



Yellow Pages™



THE MARKET

Yellow Pages Group is Canada's largest telephone directories publisher. Its national platform of print and online directories affords it a unique geographic positioning for a media company in Canada. Yellow Pages Group is the incumbent directory publisher in Quebec, Ontario, Alberta, British Columbia and the Territories, and in Atlantic Canada through Aliant ActiMedia.

The company owns and manages YellowPages.ca™ and Canada411.ca*, Canada's most visited online directories, as well as CanadaPlus.ca™, a network of seven local city sites. Yellow Pages Group offers deep online local content on a national basis.

With its strong nationwide sales force that maintains long-standing relationships with over 381,000 advertisers, Yellow Pages Group is ideally positioned to gather content that is not only thorough and detailed, but also up-to-date and relevant to today's Canadian consumers.

ACHIEVEMENTS

The year 2003 marked the rebirth of two of the most well-known brands in Canada — the Yellow Pages™ brand and the Walking Fingers Design™ brand. The company's first step was to re-think what the brands meant to users and how their positioning could differentiate them in the marketplace. After extensive market research, a mass advertising campaign was launched. The company invested heavily in its products, notably by redesigning the directory covers to better reflect its new positioning.

In 2005, the company redesigned its brand and corporate logos to reflect its more modern, innovative and youthful products as well as its leadership in the Canadian directory market. The company also expanded the definition of the brand notion to include online and wireless formats.

Concurrent with the modernization of the brand, Yellow Pages Group enlarged its marketing strategies to include B2B initiatives such

as the creation of an online Advertiser Center and e-Newsletter.

Today, Yellow Pages Group is one of Canada's leading media companies. Since the Yellow Pages Group IPO, the company has achieved industry-leading levels of organic growth and operating margins. Yellow Pages Group continues to have great momentum in its operating and financial metrics and believes that with its strong national platform, it is well positioned for the future.

HISTORY

Yellow Pages Group is in many ways a new and rejuvenated company with a 100-year-old history.

The company published its first directory in 1908 and operated as a division of Bell Canada until 1971, when it was incorporated as Tele-Direct (Publications) Inc. At that time, the company published directories that covered nearly all of Ontario and Quebec, following the local telephone service footprint, and the markets of Yukon, Northwest Territories and Nunavut.

In 1999, Tele-Direct (Publications) Inc. changed its name to Bell ActiMedia Inc. and repositioned itself as a multimedia company. Yellow Pages Group was formed in 2002, with the acquisition of the directory publishing operations of Bell Canada by Kohlberg Kravis Roberts & Co. (KKR) and Ontario Teachers' Merchant Bank.

On May 15, 2003, Yellow Pages Group concluded the purchase of the CanadaPlus.ca city sites network from Bell Canada's Sympatico Portal Division. In 2005, Yellow Pages Group launched the TorontoPlus.ca™ city site, completing its nationwide city sites presence.

On August 1, 2003, Yellow Pages Group, through Yellow Pages Income Fund, completed the largest income trust's IPO in Canadian history. By 2004, the company had completed its transition to a stand-alone publicly traded entity while laying the foundation for a new future.

On May 25, 2005, Yellow Pages Group completed the purchase of Advertising Directory Solutions Holdings Inc. (ADS), creating a national platform for its print and online directories.

THE PRODUCT

Yellow Pages Group publishes more than 330 Yellow Pages™ and residential directories annually. The Yellow Pages™ directories are present in markets that cover 93 percent of the Canadian population. That means that virtually every household and business in these markets receives a Yellow Pages™ directory.

Yellow Pages Group is the exclusive owner of the Yellow Pages™, Pages Jaunes™ and Walking Fingers Design™ trademarks in Canada.

In addition to its print products, Yellow Pages Group operates leading online directories, YellowPages.ca™ (Find a business), Canada411.ca* (Find a person), and CanadaPlus.ca™, a network of local city sites including MontrealPlus.ca™, QuebecPlus.ca™, TorontoPlus.ca™, CalgaryPlus.ca™, EdmontonPlus.ca™, OttawaPlus.ca™ and VancouverPlus.ca™. These sites attract approximately 7.5 million unique visitors per month, making the network the sixth most visited by online Canadians.

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In 2006, Yellow Pages Group started extending its product line, as a complement to its traditional Yellow Pages™ directory advertising offering. The company entered into a partnership with Transcontinental Media to



develop specialized guides that contain both editorial content and directory information for a specific topic. The first guides on home improvement were launched in Toronto and Montreal in 2006.

RECENT DEVELOPMENTS

Yellow Pages Group is focused on extending the directory category by developing new products beyond the print book. The company seeks to offer the public seamless solutions that do not distinguish between print, online and wireless formats. The goal is to incite people to turn to one of Yellow Pages Group directories, in any of its formats, whenever they are looking for a product, service, business or person. This objective also leads to a broader visibility for advertisers and greater content for users.

The new YellowPages.ca™ search engine is a prime example of this. In 2006, Yellow Pages Group launched this unique, keyword searchable online search platform that allows users to submit unstructured queries and obtain structured results. The new YellowPages.ca™ Web site has become a “find engine” that will enable the company to

consolidate its leadership position in the area of local search.

