



5 February 2009

Yell Group plc financial report for the nine months ended 31 December 2008

Strong adjusted EBITDA and cash generation despite economic pressures on revenue. Continued online momentum.

- Revenue up 7.0% to £1,655.1 million; down 2.4% at constant exchange rates
- Online revenue up 40% at constant exchange rates
- Adjusted EBITDA up 9.3% to £570.5 million; flat at constant exchange rates
- Adjusted profit after tax and minority interests up 12.2% to £227.0 million; up 1.4% at constant exchange rates
- Adjusted diluted earnings per share up 12.4% to 29.0 pence; up 1.6% at constant exchange rates
- Operating cash flow up 13.3% to £510.7 million; up 4.2% at constant exchange rates. Cash conversion 89.5% (2007 – 86.4%)
- Free cash flow before exceptionals of £270.0 million (2007 – £203.7million)

Statutory results (unaudited)

Nine months ended 31 December

£ millions, unless noted otherwise	2008	2007	Change
Revenue	1,655.1	1,546.9	7.0
EBITDA *	518.7	531.5	(2.4)
Profit after tax and minority interests**	124.8	150.6	(17.1)
Cash generated from operations	512.9	477.1	7.5
Free cash flow	231.5	198.9	16.4
Diluted earnings per share (pence)**	16.0	19.2	(16.7)

* EBITDA is reconciled to operating profit in note 3 to the financial information on page 15.

** Statutory earnings are reconciled to adjusted earnings in note 5 to the financial information on page 17. Differences arise from exceptional items and amortisation of acquired intangibles.

John Condron, Chief Executive Officer, said:

"These results reflect continuing tight operating controls, positive online momentum and deliver to plan despite the worsening economic environment. The economic trends in each of our markets show no current sign of returning to growth, and the fourth quarter will undoubtedly be tougher, since sales were made in the immediate aftermath of the September financial crisis. Nevertheless, our products continue to demonstrate their value and cost effectiveness to our customers. And for the first quarter of our next financial year, the current sales results indicate that the rate of decline in revenues is slowing. Next year, we are planning on the basis of overall lower revenues; but we will benefit from the full effects of the operational restructuring announced over the past year. Yell remains a quality business with the scale, profitability and increasing cash flows to weather this economic storm and benefit when stability and growth eventually return."

John Davis, Chief Financial Officer, said:

"Our cost management, coupled with the weaker pound, means our nine month reported results are strong. At constant exchange rates, we delivered flat adjusted EBITDA. For the full year, the increasing economic pressures on revenue mean we now expect adjusted EBITDA to be up by around 10% to over £800 million but, at constant exchange rates, to be down by around 2%. Our cash performance remains very strong with operating cash flow for the full year expected to be up by over 10% at around £700 million, fully supporting interest and debt repayments as planned."

Enquiries

Yell – Investors

Rob Hall
Tel +44 (0)118 950 6838
Mobile +44 (0)7793 957848

Yell - Media

Jon Salmon
Tel +44 (0)118 950 6656
Mobile +44 (0)7801 977340

Citigate Dewe Rogerson

Anthony Carlisle
Tel +44 (0)20 7638 9571
Mobile +44 (0)7973 611888

This news release contains forward-looking statements. These statements appear in a number of places in this news release and include statements regarding our intentions, beliefs or current expectations concerning, among other things, our results of operations, revenue, financial condition, liquidity, prospects, growth, strategies, new products, the level of new directory launches and the markets in which we operate. Readers are cautioned that any such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and that actual results may differ materially from those in the forward-looking statements as a result of various factors. You should read pages 31 through 35 in Yell Group plc's annual report for the financial year ended 31 March 2008 for an understanding of some of these factors. We undertake no obligation publicly to update or revise any forward-looking statements, except as may be required by law.

A copy of this release can be accessed at:
www.yellgroup.com/announcements

Yell Group plc summary financial results (unaudited)

Nine months ended 31 December			Change	
£ millions, unless noted otherwise	2008	2007	Reporting currency	Constant currency ^(a)
			%	%
Revenue ^(b)	1,655.1	1,546.9	7.0	(2.4)
Adjusted EBITDA ^{(b) (c)}	570.5	522.0	9.3	(0.1)
<i>Margin</i>	34.5%	33.7%		
Operating cash flow ^{(b) (d)}	510.7	450.9	13.3	4.2
<i>Cash conversion ^{(b) (e)}</i>	89.5%	86.4%		
Free cash flow, before exceptionals ^(f)	270.0	203.7	32.5	
Adjusted profit after tax and minority interests ^{(g) (c)}	227.0	202.4	12.2	1.4
Adjusted diluted earnings per share (pence) ^{(g) (c)}	29.0	25.8	12.4	1.6

See end notes to the above table on page 8.

