

Yellow Media Inc. Reports 2011 Fourth-Quarter and Full Year Financial Results

- Company focused on execution of its 360° Solution strategy
- Annualized online revenues of \$360 million, representing approximately 29% of total revenues
- Company reduced debt by approximately \$800 million in 2011 to better align balance sheet to operational strategy

Montréal (Québec), February 9, 2012 — Yellow Media Inc. (TSX: YLO) announced fourth-quarter and full-year results today, ending 2011 with progress towards the Company's transformation to a digital media and marketing solutions company. 2011 saw the launch of Yellow Pages 360° Solution, an offering central to enabling Canadian advertisers to be found by qualified buyers via online, mobile or print products.

Yellow Media closed the sale of Trader Corporation in July 2011. As a result of this divestiture, results of the disposed business were reclassified as discontinued operations. Accordingly, results of operations for the quarter and year ended December 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 fiscal year ending December 31, 2011, the Company recorded both a net loss of \$2.83 billion and a net loss from continuing operations of \$2.71 billion as a result of a goodwill impairment charge of \$2.9 billion accounted for during the third quarter. The impairment charge is a non-cash item and does not affect the Company's operations, its liquidity, its cash flow from operating activities, its bank credit agreement or its note indentures. Net earnings from continuing operations before the impairment charge were \$172.6 million compared to \$231.8 million in 2010 due to an impairment of investment in associate and lower income from operations.

Net earnings per share from continuing operations before the impairment charge for 2011 were \$0.29 compared to net earnings per share from continuing operations of \$0.42 in 2010. Adjusted earnings per common share from continuing operations for the year were \$0.53 versus \$0.84 last year due to lower EBITDA and increased cash taxes.

Revenues decreased 5.2% from \$1.40 billion to \$1.33 billion, due to lower print revenues as well as lower revenues associated with the Company's U.S. operations. This was partly offset by higher organic online revenues and revenues generated from Canpages and Mediative. Online revenues in 2011 were \$346.1 million representing growth of 30% versus last year's results.

Income from operations before the impairment charge was \$484.9 million in 2011 compared to \$514.9 million in 2010. EBITDA for the year declined from \$757.1 million to \$679.7 million and the EBITDA margin for 2011 was 51.1% compared to 54.0% last year. The decrease is mainly attributable to print revenue pressure, lower margins associated with Canpages, investments in the national digital division Mediative and in support of the Company's transformation.

“Despite challenges inherent to our digital transformation, we are confident we offer valuable local search tools to Canadians” said Marc P. Tellier, President and Chief Executive Officer of Yellow Pages Group. “Our focus in 2012 is to execute the 360° Solution’s sales strategy and successfully serve the needs of Canadian small and medium enterprises by delivering the products and services they need to manage and grow their businesses.”

Fourth-Quarter Results

For the fourth quarter ended December 31, 2011, Yellow Media reported earnings from continuing operations of \$48.2 million compared to a loss of \$7.2 million during the same prior-year period. Income from operations stood at \$109.7 million versus \$73.8 million for the same quarter in 2010.

Fourth-quarter revenues were \$313.3 million, as compared to \$345.4 million in the last quarter of 2010, mainly due to lower print revenues as well as lower revenues associated with the Company’s U.S. operations. Online revenues for the quarter were \$90.0 million or approximately \$360 million on an annualized basis. Online revenues now represent approximately 29% of total revenues compared to 21% in 2010.

EBITDA for the fourth quarter declined from \$161.3 million to \$147.2 million while EBITDA margin was approximately 47.0% for the fourth quarter of 2011 and 2010. The EBITDA for the quarter was affected by print revenue pressure, investments in the national digital division Mediative and investments in the Company’s transformation.

Continued Progress on Yellow Pages 360° Solution

Yellow Pages 360° Solution marks a key milestone in the Company’s digital transformation. Its unique and powerful value proposition resides in how customers can gain unprecedented visibility through online, mobile and print media platforms, and access services such as managed website services, customized search engine marketing and search engine optimization, all offered through a single point of contact.

The evolution of the Company’s products and services ensures that Yellow Media maximizes business opportunities for its advertisers in the context of changing consumer local search habits, therefore optimizing their return on investment. This business transformation brings relevancy to Yellow Media’s product portfolio moving forward and generates growth potential for the Company.

In conjunction with the launch of the Yellow Pages 360° Solution, the Company launched a business to business website that showcases its products and services and helps Canadian businesses with their overall marketing needs. The site received the grand prize at the Boomerang Awards for best business to business website for a large corporation.

