

## Yellow Pages Income Fund Reports Fourth Quarter and 2009 Financial Results

- Directories business remains strong
- Online organic growth for the year of 24%
- YPG well positioned for economic recovery

**Montréal (Québec), February 11, 2010** – Yellow Pages Income Fund (TSX: YLO.UN) announced 2009 fourth quarter and full-year results today, showing continued strength in the Company's directories business and sustained online organic growth. YPG executed key initiatives during the course of 2009 to reinforce its capital structure as it prepares for conversion from an income trust to a traditional corporate structure.

For the fiscal year ending December 31, 2009, consolidated net earnings (including impairment of goodwill, restructuring and special charges) were \$204.3 million, compared to \$509.2 million in 2008. Income from operations before goodwill impairment was \$710.7 million versus \$710.4 million for the prior year. Cash flow from operating activities was \$750.2 million during the year, an increase of 8.4% over last year.

Consolidated Adjusted Revenues<sup>1</sup> were \$1.65 billion compared to \$1.7 billion in 2008. Consolidated Adjusted EBITDA<sup>1</sup> for the year was \$898.4 million compared to \$931.0 million in the prior year. Consolidated EBITDA (income from operations before depreciation and amortization, impairment of goodwill and restructuring and special charges) for 2009 was \$893.4 million compared to \$932.7 million in 2008.

"This past year, we remained very focused on operational execution while investing in product innovation in both our Directories and Vertical Media segments in order to meet our customers' evolving needs," said Marc P. Tellier, President and Chief Executive Officer of Yellow Pages Group. "Building on our core strengths, we have achieved significant progress towards our objective of positioning YPG as a leader in the local commercial search arena and benefit from the economic recovery. At Trader, our cost containment efforts along with the successful deployment of Dealer Smart Solutions should position the Company well for the future."

Online revenues for Directories and Vertical Media combined reached \$304.4 million in 2009 representing strong organic growth of 24% compared to last year.

The ongoing resilience of the directories business, coupled with cost containment measures implemented across the entire company, resulted in Distributable cash of \$714.3 million for the year compared to \$750.9 million in 2008. Distributable cash per unit for 2009 was \$1.40 compared to \$1.43 in the previous year.

### Fourth Quarter Results

For the fourth quarter ended December 31, 2009, consolidated net earnings were \$124.6 million, compared to \$100.5 million in the fourth quarter of 2008. Income from operations was \$164.6 million in the quarter compared to \$149.4 million for the same period in 2008. Cash flow from operating activities amounted to \$198.7 million during the quarter, compared to \$177.7 million in the same quarter of 2008.

Consolidated Adjusted Revenues were \$405.7 million in the fourth quarter compared to \$425.6 million in the fourth quarter of 2008. Adjusted EBITDA was \$219.3 million compared to \$231.4 million for the same period last year. Fourth quarter online revenues for Directories and Vertical Media combined were \$82.6 million, representing organic growth of 19% over the same period in 2008. On an annualized basis, online revenues reached \$330.4 million.

Distributable cash in the fourth quarter of 2009 was \$173.0 million, while Distributable cash per unit was \$0.34.

### Investing in Directories

For the full year 2009, Adjusted Revenues in Directories reached \$1.4 billion and Adjusted EBITDA was \$826.8 million, representing annual growth of 1.9% and 0.5% respectively. Appropriate actions to control expenditures translated into sustained strong EBITDA conversion. Adjusted EBITDA margin for the year was 58.9 % compared to 59.8% for 2008.

For the fourth quarter of 2009, Adjusted Revenues declined by 2.7% to \$345.4 million compared to the fourth quarter of 2008. Adjusted EBITDA decreased by 2.5% to \$203.2 million during the quarter. Adjusted EBITDA margin was 58.8% compared to a margin of 58.7% reported in the fourth quarter of 2008.

In 2009, the Company focused on enhancing the user experience on its different platforms. To address consumers' evolving needs as they migrate more and more to the Internet, YPG accelerated the pace at which it adds features and functionalities to YellowPages.ca™. YPG's leading online site now offers geo-relevant results based on merchants closest to the user's location, interactive mapping functions, and more options for users to refine their search. The site also features merchant videos, which further enhance the user's online experience while providing greater visibility to advertisers.

With the increasing trend in the usage of mobile devices among consumers, the Company launched a series of initiatives to tap into this high-growth potential market. YPG successfully introduced mobile search applications for users of BlackBerry®, Google Android™ and iPhone™ smart phones in 2009. By year-end, the iPhone and Blackberry applications had been downloaded more than 650,000 times.