Group results

Group reported revenue was up 7.0% to £1,655.1 million for the nine months ended 31 December, benefiting from the weakening pound as well as the continued momentum of our online businesses. The momentum helped to partially offset the increasingly difficult economic pressures, particularly on printed directories. At constant exchange rates, Group revenue was down 2.4% in total, down 2.1% organically. In the quarter, revenue fell 4% organically, compared with the guided 5% decline.

Revenue from internet products grew to approximately 15% (December 2007 – 11%) of our total revenue, with year on year growth of 40% at constant exchange rates driven by strong growth in average spend. This is supported by the continuing strong growth in the numbers of unique users and the increasing recognition of the cost effectiveness of Yell online.

In our print business, the retention of our longer-standing and more valuable customers is strong, reflecting their understanding of the cost-effectiveness of Yellow Pages directories. We believe that the customer proposition is compelling and are putting in call metering to prove it. We have deliberately reduced focus on chasing new customers, because typically the loyalty rates and yields in this group are significantly lower and because prospecting for new customers is more effective when the economy is stable or growing.

Group adjusted EBITDA was up 9.3%. It was flat at constant exchange rates, reflecting the benefit of the steps we have taken to control costs.

Operating cash conversion was 89.5%. A reconciliation of operating cash flow to cash generated from operations is provided in note 9 on page 20. Free cash flow of £270.0 million before payment of exceptional items was 32.5% higher than last year.

Net debt at 31 December 2008 was 4.7 times annualised pro forma adjusted EBITDA at consistent exchange rates (the same basis as our debt covenants) compared with 4.9 times on the same basis at 31 March 2008. Profit is in line with the plan submitted to our lenders at the time we reset the debt covenants in October, and our strong underlying cash generation demonstrates our ability to service our debt. Our debt is intentionally denominated in the same currencies as our earnings and cash flows, protecting us from fluctuations in exchange rates. As the weaker pound increases the sterling reported level of absolute debt, it also increases the associated sterling reported earnings and cash flows. The movement in net debt is explained in note 15 on page 23.

Total year-to-date exceptional costs, which are included in statutory but not in adjusted results, were £51.8 million before tax and £41.2 million after tax. These costs arose from restructuring (£37.5 million) and the acceleration of non-cash share plan costs from closing down certain plans (£14.3 million). Details of the exceptional items are set out in note 6 to the financial information on page 18.

Group financial outlook

For the quarter ending 31 March 2009 we expect reported revenue to be up 10%, but group organic revenue at constant exchange rates to be down 12%. The decline will be noticeably worse than the third quarter, partly because the fourth quarter is traditionally a weaker quarter, but primarily because the bulk of sales were made in the immediate aftermath of the September financial crisis. This will be felt across all our operations. In the UK, US and Spain we expect organic declines of around 10%, 13% and 13%, respectively.

The current revenue visibility that we have for open canvasses, however, suggests that group revenue decline in the quarter ending June 2009 will be less than the decline in the quarter ending March 2009.

At current exchange rates, we expect adjusted EBITDA for the year ending 31 March 2009 to be more than £800 million, around 10% higher than last year. At constant currency we expect EBITDA to be around 2% lower than last year as compared with previous guidance that it would be broadly flat.

The additional restructuring we announced in November of £100 million has now been implemented. The full run-rate of benefits to our cost base and efficiency will be felt from the start of the next financial year.

We expect cash conversion for the full year to be on target with expectations remaining at around 85% to 90% of adjusted EBITDA, and cash generation to remain strong with around £700 million of operating cash flow supporting interest and debt repayments as planned.

