

Yellow Pages Income Fund Reports Strong Second Quarter Financial Results

- Organic online revenue growth of 44%
- Strong margin performance
- Increase in cash distributions per unit to \$1.17 annually

Montreal (Québec), August 7, 2008 – Yellow Pages Income Fund (TSX: YLO.UN) reported strong second quarter results today highlighted by sustained performance in EBITDA growth and margins in both Directories and Vertical Media. This performance leads the industry and demonstrates the company's continued progress, driven primarily by operational efficiencies and organic revenue growth.

Consolidated net earnings amounted to \$135.7 million compared to \$127.6 million for the second quarter of 2007. Income from operations reached \$185.1 million, an 8.7% increase over the \$170.3 million reported in the same period last year. Cash flow from operating activities reached \$181.8 million during the second quarter of 2008.

Consolidated Adjusted Revenues¹ increased 4.3% in the second quarter to reach \$430.6 million. Revenues increased by \$19.3 million to \$430.4 million during the second quarter of 2008, compared with the same period last year. Consolidated Adjusted EBITDA¹ grew by 7.3% to \$235.4 million, while EBITDA (income from operations before depreciation and amortization) increased by \$15.7 million or 7.1% to \$236 million in the same period.

“Our management team and colleagues continue to deliver on our plan and commitments,” said Marc P. Tellier, President and Chief Executive Officer of Yellow Pages Group. “This sustained growth shows our ability to grow the company and grow it profitably as evidenced by our strong EBITDA margin performance in both of our businesses. We are also pleased by the progress our teams are making in terms of technology deployment, the introduction of new products both print and online and further initiatives to improve performance. These investments will position us well for sustained growth in 2009 and beyond.”

Online revenues from Directories and Vertical Media combined amounted to \$61.4 million in the quarter. This represents organic growth of 44% over the second quarter of 2007. On an annualized basis, online revenues reached \$245.6 million.

In the second quarter, Distributable cash¹ reached \$190.9 million, an increase of 7.7% over the same period last year. Distributable cash per unit grew by 9.1% to reach \$0.36, compared to \$0.33 in the second quarter of 2007.

Directories

For the second quarter, Adjusted Revenues in directories reached \$340.1 million, an increase of 5.6% over the second quarter of 2007. Our continued solid organic revenue growth was augmented this quarter by the full-quarter contribution of Aliant Directory Services which we acquired in April of 2007. Adjusted EBITDA increased by 7.2% to \$203.0 million, while the Adjusted EBITDA margin was 59.7% which represents an improvement of 90 basis points over the second quarter of 2007. On a comparable basis, Adjusted Revenues increased by 4% and Adjusted EBITDA increased by 5.3%.

Vertical Media

Revenues at Trader reached \$90.6 million in the quarter. EBITDA went from \$30.0 million to \$32.4 million, representing an increase of 8.2% over the same period last year. The EBITDA margin was 35.8% compared with 33% for the second quarter of 2007. Trader's management continues to focus on further enhancing the experience of both users and advertisers. The company has invested significantly in the automotive vertical over the last 18 months. One of our key investments, the Trader Dealer Showroom (TDSR), a combination of dealer services, print and online media, has been embraced by a majority of online Trader dealers in Ontario and is now being rolled-out across Canada.

During the second quarter of 2008, Trader's entry in the new car market was supported by a multi-media campaign. The nation-wide advertising campaign aims at positioning Auto Trader™ as the most compelling source of automotive information in Canada. Trader is also launching compelling products in other verticals, notably real estate to harness the potential of this vertical.

Acquisition of Directory Systems & Services From VOLT Information Sciences

YPG announced on July 30, 2008 the acquisition of the assets of VOLT Information Sciences, Inc. (VOLT)'s directory systems and services as well as directory publishing operations for a purchase price of USD\$178 million, net of working capital adjustments, payable in cash at closing. The acquisition represents a key milestone in the evolution of YPG's technological platform. VOLT and YPG have been partners for more than 17 years and this acquisition is expected to play an important role in reinforcing the integration of YPG's back- and front-office systems and capabilities. As part of this transaction, YPG will also acquire the publishing operations of Data National, a directory publisher in selected mid-Atlantic and Southeast American markets under the Community Phonebook brand name. The acquisition is expected to be immediately accretive to Distributable cash per unit.