During 2011, Yellow Pages Group (“YPG”) also introduced Yellow Pages Analytics™, a detailed reporting platform that gives advertisers access to enhanced reporting, along with valuable insights on the performance of their YPG campaign.

Mobile access continues to be an integral component of Yellow Pages 360° Solution. As traffic to YPG's mobile applications gained critical mass in mid-2011, the Company launched its first two mobile products: Brand Filter enables national businesses to showcase their brand in relevant commonly-searched categories, while Sponsored Placement allows businesses to rank at the top of any mobile search result generated by users.

Enhancing the User Experience

YPG's network of sites now reaches approximately 9 million unduplicated unique visitors, representing 38% of Canada's online population. During 2011, YPG continued to focus on improving the online user experience and engagement in order to increase the reach of its digital properties and as a result provide additional value for Canadian advertisers. As YPG demonstrates this value to advertisers this will translate into growth opportunities for the Company.

In 2011, the Company redesigned YellowPages.ca and continued to enhance the flagship site's performance. New functionalities include a better mapping experience to support local searches and Deals, which help users make smarter local buying decisions. Canada411.ca also benefited from a redesign and other enhancements, including results aggregated from the leading social media networks of Facebook®, Twitter® and LinkedIn®.

YPG made significant investments throughout 2011 to strengthen its mobile offering. The Yellow Pages mobile application was updated to include features and functionalities that deliver more relevant content, helping consumers make better shopping decisions. As well, the Company launched ShopWise™, a new iPhone application that leverages the country's largest deals database in order to alert Canadian shoppers to the nearest and smartest deals.

YPG's mobile applications have been downloaded 3.7 million times. The Company's iPhone application continues to rank high among productivity applications and was selected for the second year running as one of Apple's 100 best applications.

Mediative

Launched a year ago, the Mediative division is a leading North American integrated advertising and digital marketing organization. Mediative has extensive experience in developing innovative and unique marketing solutions for national companies. During the year, the company was selected by TopSEOs as the top company in Canada in two Performance Solution categories. TopSEOs is an independent authority on search vendors that evaluates and ranks the best vendors in the Internet Marketing community. Mediative is now serving the marketing needs of some of the biggest brands in North America, including WalMart, FutureShop and Disney. It is also one of Canada's leading ad display networks, managing the ad inventory of approximately 500 web sites such as Best Buy, Martha Stewart and Toys 'R Us. Mediative's advertising network reaches approximately 15 million unique visitors per month.

Capital Structure

On July 28, 2011, Yellow Media sold Trader Corporation for \$702 million, followed by the sale of LesPAC on November 14, 2011 for \$71 million. Proceeds from these divestitures were used to reduce indebtedness and invest in YPG's continuing transformation.

During 2011, Yellow Media reduced its total indebtedness by approximately \$800 million. As at December 31, 2011, the Company had approximately \$1.5 billion of net debt, or \$2.1 billion including preferred shares, Series 1 and 2, and convertible debt instruments. The net debt to Latest Twelve Month EBITDA ratio as of December 31, 2011 was 2.5 times as compared to 2.6 times as of December 31, 2010.

The Company has begun evaluating alternatives to refinance maturities in 2012 and beyond. A broad range of alternatives will be considered and may involve the issuance of secured or unsecured debt, equity or other securities or other transactions. At this time, the Board of directors has decided to suspend the dividends on the outstanding series of preferred shares.

In connection with this review, the Board of directors of Yellow Media has established a committee of independent directors to serve as the Financing Committee of the Board (the "Financing Committee") that will oversee this process with the objective of completing any transaction or transactions during the current fiscal year.

The Financing Committee is comprised of directors Anthony G. Miller, Michael T. Boychuk, John R. Gaulding and Bruce K. Robertson. Mr. Robertson will serve as Chair of the Financing Committee.

The Company also announced this morning three new appointments to its Board of Directors. David G. Leith, Bruce K. Robertson and Craig Forman will bring extensive knowledge of corporate finance, and corporate development and strategy within the technology, media and communications industries.

Investor Conference Call

Yellow Media Inc. will hold an analyst and media call at 1:00 p.m. (Eastern Time) on February 9, 2012 to discuss the fourth quarter and year-end 2011 results. The call may be accessed by dialing (416) 340-8061 within the Toronto area, or 1 866 225-0198 outside of Toronto. The call will be simultaneously webcast on the Company's website at <http://www.ypg.com/en/investors/financial-reports/2011/quarterly-reports/fourth-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 February 9 to February 17, 2012 by dialing (905) 694-9451 from within the Toronto area, or 1 800 408-3053 outside Toronto. The conference passcode is **8342607**.