Yell UK operating performance

Nine months ended 31 December (unaudited)

	2008	2007	Change %
Revenue (£million) ^(b)	507.7	527.0	(3.7)
Adjusted EBITDA (£million) ^{(b) (c)}	193.5	191.8	0.9
<i>Margin (%)</i>	38.1	36.4	
Total live advertisers at period end (thousands) ^(h)	465	486	(4.3)
Printed directories			
Revenue (£million)	367.4	405.5	(9.4)
Unique advertisers (thousands) ⁽ⁱ⁾	287	316	(9.2)
Directory editions published	76	76	
Unique advertiser retention rate (%) ^(j)	73	75	
Revenue per unique advertiser (£)	1,280	1,283	(0.2)
Internet			
Revenue (£million)	122.3	101.5	20.5
Searchable advertisers at period end (thousands) ^(k)	217	207	4.8
Unique users for the month of period end (millions) ^(l)	8.7	6.2	40.3
Annualised (LTM) revenue per average searchable advertiser (£) ^(m)	758	643	17.9

See end notes to the above table on page 8.

Overall UK revenues were down by 3.7% for the first nine months of the financial year, with revenue in the quarter down 4.3%, as compared with a guided 6% decline. EBITDA was up 0.9%, reflecting an improved margin as a result of our cost saving programmes.

Driven by a 40.3% increase in unique users, Yell.com revenue again grew strongly, by 20.5%. Internet revenues are now 24% of total UK revenues, up from 19% a year ago.

Print revenue declined 9.4% over the period. Print customers decreased broadly as expected, primarily as a result of planned lower new customer acquisition, with retention remaining relatively resilient. Overall yield is broadly flat with cautious customer behaviour being nearly offset by the retention of higher value customers.

Yellowbook operating performance

Nine months ended 31 December (unaudited)

	2008	2007	Change %
Revenue (\$million) ^(b)	1,399.0	1,378.1	1.5
Adjusted EBITDA (\$million) ^{(b) (c)}	403.8	404.4	(0.1)
<i>Margin (%)</i>	<i>28.9</i>	<i>29.3</i>	
<i>Printed directories</i>			
Revenue (\$million)	1,233.5	1,298.3	(5.0)
Unique advertisers (thousands) ⁽ⁱ⁾	484	507	(4.5)
Directory editions published	682	669	
Unique advertiser retention rate (%) ⁽ⁱ⁾	70	70	
Revenue per unique advertiser (\$)	2,549	2,561	(0.5)
<i>Internet</i>			
Revenue (\$million)	165.5	79.8	107.4
Searchable advertisers at period end (thousands) ^(k)	387	374	3.5
Unique visitors for month of period end (millions) ⁽ⁿ⁾	15.7	10.4	51.0
Annualised (LTM) revenue per average searchable advertiser (\$) ^(m)	527	269	95.9

See end notes to the above table on page 8.

Contributions to revenue growth of 1.5% came from:

- 0.1% organic growth;
- 0.8% net rescheduling of publications; and
- 0.6% acquired directories publishing for the first time (\$8.4 million).

The net organic growth of 0.1% comprised:

- +6.2% internet revenue, which grew 107% on the back of a 51% increase in usage;
- +0.4% directory launches; and
- -6.5% decline in same market print revenues.

Print customer retention was stable, but the acquisition of new customers has not been enough to offset those that were not retained. Average revenue per advertiser remained broadly flat, as downward economic pressures were offset by the retention of higher value customers, as with the UK.

The third quarter net organic decline of 3.3% was slightly better than the guided 4% decline.

The adjusted EBITDA margin was down on last year reflecting the increased investment in Yellowbook.com funded by the savings from our cost cutting measures.

The effective average exchange rate was approximately \$1.77: £1.00 against \$2.01: £1.00 in the same period last year.

Yell Publicidad operating performance

Nine months ended 31 December (unaudited)

	2008	2007	Change %
Revenue (€million) ^(b)	439.6	486.9	(9.7)
Adjusted EBITDA (€million) ^{(b) (c)}	181.4	187.5	(3.3)
Margin (%)	41.3	38.5	
Paginas Amarillas classified directories (Spain)			
Revenue (€million)	185.7	214.2	(13.3)
Unique advertisers (thousands) ⁽ⁱ⁾	223	242	(7.9)
Directory editions published	66	72	
Unique advertiser retention rate (%) ⁽ⁱ⁾	79	85	
Revenue per unique advertiser (€)	833	885	(5.9)
Internet (Spain)			
Revenue (€million)	36.3	32.5	11.7
Searchable advertisers at period end (thousands) ^(k)	107	275	(61.1)
Unique users for the month of period end (millions) ^(l)	5.4	4.9	10.2
Annualised (LTM) revenue per average searchable advertiser (€) ^(m)	261	n/a	

See end notes to the above table on page 8.

