

**Yellow Pages Income Fund Reports Strong 2006 Third Quarter Results  
and Continued Momentum in Organic Growth**

- Adjusted Revenues up 33%
- Adjusted EBITDA up 23%
- Distributable cash per unit increased by 11%

**Montreal (Québec), October 31, 2006** – Yellow Pages Income Fund (TSX: YLO.UN) released its third quarter results today, reporting sustained positive momentum in its operating and financial metrics. The growth in its financial performance is primarily due to record results in its core directory business and to full-quarter contributions from Trader Media Corporation and Classified Media (Canada) Holdings Inc., the vertical media businesses, acquired earlier this year.

For the third quarter ended September 30, 2006, consolidated net earnings amounted to \$119.5 million, compared to \$72.7 million during the corresponding period last year, representing a 64.4% increase. Income from operations reached \$164.6 million for the quarter up from \$73.7 million in the prior year.

Adjusted Revenues<sup>1</sup> grew 32.6% to \$369.9 million and Adjusted EBITDA<sup>1</sup> increased by 23.1% to \$197.8 million compared to the third quarter of 2005. These increases were largely due to the full-quarter contribution from the Fund's recent acquisitions in vertical media.

Online revenues from Directories and Vertical Media reached \$28.4 million in the third quarter, representing annualized revenues of \$113.6 million. The performance is attributed to a number of factors which includes sales force initiatives to increase the penetration of online products as well as the recent vertical media businesses acquisitions.

"We had another positive quarter, particularly in our core directory business where we continue to raise the bar on productivity. The strong increase in our online revenues significantly accretes to both our organic growth and margins," stated Marc P. Tellier, President and CEO of Yellow Pages Group and CEO of Trader Corporation.

Cash flow from operating activities was \$153.4 million in the third quarter compared to \$164.3 million in the prior year. Distributable cash increased by 22.8% to \$159.9 million. On a per-unit basis, distributable cash improved 10.7% from \$0.28 in 2005 to \$0.31 in 2006.

**Directories – Showing Record Margins**

Directories generated Adjusted Revenues of \$289 million and Adjusted EBITDA of \$171.9 million during the third quarter of 2006, representing a record Adjusted EBITDA margin of 59.5%. This margin increase reflects productivity gains and EBITDA contribution from our online revenues. On a comparable basis, Adjusted Revenues grew 4.8% and Adjusted EBITDA increased 7.0% compared to the same period last year.

"We continue to see the benefits of the integration of the ADS business as many of these initiatives were implemented in late 2005. We are also benefiting from higher operating leverage as a result of the greater economies of scale of our print and online platforms," commented Mr. Tellier.

### **Completion of the MTS Media Acquisition**

Management continued with its external growth strategy during the quarter with the execution of a definitive agreement to acquire MTS Media, the directory business unit of MTS Allstream Inc. in Manitoba. This acquisition makes YPG the number one directory publisher in Canada's top 10 largest markets. The transaction closed on October 2, 2006.

### **Vertical Media – On Track**

Vertical Media generated Adjusted Revenues of \$80.9 million in the third quarter of 2006 and Adjusted EBITDA of \$25.9 million, representing an EBITDA margin of 32.0%.

Trader Corporation's management is proceeding as scheduled with its integration plan. The team focuses on implementing best practices in sales and publishing operations, and on harmonizing business processes and technology platforms. The integration plan is on track, largely as a result of supply chain consolidation and other initiatives.

During the quarter, Trader's management appointed Paul Gallucci as Vice President, Online Services. The marketing and online groups are actively pursuing value creating opportunities that will drive online traffic and enhance the product offering. For example, all Trader sites are now linked together to raise awareness about the various online properties. It also offers a better user experience.

Moreover, the first multi-media advertising campaign was launched across Canada for the Auto Trader™ brand. The campaign positions Auto Trader™ and AutoTrader.ca™ as the place to find the perfect car. The goal is to reinforce the company's leadership within the online and print classified market.

