

## **Yellow Pages Income Fund Reports Solid Fourth Quarter and 2007 Financial Results**

- Distributable cash exceeds \$700 million
- Online revenues reach 10% of total directory revenues
- YPG confirms guidance for 2008 Distributable cash per unit growth of between 8% to 10%

**Montreal (Québec), February 13, 2008** – Yellow Pages Income Fund (TSX: YLO.UN) completed the 2007 fiscal year with strong fourth quarter results, highlighted by continued industry-leading performance in its directories business. For the full year, the company posted solid results based on both organic growth and contributions from recent business acquisitions.

For the fiscal year ending December 31, 2007, consolidated net earnings increased by 22.2% to \$527.7 million, compared to \$431.9 million in 2006. Income from operations reached \$648.6 million versus \$566.5 million for the prior year.

Consolidated Adjusted Revenues<sup>1</sup> increased by 17.2% to \$1.63 billion compared to the prior year, and Adjusted EBITDA<sup>1</sup> grew by 16.5% to \$871 million. These results were based on both organic growth and the contribution of new acquisitions, namely MTS Media (October 2006) and Aliant Directory Services (April 2007). The integration of these acquisitions is now largely complete and YPG anticipates they will continue to have a positive impact on its financial metrics throughout the course of 2008.

Online revenues for Directories and Vertical Media combined reached \$170.7 million for the year. This represents a 44% organic growth, exceeding our 30% growth target. For the month of December, the Company also achieved its objective of online revenues reaching 10% of total directory revenues.

“Given that we reported another year of solid results for Yellow Pages Income Fund, we maintain our positive outlook into 2008,” said Marc P. Tellier, President and Chief Executive Officer of Yellow Pages Group. “Our success is predicated on our ability to generate organic revenue growth from our directories business while at the same time enhancing the financial and operating performance of our recent acquisitions in both the Directories and Vertical Media segments. We are confident that our operational excellence will continue to power our performance throughout 2008 as we implement initiatives to maintain our industry leadership position.”

Based on its performance in 2007 and on its expectations for 2008, the company increased its cash distributions to unitholders by 3.7% (from \$1.09 to \$1.13 annually) effective December 17, 2007. This was the second increase in cash distributions in the past 12 months and the sixth increase since the company went public in August of 2003.

The Fund’s solid operating performance in 2007 was once again accretive to distributable cash, which grew by more than 15% to \$700.5 million. On a per-unit basis, distributable cash improved 11.9% to \$1.32 from \$1.18 in 2006.

### **Fourth Quarter Results**

For the fourth quarter ending December 31, 2007, consolidated net earnings increased by 38.9% to \$157 million, compared to \$113 million for the corresponding period in 2006. Income from operations reached \$155.1 million for the quarter versus \$152.6 million in the prior year.

Consolidated Adjusted Revenues grew by 8.8% to \$413.4 million in the fourth quarter and Adjusted EBITDA increased by 12.2% to \$221 million compared to the same period in 2006.

Online revenues for Directories and Vertical Media combined were \$48.3 million for the quarter or approximately \$193 million annualized.

Distributable cash for the fourth quarter was up 11.6% to \$176.3 million, representing a 10% growth on a per-unit basis to reach \$0.33.

### **Directories**

For the year, Adjusted Revenues reached \$1.3 billion and Adjusted EBITDA \$769.3 million. The Directories segment posted record Adjusted EBITDA margin of 59.2% for the year compared to 58.6% in 2006. This industry-leading performance points to the highly effective manner in which YPG is creating greater efficiencies through the implementation of new technology and best business practices. On a comparable basis, Adjusted Revenues increased by 5.3% and Adjusted EBITDA was up 6.6%, exceeding targeted growth of between 4% to 5% in Adjusted Revenues and within our target range of 4% to 7% in Adjusted EBITDA.

In the fourth quarter, on a comparable basis, Adjusted Revenues grew by 4.8% to reach \$335.5 million when compared with the fourth quarter in 2006, driving a 6% increase in Adjusted EBITDA to \$198.5 million.

The reach of YellowPages.ca™ among advertisers continues to grow. As of December 31, 2007, 54% of the company's directory customers also advertised on its online platform. During the fourth quarter, the company announced a renewed partnership with Google to become the first Canadian reseller of Google Adwords™. In addition, it deployed the new Microsoft® Virtual Earth™ online mapping service to provide an enhanced user experience. YPG now also offers Profile Plus, a multimedia service which allows advertisers to expand their online profile through the addition of video clips, a photo gallery and other useful information.

### **Vertical Media**

At Trader, 2007 was a year of transition as investments were made in our online platform, in people and in new systems to raise the business to the same standards applied to YPG's Directories segment. The benefits of these initiatives were reflected in Trader's financial results throughout the year. For the full year, Trader's revenues reached \$329.9 million and EBITDA amounted to \$101.8 million. Trader's EBITDA margin was 30.8% compared with 29.1% for 2006. On a comparable basis, revenues increased by 4.5% and EBITDA was up 11.5%.

In the fourth quarter of 2007, Trader revenues on a comparable basis grew by 3.4% to \$77.9 million. On a comparable basis, Trader produced strong EBITDA growth of close to 20% to reach \$22.5 million.

### **Outlook**

Given its strong performance in 2007, YPG maintains a positive outlook for 2008. The company maintains its goal to create long-term value for unitholders. YPG has made clear its intention to convert to a traditional corporate structure in late 2010 following the decision by the Canadian Minister of Finance (October 2006) to change the taxation rules for trusts.