Total revenue decline during the nine months was 9.7%, comprising:

- 4.1% organic decline;
- 2.9% net publications rescheduled out of the period into the fourth quarter as planned for operational efficiency reasons;
- 1.6% decline on Latin American currency movements versus the euro; and
- 1.1% decline from disposal or running down of non-core businesses.

Internet revenue grew 12% as we more fully monetised our strong usage. As planned, customer numbers continued to decrease as a result of our unbundling programme.

Paginas Amarillas (our Spanish Yellow Pages directories) same market revenue declined 9.5% due to the economic pressures that led to a reduction in both retention and yield. The rescheduling of directories into the fourth quarter contributed a further 3.8% to the fall in overall revenue.

Core like-for-like revenue declined 6.4% in the third quarter, slightly better than the guided 7% decline.

The adjusted EBITDA margin is up nearly 3% on last year reflecting improvements in the cost base.

The effective average exchange rate was approximately €1.23: £1.00 against €1.44: £1.00 in the same period last year.

Statutory disclosures

A discussion of our risk management along with the principal risks and uncertainties that could affect our business activities or financial results are detailed on pages 31-35 of Yell Group plc's annual report for the financial year ended 31 March 2008, a copy of which is available on our website www.yellgroup.com.

End notes to tables on pages 3, 5, 6, and 7.

- (a) Change at constant currency states the change in current period compared with the previous period as if the current period results were translated at the same exchange rates as those used to translate the results for the previous period.
 - (b) Revenue, adjusted EBITDA, operating cash flow and cash conversion are the key financial measures that we use to assess growth in the business and operational efficiencies.
 - (c) A reconciliation from operating profit to adjusted EBITDA is presented in note 3 to the financial information on page 15. Adjustments to EBITDA and profit after tax are explained in notes 5 and 6 to the financial information on pages 17 and 18. Adjustments to earnings per share are explained in note 5 to the financial information on page 17.
 - (d) Cash generated from operations before payments of exceptional costs, less capital expenditure. A reconciliation to cash generated from operations as presented in the cash flow statement is presented in note 9 on page 20.
 - (e) Operating cash flow as a percentage of adjusted EBITDA. A reconciliation to cash generated from operations as presented in the cash flow statement is presented in note 9 on page 20.
 - (f) Free cash flow is defined as operating cash flow less interest and tax payments.
 - (g) Adjusted profit after tax and adjusted diluted earnings per share are stated before exceptional items and amortisation of acquired intangibles, all net of related tax. A reconciliation to the related statutory figures is presented in note 5 to the financial information on page 17.
 - (h) The number of total live advertisers is a count of all unique advertisers at the date of the period end with a live advertisement, regardless of product. Total live advertisers cannot be used to calculate average revenue per advertiser, as the basis of measurement differs for each product and should not be aligned with revenue recognised in the current period.
 - (i) The number of unique advertisers in printed directories that were recognised for revenue purposes and have been billed. Unique advertisers are counted once only, regardless of the number of advertisements they purchase or the number of directories in which they advertise.
 - (j) Retention in the UK and Spain is based on the proportion of prior year unique advertisers who have renewed their advertising. In the US it is based on unique directory advertisers.
 - (k) Unique customers with a live contract at month end. These figures refer only to those advertisers for whom users can search. They exclude advertisers who purchase only products such as banners and domain names.
 - (l) The number of unique users who have visited Yell.com or PaginasAmarillas.es once or more often in the indicated month. Unique users are measured according to independently established industry standard measures.
 - (m) UK, US and Spain internet LTM revenue per average searchable advertiser is calculated by dividing the recognised revenue in the last twelve months by the average number of searchable advertisers in that period. The twelve month average numbers of searchable advertisers are as follows:
 - Yell.com 31 December 2008 – 211,000; 31 December 2007 – 201,000.
 - Yellowbook.com 31 December 2008 – 381,000; 31 December 2007 – 375,000.
 - PaginasAmarillas.es 31 December 2008 – 183,000; 31 December 2007 – not available.In the US the revenue includes our WebReach product.
 - (n) The number of individuals who have visited the Yellowbook.com network at least once in the month shown. Our data provider, Comscore, counts individuals visiting all Yellowbook affiliated websites that display Yellowbook.com data.
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YELL GROUP PLC AND SUBSIDIARIES

