

Yellow Media Inc. Reports Q3 2010 Financial Results

- Conversion to a corporation on November 1, 2010
- Distributable cash per unit of \$0.35, in line with last year
- Record online revenues of \$463 million on an annualized basis
- Online revenues now represent 27% of revenues

Montreal (Quebec), November 3, 2010 — Yellow Media Inc. (TSX: YLO) announced today its results for the third-quarter of 2010. Concurrent with this release Yellow Media Inc. begins a new era as a corporation. YPG's timely conversion to a corporation coincides with improving economic conditions and a stream of new products and initiatives which are expected to accelerate YPG's ongoing digital transformation.

For the third quarter ending September 30, 2010, net earnings stood at \$74.7 million compared to a loss of \$168.5 million (or a gain of \$146.5 million before the Trader Impairment Charge) for the same period in 2009. Income from operations was \$131.9 million compared to a loss of \$124.1 million for the same quarter twelve months ago. Meanwhile cash flow from operating activities was \$142.7 million versus \$168.5 million for the same 2009 period.

Revenues grew by 5% from \$408.3 million to \$428.6 million, while EBITDA was \$221.5 million compared to \$226.2 million in 2009. EBITDA excluding non-recurring items¹ remained stable at \$226.0 million compared to \$226.2 million in the previous year. EBITDA on a reported basis is net of non-recurring items¹ aggregating \$4.4 million in the third quarter.

"Advertiser confidence is improving and we are encouraged by early signs of stabilization," said Marc P. Tellier, President and Chief Executive Officer of Yellow Pages Group. "In today's rapidly changing landscape of digital and social media, Canadian SMEs realize that they need a trusted ally like YPG in order to reach new customers. With our attractive products and solutions, along with our growing network of print, online and mobile properties, we are helping SMEs optimize their marketing spend and grow their business."

Combined online revenues for Directories and Vertical Media were \$115.7 million for the quarter, or \$463 million on an annualized basis. This represents organic growth of 15% for the quarter and 17% for the nine-month period ended September 30, 2010.

Third-quarter distributable cash was \$176.9 million or \$0.35 per unit compared to \$179.2 million or \$0.35 per unit during the same quarter last year.

Directory Business

For the third quarter of 2010, the Directories business posted revenues of \$348.9 million, in line with 2009 revenues of \$346.8 million. EBITDA excluding non-recurring items¹ was \$202.9 million, representing a margin of 58.2%, as compared with EBITDA of \$208.1 million and a 60% margin in the previous year. YPG's control over expenditures once again generated strong EBITDA conversion, with the savings largely redeployed to new online initiatives and product launches.

Mediative: New Digital Marketing Company

Subsequent to quarter end, YPG launched Mediative, a digital advertising and marketing solutions provider for national agencies and advertisers, to strengthen its position as Canada's leading performance media and marketing solutions company.

Mediative will address national agencies and advertisers' needs through its two divisions: YPG Ad Network and Mediative Performance.

¹ See Non-GAAP Measures

YPG Ad Network will offer digital media advertising, capitalizing on YPG's existing strong network of print and online properties, including the flagship destinations AutoTRADER.ca, RedFlagDeals.com and YellowPages.ca. Specifically, the YPG Ad Network will provide premium and performance display advertising and audience targeting on Canada's leading online and mobile ad networks, as well as vertical ad products and solutions in the automotive, real estate and retail categories.

Mediative Performance will offer a wide array of services, such as Search Engine Optimization, Search Engine Marketing, social media marketing, and location-based marketing.

In order to accelerate the market position of Mediative, YPG announced a series of transactions. YPG acquired Enquiro, a leading search engine marketing company, Ad Splash Media, a national retail advertising leader, and UPTREND Media, Canada's leading independent online advertising representation firm. These companies will be combined under Mediative, a Yellow Pages Group Company. YPG has also entered into an exclusive licensing agreement with Acquisio, enabling Mediative to provide to its customers access to Acquisio's leading search, social and display advertising platform in Canada. YPG has held a 24% ownership interest in Acquisio Inc. since April, 2009. The aggregate purchase price consideration for these acquisitions will be for an amount of up to \$60 million. An amount of \$35 million was paid in cash at closing and the balance will be paid over time subject to future performance. These acquisitions are expected to generate approximately \$35 million of annualized revenues.

Shift to Digital to Deliver Sustained Growth in 2011

During the quarter, YPG announced further improvements to its flagship online properties, YellowPages.ca and PagesJaunes.ca. These improvements include the launch of Yellow Pages address book which allows users to create their own preferred list of merchants.