As digital and online interactive media spend is expected to grow over the next few years, YPG announced in October a partnership with Marchex, a leading local search and performance advertising company, to provide simple, local online performance-based advertising products and services to Canada's small and medium-sized enterprises (SMEs). The Company will be launching new Search Engine Solutions in the first quarter of 2010.

### **Repositioning the Business at Trader**

As reported in prior quarters, the economic recession has had its greatest impact on the operations of Trader. However, investments continued throughout the year to build a national sales platform, automate back-office processes, and consolidate product and call centre activities.

Most significant for Trader during the course of the year was its partnership with Dealer.com and the resulting introduction of Dealer Smart Solutions to Trader's Canadian base of new and used vehicle dealerships. Trader also made a number of enhancements to its popular AutoTrader™.ca website. The Company notably redesigned the site home page and optimized its search capabilities.

Full year revenues at Trader were \$247.9 million compared to \$320.7 million in 2008. EBITDA was \$71.5 million for the year compared to \$108.2 million in 2008, while EBITDA margin was 28.9% compared to 33.7% for the previous year.

Fourth quarter revenues were \$60.3 million, representing a decline of 14.8% compared to the fourth quarter of 2008. Taking into account the sale of U.S. operations and other restructuring initiatives completed during the fourth quarter of 2008, this decline would have been 12.3%.

Fourth quarter EBITDA was \$16.1 million compared to \$23.1 million in the fourth quarter of last year. EBITDA margin was 26.7% compared to 32.6% in the fourth quarter of 2008.

### **Yellow Media Inc.**

As part of its plan to convert from an income trust to a traditional corporate structure, YPG Holdings Inc. has recently been renamed Yellow Media Inc. The new name builds upon the Company's legacy of delivering placement and performance products to Canadian businesses. It also reflects its expansion into providing turn-key solutions to businesses through its online, mobile and print multimedia platforms. Following the conversion, Yellow Media Inc. will own Yellow Pages Group and Trader Corporation.

### **Strong Balance Sheet**

YPG took a number of key initiatives during the course of 2009 to strengthen its balance sheet as it prepares for conversion from an income trust to a traditional corporate structure by the end of 2010. During 2009, Yellow Media Inc. raised more than \$1.2 billion in the fixed-income and equity capital markets.

Yellow Media Inc. raised an incremental \$425 million in the fixed-income and equity capital markets during the fourth quarter. In November, Yellow Media Inc. completed an issuance of \$300 million, 10-year Medium Term Notes. In December, cumulative rate reset preferred shares were issued for gross proceeds of \$125 million. The net proceeds of such financing initiatives were used to repay indebtedness under Yellow Media Inc. commercial paper program and for general corporate purposes.

During the quarter, the Company completed its Substantial Issuer Bid for \$300 million of Exchangeable Debentures maturing in August 2011. The take-up rate on the issuer bid was 71% with \$213.5 million of the outstanding Debentures being cancelled by Yellow Media Inc. on December 14, 2009. Also during the quarter, the Company continued to purchase for cancellation Medium Term Notes in order to accelerate the achievement of its de-leveraging objectives. From June 2009 to December 2009, the Company achieved a net debt reduction of \$451 million through free cash flow generation and preferred equity issuance.

“YPG has now fully paid down its bank lines, extended the terms of its indebtedness and eliminated refinancing risk for the period leading to conversion,” said Christian M. Paupe, Executive Vice-President and Chief Financial Officer.

### **Investor Conference Call**

Yellow Pages Income Fund will hold an analyst and media call at 1:00 p.m. (Eastern Time) on Thursday, February 11, 2010 to discuss fourth quarter and full-year 2009 results. The call may be accessed by dialling (416) 340-2218 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/1/643.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 February 11 to February 19, 2010 by dialling (416) 695-5800 from within the Toronto area, or 1 800 408-3053 outside Toronto. The conference passcode is 1203366.

