

## **Yellow Pages Income Fund Reports Q3 2009 Financial Results and Affirms Cash Distributions of \$0.80 Per Unit Leading to Conversion**

**Montréal (Québec), November 4, 2009** – Yellow Pages Income Fund (TSX: YLO.UN) reported third quarter 2009 results today, demonstrating ongoing resilience in the face of challenging economic times. Online revenues continued to grow organically in the quarter by 26%. Distributable cash per unit was \$0.35. The Company is ahead of its plan to de-leverage the business, and affirmed it will maintain cash distributions of \$0.80 per unit during the period leading to the conversion from an income trust to a corporation.

“YPG is very well positioned with its new product funnel to meet the broad range of local advertisers’ needs. Furthermore, we are ahead of our plans in strengthening our capital structure while also providing unitholders clarity during this transition from an income trust to a corporation by maintaining our current level of distributions,” said Marc P. Tellier, President and Chief Executive Officer of Yellow Pages Group. “We believe our current initiatives will help position the company for sustained long-term growth.”

During the third quarter, the Company recorded a goodwill impairment charge (“the Trader Impairment Charge”) of \$315 million. The Trader Impairment Charge is a non-cash item and does not affect the Company’s operations, its liquidity or its cash flow from operating activities. Following this charge, for the quarter ending September 30, 2009, the Company reported a consolidated net loss of \$168.8 million. Consolidated net earnings before the Trader Impairment Charge were \$146.2 million compared to \$146.1 million for the same period in 2008. Cash flow from operating activities amounted to \$168.5 million during the quarter compared to \$187.5 million in 2008.

Adjusted Revenues<sup>1</sup> were \$410.1 million in the quarter, a 3.8% decrease over the same period last year. Revenues reached \$408.3 million. Adjusted EBITDA<sup>1</sup> was \$227.0 million compared with \$237.5 million in the third quarter of 2008. EBITDA (income from operations before depreciation and amortization, impairment of goodwill, restructuring and special charges) was \$226.2 million.

Online revenues for both Directories and Vertical Media grew to \$78.0 million for the quarter compared to \$62.4 million for the third quarter of 2008. On an annualized basis, online revenues now amount to \$312 million.

Distributable cash<sup>1</sup> was \$179.2 million in the quarter compared to \$192.4 million in the third quarter of 2008. Distributable cash per unit for the quarter was \$0.35 compared with \$0.37 for the same period last year.

Capital raised through the recent issuance of Rate Reset Preferred Shares, combined with free cash flow from operations resulting from a lower payout ratio, have allowed the Company to reduce net debt by \$277 million compared to June 30, 2009.

### **Directories**

For the third quarter, Adjusted Revenues in Directories increased by 1% to reach \$348.6 million, and declined by 1% organically. Adjusted EBITDA increased by 0.5% to \$209 million. Adjusted EBITDA margin was 59.9% compared to a margin of 60.5% reported in the third quarter of 2008.

The priority in Directories continues to be the introduction of new products. During the quarter, YPG launched a new version of its popular YellowPages.ca™ local search application for the Apple iPhone. The latest version features advertiser video content and continues to put the power of Yellowpages.ca in the hands of on-the-go users. The YellowPages.ca™ mobile application remains in the leading free downloaded apps since launching at the iTunes App Store. To date, the company reports over 500,000 downloads of the iPhone and BlackBerry® apps.

In October, the Company launched an enhanced version of its YellowPages.ca™ site featuring a new simplified home page, a new results page with interactive mapping and increased flexibility for users to

refine their search. The business profile page has also been redesigned to have a more optimized organization of information. In addition, the platform has been enhanced to further enable geo-relevant searches through improvements in the search algorithm.

### **Vertical Media**

As the Company has previously reported, the current economic downturn has had the greatest impact at Trader. Third quarter revenues at Trader were \$61.5 million, representing a decline of 25.2% compared to the third quarter of 2008. Taking into account the sale of U.S. operations and other re-structuring initiatives completed during the fourth quarter of 2008, this decline narrows to 21.1%.

Third quarter EBITDA was \$18.1 million compared to \$29.5 million in the third quarter of last year and the EBITDA margin was 29.4% compared with 35.8% for the same period in 2008.

Trader continues to focus on the deployment of Dealer Smart Solutions, an integrated, cost-effective solution for automotive dealers. Training of the sales organization has been completed and the rollout is occurring according to plan. Dealer Smart Solutions is being very well received by dealers as it provides access to best-in-class online solutions under one fully integrated platform, allowing them to maximize their efficiency and reduce their costs.

In the third quarter, LesPAC redesigned its website, improved the user experience and launched new advertising offerings. In the real estate vertical, a resale section was added to HomeTrader.ca. This new category will complement the existing Rentals and New Homes / Condos categories released earlier this year.

### **Path to Conversion From an Income Trust to a Corporation**

Earlier this year, the Company outlined its objective of achieving a stronger capital structure as it transitions from an income trust to a traditional corporate structure. A series of successful financing activities undertaken in the second and third quarters enabled YPG Holdings Inc. to raise approximately \$800 million in the fixed-income and preferred share markets. During the third quarter, the Company repurchased for cancellation \$185 million of Medium Term Notes in order to accelerate the achievement of our de-leveraging objectives. In addition, the Company has fully paid down its bank lines and extended the terms of its indebtedness.

The Fund also affirmed its intention to maintain the cash distributions per unit at the current level of \$0.80 annually leading to conversion.

### **Substantial Issuer Bid for Exchangeable Debentures**

YPG Holdings Inc. announced separately today its intent to conduct a substantial issuer bid to purchase for cancellation all of its outstanding 5.50% Exchangeable Unsecured Subordinated Debentures (TSX: YPG.DB) maturing in August 2011 for an aggregate principal amount of \$300 million.

