

Yellow Media Withdraws Amendment to Debtholders' Arrangement Resolution

Montréal (Québec), August 31, 2012 — Yellow Media Inc. (TSX: YLO) announces today that, following an application by the administrative agent under the Company's senior unsecured credit facilities and by certain holders of its convertible unsecured subordinated debentures, the Superior Court of Québec has decided that the amendment to the debtholders' arrangement resolution previously announced by the Company on August 28, 2012 is not necessary, and that it not be submitted to the vote of debtholders in connection with the proposed recapitalization. As a result, Yellow Media is withdrawing the amendment and, at the meeting of debtholders scheduled to be held on September 6, 2012, the Company's debtholders will vote on the arrangement resolution as it is set forth at Appendix "A" in the Company's management proxy circular dated July 30, 2012 and sent to debtholders in connection with the meeting.

The decision of the Court and the withdrawal of the amendment to the debtholders' arrangement resolution have no impact on the proposed recapitalization and the debtholders' meeting scheduled to be held on September 6, 2012.

The Company continues to believe that the recapitalization is the best alternative available at this time and is in the best interests of the Company, taking into account the interests of stakeholders and considering the following factors:

- the Company's debt, totaling \$2 billion, is too high;
- the recapitalization will significantly improve the Company's financial flexibility by reducing debt by approximately \$1.1 billion (\$1.5 billion including preferred shares, series 1 and preferred shares, series 2) with no debt maturities until 2018, and by reducing the Company's annual interest burden by approximately \$45 million; and
- the Company faces substantial refinancing risk because 44% of the Company's debt matures in the next 18 months, and a prolonged restructuring process would hurt Yellow Media's business.

Further Information

Debtholders and shareholders should now have received, either directly from Yellow Media or through their intermediary, a copy of the management proxy circular dated July 30, 2012 with respect to the proposed recapitalization.

A copy of the management proxy circular and further information about the recapitalization are available on SEDAR (www.sedar.com) and the Company's website (www.ypg.com).

A [Questions & Answers](#) document specific to the recapitalization is also available on the Company's website.

If you have any questions or need assistance completing your proxy or voting instruction form, please call Kingsdale Shareholder Services Inc. at 1-800-749-9197 or email contactus@kingsdaleshareholder.com.

About Yellow Media Inc.

Yellow Media Inc. (TSX: YLO) is a leading media and marketing solutions Company in Canada. The Company owns and operates some of Canada's leading properties and publications including Yellow Pages™ print directories, YellowPages.ca™, Canada411.ca and RedFlagDeals.com™. Its online destinations reach approximately 8 million unique visitors monthly and its mobile applications for finding local businesses and deals have been downloaded more than 4 million times. Yellow Media 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, visit 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 Company. These statements are forward-looking as they are based on our current expectations, as at August 31, 2012, 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 9, 2012 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. The implementation of the recapitalization is subject to a number of conditions provided in the plan of arrangement under the Canada Business Corporations Act, including, without limitation, court and any required regulatory approvals (including stock exchange approvals). The implementation of the recapitalization is also subject to a number of other risks and uncertainties, including, without limitation, those described in the section "Risk Factors" of the Company's management proxy circular dated July 30, 2012 prepared in connection with the meetings. Accordingly, there can be no assurance that the recapitalization will occur. The recapitalization could be modified, restructured or terminated.

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