UNAUDITED CONSOLIDATED INCOME STATEMENT

Nine months ended 31 December

£ millions, unless noted otherwise	Notes	2008	2007
Revenue	2	1,655.1	1,546.9
Cost of sales		(699.9)	(653.5)
Gross profit		955.2	893.4
Distribution costs		(61.1)	(59.0)
Administrative expenses		(504.1)	(422.5)
Operating profit	3	390.0	411.9
Finance costs		(216.9)	(197.5)
Finance income		2.2	2.7
Net finance costs		(214.7)	(194.8)
		175.3	217.1
Loss on disposal of subsidiary		-	(0.8)
Profit before taxation		175.3	216.3
Taxation	4	(50.5)	(65.6)
Profit for the financial period		124.8	150.7
Attributable to:			
Minority interests		-	0.1
Equity shareholders of the group		124.8	150.6
		124.8	150.7
Basic earnings per share (pence)	5	16.2	19.3
Diluted earnings per share (pence)	5	16.0	19.2
Declared interim ordinary dividend		-	48.6

See notes to the financial information for additional details.

UNAUDITED CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

Nine months ended 31 December

£ millions	Notes	2008	2007
Profit for the financial period		124.8	150.7
Exchange gain on translation of foreign operations		374.7	110.0
Actuarial (loss) gain on defined benefit pension schemes	17	(20.0)	15.3
Loss in fair value of financial instruments used as hedges		(116.3)	(21.6)
Tax effect of net gains not recognised in the income statement	4	28.7	2.2
Net decrease in tax benefit on share based payments	4	-	(11.7)
Net income not recognised in the income statement		267.1	94.2
Total recognised income for the period		391.9	244.9
Attributable to:			
Minority interests		-	0.4
Equity shareholders of the group		391.9	244.5
		391.9	244.9

See notes to the financial information for additional details.

YELL GROUP PLC AND SUBSIDIARIES

UNAUDITED CONSOLIDATED CASH FLOW STATEMENT

Nine months ended 31 December

£ millions	Notes	2008	2007
Net cash inflow from operating activities			
Cash generated from operations		512.9	477.1
Interest paid		(201.8)	(190.4)
Interest received		2.2	2.7
Net income tax paid		(41.1)	(59.5)
Net cash inflow from operating activities		<u>272.2</u>	<u>229.9</u>
Cash flows from investing activities			
Purchase of software, property, plant and equipment	7	(40.7)	(31.0)
Purchase of subsidiary undertakings and minority interest shares, net of cash acquired	8	(8.3)	(99.4)
Net cash inflow on disposal of subsidiary		-	0.5
Net cash outflow from investing activities		<u>(49.0)</u>	<u>(129.9)</u>
Cash flows from financing activities			
Proceeds from issuance of ordinary shares		-	3.6
Purchase of own shares		(7.7)	(10.6)
Net (payments) borrowings on revolving and other short-term credit facilities		(33.6)	19.8
Acquisition of new loans		-	75.2
Repayment of borrowings		(111.9)	(68.2)
Financing fees paid on covenant reset		(23.7)	-
Dividends paid to company's shareholders		(44.3)	(136.7)
Net cash outflow from financing activities		<u>(221.2)</u>	<u>(116.9)</u>
Net increase (decrease) in cash and cash equivalents		2.0	(16.9)
Cash and cash equivalents at beginning of the period		60.4	66.7
Exchange gains on cash and cash equivalents		10.0	0.2
Cash and cash equivalents at period end		<u>72.4</u>	<u>50.0</u>
CASH GENERATED FROM OPERATIONS			
Profit for the period		124.8	150.7
Adjustments for:			
Tax		50.5	65.6
Loss on disposal of subsidiary		-	0.8
Finance income		(2.2)	(2.7)
Finance costs		216.9	197.5
Depreciation of property, plant and equipment and amortisation of software		38.4	34.1
Amortisation of other acquired intangibles		90.3	85.5
Changes in working capital:			
Inventories and directories in development		(28.7)	(49.6)
Trade and other receivables		71.7	17.6
Trade and other payables		(75.4)	(33.8)
Share based payments and other		26.6	11.4
Cash generated from operations	9	<u>512.9</u>	<u>477.1</u>

See notes to the financial information for additional details.