About Yellow Media Inc.

Yellow Media Inc. (TSX: YLO) is a leading digital company in Canada. The Company owns and operates some of Canada's leading properties and publications including Yellow Pages™ print directories, YellowPages.ca™, Canada411.ca and RedFlagDeals.com™. Its online destinations reach approximately 9 million unique visitors monthly and its mobile applications for finding local businesses and deals have been downloaded 3.7 million 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 February 9, 2012, 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 February 9, 2012 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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Financial Highlights

(in thousands of Canadian dollars - except share information)

Yellow Media Inc.	For the three-month periods ended December 31,		For the years ended December 31,	
	2011	2010	2011	2010
Revenues	\$313,315	\$345,378	\$1,328,866	\$1,401,129
Income (loss) from operations	\$109,731	\$73,771	(\$2,415,084)	\$514,877
Net earnings (loss) from continuing operations	\$48,222	(\$7,151)	(\$2,708,122)	\$231,786
Basic earnings (loss) per share from continuing operations attributable to common shareholders of Yellow Media Inc.	\$0.08	(\$0.03)	(\$5.33)	\$0.42
Cash flow from operating activities from continuing operations	\$92,964	\$153,615	\$336,573	\$569,607
EBITDA ¹	\$147,198	\$161,335	\$679,707	\$757,108
EBITDA margin ¹	47.0%	46.7%	51.1%	54.0%
Adjusted earnings from continuing operations ¹	\$72,677	\$82,267	\$271,977	\$421,180
Weighted average number of common shares outstanding	512,283,668	502,452,392	511,765,665	503,111,679
Adjusted earnings per common share from continuing operations	\$0.14	\$0.16	\$0.53	\$0.84
Dividends on common shares	-	\$100,631	\$207,345	\$402,719
Dividends declared per common share	-	\$0.20	\$0.40	\$0.80
Payout ratio	-	125%	75%	95%

Note: The financial information presented herein has been prepared on the basis of International Financial Reporting Standards (IFRS). The amounts in this table for the three month period and the year ended December 31, 2010 have been restated to reflect our adoption of IFRS, effective from January 1, 2010. Please refer to Note 31 of the accompanying 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 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, impairment of goodwill and intangible assets, 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 (loss) earnings from continuing operations available to common shareholders excluding amortization of intangible assets attributable to shareholders, non-cash financial charges, non-cash income taxes and non-recurring items such as acquisition-related costs, restructuring and special charges, impairment of goodwill and intangible assets, impairment of investment in associate and gain on disposal of subsidiary, where all adjustments except non-cash income taxes, impairment of goodwill and intangible assets and the impairment of investment in associate 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 December 31,		For the years ended December 31,	
	2011	2010	2011	2010
Net earnings (loss) from continuing operations	\$48,222	(\$7,151)	(\$2,708,122)	\$231,786
Attributable to non-controlling interest	49	151	490	164
Dividends to preferred shareholders	(5,584)	(5,577)	(22,539)	(22,834)
Net earnings (loss) from continuing operations available to common shareholders of Yellow Media Inc.	\$42,687	(\$12,577)	(\$2,730,171)	\$209,116
Amortization of intangibles assets ^{1,3}	14,421	68,802	116,707	133,696
Impairment of goodwill and intangibles assets ⁴	-	-	2,880,677	-
Acquisition-related costs ^{2,3}	151	3,551	5,582	21,433
Restructuring and special charges ³	10,277	4,366	18,848	22,005
Financial charges ³	25,699	32,293	94,150	104,054
Interest paid	(21,001)	(27,682)	(141,555)	(137,871)
Gain on disposal of subsidiary ³	(4,478)	-	(4,478)	-
Impairment of investment in associate (net of income taxes of \$0.2 million)	13,879	-	50,271	-
Non-cash income taxes	(8,958)	13,514	(18,054)	68,747
Adjusted earnings from continuing operations	\$72,677	\$82,267	\$271,977	\$421,180
Weighted average number of common shares outstanding	512,283,668	502,452,392	511,765,665	503,111,679
Adjusted earnings per common share from continuing operations ³	\$0.14	\$0.16	\$0.53	\$0.84
Dividends on common shares	-	\$100,631	\$207,345	\$402,719
Dividends declared per common share	-	\$0.20	\$0.40	\$0.80
Payout ratio	-	125%	75%	95%

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.

³Items are net of income taxes using the combined statutory provincial and federal tax rate of 27.9% (29.9% for 2010).

⁴Item is net of income taxes of \$19.3 million.