2003
Income (loss) from operations	\$89,845	\$3,109	\$176,272	\$(12,360)
Depreciation and amortization	7,078	95,353	18,667	213,872
EBITDA	\$96,923	\$98,462	\$194,939	\$201,512
Elimination of purchase accounting impact	(1,488)	(10,056)	(4,461)	(23,409)
Transition expenses	834	2,283	1,397	3,859
Adjusted EBITDA	\$96,269	\$90,689	\$191,875	\$181,962

Financial Highlights

(in thousands of Canadian dollars, except unit information)

	For the three-month period ended June 30, 2004	For the six-month period ended June 30, 2004
Yellow Pages Income Fund		

Net earnings	\$17,801	\$27,272
Net earnings per unit	0.07	0.11
Distributions declared	62,561	114,759
Distributions paid and payable per unit	0.2265	0.4464
Units outstanding (basic)	344,069,143	344,069,143

YPG LP	For the three-month period ended June 30,		For the six-month period ended June 30,	
	2004	2003	2004	2003
Revenues	\$165,888	\$149,661	\$330,211	\$295,956
Income (loss) from operations	89,845	3,109	176,272	(12,360)
Adjusted revenues ¹	165,888	158,781	330,211	315,983
Adjusted EBITDA ¹	96,269	90,689	191,875	181,962
<i>Adjusted EBITDA margin</i>	58.0%	57.1%	58.1%	57.6%
Cash available for distributions	84,603	-	169,418	-
Distributions paid	76,653	-	152,123	-
Units outstanding (basic)	344,069,143	-	344,069,143	-

¹ EBITDA is defined as revenues less operating costs which represents income/(loss) from operations before depreciation and amortization. YPG also uses the terms Adjusted Revenues and Adjusted EBITDA (revenues and EBITDA adjusted for certain items which management believes are reflective of ongoing operations).