

**Yellow Pages Income Fund Reports Strong 2007 Second Quarter Results**

- Continued organic growth in Directories
- Distributable cash per unit up 10%
- Providing guidance for 2008

**Montreal (Québec), August 9, 2007** – Yellow Pages Income Fund (TSX: YLO.UN) announced its second quarter results of 2007 today, demonstrating strong organic growth in its core directory business, while the integration of its vertical media business is progressing according to plan.

For the second quarter ended June 30, 2007, consolidated net earnings amounted to \$127.6 million, compared to \$114.2 million during the same period of 2006. Income from operations reached \$170.3 million for the quarter, up from \$140.4 million in the prior year.

Adjusted Revenues<sup>1</sup> grew 21.3% to \$412.8 million and Adjusted EBITDA<sup>1</sup> grew by 19.2% to \$219.4 million compared to the corresponding period last year. This growth is mainly attributed to the contribution from acquired businesses in the Directories and Vertical Media segments.

Organic growth in the directory business both print and online also drove the Fund's performance. Online revenues for Directories and Vertical Media combined were \$42.2 million for the quarter or approximately \$169 million annualized. The momentum in online revenues reflects the success of our Directory Plus bundled offer as well as the introduction of stand-alone online products.

Marc P. Tellier, President and CEO of Yellow Pages Group (YPG) stated: "Our results for the first half of 2007 remain among the best in our industry. We are confident in our ability to sustain this level of growth for the remainder of the year, and we believe we are well positioned for strong performance in 2008."

The Fund's improved operating metrics continue to be accretive to distributable cash<sup>1</sup>. Distributable cash grew by 18.5% to \$177.3 million and by 10% on a per-unit basis from \$0.30 to \$0.33 per unit, when compared to the same period last year.

**Directories**

YPG continues to be a leader among directory publishers globally in terms of organic revenue growth and margin performance. On a comparable basis, Directories Adjusted Revenues increased by 5.1%, while Adjusted EBITDA increased by 6.6%. YPG's Adjusted EBITDA margin reached 58.8% for the quarter.

During the quarter, YPG completed the purchase of Aliant Directory Services in Atlantic Canada, further strengthening its position in the Canadian directory market. We expect the integration of these operations to be largely completed by the end of the fourth quarter. The integration initiatives should further accrete to margins in 2008.

**Vertical Media**

In the second quarter of 2007, Trader Corporation (Trader) generated revenues of \$90.7 million, representing growth on a comparable basis of 5.1%, and EBITDA on a comparable basis grew by 12.3% to reach \$30.0 million. We expect Trader to progressively realize benefits from investment in business processes and technology in 2008.

During the quarter, Trader acquired a 50% ownership interest in and entered into a partnership with LesPAC, Quebec's number one classified web site. This partnership increases Trader's presence in the generalist product vertical in Quebec.

Consistent with our goal of introducing innovative print products that leverage our Trader business, YPG began bundling the new Yellow Pages Auto Edition with the latest Auto Trader™ issue in both Toronto and Montreal. This initiative is intended to promote the cross-selling of our products. More targeted print product roll-outs are planned for later this year and in 2008.

### Highlights of Second Investor Day

On June 12, 2007, the Fund held its second Investor Day in Montreal, during which management discussed accomplishments to date, as well as opportunities, challenges, and strategies for the future. The Trader leadership team also presented to investors for the first time, outlining their strategy of creating national platforms across each of their four vertical markets through the definition of a unique value proposition for each of these verticals.

From a corporate finance stand-point, the Fund confirmed that it is committed to a successful transition from a trust to a taxable entity. Christian M. Paupe, Executive Vice President and Chief Financial Officer declared that although there is no apparent and current economic benefits associated with early conversion, the Fund intends to convert to a traditional corporate structure at the end of the transition period.

Mr. Tellier went on to describe how technology – Customer First™ platform – enables the company to better understand its customers' needs, thus inciting new strategies moving forward. Value-based pricing has been identified as the new era of directory advertising and YPG expects to launch this by 2010.

### 2008 Outlook

Each year, we establish targets to advance our goals and drive results through execution of initiatives to maximize revenue growth and cash flow generation in both of our platforms.

<b>Outlook - Key Performance Indicators</b>			
<b>2007 Progress Year-to-date and 2008 Targets</b>			
	<u>2007 Target</u>	<u>Six-month period ended June 30, 2007</u>	<u>2008 Target</u>
<b>Directories<sup>1</sup></b>			
Adjusted Revenue Growth	4% to 5%	5.4%	4% to 5%
Adjusted EBITDA Growth	4% to 7%	7.2%	4% to 7%
<b>Vertical Media<sup>1</sup></b>			
Revenue Growth	6% to 7%	4.7%	5% to 7%
EBITDA Growth	7% to 9%	8.8%	7% to 9%
<b>Consolidated Metrics</b>			
Online Revenues <sup>1</sup>	App. 30%	43%	App. 30%
Cash Distributions per unit	6%	5.8%	n.a.
Distributable Cash per unit	n.a.	10.3%	8% to 10%
<sup>1</sup> On a comparable basis, including MTS Media, Aliant, TMC, CMCH and LesPAC results as if YPG had owned these entities effective January 1, 2006.			

