

Yellow Pages Income Fund Reports Second Quarter Results and Immediate Accretion from ADS Acquisition

- Consolidated Adjusted Revenues up 31.8%
- Consolidated Adjusted EBITDA up 30.8%
- 8% accretion to distributable cash
- Outlook revised upward

Montréal (Quebec), August 10, 2005 – Yellow Pages Income Fund (TSX: YLO.UN) released its second quarter results today, reporting significant improvement in the financial performance of Yellow Pages Group (YPG), continuing organic growth initiatives and the contribution from the former Advertising Directory Solutions Holdings Inc. (ADS) acquired on May 25, 2005.

For the quarter ended June 30, 2005, consolidated Adjusted Revenues¹ increased by 31.8% to \$218.6 million and consolidated Adjusted EBITDA¹ increased by 30.8% to \$125.7 million compared to the corresponding period last year. The acquisition of ADS contributed \$43.5 million to consolidated revenues and \$23.0 million to EBITDA.

Consolidated net earnings amounted to \$64.3 million for the quarter, compared to \$17.8 million in the second quarter of 2004.

The combined business provided an 8% accretion to distributable cash¹ per unit in the second quarter over the same quarter of 2004.

“We are very proud of our success to date in integrating the two companies. More importantly, we want to acknowledge the work of our employees and their support during this transition period,” stated Marc P. Tellier, President and CEO of Yellow Pages Group. “Moreover, we have great momentum in organic growth which continues to bode well for the future.”

YPG’s Core Operations Contribute to Growth

Before taking into account the impact of the acquired operations, YPG’s core operations continued to have strong upward momentum in their financial and operating metrics. Adjusted Revenues grew to \$175.1 million, representing a 5.6% improvement compared to the second quarter of last year and Adjusted EBITDA increased by 6.8% to \$102.7 million, representing an EBITDA margin of 58.7%.

Online revenues increased by 67% compared to the second quarter of last year reaching \$8.2 million. Rapidly increasing traffic on YPG’s sites combined with management’s initiatives such as *Directory Plus* have contributed to the growth of online advertising revenues.

YPG recorded an all-time high for the number of unique visitors in the month of June with 5.0 million people logging onto its network of sites. Combined with traffic to SuperPages.ca, a part of the ADS operations, the Company attracted 6.5 million unique visitors in the same month, representing approximately one in three online Canadians.

Integration Process on Track

The integration process of the ADS operations is on track and well underway. Management’s best estimate of realized cost savings and synergies as of June 30, 2005 is approximately \$16 million annualized, reflecting the elimination of duplication in shared services. Solid progress is also being made to tap into the strategic benefits of the combined business. Among these is an initiative to standardize the Company’s product offering between Eastern and Western Canada through the development of national, multi-market buys.

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Management's immediate focus remains on integrating the acquired business and reinforcing the Company's financial condition. The Company's ratio of net debt to EBITDA annualized was 3.3 times as of June 30, 2005.

Launching of the Next Generation of the Yellow Pages Brand Identity

At this turning point in the Company's history, management has decided to launch rejuvenated and modernized brand and corporate logos. Subtle design changes better reflecting the evolving business have been made to the logos. "Our updated identity suggests that our products are more modern, innovative, and youthful while making a bold statement about our leadership in the directory category," said Mr. Tellier. The new logos will be phased in over the next several months.

Revised Outlook

Following the acquisition of ADS, management believes that there is increased opportunity for growth resulting from a broader combined company, and as a result we are revising our outlook for the balance of 2005 and for 2006.

For Adjusted Revenues, our guidance has been revised from a growth range of 3% to 4% for 2005, to a range of 4% to 5%, on a comparable basis, for this year as well as for 2006. This increase is based on the opportunity to expand YPG's business providing a true national platform for local content, and the potential to grow revenues from online as well as from national and regional businesses through multi-market buys.

We are also increasing our guidance for Adjusted EBITDA growth from between 3% to 5% for 2005 to a range of 4% to 7%, on a comparable basis, for this year as well as for 2006. This upward revision is based on our expectation that the combined business will benefit from cost-saving opportunities and other synergies that will improve margins on a sustained basis.

Furthermore, we are raising our guidance for the Fund's distributions per unit from the previous growth level of 4% for 2005, to a new level of 6% for the period 2005-2006. This increase is based on the potential for margin expansion following the acquisition which is expected to result in growing distributable cash.