Normal Course Issuer Bid

During the second quarter YPG initiated its Normal Course Issuer Bid for up to 25 million units. Since the inception of the bid on April 3, 2008, the company has repurchased 9.8 million units for cancellation for an amount of \$94.6 million. The company believes that the current trading price of its units does not reflect its strong fundamentals and future prospects. YPG's corporate credit and stability ratings were confirmed following the announcement of the Normal Course Issuer Bid and again following the proposed acquisition of VOLT.

Increase in Cash Distributions

Based on the assessment of year-to-date performance in 2008 and the expectation of continuing momentum in operational and financial metrics in 2009, the Fund is increasing cash distributions per unit by 3.5% to the level of \$1.17 annually from \$1.13 currently. This increase will be effective on September 15, 2008 to unitholders of record on August 29, 2008.

"We believe our continuing strong performance and prospects for 2009 support this seventh increase in cash distributions since our IPO in August 2003," mentioned Christian M. Paupe, Executive Vice President and Chief Financial Officer. "YPG continues to be well positioned for a successful transition from an income trust to a corporation on or about December 31, 2010. We are confident that the growth in our Distributable cash will allow us to progressively reduce our payout ratio over the 2008-2010 period taking into account future expected cash income taxes while sustaining cash distributions."

2009 Outlook

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

We expect 2009 to be another strong year for the Directories segment resulting from the full integration of recently acquired businesses, the introduction of new print and online products as well as other initiatives to sustain organic growth. For fiscal 2009, guidance for growth on a comparable basis for the Directories segment remains unchanged at 4% to 5% in Adjusted Revenues and 4% to 7% in Adjusted EBITDA.

In the Vertical Media segment, the focus has been on investing in people and technology while harmonizing business processes to maximize operating efficiencies. In 2009, Vertical Media is expected to grow its revenues by 2% to 4% while EBITDA is expected to grow between 4% and 7% as benefits accrue to results of operations from the deployment of technology and stronger organic sales execution.

Online advertising should represent a growing share of our media mix with advertisers both in Directories and Vertical Media as we expand our offers of multi-product / multi-media solutions. We expect annualized online revenues for Directories and Vertical Media combined to grow by approximately 30% annually on a sustained basis. Our objective is to grow the online proportion of Directories revenues generated online from 11.2% currently to a target of approximately 20% as we exit 2010.

We maintain our 2008 objective of growing our Distributable cash at a rate between 8% and 10% per unit and we are targeting the same rate of growth for 2009.

**Outlook - Key Performance Indicators
2008 Progress Year-to-date and 2009 Objectives**

| | <u>2008 Target</u> | <u>Six-month Period ended June 30, 2008</u> | <u>2009 Target</u> |
|---|--------------------|---|--------------------|
| Directories ⁽¹⁾ | | | |
| Adj. Revenues Growth | 4% to 5% | 4.1% | 4% to 5% |
| Adj. EBITDA Growth | 4% to 7% | 5.6% | 4% to 7% |
| Vertical Media ^(1, 2) | | | |
| Revenues Growth | 5% to 7% | 0.1% | 2% to 4% |
| EBITDA Growth | 7% to 9% | 9.7% | 4% to 7% |
| Consolidated Metrics | | | |
| Online Revenues ⁽¹⁾ | approx. 30% | 46% | approx. 30% |
| Distributable Cash per unit | 8% to 10% | 10.9% | 8% to 10% |

⁽¹⁾ Comparable basis, as though we had owned Aliant and LesPac from January 1, 2007.

⁽²⁾ See additional disclosure on revenue trends for each of Trader's businesses in Canada and the United States in the Segmented Information - Vertical Media section in our August 7, 2008 Management's Discussion and Analysis.

Investor Conference Call

Yellow Pages Income Fund will hold an analyst and media call at 1:00 p.m. (Eastern Time) on Thursday, August 7, 2008 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/1/517.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 August 7 to August 15, 2008 by dialling (416) 695-5800 from within the Toronto area, or 1 800 408-3053 outside Toronto. The conference passcode is 3267239.

About Yellow Pages Income Fund

Yellow Pages Income Fund indirectly holds an approximate 98% ownership interest in Yellow Pages Group and Trader Corporation. Yellow Pages Group is Canada's leading local commercial search provider. 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.

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 7, 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 August 7, 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.

