

Yellow Pages Income Fund Reports Strong 2006

- Record margins and continuing strong organic growth in Directories
- Vertical Media meeting expectations
- Positive Outlook for 2007

Montreal (Québec), February 13, 2007 – Yellow Pages Income Fund (TSX: YLO.UN) finishes the year on a strong note, reporting a record performance in its core directory business and substantial growth in its consolidated results due to the contribution from recent business acquisitions.

The Fund released its fourth quarter and year-end results today. Marc P. Tellier, President and CEO of Yellow Pages Group and CEO of Trader Corporation stated: “Our operational excellence has enabled us to establish a track record of growth four years running. Once again this year, we have achieved industry-leading levels of organic growth while pursuing external growth expansion.”

A key highlight of 2006 was the creation of a national platform in vertical media to complement our core directory business. This was accomplished through the acquisition of Trader Media Corp. and Classified Media (Canada) Holdings Inc., which were combined to form Trader Corporation (Trader). Yellow Pages Group (YPG) was also active on the directory front, further expanding its geographic footprint in Canada by acquiring MTS Media, the incumbent directory publisher in Manitoba.

The contributions from these new acquisitions, as well as from the ADS business acquired in May 2005, led to a significant increase in the Fund’s 2006 financial results. For the fiscal year ending December 31, 2006, consolidated net earnings increased by 78.6% to \$431.9 million, compared to \$241.8 million in 2005.

Consolidated Adjusted Revenues¹ increased by 45.9% to \$1.39 billion compared to the prior year, and Adjusted EBITDA¹ grew by 36.5% to \$748 million. Organic growth in the directory business, both print and online, helped drive these increases.

For the fourth quarter ended December 31, 2006, consolidated net earnings increased by 174.4% to \$113.0 million, compared to \$41.2 million for the corresponding period in 2005. Income from operations reached \$152.6 million for the quarter versus \$66.7 million in the prior year.

Consolidated Adjusted Revenues grew by 34.5% to \$380.0 million in the fourth quarter and Adjusted EBITDA increased by 21.8% to \$197.1 million compared to the same period in 2005.

The Fund’s solid operating performance in 2006 was accretive to distributable cash, which grew by 35.3% to \$604.4 million. On a per-unit basis, distributable cash improved 11.3% to \$1.18 from \$1.06 in 2005. Distributable cash for the fourth quarter was up 30.6% to \$157.9 million, representing 15.4% growth on a per-unit basis.

Based on this sustained growth and management’s confidence in the future, two increases in cash distributions were announced during the year, meeting management’s 2006 and 2007 targets. The Fund went from an annualized level of \$0.96 per unit to \$1.03 in February, 2006, and to \$1.09, effective on January 15, 2007.

Directory Expansion Contributing to Further Growth

YPG continues to achieve operating and financial results that are best-in-class globally. Its 2006 results were particularly strong with a 5.3% increase in Adjusted Revenues, and a 7.7% growth in Adjusted EBITDA, on a comparable basis. The Adjusted EBITDA margin reached an unprecedented new level of 58.6%.

The acquisition of MTS Media closed during the fourth quarter on October 2, 2006, adding additional momentum to YPG's financial results. For the quarter, YPG generated Adjusted Revenues of \$305.0 million and Adjusted EBITDA of \$178.8 million. MTS Media contributed \$10.4 million and \$6.3 million to those results. The integration plan for this operation was largely executed by year-end. On a comparable basis, Directories' Adjusted Revenues increased by 4.7% in the fourth quarter and Adjusted EBITDA increased by 6.6%.

Meeting Expectations in Vertical Media

The Vertical Media business continues to perform in line with management's expectations. From the dates of acquisitions to December 31, 2006, Trader generated revenues of \$225.2 million and EBITDA of \$65.7 million. These results take into account non-recurring costs related to the acquisition and integration totalling \$9.5 million.

In the fourth quarter of 2006, revenues were \$75.0 million and EBITDA \$18.3 million, representing an EBITDA margin of 24.4%. Revenues in this segment vary throughout the year largely due to seasonal patterns in advertising spending. They tend to be highest in the spring and lower during the Holiday season. Trader results for the fourth quarter were affected by non-recurring transition costs amounting to \$4 million. The key consolidation initiatives associated with the formation of Trader Corporation were essentially complete by year-end.

Online Revenues Adding Fuel to Growth

Consolidated online revenues for both Directories and Vertical Media reached \$101.1 million for the year. For the fourth quarter, online revenues reached \$33.9 million, representing annualized revenues of \$135.6 million. In addition to contributions from acquisitions, this strong growth reflects efforts to increase the online penetration of existing directory customers. At year-end 2006, the online penetration of our total directory customer base had reached 41%, indicating both the progress made thus far and the considerable potential for further growth.

Outlook

The Fund is committed to create long-term value for unitholders. The Federal Government's proposed measures to start taxing most publicly-traded income trusts beginning in 2011 are not expected to impact the Fund's operations. The decision to increase distributions from \$1.03 to \$1.09 per unit, payable in January 2007, confirmed the expectation of continuing strong momentum in operating and financial results in 2007. This decision is also a clear indication of management's confidence in the future of our businesses.

For Directories, we expect to progressively realize the benefits of change management in Western Canada, while also taking actions to expand our online product offering and further grow our online directory revenues organically.

For Vertical Media, we expect 2007 to be a transition year that will require investments in order to fully realize the benefits of this newly-created platform.