Among new product launches is Deal of the Day from RedFlagDeals.com, an innovative way for consumers to shop for local goods and services. The concept brings group buying to consumers. RedFlagDeals.com is Canada's number one online shopping community.

Also, YPG launched a BETA version of a public application programming interface (API). Targetting developers working on online and mobile platforms, the API enables the development of applications that stream local search content from YPG's database. As these applications become available, millions more Canadian consumers will have access to relevant and dynamic local content. This in turn allows YPG to increase the visibility and number of business leads our advertisers receive.

During the quarter, YPG created a partnership with TELUS whereby the Yellow Pages mobile application will be preloaded on select BlackBerry™ smartphones, with equivalent applications to follow on other phones. Canadians have already downloaded this application more than 1.8 million times. The exclusive partnership adds significant value, as it feeds YellowPages.ca local content to millions of TELUS 411 users and builds YPG's mobile presence.

To better inform Canadian SMEs about YPG's growing digital clout and strong offer, a multimedia advertising campaign was launched to re-introduce YPG to businesses. Coinciding with Small Business Week on October 18, the newspaper and radio B2B campaign focuses on raising awareness about the fact that Yellow Pages is digital. The goal is to invite businesses to learn more about YPG's new digital solutions.

Vertical Media Business

Revenues for the quarter grew by 29% to \$79.6 million largely on the strength of Dealer.com. Meanwhile Trader's performance continued to improve, with gains in the commercial vehicle segment. As these revenue trends suggest, cyclical pressures appear to be abating. However, while results in the automotive category improved, the real estate and generalist categories remained sluggish. Third-quarter EBITDA was \$23 million, a 27% gain over the same quarter in 2009.

During the quarter, Trader expanded Dealer Smart Solutions to the non-passenger vehicles (NPV) segment. This product expansion leverages all the successful components of Dealer Smart Solutions but also customizes the offering to the NPV market's specific needs. The focus will be on targeting existing Trader customers, up-selling them from current print media offerings to the integrated solutions. New customer acquisition is expected to deliver additional lift.

As at September 30, 2010, 3,300 unique advertisers had subscribed to our Dealer Smart Solutions out of a total of 7,700 commercial vehicle advertisers.

Conversion to Corporate Structure

As previously announced, on November 1, 2010, Yellow Pages Income Fund's (YPIF) proposed Plan of Arrangement became effective resulting in the conversion of YPIF's income trust structure into a dividend paying publicly-traded corporation named Yellow Media Inc.

Unitholders of YPIF received, for each unit of YPIF held, one common share of Yellow Media Inc. On that same date, the units of the Fund were delisted from the Toronto Stock Exchange. Trading of the common shares of Yellow Media Inc. on the Toronto Stock Exchange commenced on November 1, 2010, under the symbol "YLO".

Concurrent with the conversion, the Company announced the implementation of a Dividend Reinvestment Plan ("the Plan"), which enables holders of common shares who are resident in Canada to automatically have their cash dividends reinvested in additional common shares of Yellow Media Inc. At this time, under the Plan, the Company intends to have the common shares issued from treasury at a 5% discount from the average market price (as defined under the Plan) of the common shares on the applicable dividend payment date. Eligible holders of common shares who wish to participate in the Plan should contact the financial institution, broker or other intermediary through which their common shares are held to provide appropriate enrolment instructions and to ensure that any deadlines or other requirements that such financial institution, broker or intermediary may impose or be subject to are met.

Investor Conference Call

Yellow Media Inc. will hold an analyst and media call at 10:00 am (Eastern Time) on November 3, 2010 to discuss the third quarter 2010 results. The call may be accessed by dialing (416) 340-2218 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/en/investors/financial-reports/2010/quarterly-reports/third-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 November 3 to November 11, 2010 by dialing (416) 695-5800 from within the Toronto area, or 1 800 408-3053 outside Toronto. The conference passcode is 6430688.