Beyond 2006, management's outlook for long-term organic growth in Adjusted Revenues is 3% to 4%, and for Adjusted EBITDA between 3% to 5% on an annual basis. We also remain confident in our ability to grow the Fund's distributions by approximately 4% annually.

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 Yellow Pages Group.

About Yellow Pages Group

Yellow Pages Group is Canada's largest telephone directories publisher. Yellow Pages Group publishes annually more than 330 Yellow Pages™ directories and alphabetical pages, reaching 93% of the Canadian population. The Company also owns and manages Canada's most visited online directories YellowPages.ca™, Canada411.ca, as well as the CanadaPlus.ca network, a leader in the local city sites market. For more information about the Company, visit www.ypg.com.

Investor Conference Call

YPG will hold an analyst call at 2:00 p.m. (Eastern Time) on August 10, 2005 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/1/270.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 10 to August 18 by dialling (416) 695-5800 from within the Toronto area, or 1 800 408-3053 outside Toronto. The seven-digit access code is 3159342.

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. The Fund does not 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.

- 30 -

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Enclosure: Financial Highlights

Financial Highlights

(in thousands of Canadian dollars, except unit information)

Yellow Pages Income Fund	For the three-month period ended June 30,		For the six-month period ended June 30,	
	2005	2004	2005	2004
Revenues	\$215,285	\$156,754	\$386,134	\$311,438
Income from operations	87,760	30,260	163,837	59,118
Net earnings	64,253	17,801	127,957	27,272
Net earnings per unit	\$0.14	\$0.07	\$0.32	\$0.11
Adjusted Revenues ¹	\$218,590	\$165,888	\$391,121	\$330,211
Adjusted EBITDA ¹	125,735	96,155	225,653	191,621
Adjusted EBITDA margin	57.5%	58.0%	57.7%	58.0%
Distributable cash ^{1,2}	\$106,315	\$65,002	\$190,753	\$125,050
Weighted average number of units outstanding	395,874,517	264,040,991	370,190,951	250,062,090
Distributable cash per unit	\$0.27	\$0.25	\$0.52	\$0.50
Distributions declared	111,269	62,561	192,711	114,759
Distributions paid and payable per unit	\$0.24	\$0.23	\$0.48	\$0.45

¹Non-GAAP Measures

In order to provide a better understanding of the results, the Fund uses the term EBITDA (earnings before interest, taxes, depreciation and amortization). Management defines EBITDA as revenues less operating costs which represents income from operations before depreciation and amortization. In addition, the terms Adjusted Revenues and Adjusted EBITDA are used to reflect revenues and EBITDA adjusted for certain items, which management believes are reflective of ongoing operations. The Fund also uses the term Distributable cash (Adjusted EBITDA net of maintenance capital expenditures, amounts to service debt obligations and taxes). Management believes this measure reflects the cash generated from the ongoing operations of the business on a long-term basis, considering the comparability of that measure from period to period. 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, Adjusted EBITDA, and Distributable cash 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, Adjusted EBITDA, and Distributable cash to the most comparable Canadian GAAP financial measures:

	For the three-month period ended June 30,		For the six-month period ended June 30,	
	2005	2004	2005	2004
Revenues	\$215,285	\$156,754	\$386,134	\$311,438
Elimination of purchase accounting	3,305	9,134	4,987	18,773
Adjusted Revenues	\$218,590	\$165,888	\$391,121	\$330,211
Income from operations	\$87,760	\$30,260	\$163,837	\$59,118
Depreciation and amortization	39,812	70,657	66,680	143,448
EBITDA	\$127,572	\$100,917	\$230,517	\$202,566
Elimination of purchase accounting	(1,837)	(5,596)	(4,864)	(12,342)
Transition expenses / Other	-	834	-	1,397
Adjusted EBITDA	\$125,735	\$96,155	\$225,653	\$191,621
Adjusted EBITDA less:	\$125,735	\$96,155	\$225,653	\$191,621
Maintenance capital expenditures	2,578	512	5,478	849
Interest	15,880	10,507	27,974	20,000
Other	962	117	1,448	247
Non-controlling-interest	-	20,017	-	45,475
Distributable cash	\$106,315	\$65,002	\$190,753	\$125,050

² Distributable cash as of June 30, 2004 and 2005, are not comparable since Yellow Pages Income Fund owned 70.28% of YPG LP until June 11, 2004, and 100% thereafter.