

## Yellow Pages Income Fund Reports Q2 2009 Financial Performance

- Directory Adjusted Revenues increase by 4.3%
- Online organic growth in excess of 23%
- Distributable cash per unit of \$0.35 compared with \$0.36 last year

**Montréal (Québec), August 6, 2009** – Yellow Pages Income Fund (TSX: YLO.UN) reported second quarter 2009 results today, demonstrating solid operational performance under difficult economic conditions. The company's Directories segment continued to display ongoing resilience through these challenging times.

For the quarter ending June 30, 2009, consolidated net earnings were \$116.8 million compared with \$135.7 million for the same period in 2008. Income from operations was \$169.5 million, including restructuring and special charges of \$20.6 million, compared to \$185.1 million for the same quarter in the prior year. Cash flow from operating activities in the second quarter of 2009 was \$185.5 million compared to \$181.8 million in 2008.

Consolidated Adjusted Revenues<sup>1</sup> decreased by 2% compared to the second quarter of 2008 to \$421.2 million. Revenues reached \$417.5 million. Consolidated Adjusted EBITDA<sup>1</sup> was \$226.1 million compared with \$235.4 million for the same quarter in the previous year. EBITDA (income from operations before depreciation and amortization, and restructuring and special charges) was \$224.1 million.

Online revenues for Directories and Vertical Media combined were \$75.2 million for the quarter compared to \$61.4 million in the second quarter of 2008 or approximately \$300 million on an annualized basis. This represents organic growth of 23% in the quarter.

Distributable cash was \$181.7 million in the quarter compared to \$190.9 million for the same period in the previous year. Distributable cash per unit for the quarter was \$0.35 versus \$0.36 in the second quarter of 2008.

“While we continue to manage our business with prudence, we are pushing ahead our efforts in market coverage and in the introduction of new products,” said Marc P. Tellier, President and Chief Executive Officer of Yellow Pages Group. “For YPG’s management team, these steps are critical to building a strong business and ensuring our long-term success despite the ongoing pressures we are experiencing in the marketplace.”

### Directories

In the face of challenging economic conditions, the priority in Directories continues to be the introduction of new products. For the second quarter, Adjusted Revenues in Directories increased by 4.3% to reach \$354.7 million, and grew by 1% organically. Adjusted EBITDA grew 1% to \$204.8 million, including non-recurring items of \$4.3 million. Excluding the non-recurring items, EBITDA grew by 3%. The Adjusted EBITDA margin in the second quarter was 58.9% (before non-recurring items) compared with 59.7% in the second quarter of 2008.

Throughout the course of the second quarter, YPG identified additional opportunities for further cost savings and incremental efficiencies in the directories platform. The company expects that consolidation initiatives will be largely complete by the end of 2009.

As part of its ongoing commitment to the environment, the Company introduced the Yellow Pages™ ecoGuide during the quarter. Developed in collaboration with environmental and municipal organizations, the ecoGuide is located in the front of all new Yellow Pages™ directories and includes local environmental services, a household items disposal guide, a list of environmental certifications as well as actions to help Canadians reduce their ecological footprint.

On the online front, the Company launched the Yellow Pages Answers Service™, enabling consumers to obtain local business recommendations online from an extended user network. This new service is available at <http://answers.yellowpages.ca> and allows users to ask questions and get recommendations in real-time.

### **Vertical Media**

The current economic downturn is having its greatest impact on Trader, which experienced its most difficult quarter to date. Trader second quarter revenues were \$66.5 million representing a decline of 26.6% compared with the second quarter of 2008. The decline narrows to 22.4% when taking into account the sale of U.S. operations and other restructuring initiatives completed in the fourth quarter of 2008.

Trader's second quarter EBITDA was \$21.3 million compared to \$32.4 million in the second quarter of the previous year. Trader's EBITDA margin was 32.1% in the second quarter of 2009, compared to 35.8% in the second quarter of 2008.

Trader has dedicated significant time and resources to cost containment and the completion of restructuring initiatives. Recent efforts have shifted to the deployment of Dealer Smart Solutions, an integrated, cost-effective solution for automotive dealers, and the positioning of the company for an economic recovery.