Because YPG enjoys a strong growth trajectory, it is able to generate increasing levels of free cash flow to fund expected future cash income taxes. While the company has adopted a more prudent approach to cash distributions since the government's announcement, it has nonetheless increased its cash distributions twice in 2007.

### **Investor Conference Call**

Yellow Pages Income Fund will hold an analyst and media call at 1:00 p.m. (Eastern Time) on Wednesday, February 13, 2008 to discuss fourth quarter and full-year 2007 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/1/477.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 February 13 to February 21, 2008 by dialling (416) 695-5800 from within the Toronto area, or 1 800 408-3053 outside Toronto. The conference passcode is 3248613.

### **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, generalist, as well as employment and other. 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 February 13, 2008, 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, 2008 Management's Discussion and Analysis. We disclaim any intention or obligation to update any forward-looking statements, except as required by law, even if new information becomes available, as a result of future events or for any other reason.*

- 30 -

#### **Contacts:**

##### **Media Relations**

Annie Marsolais  
Director, Corporate Communications  
Tel.: (514) 934-4016  
[annie.marsolais@ypg.com](mailto:annie.marsolais@ypg.com)

##### **Investor Relations**

Anne-Sophie Roy  
Senior Manager, Corporate Finance  
Tel.: (514) 934-2828  
[anne-sophie.roy@ypg.com](mailto:anne-sophie.roy@ypg.com)

Enclosure: Financial Highlights

## Financial Highlights

(in thousands of Canadian dollars, except unit information)

Yellow Pages Income Fund	Three-month periods ended December 31,		Years ended December 31,	
	2007	2006	2007	2006
Revenues	\$412,566	\$378,987	\$1,624,424	\$1,384,956
Income from operations	155,070	152,599	648,576	566,515
Net earnings	157,048	113,038	527,709	431,933
Basic earnings per unit	\$0.29	\$0.21	\$0.99	\$0.85
Cash flow from operating activities	\$179,908	\$172,020	\$695,540	\$601,363
Adjusted Revenues <sup>1</sup>	\$413,372	\$380,032	\$1,628,950	\$1,389,702
Adjusted EBITDA <sup>1</sup>	221,021	197,070	871,047	747,982
Adjusted EBITDA margin	53.5%	51.9%	53.5%	53.8%
Distributable cash <sup>1</sup>	\$176,272	\$157,931	\$700,466	\$604,414
Weighted average number of units outstanding	530,803,014	530,835,528	530,604,504	510,219,535
Distributable cash per unit	\$0.33	\$0.30	\$1.32	\$1.18
Distributions declared	\$148,183	\$139,341	\$581,986	\$527,879
Distributions declared per unit	\$0.28	\$0.26	\$1.10	\$1.03

### <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, restructuring and special charges, and impairment of intangible assets). 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

(in thousands of Canadian dollars, except unit information)

	Three-month periods ended December 31,		Years ended December 31,	
	2007	2006	2007	2006
Revenues	\$412,566	\$378,987	\$1,624,424	\$1,384,956
Elimination of purchase accounting impact	806	1,045	4,526	4,746
<b>Adjusted Revenues</b>	<b>\$413,372</b>	<b>\$380,032</b>	<b>\$1,628,950</b>	<b>\$1,389,702</b>
<b>Income from operations</b>	<b>\$155,070</b>	<b>\$152,599</b>	<b>\$648,576</b>	<b>\$566,515</b>
Depreciation and amortization	66,826	37,096	225,584	172,240
Impairment of intangible assets	-	8,000	-	8,000
<b>Income from operations before depreciation and amortization, and impairment of intangible assets (EBITDA)</b>	<b>221,896</b>	<b>197,695</b>	<b>874,160</b>	<b>746,755</b>
Elimination of purchase accounting impact	(875)	(625)	(3,113)	(1,060)
Transition expenses	-	-	-	2,287
<b>Adjusted EBITDA</b>	<b>\$221,021</b>	<b>\$197,070</b>	<b>\$871,047</b>	<b>\$747,982</b>

## Distributable Cash

	Three-month periods ended December 31,		Years ended December 31,	
	2007	2006 <sup>1</sup>	2007	2006 <sup>1</sup>
<b>Cash flow from operating activities</b>	<b>\$179,908</b>	<b>\$172,020</b>	<b>\$695,540</b>	<b>\$601,363</b>
Operating non-cash items <sup>2</sup>	(3,272)	(3,283)	(20,024)	(15,576)
Change in operating assets and liabilities <sup>3</sup>	3,186	(6,132)	42,261	35,674
Maintenance capital expenditures <sup>4</sup>	(6,513)	(5,604)	(22,892)	(18,826)
Other <sup>5</sup>	2,963	930	5,581	1,779
<b>Distributable cash</b>	<b>\$176,272</b>	<b>\$157,931</b>	<b>\$700,466</b>	<b>\$604,414</b>
Weighted average number of units outstanding	530,803,014	530,835,528	530,604,504	510,219,535
Distributable cash per unit	\$0.33	\$0.30	\$1.32	\$1.18
Distributions declared	\$148,183	\$139,341	\$581,986	\$527,879
Distributions declared per unit	\$0.28	\$0.26	\$1.10	\$1.03
Payout ratio <sup>6</sup>	85%	87%	83%	87%

<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 plan of specific business acquisitions and is therefore not funded from distributable cash.

<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 the 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.