

Yellow Media Inc. Reports First-Quarter 2011 Financial Results

- Directories annualized online revenues of over \$330 million now representing more than 25% of total revenues
- Sale of Trader strengthens capital structure
- Company intends to implement a Normal Course Issuer Bid for equity securities

Montréal (Québec), May 5, 2011 — Yellow Media Inc. (TSX: YLO) released first quarter results today confirming the Company's leadership in online and mobile local search in Canada and further advancing its digital transformation. The quarter saw the launch of the Yellow Pages 360° Solution, which consolidates YPG's services and product offering into a powerful value proposition for Canadian SMEs.

Yellow Media announced in late March that it had reached a definitive agreement to sell Trader Corporation for a cash consideration of \$745 million subject to working capital and other adjustments. As a result of this proposed divestiture, we have reclassified the results of the disposed business as discontinued operations. Accordingly, results of operations for the quarter ended March 31, 2011 exclude the results of the disposed business while the prior period income statement and cash flows have been restated to reflect this change.

For the quarter ended March 31, 2011, net earnings from continuing operations were \$70.5 million compared to \$120.4 million for the same quarter in 2010, mainly due to the amortization of intangibles from business acquisitions. The Company reported a net loss of \$34.6 million for the quarter compared with earnings of \$127.1 million for the prior year due to the loss of \$112 million related to the proposed divestiture of Trader Corporation.

Earnings per share from continuing operations were \$0.13 compared to \$0.23 for the same quarter last year while discontinued operations resulted in a loss of \$0.20 per share. Adjusted earnings per common share from continuing operations for the quarter were \$0.23 versus last year's \$0.27.

Revenues grew 2.9% from \$339.7 million to \$349.4 million. Online revenues for the first quarter of 2011 were \$83.2 million or \$330 million on an annualized basis, representing growth of 39% versus last year. Online revenues now represent more than 25% of total revenues compared to 18% at the end of the first quarter of 2010.

Income from operations was \$136.9 million for the quarter compared to \$170.6 million in the first quarter of 2010. Cash flow from operating activities from continuing operations was \$111.7 million compared to last year's \$127.7 million for the same period.

EBITDA for the quarter declined from \$198.6 million to \$190 million. The decrease results mainly from higher costs associated with our Mediative division. EBITDA margin for the first quarter was 54.4% compared to 58.5% for the same period last year, due to the lower margin contribution from Canpages and Mediative.

"We continue to make progress on YPG's digital transformation, especially since our launch of Yellow Pages 360° Solution," said Marc P. Tellier, President and Chief Executive Officer of Yellow Pages Group. "Our full suite of products and services for Canadian businesses makes us confident about our growth prospects. Furthermore, the sale of Trader Corporation enables us to increase focus on our transformation and to strengthen our capital structure."

Launch of Yellow Pages 360° Solution

With the launch of the Yellow Pages 360° Solution (<http://www.yellowpages.ca/360>) in the first quarter, YPG came to market with a compelling value proposition to Canadian advertisers. Integrating all of YPG's existing services that span online, mobile and print, the Yellow Pages 360° Solution offers single-point access to Canada's largest local search networks. These solutions are tailored to the individual advertiser and include new high-demand services such as website creation and management, as well as search engine marketing and optimization.

In addition, YPG released a beta version of MarketProfiler™ (<http://www.profiler.yellowpages.ca>), the first free automated online tool of its kind in Canada. MarketProfiler™ creates customized reports that give advertisers concrete, actionable consumer insights into their markets.

Creating Engaging User Experiences

YPG continued to invest in its properties' functionality and notably introduced new interactive maps on YellowPages.ca that enable customers to track all searched businesses in a given location.

As mobile markets continue to attract ever-growing numbers of enthusiasts, YPG is well positioned to capitalize on this trend. The Yellow Pages mobile application is now widely used by Canadians, and 30% of YellowPages.ca traffic currently comes from mobile devices.

Sale of Trader Corporation

In order to increase focus on its core business and strengthen its balance sheet, YPG announced the sale of Trader Corporation to Apax Partners on March 25, 2011. The transaction is expected to close in June 2011, subject to regulatory approval and other customary conditions. Excluded from the sale are LesPAC.com, Quebec's leading online classified advertising site, as well as the real estate and employment assets. These assets will continue to be owned and managed by Yellow Media Inc.

Revenues from divested operations for the first quarter of 2011 grew 5.1% to \$60.6 million largely on the strength of Dealer.com and specifically Dealer Smart Solutions. EBITDA was \$16 million, 5.1% higher than for the same quarter a year ago.

Building a Stronger Capital Structure

Yellow Media's chief objective is to deliver stable returns to its investors. This means ensuring there is sufficient liquidity when managing capital to cover financial obligations and investment requirements, while preserving access to low-cost funding and maintaining or improving investment grade credit ratings. To meet this objective, Yellow Media Inc. intends to further improve its financial profile through further debt reduction, by pursuing a prudent financial policy, and by maintaining a structure that provides flexibility through diverse funding sources and timing of debt maturities.

The proceeds from the sale of Trader Corporation will be largely used to reduce indebtedness.

Normal Course Issuer Bid

Yellow Media inc. intends to implement a normal course issuer bid for its common shares and first preferred shares, series 3 and 5 and to renew, upon expiry, the current normal course issuer bid for its first preferred shares, series 1 and 2 through the facilities of the Toronto Stock Exchange, subject to acceptance by the TSX.