YELL GROUP PLC AND SUBSIDIARIES

UNAUDITED CONSOLIDATED BALANCE SHEET

At 31 December 2008 and 31 March 2008		Unaudited	Audited
£ millions	Notes	December	March
Non-current assets			
Goodwill	10	4,645.5	3,898.2
Other intangible assets	11	1,470.7	1,318.7
Property, plant and equipment	12	118.6	99.2
Deferred tax assets	13	183.0	124.1
Retirement benefit surplus	17	-	14.0
Financial assets – derivative financial instruments		-	2.0
Investment and other assets		10.4	9.9
Total non-current assets		6,428.2	5,466.1
Current assets			
Inventories		28.6	10.2
Directories in development		348.0	263.4
Trade and other receivables	14	1,111.1	1,005.9
Financial assets – derivative financial instruments		-	3.7
Cash and cash equivalents		72.4	60.4
Total current assets		1,560.1	1,343.6
Current liabilities			
Financial liabilities - loans and other borrowings	15	(347.3)	(316.4)
Financial liabilities – derivative financial instruments		(65.9)	(37.4)
UK Corporation and foreign income tax		(82.9)	(70.2)
Trade and other payables	16	(629.9)	(603.7)
Total current liabilities		(1,126.0)	(1,027.7)
Net current assets		434.1	315.9
Non-current liabilities			
Financial liabilities – loans and other borrowings	15	(4,027.1)	(3,503.4)
Financial liabilities – derivative financial instruments		(140.3)	(58.2)
Deferred tax liabilities	13	(640.7)	(540.8)
Retirement benefit obligations	17	(7.0)	-
Trade and other payables	16	(14.1)	(13.0)
Total non-current liabilities		(4,829.2)	(4,115.4)
Net assets		2,033.1	1,666.6
Capital and reserves attributable to equity shareholders			
Share capital	18	1,196.6	1,204.3
Other reserves	18	232.6	(61.9)
Retained earnings	18	603.9	524.2
Total equity		2,033.1	1,666.6

See notes to the financial information for additional details.

YELL GROUP PLC AND SUBSIDIARIES

UNAUDITED NOTES TO THE FINANCIAL INFORMATION

1. Basis of preparation and consolidation

The principal activity of Yell Group plc and its subsidiaries is publishing classified advertising directories in the United Kingdom, the United States, Spain, and certain countries in Latin America.

This unaudited condensed set of financial statements for the nine months ended 31 December 2008 has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRSs") as set out in our annual report for the year ended 31 March 2008, with IAS 34 – Interim Financial Reporting, as adopted by the European Union, and in accordance with the Listing Rules of the Financial Services Authority.

The unaudited financial information contained herein does not constitute statutory financial statements within the meaning of section 240 of the Companies Act 1985 (section 434 of the Companies Act 2006). Statutory accounts for the year ended 31 March 2008 were approved by the Board of Directors on 3 June 2008 and delivered to the Registrar of Companies. The audit opinion on the statutory accounts for the year ended 31 March 2008 was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 237 of the Companies Act 1985 (section 498 of the Companies Act 2006).

In the opinion of management, the financial information included herein includes all adjustments necessary for a fair presentation of the consolidated results, financial position and cash flows for each period presented.

The financial information herein should be read in conjunction with Yell's 2008 annual report published in June 2008, which includes the audited consolidated financial statements of Yell Group plc and its subsidiaries for the year ended 31 March 2008.

The preparation of the consolidated financial information requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial information and the reported amounts of income and expenditure during the period. Actual results could differ from those estimates. Estimates are used principally when accounting for doubtful debts, depreciation, retirement benefits, acquisitions and taxation.

The financial statements for the year ending 31 March 2009 are not expected to be materially affected by implementation of new standards, amendments to standards, or interpretations.

YELL GROUP PLC AND SUBSIDIARIES

UNAUDITED NOTES TO THE FINANCIAL INFORMATION (continued)

2. Revenue

Nine months ended 31 December

£ millions, unless noted otherwise	2008	2007	Change	
			Reporting currency	Constant currency ^(a)
			%	%
Yell UK printed directories	367.4	405.5	(9.4)	(9.4)
Other products and services	140.3	121.5	15.5	15.5
Yell UK^(b)	507.7	527.0	(3.7)	(3.7)
Yellowbook USA^(b)	789.0	682.5	15.6	1.5
Yell Publicidad^(b)	358.4	337.4	6.2	(8.1)
Group revenue	1,655.1	1,546.9	7.0	(2.4)

(a) Change at constant currency states the change in current period compared with the previous period as if the current period results were translated at the same exchange rates as that used to translate the results for the previous period.