For the fiscal year 2008, our guidance for Directories is 4% to 5% growth on a comparable basis in Adjusted Revenues and 4% to 7% growth in Adjusted EBITDA. The Vertical Media segment is expected to grow its revenues on a comparable basis by 5% to 7% while EBITDA should grow between 7% to 9% as benefits progressively accrue to results of operations from re-engineering of business processes. We expect online revenues from Directories and Vertical Media combined to grow by approximately 30% on a comparable basis in 2008.

Following the enactment of the proposed legislation announced on October 31, 2006 by the Federal Minister of Finance, regarding the taxation of flow-through entities, we are adopting a more prudent approach to cash distributions and will continue to closely monitor our payout ratio. After careful consideration, we believe it is more appropriate during the 2008-2010 transition period for our Fund to provide guidance and report on annual expected growth in distributable cash per unit rather than provide guidance on cash distributions declared.

Consequently, our objective of growing the Fund's cash distributions per unit by 6% has been achieved in 2007 with the increase in distributions effective January 15, 2007, from \$1.03 to \$1.09. Following this change in our approach to guide and report on distributable cash rather than distributions declared, our objective for 2008 is to grow Distributable Cash per unit at a rate between 8% and 10% per unit.

### **Investor Conference Call**

Yellow Pages Income Fund will hold an analyst and media call at 1:00 p.m. (Eastern Time) on August 9, 2007 to discuss second quarter results. The call may be accessed by dialling (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/1/443.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 17, 2007 by dialling (416) 695-5800 from within the Toronto area, or 1 800 408-3053 outside Toronto. The conference passcode is 3227682.

### **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](http://YellowPages.ca)™ and [Canada411.ca](http://Canada411.ca), as well as [CanadaPlus.ca](http://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, 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 August 9, 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 June 30,		For the six-month periods ended June 30,	
	2007	2006	2007	2006
Revenues	\$411,110	\$340,324	\$795,351	\$636,094
Income from operations	170,337	140,407	329,750	249,277
Net earnings	127,573	114,191	248,524	199,424
Basic earnings per unit	\$0.24	\$0.23	\$0.47	\$0.40
Cash flow from operating activities	\$175,262	\$165,466	\$327,724	\$275,902
Adjusted Revenues <sup>1</sup>	\$412,801	\$340,450	\$797,929	\$639,795
Adjusted EBITDA <sup>1</sup>	219,433	184,058	422,381	353,156
Adjusted EBITDA margin	53.2%	54.1%	52.9%	55.2%
Distributable cash <sup>1</sup>	\$177,308	\$149,636	\$341,300	\$286,598
Weighted average number of units outstanding	530,376,724	505,676,976	530,428,376	496,448,841
Distributable cash per unit	\$0.33	\$0.30	\$0.64	\$0.58
Distributions declared	\$144,551	\$130,225	\$289,166	\$253,998
Distributions declared per unit	\$0.27	\$0.26	\$0.55	\$0.51

### <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 June 30,		For the six-month periods ended June 30,	
	2007	2006	2007	2006
Revenues	\$411,110	\$340,324	\$795,351	\$636,094
Elimination of purchase accounting impact	1,691	126	2,578	3,701
<b>Adjusted Revenues</b>	<b>\$412,801</b>	<b>\$340,450</b>	<b>\$797,929</b>	<b>\$639,795</b>
<b>Income from operations</b>	<b>\$170,337</b>	<b>\$140,407</b>	<b>\$329,750</b>	<b>\$249,277</b>
Depreciation and amortization	49,982	42,800	94,012	101,512
<b>Income from operations before depreciation and amortization (EBITDA)</b>	<b>220,319</b>	<b>183,207</b>	<b>423,762</b>	<b>350,789</b>
Elimination of purchase accounting impact	(886)	(178)	(1,381)	80
Transition expenses	-	1,029	-	2,287
<b>Adjusted EBITDA</b>	<b>\$219,433</b>	<b>\$184,058</b>	<b>\$422,381</b>	<b>\$353,156</b>

## Distributable Cash

	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	2007	2006 <sup>1</sup>	2007	2006 <sup>1</sup>
<b>Cash flow from operating activities</b>	<b>\$175,262</b>	<b>\$165,466</b>	<b>\$327,724</b>	<b>\$275,902</b>
Operating non-cash items <sup>2</sup>	(5,915)	(6,038)	(11,151)	(10,520)
Change in operating assets and liabilities <sup>3</sup>	12,313	(1,577)	34,750	33,854
Maintenance capital expenditures <sup>4</sup>	(5,052)	(4,770)	(9,963)	(8,955)
Other <sup>5</sup>	700	(3,445)	(60)	(3,683)
<b>Distributable cash</b>	<b>\$177,308</b>	<b>\$149,636</b>	<b>\$341,300</b>	<b>\$286,598</b>
Weighted average number of units outstanding	530,376,724	505,676,976	530,428,376	496,448,841
Distributable cash per unit	\$0.33	\$0.30	\$0.64	\$0.58
Distributions declared	\$144,551	\$130,225	\$289,166	\$253,998
Distributions declared per unit	\$0.27	\$0.26	\$0.55	\$0.51
Payout ratio <sup>6</sup>	82%	87%	86%	88%

<sup>1</sup>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.

<sup>2</sup>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.

<sup>3</sup>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.

<sup>4</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

<sup>5</sup>Includes non-controlling interest related to the LesPAC partnership formed in April 2007, tax related amounts and other amounts that do not reflect the ongoing operations of our business.

<sup>6</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.