### **Recent Developments**

Since mid-June, 2009, the Company completed a successful financing program through the issuance of Medium Term Notes under its \$1 billion Universal Base Shelf Prospectus filed on June 20, 2008. Gross proceeds totalling \$515 million were raised during that period.

"The principal objective of these financing efforts was to term-out in the public bond market a credit facility established to repay the \$450M Medium Term Notes Series 1 which matured in April of this year," stated Christian M. Paupe, Executive Vice President and Chief Financial Officer. The Company has fully repaid this special-purpose credit facility.

In addition, the Company completed a 5-year term loan of \$100 million with an institutional investor on July 24, 2009. "These financing efforts were intended to diversify our sources of funding and reinforce our capital structure," added Mr. Paupe.

### **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 continue to experience very challenging economic and market conditions. In developing an updated operating framework for the balance of this year and going into 2010, our planning assumption is that there will be no sustained economic recovery before late 2009 or early 2010.

In our Directories segment, we continue to benefit from high visibility associated with the recurring, predictable and resilient nature of our revenue sources through a diversified customer base. The principal growth drivers for 2010 consist of maintaining our focus on customer acquisition, introducing more integrated bundles for the directory category and continuing to innovate from an online perspective. We also continue to develop and are executing business process improvement initiatives which should result in continuing strong EBITDA conversion.

For fiscal 2010, in our Directories segment, guidance for Adjusted Revenues is \$1,385 to \$1,415 million representing organic growth of -1% to 1%. Our guidance for Adjusted EBITDA is \$830 to \$840 million.

In the Vertical Media segment, we are now in the process of diversifying our revenue sources through the introduction of integrated solutions for our customers. The introduction of Dealer Smart Solutions has extended Trader's historical focus on media placement to more integrated service and media solutions. Dealer Smart Solutions is also expected to support the transition to a more stable and predictable revenue model while achieving improved advertiser retention.

Based on the above-mentioned factors, our guidance for Revenues in Vertical Media for fiscal year 2010 is \$275 to \$295 million and \$80 to \$90 million for EBITDA.

As we expand our multimedia offers, we expect online advertising to represent a growing share of our media mix with advertisers both in Directories and in Vertical Media. We expect annualized online revenues for Directories and Vertical Media combined to grow by approximately 20% in 2010. Our objective remains to grow the online proportion of Directories revenues from approximately 15% currently to a target of 20% for the fourth quarter of 2010. For the second quarter of 2009, more than 36% of Vertical Media revenues were already generated online.

We have also taken decisive measures to position YPG through these difficult times. We remain confident in our ability to achieve a level of Distributable cash per unit that is comparable to last year. For 2010, we expect growth of 1% to 3% in Distributable cash per unit.

#### Outlook - Key Performance Indicators

##### 2009 Progress Year-to-date and 2010 Objectives

	<u>Revised</u> <u>2009 Target</u>	<u>Six-month</u> <u>Period ended</u> <u>June 30, 2009</u>	<u>2010 Target</u>
<b>Directories</b>			
Adjusted Revenues	Stable at approx. \$1.4 billion	\$709 million	\$1,385 to \$1,415 million
Adjusted EBITDA	\$825 to \$830 million	\$415 million	\$830 to \$840 million
<b>Vertical Media</b>			
Revenues	\$255 to \$265 million	\$126 million	\$275 to \$295 million
EBITDA	\$75 to \$80 million	\$37 million	\$80 to \$90 million
<b>Consolidated Metrics</b>			
Online Organic Growth	approx. 30%	26%	approx. 20%
Distributable Cash per unit	Stable	Stable	1% to 3%

#### Investor Conference Call

Yellow Pages Income Fund will hold an analyst and media call at 1:00 p.m. (Eastern Time) on Thursday, August 6, 2009 to discuss second quarter 2009 results. The call may be accessed by dialling (416) 340-2219 within the Toronto area, or 1 866 226-1793 outside of Toronto. The call will be simultaneously webcast on the Company's web site at <http://www.ypg.com/page.php/en/1/600.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 6 to August 14, 2009 by dialling (416) 695-5800 from within the Toronto area, or 1 800 408-3053 outside Toronto. The conference passcode is **2867483**.