### **About Yellow Media Inc.**

Yellow Media Inc., a subsidiary of Yellow Pages Income Fund, owns Yellow Pages Group and Trader Corporation. Yellow Pages Group (YPG) is Canada’s leading performance media and marketing solutions company. The Company brings consumers and businesses together locally through its network of print, digital and mobile properties. YPG enables consumers to make smarter decisions, helping people find what they need wherever and whenever. YPG partners with businesses to build successful marketing and lead generation programs, helping them grow their business. Trader Corporation (Trader) is a leader in print and digital vertical media and offers a broad set of services such as inventory management, web solutions, optimization of media spend, and lead generation campaigns. Trader caters to the automotive, real estate and generalist verticals. Yellow Media Inc. owns and operates some of Canada’s leading properties and publication including Yellow Pages™ directories, YellowPages.ca™, Canada411.ca™, Auto Trader™(.ca), Home Trader™(.ca), and LesPAC.com. For more information, [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 February 11, 2010, 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 February 11, 2010 Management’s Discussion and Analysis. We disclaim any intention or obligation to update any forward-looking statements 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 December 31,		For the years ended December 31,	
	2009	2008	2009	2008
Revenues	\$405,679	\$425,559	\$1,639,884	\$1,696,713
Income from operations	164,555	149,442	395,708	710,416
Net earnings	124,607	100,490	204,255	509,227
Basic earnings per unit	\$0.25	\$0.19	\$0.40	\$0.97
Cash flow from operating activities	\$198,734	\$177,651	\$750,187	\$692,356
Adjusted Revenues <sup>1</sup>	\$405,679	\$425,559	\$1,650,521	\$1,697,464
Adjusted EBITDA <sup>1</sup>	219,297	231,424	898,355	930,952
Adjusted EBITDA margin	54.1%	54.4%	54.4%	54.8%
Distributable cash <sup>1</sup>	\$172,983	\$184,547	\$714,281	\$750,870
Weighted average number of units outstanding	506,694,949	517,811,656	510,658,375	523,444,129
Distributable cash per unit	\$0.34	\$0.36	\$1.40	\$1.43
Distributions declared	\$101,329	\$151,302	\$471,897	\$599,930
Distributions declared per unit	\$0.20	\$0.29	\$0.92	\$1.15

### <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 December 31,		For the years ended December 31,	
	2009	2008	2009	2008
Revenues	\$405,679	\$425,559	\$1,639,884	\$1,696,713
Elimination of purchase accounting impact	-	-	10,637	751
<b>Adjusted Revenues</b>	<b>\$405,679</b>	<b>\$425,559</b>	<b>\$1,650,521</b>	<b>\$1,697,464</b>
<b>Income from operations</b>	<b>\$164,555</b>	<b>\$149,442</b>	<b>\$395,708</b>	<b>\$710,416</b>
Depreciation and amortization	35,010	45,872	142,414	186,065
Impairment of goodwill	-	-	315,000	-
Restructuring and special charges	19,732	36,225	40,316	36,225
<b>Income from operations before depreciation and amortization, impairment of goodwill and restructuring and special charges</b>	<b>219,297</b>	<b>231,539</b>	<b>893,438</b>	<b>932,706</b>
Elimination of purchase accounting impact	-	(115)	4,917	(1,754)
<b>Adjusted EBITDA</b>	<b>\$219,297</b>	<b>\$231,424</b>	<b>\$898,355</b>	<b>\$930,952</b>

## Distributable Cash

	For the three-month periods ended December 31,		For the years ended December 31,	
	2009	2008	2009	2008
<b>Cash flow from operating activities</b>	<b>\$198,734</b>	<b>\$177,651</b>	<b>\$750,187</b>	<b>\$692,356</b>
Operating non-cash items <sup>1</sup>	(6,034)	(3,706)	(16,818)	(19,741)
Change in operating assets and liabilities <sup>2</sup>	(36,281)	(22,229)	(59,838)	53,934
Maintenance capital expenditures <sup>3</sup>	(3,524)	(5,293)	(14,264)	(21,101)
Restructuring and special charges <sup>4</sup>	19,732	36,225	40,316	36,225
Other <sup>5</sup>	356	1,899	14,698	9,197
<b>Distributable cash</b>	<b>\$172,983</b>	<b>\$184,547</b>	<b>\$714,281</b>	<b>\$750,870</b>
Weighted average number of units outstanding	506,694,949	517,811,656	510,658,375	523,444,129
Distributable cash per unit	\$0.34	\$0.36	\$1.40	\$1.43
Distributions declared	\$101,329	\$151,302	\$471,897	\$599,930
Distributions declared per unit	\$0.20	\$0.29	\$0.92	\$1.15
Payout ratio <sup>6</sup>	59%	81%	66%	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, 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.