

**Yellow Pages Income Fund Reports 2006 Second Quarter Results**

- Consolidated Adjusted Revenues up 56%
- Consolidated Adjusted EBITDA up 46%
- 11% growth in distributable cash
- Providing guidance for 2006 and 2007

**Montreal (Québec), August 9, 2006** – Yellow Pages Income Fund (TSX: YLO.UN) released its second quarter results today, reporting continuing strong growth in financial performance primarily as a result of the contribution from acquired operations.

“Our core directory business continues to grow and perform at best-in-class levels. Our performance is also being enhanced by our recent acquisitions of TMC and Trader Canada as well as by management’s success in driving profitable growth in our existing business,” stated Marc P. Tellier, President and CEO of Yellow Pages Group and CEO of Trader Corporation.

The consolidated second quarter results include a full-quarter contribution from the ADS and Trader Media Corporation (TMC) operations as well as three weeks of contribution from Classified Media (Canada) Holdings Inc. (Trader Canada).

Consolidated net earnings amounted to \$114.2 million for the second quarter ended June 30, 2006, compared to \$64.3 million for the second quarter of 2005, representing a 77.7% increase. Income from operations reached \$140.4 million for the quarter over \$87.8 million in the prior year.

For the second quarter, consolidated Adjusted Revenues<sup>1</sup> grew 55.7% to \$340.5 million and Adjusted EBITDA<sup>1</sup> grew by 46.4% to \$184.1 million compared to the corresponding period last year. This increase was largely due to the full-quarter contribution from the ADS operations acquired on May 25, 2005 as well as the contribution from our recent investments in vertical media. Online revenues in the quarter reached \$22.1 million.

Distributable cash increased by 41.5% to \$150.5 million. On a per-unit basis, distributable cash improved 11.1% from \$0.27 in 2005 to \$0.30 in 2006.

Directories generated Adjusted Revenues of \$286.9 million and Adjusted EBITDA of \$166.9 million during the second quarter of 2006, representing an EBITDA margin of 58.2%. On a comparable basis, Adjusted Revenues grew 4.7% and Adjusted EBITDA increased 8.0% over the same period last year.

Vertical Media generated Adjusted Revenues of \$53.6 million in the second quarter of 2006 and Adjusted EBITDA of \$17.1 million, representing an EBITDA margin of 32.0%. These results include a full quarter’s contribution from TMC and approximately three weeks of contribution from Trader Canada.

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\* Taking into account the results of ADS for a full quarter in 2005 and excluding revenues from the Independent directory operations.

## **A Leading Vertical Media Player**

A key highlight of the quarter was the acquisition of Trader Canada. As a result of this acquisition and that of TMC in February 2006, we believe that we are now a leading vertical media player in Canada.

The purchase price consideration for Trader Canada of \$761.2 million was financed through new credit facilities totalling \$600 million, cash on hand of approximately \$150 million and the issuance of commercial paper.

## **Re-financing of Trader Canada Acquisition**

Subsequent to the end of the quarter, a portion of the permanent financing for the Trader Canada acquisition was arranged by way of a \$300 million offering of Exchangeable Debentures completed on July 6, 2006. The Debentures pay an interest rate of 5.5%, have a five-year maturity date of August 1, 2011 and are exchangeable for units of the Fund at \$20 per unit. Net proceeds were used to pay down bank borrowings related to the acquisition.

“We are proud of the Company’s ability to secure this \$300 million in exchangeable debentures at an attractive cost of capital. The terms of the offering reflect investor confidence in YPG’s prospects for the future,” stated Christian M. Paupe, Executive Vice President and Chief Financial Officer of Yellow Pages Group. “This offering demonstrates management’s continued commitment to reinforce the Company’s capital structure following the Trader Canada acquisition.”

## **Integration of the Vertical Media Businesses**

The combined business of Trader Canada and TMC has been renamed Trader Corporation following the closing of the transaction, and is now led by Doug Clarke, President. An executive team has been appointed, bringing together the leadership of individuals from both Yellow Pages Group and Trader Corporation. Management is currently focusing on the integrating the vertical media businesses as well as maximizing free cash flow generation through a broader EBITDA in order to pay down borrowings.

Once fully executed, in approximately 12 to 18 months time, the integration plan is expected to produce annual recurring savings of approximately \$10 million. Management expects these cost synergies to come from the consolidation of general and administrative functions, economies of scale with respect to selling and operating expenses, technology integration and improved supply chain management. Management is also actively pursuing other value creating opportunities that will allow YPG to further grow its online traffic and product offering.

## **2006-2007 Outlook**

Each year, management provides guidance on key performance indicators. This year, the creation of a national platform of vertical media gives us an opportunity to start providing guidance on a segmented basis as follows:

- For Directories, our guidance is for growth on a comparable basis of 4% to 5% for Adjusted Revenues and 4% to 7% for Adjusted EBITDA for the balance of 2006 and for 2007.
- For Vertical Media, our guidance is for growth on a comparable basis of 6% to 7% for Adjusted Revenues and 7% to 9% for Adjusted EBITDA for the balance of 2006 and for 2007.

In addition, we expect online revenues from Directories and Vertical Media to grow by approximately 30% on a comparable basis in 2006 and 2007.

We also maintain our objective of growing the Fund’s distributions per unit by 6% for the period 2006-2007. This is based on the continuing momentum we see in our core directory business as well as the potential for margin expansion in Vertical Media which is expected to result in growing distributable cash.