### **Concluding Refinancing Activities**

In the third quarter, the Fund completed a \$300 million offering of Exchangeable Debentures and an issuance of Warranted Units for gross proceeds of \$381.3 million. Net proceeds from both offerings were used by the Fund to repay indebtedness, and for general corporate purposes.

"These offerings were intended to conclude our financing activities following the Trader and MTS acquisitions. We believe we have now secured the right strategic asset mix to maximize returns to unitholders, and we are in a very good position from a capital structure standpoint" declared Christian M. Paupe, Executive Vice President and Chief Financial Officer.

### **Investor Conference Call**

Yellow Pages Income Fund will hold an analyst and media call at 8:30 a.m. (Eastern Time) on Tuesday, October 31, 2006 to discuss the third 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/1/382.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 October 31 to November 8, 2006 by dialling (416) 695-5800 from within the Toronto area, or 1 800 408-3053 outside Toronto. The conference passcode is 3200597.

### **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 340 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 October 31, 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 statements will materialize. Risks that could cause our results to differ materially from our current expectations are discussed in Section 7 of our October 31, 2006 Management's Discussion and Analysis. We disclaim any intention or obligation to update any forward-looking statements 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 September 30,		For the nine-month periods ended September 30,	
	2006	2005	2006	2005
Revenues	\$369,875	\$260,579	\$1,005,969	\$646,713
Income from operations	164,639	73,666	413,916	237,503
Net earnings	119,471	72,676	318,895	200,633
Net earnings per unit	\$0.23	\$0.15	\$0.63	\$0.48
Cash flow from operating activities	\$153,441	\$164,280	\$429,343	\$337,693
Adjusted Revenues <sup>1</sup>	\$369,875	\$278,934	\$1,009,670	\$670,055
Adjusted EBITDA <sup>1</sup>	197,756	160,616	550,912	386,269
Adjusted EBITDA margin	53.5%	57.6%	54.6%	57.6%
Distributable cash <sup>1</sup>	\$159,885	\$130,220	\$446,483	\$325,837
Weighted average number of units outstanding	516,695,886	471,647,962	503,272,021	404,381,592
Distributable cash per unit	\$0.31	\$0.28	\$0.89	\$0.80
Distributions declared	\$134,540	\$113,226	\$388,538	\$305,937
Distributions declared per unit	\$0.26	\$0.24	\$0.77	\$0.72

<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 and cash flow from operating activities, net of change in operating assets and liabilities, maintenance capital expenditures, amounts to service debt obligations, taxes and other items affecting cash generated from the ongoing operations of the business. 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 performance of the ongoing business. The tables below are a reconciliation of Adjusted Revenues, EBITDA, Adjusted EBITDA, and Distributable cash to the most comparable Canadian GAAP financial measures:

## Adjusted Revenues and Adjusted EBITDA

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2006	2005	2006	2005
Revenues	\$369,875	\$260,579	\$1,005,969	\$646,713
Elimination of purchase accounting impact	-	18,355	3,701	23,342
<b>Adjusted Revenues</b>	<b>\$369,875</b>	<b>\$278,934</b>	<b>\$1,009,670</b>	<b>\$670,055</b>
<b>Income from operations</b>	<b>\$164,639</b>	<b>\$73,666</b>	<b>\$413,916</b>	<b>\$237,503</b>
Depreciation and amortization	33,632	84,899	135,144	151,579
<b>Income from operations before depreciation and amortization</b>	<b>\$198,271</b>	<b>\$158,565</b>	<b>\$549,060</b>	<b>\$389,082</b>
Elimination of purchase accounting impact	(515)	1,035	(435)	(3,829)
Transition expenses	-	1,016	2,287	1,016
<b>Adjusted EBITDA</b>	<b>\$197,756</b>	<b>\$160,616</b>	<b>\$550,912</b>	<b>\$386,269</b>