(b) Segments are based upon management reports used by the chief decision maker and are determined by the location of responsible management.

3. Adjusted EBITDA and operating profit

Adjusted EBITDA^(a)

Nine months ended 31 December

£ millions, unless noted otherwise	2008	2007	Change	
			Reporting currency	Constant currency ^(b)
			%	%
Yell UK printed directories	132.4	139.4	(5.0)	(5.0)
Other products and services	61.1	52.4	16.6	16.6
Yell UK^(c)	193.5	191.8	0.9	0.9
Yellowbook USA^(c)	228.6	200.3	14.1	(0.1)
Yell Publicidad^(c)	148.4	129.9	14.2	(1.3)
Group adjusted EBITDA	570.5	522.0	9.3	(0.1)

(a) Adjusted EBITDA is a key income statement measure used by the chief decision maker to assess growth and operational efficiencies in the business.

(b) Change at constant currency states the change in current period compared with the previous period as if the current period results were translated at the same exchange rates as that used to translate the results for the previous period.

(c) Segments are based upon management reports used by the chief decision maker and are determined by the location of responsible management.

YELL GROUP PLC AND SUBSIDIARIES

UNAUDITED NOTES TO THE FINANCIAL INFORMATION (continued)

3. Adjusted EBITDA and operating profit (continued)

Reconciliation of operating profit to adjusted EBITDA^(a)

Nine months ended 31 December

£ millions, unless noted otherwise	2008	2007
Yell UK^(b) operating profit	160.1	179.4
Depreciation and amortisation	<u>14.5</u>	<u>12.4</u>
Yell UK EBITDA	174.6	191.8
Exceptional items ^(c)	<u>18.9</u>	<u>-</u>
Yell UK adjusted EBITDA	193.5	191.8
<i>Yell UK adjusted EBITDA margin</i>	<i>38.1%</i>	<i>36.4%</i>
Yellowbook USA^(b) operating profit	184.9	177.4
Depreciation and amortisation	<u>34.0</u>	<u>34.7</u>
Yellowbook USA EBITDA	218.9	212.1
Exceptional items ^(c)	<u>9.7</u>	<u>(11.8)</u>
Yellowbook USA adjusted EBITDA	228.6	200.3
<i>Yellowbook USA adjusted EBITDA margin</i>	<i>29.0%</i>	<i>29.3%</i>
Exchange impact ^(d)	<u>(28.6)</u>	<u>-</u>
Yellowbook USA adjusted EBITDA at constant exchange rate^(d)	200.0	200.3
Yell Publicidad^(b) operating profit	45.0	55.1
Depreciation and amortisation	<u>80.2</u>	<u>72.5</u>
Yell Publicidad EBITDA	125.2	127.6
Exceptional items ^(c)	<u>23.2</u>	<u>2.3</u>
Yell Publicidad adjusted EBITDA	148.4	129.9
<i>Yell Publicidad adjusted EBITDA margin</i>	<i>41.4%</i>	<i>38.5%</i>
Exchange impact ^(d)	<u>(20.2)</u>	<u>-</u>
Yell Publicidad EBITDA at constant exchange rate^(d)	128.2	129.9
Group operating profit	390.0	411.9
Depreciation and amortisation	<u>128.7</u>	<u>119.6</u>
Group EBITDA	518.7	531.5
Exceptional items ^(c)	<u>51.8</u>	<u>(9.5)</u>
Group adjusted EBITDA	570.5	522.0
<i>Group adjusted EBITDA margin</i>	<i>34.5%</i>	<i>33.7%</i>
Exchange impact ^(d)	<u>(48.8)</u>	<u>-</u>
Group adjusted EBITDA at constant exchange rates^(d)	521.7	522.0

(a) Adjusted EBITDA is a key income statement measure used by the chief decision maker to assess growth and operational efficiencies in the business.

(b) Segments are based upon management reports used by the chief decision maker and are determined by the location of responsible management.

(c) Details of exceptional items are set out in note 6.

(d) Constant exchange rate states current period results at the same exchange rates as that used to translate the results for the previous period. Exchange impact is the difference between the results reported at constant exchange rates and the results reported using current period exchange rates.

We do not allocate interest or taxation charges by product or geographic segment.