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, Trader Corporation and Canpages. Yellow Media Inc. owns and operates some of Canada's leading properties and publications including Yellow Pages™ directories, YellowPages.ca™, Canada411.ca™, AutoTrader.ca™, CanadianDriver.com, RedFlagDeals.com, and LesPAC.com. Its online destinations reach over 11.5M unique visitors monthly and its mobile applications for finding local businesses, deals and vehicles 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, 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 3, 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 8 of our November 3, 2010 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,	
	2010	2009	2010	2009
Revenues	\$428,570	\$408,318	\$1,257,083	\$1,234,205
Income (loss) from operations	131,875	(124,073)	436,613	231,153
Net earnings (loss) ²	74,705	(168,515)	276,368	80,477
Basic earnings (loss) per unit	\$0.15	\$(0.33)	\$0.54	\$0.16
Cash flow from operating activities	\$142,685	\$168,548	\$465,617	\$551,453
EBITDA before conversion and rebranding costs ¹	225,958	226,209	673,631	674,141
EBITDA margin	51.7%	55.4%	52.3%	54.6%
Distributable cash ¹	\$176,949	\$179,199	\$533,627	\$541,298
Weighted average number of units outstanding	501,815,664	510,030,789	503,333,857	511,994,035
Distributable cash per unit	\$0.35	\$0.35	\$1.06	\$1.06
Distributions declared	\$100,402	\$102,041	\$302,088	\$370,568
Distributions declared per unit	\$0.20	\$0.20	\$0.60	\$0.72

Non-GAAP Measures¹

In order to provide a better understanding of the results, the Fund uses the term EBITDA (income from operations before depreciation and amortization, acquisition-related costs, impairment of goodwill and restructuring and special charges). In addition, the terms EBITDA before conversion and rebranding costs is used to reflect EBITDA adjusted for non-recurring items such as conversion and rebranding costs. 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, conversion and rebranding costs, acquisition-related costs, restructuring and special charges, 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, EBITDA before conversion and rebranding costs, 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 EBITDA, EBITDA before conversion and rebranding costs, and Distributable cash to the most comparable Canadian GAAP financial measures:

Non-controlling interests²

Non-controlling interests are no longer recorded as a deduction in calculating net earnings and total comprehensive income. Instead, net earnings and each component of other comprehensive income are attributed to the owners of the Fund and to the non-controlling interests. The presentation requirements for non-controlling interests were applied retrospectively to 2009.

Revenues and EBITDA

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2010	2009	2010	2009
Revenues	\$428,570	\$408,318	\$1,257,083	\$1,234,205
Income (loss) from operations	\$131,875	\$(124,073)	\$436,613	\$231,153
Depreciation and amortization	70,139	35,282	168,947	107,404
Acquisition-related costs	2,038	-	25,587	-
Impairment of goodwill	-	315,000	-	315,000
Restructuring and special charges	17,465	-	26,442	20,584
Income from operations before depreciation and amortization, acquisition-related costs impairment of goodwill and restructuring and special charges	221,517	226,209	657,589	674,141
Conversion and rebranding costs	4,441	-	16,042	-
EBITDA before conversion and rebranding costs	\$225,958	\$226,209	\$673,631	\$674,141

Distributable Cash

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2010	2009	2010	2009
Cash flow from operating activities	\$142,685	\$168,548	\$465,617	\$551,453
Operating non-cash items ¹	(850)	(7,363)	(3,128)	(10,784)
Change in operating assets and liabilities ²	9,258	14,858	(1,610)	(23,557)
Maintenance capital expenditures ³	(3,575)	(3,521)	(10,725)	(10,740)
Acquisition-related costs ⁴	2,038	-	25,587	-
Restructuring and special charges ⁵	17,465	-	26,442	20,584
Conversion and rebranding costs ⁶	4,441	-	16,042	-
Other ⁷	5,487	6,677	15,402	14,342
Distributable cash	\$176,949	\$179,199	\$533,627	\$541,298
Weighted average number of units outstanding	501,815,664	510,030,789	503,333,857	511,994,035
Distributable cash per unit	\$0.35	\$0.35	\$1.06	\$1.06
Distributions declared	\$100,402	\$102,041	\$302,088	\$370,568
Distributions declared per unit	\$0.20	\$0.20	\$0.60	\$0.72
Payout ratio ⁸	57%	57%	57%	68%

¹Represents 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.

²Changes 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.

³Maintenance 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.

⁴Acquisition-related costs are excluded from the calculation as they do not reflect the ongoing operations of the business. Prior to the Fund's early adoption of Section 1582, *Business Combinations* on January 1, 2010, these expenses would have been included in the purchase price of such acquisitions.

⁵Restructuring and special charges are excluded from the calculation as they do not reflect the ongoing operations of the business.

⁶Conversion and rebranding costs are excluded from the calculation as they do not reflect the ongoing operations of the business.

⁷Includes amounts related to non-controlling interest in Dealer.com and LesPAC, tax related amounts and other amounts that do not reflect the ongoing operations of the business.

⁸The 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.