## Distributable Cash

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2006 <sup>(1)</sup>	2005	2006 <sup>(1)</sup>	2005
<b>Cash flow from operating activities</b>	<b>\$ 153,441</b>	<b>\$ 164,280</b>	<b>\$ 429,343</b>	<b>\$ 337,693</b>
Operating non-cash items <sup>(2)</sup>	(1,773)	(3,511)	(12,293)	(9,116)
Interest <sup>(3)</sup>	33,819	21,952	88,455	49,926
Tax related amounts <sup>(4)</sup>	4,309	1,903	950	3,353
Change in operating assets and liabilities <sup>(5)</sup>	7,952	(23,839)	41,806	(6,204)
Other <sup>(6)</sup>	523	(2,220)	799	13,430
<b>EBITDA</b>	<b>198,271</b>	<b>158,565</b>	<b>549,060</b>	<b>389,082</b>
less:				
Maintenance capital expenditures <sup>(7)</sup>	4,267	4,522	13,222	10,000
Interest <sup>(3)</sup>	33,819	21,952	88,455	49,926
Other	300	1,871	900	3,319
<b>Distributable cash</b>	<b>\$ 159,885</b>	<b>\$ 130,220</b>	<b>\$ 446,483</b>	<b>\$ 325,837</b>
Weighted average number of units outstanding	516,695,886	471,647,962	503,272,021	404,381,592
Distributable cash per unit	\$0.31	\$0.28	\$0.89	\$0.80
Distributions declared	\$ 134,540	\$ 113,226	\$ 388,538	\$ 305,937
Distributions declared per unit	\$0.26	\$0.24	\$0.77	\$0.72
Payout ratio <sup>(8)</sup>	84%	86%	87%	90%

<sup>1</sup>Following the new Staff Notice issued by the Canadian Securities Administrators on distributable cash presentation, we adopted their recommendations retroactive to January 1, 2005. As such, adjustments to eliminate purchase accounting impact and non-recurring transition expenses are no longer performed. The adoption of the Staff Notice did not have any impact on distributable cash per unit for both three-month and nine-month periods.

<sup>2</sup>Representing operating items with no impact on current cash flow such as pension expense and employee-related expenses through restricted unit awards. The likelihood of those elements materializing into outflows on a long-term basis is such that management believes it should be included in the calculation in order to reflect the cash generated from the ongoing operations.

<sup>3</sup>Reconciling item to EBITDA. The interest is then deducted to reconcile to distributable cash. Cash interest expense includes interest on medium term notes, interest on exchangeable debentures net of accretion, interest on term facilities, interest on commercial paper, and standby fees and other financial charges.

<sup>4</sup>The three-month period ended September 30, 2006 includes the non-recurring impact of a previously estimated recovery of income tax in the context of the acquisition of TMC. The adjustment for the nine-month period ended September 30, 2006 represents mostly the large corporation tax payable by YPG.

<sup>5</sup>Change in operating assets and liabilities is excluded from the calculation as it introduces cash flow variability and affects our business' underlying cash flow from operating activities. This amount should not be deducted from the distributable cash figure which is used as the basis for determining the distributions to be paid.

<sup>6</sup>These amounts are excluded from the calculation as they do not reflect the ongoing operations of our business. The first nine months of 2005 include an amount of \$21.3 million of financing charges relating to the acquisition of ADS offset by an amount of \$5.1 million of interest revenue on funds held in escrow in the context of the ADS acquisition.

<sup>7</sup>Maintenance capital expenditures refer to capital expenditures that are necessary to sustain current productive capacity. Management believes that maintenance capital expenditures should be funded by cash flow from operating activities. Capital spending for new initiatives are expected to improve future distributable cash and as such are not deducted from cash flow from operating activities. Transition capital is provided for as part of the financing plan of specific business acquisitions and is therefore not funded from distributable cash.

<sup>8</sup>The level of distributions paid is reviewed periodically to take into account the current and prospective performance of the business and other items considered to be prudent.