The WebNumber™ service also demonstrates the company's commitment to offer broad visibility to advertisers. Launched in May 2005, this



service provides a free Web site to every business in Canada that has a Yellow Pages™ listing. The Internet address for these sites comprises the merchant's telephone number, followed by “yellowpages.ca” or “yp.ca.”

Another new product being piloted is HelloYellow™, a voice-activated telephone directory assistance service that allows users to conduct a business category search by phone.

PROMOTION

Yellow Pages Group advertising and promotions are aligned with the objective of expanding the directory category. Recent campaigns were intended to further rejuvenate the brand and increase the top-of-mind awareness of the company's online properties.

The way Yellow Pages Group has been doing this is by combining the usual gamut of media — TV and radio spots, out-of-home and street advertising — with some truly unexpected guerrilla tactics and stunts. Initiatives that have been getting lots of attention at airports include the “Sleeping Dummy” media — a mannequin that resembles a woman sleeping on a bench. Above her is a Yellow Pages.ca™ ad that reads “www.5 star hotel within 5 km.ca,” suggesting that she should have used the directory to find a hotel.

Other innovative airport tactics have included the use of suitcases,

luggage trolleys and electronic display boards to deliver unexpected and memorable messages.

It is not just at airports where Yellow Pages Group has been getting creative, though. It is also at home, bridal and maternity shows. Essentially, Yellow Pages Group wants to be involved in every business search in a remarkable way.

BRAND VALUES

Yellow Pages™ directories are more than search engines. They are “find engines.” They are not used as entertainment or for casual surfing, but are instead perceived as a singular resource to find something. And finding ultimately connects buyers and sellers.

Consumers have come to rely on Yellow Pages™ directories to help them make clever buying decisions. That is because they know they are efficient and easy to use, and they trust that they will help them find exactly what they are looking for — every time.

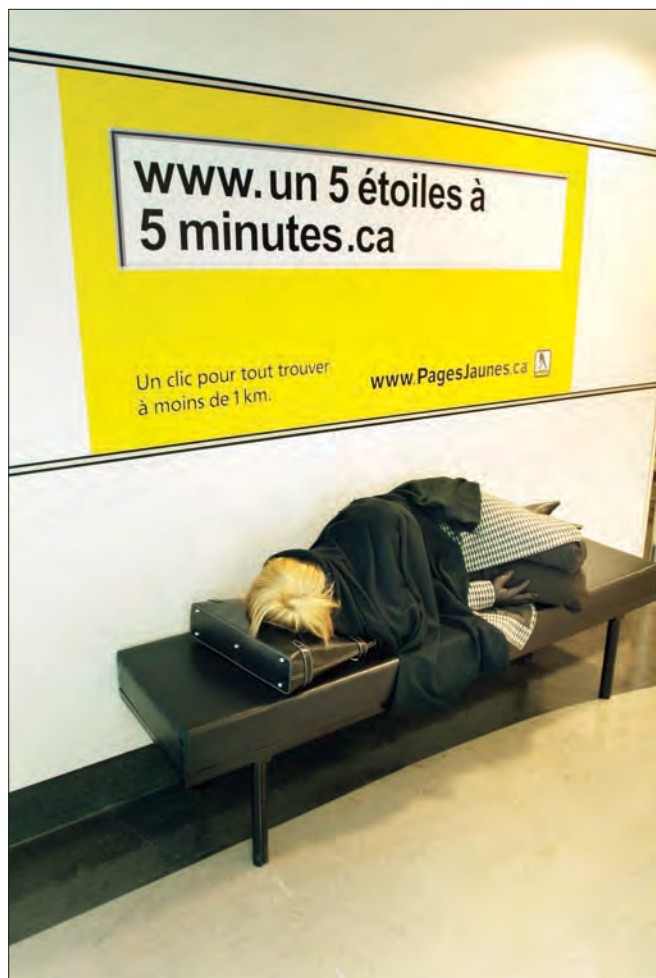
The Yellow Pages™ brand is constantly evolving to serve new audiences in new ways. The Web site offerings play a pivotal role in that evolution. Directory users get excited by next-generation products. But they need a reason to believe — and that reason lies in the insight that Yellow Pages™ directories play a different role than other search engines. So they must continually entice audiences emotionally, push them towards new products and ultimately link the



<http://www.5145557890.yp.ca/>

products, the experience and the value with the Yellow Pages™ brand essence of “fuelling clever buying decisions.”

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THINGS YOU DIDN'T KNOW ABOUT YELLOW PAGES™ DIRECTORIES

- More Canadians than ever refer to directories — 76 percent have used an online or print directory in the past month.
- Sixty-six percent of users make a purchase after using a directory.
- Fifty-four percent of the purchasers are new customers for the advertiser.
- Yellow Pages Group network of Web sites reaches 35 percent of all online Canadians every month.
- On average, every dollar spent in advertising in a Yellow Pages™ directory generates \$26 in revenue for the advertiser.