The Company plans to purchase for cancellation up to but not more than 10% of the public float of the common shares and of each such series of first preferred shares outstanding.

The Company believes that the current trading price of its shares does not adequately reflect business fundamentals and future prospects of the business. The share repurchase will be financed through the proceeds from the sale of Trader as well as free cash flow in excess of dividends. The Company expects it will be immediately accretive to earnings per share.

Investor Conference Call

Yellow Media Inc. will hold an analyst and media call at 2:00 pm (Eastern Time) on May 5, 2011 to discuss the first quarter of 2011 results. The call may be accessed by dialing (416) 695-6616 within the Toronto area, or 1 800 355-4959 outside of Toronto. The call will be simultaneously webcast on the Company's web site at <http://www.ypg.com/en/investors/financial-reports/2011/quarterly-reports/first-quarter>. 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 May 5 to May 13, 2011 by dialing (905) 694-9451 from within the Toronto area, or 1 800 408-3053 outside Toronto. The conference passcode is 6406350.

About Yellow Media Inc.

Yellow Media Inc. (TSX: YLO) is Canada's #1 Internet company through its network of companies that include Yellow Pages Group and Canpages. Yellow Media Inc. owns and operates some of Canada's leading properties and publications including Yellow Pages™ directories, YellowPages.ca™, Canada411.ca™, RedFlagDeals.com, and LesPAC.com. Its online destinations reach approximately 9.5M unique visitors monthly and its mobile applications for finding local businesses and deals have been downloaded over 2M times. Yellow Media Inc. is also a leader in national digital advertising through Mediative, a digital advertising and marketing solutions provider to national agencies and advertisers. For more information, 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 Company. These statements are forward-looking as they are based on our current expectations, as at May 5, 2011, 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 6 of our May 5, 2011 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

Yellow Media Inc.	For the three-month periods ended March 31,	
	2011	2010
Revenues	\$349,372	\$339,684
Income from operations	\$136,864	\$170,579
Net earnings from continuing operations	\$70,453	\$120,387
Basic earnings per share from continuing operations attributable to common shareholders of Yellow Media Inc.	\$0.13	\$0.23
Cash flow from operating activities from continuing operations	\$111,701	\$127,689
EBITDA ¹	\$190,035	\$198,572
EBITDA margin ¹	54.4%	58.5%
Adjusted earnings from continuing operations ¹	\$116,975	\$136,929
Weighted average number of common shares outstanding	510,404,617	504,752,813
Adjusted earnings per common share from continuing operations	\$0.23	\$0.27
Dividends on common shares	\$83,464	\$101,033
Dividends declared per common share	\$0.16	\$0.20
Payout ratio	70%	74%

Note: The financial information presented herein has been prepared on the basis of International Financial Reporting Standards (IFRS) for interim financial statements. The amounts in this table for the three-month period ended March 31, 2010 have been restated to reflect our adoption of IFRS, effective from January 1, 2010. Please refer to Note 18 of the accompanying interim condensed consolidated financial statements for a summary of the differences between our consolidated financial statements previously prepared under Canadian GAAP and those under IFRS for the three-month period ended March 31, 2010 and for the year ended December 31, 2010.

Non-IFRS Measures¹

In order to provide a better understanding of the results, the Company uses the term EBITDA, defined as income from operations before depreciation and amortization, acquisition-related costs and restructuring and special charges. Management believes this measure is reflective of ongoing operations. The Company also uses the term Adjusted earnings from continuing operations, defined as net earnings from continuing operations available to common shareholders excluding amortization of intangible assets attributable to shareholders, acquisition-related costs, other non-recurring items and non-cash financial charges and deferred income taxes, where all adjustments except deferred income taxes are net of the income tax effect thereon calculated at the statutory income tax rate. These terms do not have any standardized meaning prescribed by IFRS and may not be comparable to similar measures presented by other issuers. Management believes EBITDA and Adjusted earnings from continuing operations to be important measures as they allow management to assess the performance of the ongoing business. The table below is a reconciliation of Adjusted earnings from continuing operations to the most comparable IFRS financial measures:

Adjusted earnings from continuing operations

(in thousands of Canadian dollars - except share information)

	For the three-month periods ended March 31,	
	2011	2010
Net earnings from continuing operations	\$70,453	\$120,387
Attributable to non-controlling interest	167	-
Dividends to preferred shareholders	(5,710)	(5,698)
Net earnings from continuing operations available to common shareholders of Yellow Media Inc.	\$64,910	\$114,689
Amortization of intangibles assets ^{1,4}	40,533	15,282
Acquisition-related costs ^{2,4}	579	2,534
Other ^{3,4}	8,901	777
Deferred income taxes	2,052	3,647
Adjusted earnings from continuing operations	\$116,975	\$136,929
Weighted average number of common shares outstanding	510,404,617	504,752,813
Adjusted earnings per common share from continuing operations ⁴	\$0.23	\$0.27
Dividends on common shares	\$83,464	\$101,033
Dividends declared per common share	\$0.16	\$0.20
Payout ratio	70%	74%

¹Represents amortization of intangible assets attributable to shareholders.

²Acquisition-related costs are excluded from the calculation as they do not reflect the ongoing operations of the business.

³Includes amounts relating to other non-recurring items and non-cash financial charges.

⁴Items are net of income taxes using the combined statutory provincial and federal tax rate of 27.9% (29.9% for 2010).