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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, | |
|--|--|-------------|--|-------------|
| | 2008 | 2007 | 2008 | 2007 |
| Revenues | \$430,442 | \$411,110 | \$845,013 | \$795,351 |
| Income from operations | 185,121 | 170,337 | 356,550 | 329,750 |
| Net earnings | 135,686 | 127,573 | 262,674 | 248,524 |
| Basic earnings per unit | \$0.26 | \$0.24 | \$0.50 | \$0.47 |
| Cash flow from operating activities | \$181,839 | \$175,262 | \$327,177 | \$327,724 |
| Adjusted Revenues ¹ | \$430,620 | \$412,801 | \$845,749 | \$797,929 |
| Adjusted EBITDA ¹ | 235,444 | 219,433 | 462,047 | 422,381 |
| Adjusted EBITDA margin | 54.7% | 53.2% | 54.6% | 52.9% |
| Distributable cash ¹ | \$190,942 | \$177,308 | \$373,961 | \$341,300 |
| Weighted average number of units outstanding | 526,113,061 | 530,376,724 | 528,078,713 | 530,428,376 |
| Distributable cash per unit | \$0.36 | \$0.33 | \$0.71 | \$0.64 |
| Distributions declared | \$148,538 | \$144,551 | \$298,376 | \$289,166 |
| Distributions declared per unit | \$0.28 | \$0.27 | \$0.57 | \$0.55 |

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). 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-months periods ended June 30, | | For the six-months periods ended June 30, | |
|--|---|------------------|---|------------------|
| | 2008 | 2007 | 2008 | 2007 |
| Revenues | \$430,442 | \$411,110 | \$845,013 | \$795,351 |
| Elimination of purchase accounting impact | 178 | 1,691 | 736 | 2,578 |
| Adjusted Revenues | \$430,620 | \$412,801 | \$845,749 | \$797,929 |
| Income from operations | \$185,121 | \$170,337 | \$356,550 | \$329,750 |
| Depreciation and amortization | 50,860 | 49,982 | 106,824 | 94,012 |
| Income from operations before depreciation and amortization | 235,981 | 220,319 | 463,374 | 423,762 |
| Elimination of purchase accounting impact | (537) | (886) | (1,327) | (1,381) |
| Adjusted EBITDA | \$235,444 | \$219,433 | \$462,047 | \$422,381 |

Distributable Cash

| | For the three-months periods ended June 30, | | For the six-months period ended June 30, | |
|---|---|------------------|--|------------------|
| | 2008 | 2007 | 2008 | 2007 |
| Cash flow from operating activities | \$181,839 | \$175,262 | \$327,177 | \$327,724 |
| Operating non-cash items ¹ | (5,079) | (5,915) | (10,889) | (11,151) |
| Change in operating assets and liabilities ² | 16,775 | 12,313 | 62,757 | 34,750 |
| Maintenance capital expenditures ³ | (5,313) | (5,052) | (10,528) | (9,963) |
| Other ⁴ | 2,720 | 700 | 5,444 | (60) |
| Distributable cash | \$190,942 | \$177,308 | \$373,961 | \$341,300 |
| Weighted average number of units outstanding | 526,113,061 | 530,376,724 | 528,078,713 | 530,428,376 |
| Distributable cash per unit | \$0.36 | \$0.33 | \$0.71 | \$0.64 |
| Distributions declared | \$148,538 | \$144,551 | \$298,376 | \$289,166 |
| Distributions declared per unit | \$0.28 | \$0.27 | \$0.57 | \$0.55 |
| Payout ratio ⁵ | 78% | 82% | 80% | 86% |

¹Represents 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.

²Changes in operating assets and liabilities are not considered a source or use of distributable cash. As a result, it is excluded from the calculation as it would introduce cash flow variability and affect underlying cash flow available for distributions.

Various working capital items, including but not limited to the timing of receivables collected and payment of payables and accruals, can have a significant impact on the determination of free cash flow available for distribution. Accordingly, management excludes the impact of changes in non-cash working capital items to remove the resulting variability of including such amounts in the determination of free cash flow available for distribution. Realized changes in working capital and working capital acquired by way of acquisition are typically funded from excess free cash flow available for distribution or the Fund's cash on hand and available credit facilities.

³Maintenance 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.

⁴Includes 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.

⁵The 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.