The circular for this substantial issuer bid is expected to be filed on or about November 6, 2009 and should be concluded during the fourth quarter. This substantial issuer bid will be financed through a \$300 million special-purpose committed credit facility as well as the company's existing commercial paper program.

"We continue to execute initiatives to strengthen our capital structure. We are well positioned to surface value for our stakeholders as we look to conversion to a corporate structure in late 2010", mentioned Christian M. Paupe, Executive Vice President and Chief Financial Officer. "We are also confirming our intention to maintain a cash distribution level of \$0.80 per unit on an annual basis leading to conversion".

### **Trader Goodwill Impairment Charge**

As announced in the second quarter, the Company determined that the deterioration of the economic environment and its continuing negative impact indicated that the goodwill and other long-lived assets related to the Vertical Media segment should be tested for potential impairment. The impairment testing was completed during the third quarter and, as a result, the Company recorded a goodwill impairment charge of \$315 million in net earnings for the period.

“This goodwill impairment charge represented an accounting adjustment to the balance sheet of Trader Corporation and does not affect our ongoing operations,” said Mr. Paupe. “This non-cash write down has no impact on our liquidity, cash flow from operating activities, credit arrangements, bond indentures or future operations.”

### **Investor Conference Call**

Yellow Pages Income Fund will hold an analyst and media call at 11:00 a.m. (Eastern Time) on Wednesday, November 4, 2009 to discuss third quarter 2009 results. The call may be accessed by dialling (416) 340-2216 within the Toronto area, or 1 866 226-1792 outside of Toronto. The call will be simultaneously webcast on the Company’s web site at <http://www.ypg.com/page.php/en/1/618.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 November 4 to November 12, 2009 by dialling (416) 695-5800 from within the Toronto area, or 1 800 408-3053 outside Toronto. The conference passcode is **3110606**.

### **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 November 4, 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 November 4, 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 September 30,		For the nine-month periods ended September 30,	
	2009	2008	2009	2008
Revenues	\$408,318	\$426,141	\$1,234,205	\$1,271,154
(Loss) income from operations	(124,073)	204,424	231,153	560,974
Net (loss) earnings	(168,792)	146,063	79,648	408,737
Basic (loss) earnings per unit	\$(0.33)	\$0.28	\$0.16	\$0.78
Cash flow from operating activities	\$168,548	\$187,528	\$551,453	\$514,705
Adjusted Revenues <sup>1</sup>	\$410,079	\$426,156	\$1,244,842	\$1,271,905
Adjusted EBITDA <sup>1</sup>	227,032	237,481	679,058	699,528
Adjusted EBITDA margin	55.4%	55.7%	54.5%	55.0%
Distributable cash <sup>1</sup>	\$179,199	\$192,362	\$541,298	\$566,323
Weighted average number of units outstanding	510,030,789	519,908,187	511,994,035	525,335,325
Distributable cash per unit	\$0.35	\$0.37	\$1.06	\$1.08
Distributions declared	\$102,041	\$150,252	\$370,568	\$448,628
Distributions declared per unit	\$0.20	\$0.29	\$0.72	\$0.85

### <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, impairment of goodwill, 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 September 30,		For the nine-month periods ended September 30,	
	2009	2008	2009	2008
Revenues	\$408,318	\$426,141	\$1,234,205	\$1,271,154
Elimination of purchase accounting impact	1,761	15	10,637	751
<b>Adjusted Revenues</b>	<b>\$410,079</b>	<b>\$426,156</b>	<b>\$1,244,842</b>	<b>\$1,271,905</b>
<b>(Loss) income from operations</b>	<b>(\$124,073)</b>	<b>\$204,424</b>	<b>\$231,153</b>	<b>\$560,974</b>
Depreciation and amortization	35,282	33,369	107,404	140,193
Impairment of goodwill	315,000	-	315,000	-
Restructuring and special charges	-	-	20,584	-
<b>Income from operations before depreciation and amortization, impairment of goodwill and restructuring and special charges</b>	<b>226,209</b>	<b>237,793</b>	<b>674,141</b>	<b>701,167</b>
Elimination of purchase accounting impact	823	(312)	4,917	(1,639)
<b>Adjusted EBITDA</b>	<b>\$227,032</b>	<b>\$237,481</b>	<b>\$679,058</b>	<b>\$699,528</b>

## Distributable Cash

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2009	2008	2009	2008
<b>Cash flow from operating activities</b>	<b>\$168,548</b>	<b>\$187,528</b>	<b>\$551,453</b>	<b>\$514,705</b>
Operating non-cash items <sup>1</sup>	(7,363)	(5,146)	(10,784)	(16,035)
Change in operating assets and liabilities <sup>2</sup>	14,858	13,406	(23,557)	76,163
Maintenance capital expenditures <sup>3</sup>	(3,521)	(5,280)	(10,740)	(15,808)
Restructuring and special charges <sup>4</sup>	-	-	20,584	-
Other <sup>5</sup>	6,677	1,854	14,342	7,298
<b>Distributable cash</b>	<b>\$179,199</b>	<b>\$192,362</b>	<b>\$541,298</b>	<b>\$566,323</b>
Weighted average number of units outstanding	510,030,789	519,908,187	511,994,035	525,335,325
Distributable cash per unit	\$0.35	\$0.37	\$1.06	\$1.08
Distributions declared	\$102,041	\$150,252	\$370,568	\$448,628
Distributions declared per unit	\$0.20	\$0.29	\$0.72	\$0.85
Payout ratio <sup>6</sup>	57%	78%	68%	79%

<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, 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.