## 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](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 over 160 publications and 20 web sites covering four product verticals: automotive, real estate, generalist, as well as employment and other. Its main print brands include Auto Trader™, Auto Hebdo™, The Bargain Finder™, Buy&Sell™, Renters News™ and Home Renters' Guide™, and its online destinations, [AutoTrader.ca](http://AutoTrader.ca)™, [HomeTrader.ca](http://HomeTrader.ca)™, and [LesPAC.com](http://LesPAC.com). 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 6, 2009, 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 6, 2009 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,	
	2009	2008	2009	2008
Revenues	\$417,534	\$430,442	\$825,887	\$845,013
Income from operations	169,480	185,121	355,226	356,550
Net earnings	116,827	135,686	248,440	262,674
Basic earnings per unit	\$0.23	\$0.26	\$0.48	\$0.50
Cash flow from operating activities	\$185,487	\$181,839	\$382,905	\$327,177
Adjusted Revenues <sup>1</sup>	\$421,221	\$430,620	\$834,763	\$845,749
Adjusted EBITDA <sup>1</sup>	226,121	235,444	452,026	462,047
Adjusted EBITDA margin	53.7%	54.7%	54.2%	54.6%
Distributable cash <sup>1</sup>	\$181,653	\$190,942	\$362,099	\$373,961
Weighted average number of units outstanding	512,153,331	526,113,061	512,991,928	528,078,713
Distributable cash per unit	\$0.35	\$0.36	\$0.70	\$0.71
Distributions declared	\$118,195	\$148,538	\$268,527	\$298,376
Distributions declared per unit	\$0.23	\$0.28	\$0.52	\$0.57

## <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, and restructuring and special charges). 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 (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,	
	2009	2008	2009	2008
Revenues	\$417,534	\$430,442	\$825,887	\$845,013
Elimination of purchase accounting impact	3,687	178	8,876	736
<b>Adjusted Revenues</b>	<b>\$421,221</b>	<b>\$430,620</b>	<b>\$834,763</b>	<b>\$845,749</b>
<b>Income from operations</b>	<b>\$169,480</b>	<b>\$185,121</b>	<b>\$355,226</b>	<b>\$356,550</b>
Depreciation and amortization	34,005	50,860	72,122	106,824
Restructuring and special charges	20,584	-	20,584	-
<b>Income from operations before depreciation and amortization and restructuring and special charges</b>	<b>224,069</b>	<b>235,981</b>	<b>447,932</b>	<b>463,374</b>
Elimination of purchase accounting impact	2,052	(537)	4,094	(1,327)
<b>Adjusted EBITDA</b>	<b>\$226,121</b>	<b>\$235,444</b>	<b>\$452,026</b>	<b>\$462,047</b>

### Distributable Cash

	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	2009	2008	2009	2008
<b>Cash flow from operating activities</b>	<b>\$185,487</b>	<b>\$181,839</b>	<b>\$382,905</b>	<b>\$327,177</b>
Operating non-cash items <sup>1</sup>	(2,159)	(5,079)	(3,421)	(10,889)
Change in operating assets and liabilities <sup>2</sup>	(22,759)	16,775	(38,415)	62,757
Maintenance capital expenditures <sup>3</sup>	(4,256)	(5,313)	(7,219)	(10,528)
Restructuring and special charges <sup>4</sup>	20,584	-	20,584	-
Other <sup>5</sup>	4,756	2,720	7,665	5,444
<b>Distributable cash</b>	<b>\$181,653</b>	<b>\$190,942</b>	<b>\$362,099</b>	<b>\$373,961</b>
Weighted average number of units outstanding	512,153,331	526,113,061	512,991,928	528,078,713
Distributable cash per unit	\$0.35	\$0.36	\$0.70	\$0.71
Distributions declared	\$118,195	\$148,538	\$268,527	\$298,376
Distributions declared per unit	\$0.23	\$0.28	\$0.52	\$0.57
Payout ratio <sup>6</sup>	66%	78%	74%	80%

<sup>1</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>2</sup>Changes 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.

<sup>3</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>4</sup>Restructuring and special charges are excluded as they do not reflect the ongoing operations of the business.

<sup>5</sup>Includes amounts related to non-controlling interest in LesPAC, investments subject to significant influence, 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.