The Fund is also well positioned from a capital structure perspective. We accessed the capital markets several times during the year, enabling us to fulfill on our commitment to reinforce the balance sheet. The Fund's ratio of net debt to annualized EBITDA improved from 3.6 times at the time of the formation of Trader Corporation to 3.2 times at year-end.

Investor Conference Call

Yellow Pages Income Fund will hold an analyst and media call at 1:00 p.m. (Eastern Time) on Tuesday, February 13, 2007 to discuss the third quarter results. The call may be accessed by dialing (416) 641-6105 within the Toronto area, or 1 866 696-5895 outside of Toronto. The call will be simultaneously webcast on the Company's web site at <http://www.ypg.com/page.php/en/1/397.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 February 13 to February 21, 2007 by dialling (416) 695-5800 from within the Toronto area, or 1 800 408-3053 outside Toronto. The conference passcode is 3212862.

About Yellow Pages Income Fund

Yellow Pages Income Fund indirectly holds an approximate 97% 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.

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 February 13, 2007, 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 February 13, 2007 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 December 31,		For the years ended December 31,	
	2006	2005	2006	2005
Revenues	\$378,987	\$276,232	\$1,384,956	\$922,945
Income from operations	152,599	66,679	566,515	304,182
Net earnings	113,038	41,200	431,933	241,833
Basic earnings per unit	\$0.21	\$0.09	\$0.85	\$0.55
Cash flow from operating activities	\$172,020	\$159,679	\$601,363	\$497,372
Adjusted Revenues ¹	\$380,032	\$282,475	\$1,389,702	\$952,530
Adjusted EBITDA ¹	197,070	161,779	747,982	548,048
Adjusted EBITDA margin	51.9%	57.3%	53.8%	57.5%
Distributable cash ¹	\$157,931	\$120,930	\$604,414	\$446,767
Weighted average number of units outstanding	530,835,528	472,034,794	510,219,535	421,086,434
Distributable cash per unit	\$0.30	\$0.26	\$1.18	\$1.06
Distributions declared	\$139,341	\$113,290	\$527,879	\$419,227
Distributions declared per unit	\$0.26	\$0.24	\$1.03	\$0.96

¹Non-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, restructuring and special charges, and impairment of intangibles). 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 December 31,		For the years ended December 31,	
	2006	2005	2006	2005
Revenues	\$378,987	\$276,232	\$1,384,956	\$922,945
Elimination of purchase accounting impact	1,045	6,243	4,746	29,585
Adjusted Revenues	\$380,032	\$282,475	\$1,389,702	\$952,530
Income from operations	\$152,599	\$66,679	\$566,515	\$304,182
Depreciation and amortization	37,096	76,492	172,240	228,071
Restructuring and special charges	-	8,363	-	8,363
Impairment of intangible assets	8,000	-	8,000	-
Income from operations before depreciation and amortization, restructuring and special charges and impairment of intangibles	\$197,695	\$151,534	\$746,755	\$540,616
Elimination of purchase accounting impact	(625)	(1,337)	(1,060)	(5,166)
Transition expenses	-	11,582	2,287	12,598
Adjusted EBITDA	\$197,070	\$161,779	\$747,982	\$548,048

Distributable Cash

	For the three-month periods ended December 31,		For the years ended December 31,	
	2006 ⁽¹⁾	2005	2006 ⁽¹⁾	2005
Cash flow from operating activities	\$172,020	\$159,679	\$601,363	\$497,372
Operating non-cash items ⁽²⁾	(3,283)	(6,241)	(15,576)	(15,357)
Interest ⁽³⁾	33,860	24,185	122,315	74,111
Tax related amounts ⁽⁴⁾	603	1,908	1,553	5,261
Change in operating assets and liabilities ⁽⁵⁾	(6,132)	(32,785)	35,674	(38,989)
Other ⁽⁶⁾	627	(3,575)	1,426	9,855
Restructuring and special charges	-	8,363	-	8,363
EBITDA	197,695	151,534	746,755	540,616
less:				
Maintenance capital expenditures ⁽⁷⁾	5,604	4,513	18,826	14,513
Interest ⁽³⁾	33,860	24,185	122,315	74,111
Other	300	1,906	1,200	5,225
Distributable cash	\$157,931	\$120,930	\$604,414	\$446,767
Weighted average number of units outstanding	530,835,528	472,034,794	510,219,535	421,086,434
Distributable cash per unit	\$0.30	\$0.26	\$1.18	\$1.06
Distributions declared	\$139,341	\$113,290	\$527,879	\$419,227
Distributions declared per unit	\$0.26	\$0.24	\$1.03	\$0.96
Payout ratio ⁽⁸⁾	87%	92%	87%	91%

¹ Following the revised Staff Notice 52-306 issued by the Canadian Securities Administrators on distributable cash presentation, we adopted their recommendations retroactive to January 1, 2005 in order to disclose comparable results. As such, adjustments to eliminate purchase accounting impact and non-recurring transition expenses are no longer made. The elimination of those adjustments in our reconciliation has impacted our 2005 distributable cash reducing it by \$0.02 per unit for both the three-month period and the year ended December 31, 2005.

² Represents 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.

³ The interest is added to reconcile to EBITDA and 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.

⁴ The adjustment represents mostly corporate minimum tax and large corporation tax payable by YPG.

⁵ Change in operating assets and liabilities is excluded from the calculation as it would introduce cash flow variability and affect 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.

⁶ These amounts are excluded from the calculation as they do not reflect the ongoing operations of our business. The year 2005 includes 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.

⁷ 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.

⁸ 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.