### **Investor Conference Call**

Yellow Pages Income Fund will hold an analyst and media call at 2:00 p.m. (Eastern Time) on Wednesday, August 9, 2006 to discuss the second quarter results. The call may be accessed by dialling (416) 340-2216 within the Toronto area, or 1 866 898-9626 outside of Toronto. The call will be simultaneously webcast on the Company's web site at <http://www.ypg.com/page.php/en/1/365.html>.

The conference call will be archived in the Investor Center of the site at [www.ypg.com](http://www.ypg.com). A playback of the call can also be accessed from August 9 to May 16 by dialling (416) 695-5800 from within the Toronto area, or 1 800 408-3053 outside Toronto. The conference passcode is 3193494.

### **About Yellow Pages Income Fund**

Yellow Pages Income Fund indirectly holds an approximate 96% ownership interest in Yellow Pages Group and Trader Corporation. Yellow Pages Group is Canada's largest telephone directories publisher. It publishes annually more than 330 Yellow Pages™ and residential directories. The Company owns and manages Canada's most visited online directories, YellowPages.ca™ and Canada411.ca, as well as CanadaPlus.ca™, a network of seven local city sites. Trader Corporation is a Canadian leader in print and online vertical media with approximately 200 publications and 20 web sites covering four product verticals: automotive, real estate, general merchandise and employment. Its main brands include Auto Trader™, Auto Hebdo™, The Bargain Finder™, Buy&Sell™, Renters News™ and Home Renters' Guide™. For more information about the Fund, visit [www.ypg.com](http://www.ypg.com).

### **Caution Concerning Forward-Looking Statements**

*This press release contains forward-looking statements about the objectives, strategies, financial conditions, results of operations and businesses of the Fund. These statements are forward-looking as they are based on our current expectations, as at August 9, 2006, about our business and the markets we operate in, and on various estimates and assumptions. Our actual results could materially differ from our expectations if known or unknown risks affect our business, or if our estimates or assumptions turn out to be inaccurate. As a result, there is no assurance that any forward-looking statement will materialize. Risks that could cause our results to differ materially from our current expectations are discussed in Section 7 of our August 9, 2006 Management's Discussion and Analysis. We disclaim any intention or obligation to update any forward-looking statement even if new information becomes available, as a result of future events or for any other reason.*

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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 periods ended June 30,		For the six-month periods ended June 30,	
	2006	2005	2006	2005
Revenues	\$340,324	\$215,285	\$636,094	\$386,134
Income from operations	140,407	87,760	249,277	163,837
Net earnings	114,191	64,253	199,424	127,957
Net earnings per unit	\$0.23	\$0.14	\$0.40	\$0.32
Adjusted Revenues <sup>1</sup>	\$340,450	\$218,590	\$639,795	\$391,121
Adjusted EBITDA <sup>1</sup>	184,058	125,735	353,156	225,653
Adjusted EBITDA margin	54.1%	57.5%	55.2%	57.7%
Distributable cash <sup>1</sup>	\$150,487	\$106,315	\$288,965	\$190,753
Weighted average number of units outstanding	505,676,976	395,874,517	496,448,841	370,190,951
Distributable cash per unit	\$0.30	\$0.27	\$0.58	\$0.52
Distributions declared	130,225	111,269	253,998	192,711
Distributions declared per unit	\$0.26	\$0.24	\$0.51	\$0.48

### <sup>1</sup>Non-GAAP Measures

In order to provide a better understanding of the results, the Fund uses the term EBITDA (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. Management believes these measures 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 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 periods ended June 30,		For the six-month periods ended June 30,	
	2006	2005	2006	2005
Revenues	\$340,324	\$215,285	\$636,094	\$386,134
Elimination of purchase accounting	126	3,305	3,701	4,987
<b>Adjusted Revenues</b>	<b>\$340,450</b>	<b>\$218,590</b>	<b>\$639,795</b>	<b>\$391,121</b>
<b>Income from operations</b>	<b>\$140,407</b>	<b>\$87,760</b>	<b>\$249,277</b>	<b>\$163,837</b>
Depreciation and amortization	42,800	39,812	101,512	66,680
<b>Income from operations before depreciation and amortization</b>	<b>\$183,207</b>	<b>\$127,572</b>	<b>\$350,789</b>	<b>\$230,517</b>
Elimination of purchase accounting	(178)	(1,837)	80	(4,864)
Transition expenses	1,029	-	2,287	-
<b>Adjusted EBITDA</b>	<b>\$184,058</b>	<b>\$125,735</b>	<b>\$353,156</b>	<b>\$225,653</b>
<b>Adjusted EBITDA less:</b>	<b>\$184,058</b>	<b>\$125,735</b>	<b>\$353,156</b>	<b>\$225,653</b>
Maintenance capital expenditures	4,770	2,578	8,955	5,478
Interest	28,501	15,880	54,636	27,974
Other	300	962	600	1,448
<b>Distributable cash</b>	<b>\$150,487</b>	<b>\$106,315</b>	<b>\$288,965</b>	<b>\$190,753</b>

\* Reflects reduced tax expense effective January 1, 2006 based on the elimination of large corporation tax in the 2006 Federal Budget. Adjustment has been made retroactively to January 1, 2006.