YELL GROUP PLC AND SUBSIDIARIES

UNAUDITED NOTES TO THE FINANCIAL INFORMATION (continued)

4. Taxation

The tax charge for the period is different from the standard rate of corporation tax in the United Kingdom of 28% (2007 – 30%). The differences are explained below:

Nine months ended 31 December		
£ millions	2008	2007
Profit before tax multiplied by the standard rate of corporation tax in the United Kingdom	49.1	64.9
Effects of:		
Decrease in tax benefits on share based payments	0.8	-
Differing tax rates on overseas earnings	(1.1)	(1.7)
Other	1.7	2.4
Tax charge on profit before tax	50.5	65.6

The tax on the Group's profit before tax is analysed as follows:

Nine months ended 31 December		
£ millions	2008	2007
Current tax:		
Current year corporation tax	62.1	53.9
Adjustments in respect of prior years	1.1	(3.5)
	63.2	50.4
Deferred tax:		
Current year deferred tax	(6.0)	14.4
Adjustments in respect of prior years	(6.7)	0.8
Tax charge on profit before tax	50.5	65.6

The effective tax rate on profit before tax for the nine months ended 31 December 2008 was 28.8% (2007 – 30.3%).

Taxation (credited) charged directly to equity is as follows:

Nine months ended 31 December		
£ millions	2008	2007
Deferred tax on actuarial (losses) and gains	(5.6)	4.6
Net tax loss on share based payments ^(a)	-	11.7
Deferred tax on fair valuations of financial instruments used as hedges	(23.1)	(6.8)
Total taxation recorded in equity	(28.7)	9.5

^(a) Net tax loss on share based payments comprises a £nil loss (2007 - £11.7 million loss) in the deferred benefit recorded in share based payments reserve relating to the share price and a £nil benefit (2007 - £nil benefit) relating to the exercise of share options.

YELL GROUP PLC AND SUBSIDIARIES

UNAUDITED NOTES TO THE FINANCIAL INFORMATION (continued)

5. Earnings per share

The calculation of basic and diluted earnings per share is based on the profit for the relevant financial period and on the weighted average share capital during the period.

£ millions unless noted otherwise	Statutory	Exceptional items^(a)	Amortisation of acquired intangibles	Adjusted
<i>Nine months ended 31 December 2008</i>				
EBITDA	518.7	51.8	-	570.5
Depreciation and amortisation	(128.7)	-	90.3	(38.4)
Net finance costs	(214.7)	-	-	(214.7)
Group profit before tax	175.3	51.8	90.3	317.4
Taxation	(50.5)	(10.6)	(29.3)	(90.4)
Group profit after tax	124.8	41.2	61.0	227.0
Weighted average number of issued ordinary shares (millions)	772.2			772.2
Basic earnings per share (pence)	16.2			29.4
Effect of share options (pence)	(0.2)			(0.4)
Diluted earnings per share (pence)	16.0			29.0
<i>Nine months ended 31 December 2007</i>				
EBITDA	531.5	(9.5)	-	522.0
Depreciation and amortisation	(119.6)	-	85.5	(34.1)
Net finance costs	(194.8)	-	-	(194.8)
Net loss on disposal of non-core operations	(0.8)	0.8	-	-
Group profit before tax	216.3	(8.7)	85.5	293.1
Taxation	(65.6)	3.8	(28.4)	(90.2)
Group profit after tax	150.7	(4.9)	57.1	202.9
Minority interests	(0.1)	-	(0.4)	(0.5)
Group profit after tax and minority interests	150.6	(4.9)	56.7	202.4
Weighted average number of issued ordinary shares (millions)	779.8			779.8
Basic earnings per share (pence)	19.3			26.0
Effect of share options (pence)	(0.1)			(0.2)
Diluted earnings per share (pence)	19.2			25.8

^(a) Details of exceptional items are set out in note 6.

YELL GROUP PLC AND SUBSIDIARIES

UNAUDITED NOTES TO THE FINANCIAL INFORMATION (continued)

6. Exceptional items

Exceptional items are transactions which, by virtue of their incidence, size or a combination of both, are disclosed separately. Exceptional items comprise the following.

Nine months ended 31 December

£ millions	2008	2007
Yell UK restructuring programme	14.2	-
Yellowbook USA restructuring programme	1.3	-
Yellowbook USA class action accrual no longer required	-	(11.8)
Yell Publicidad post-acquisition restructuring	22.0	2.3
Accelerated share plan costs	14.3	-
Loss on disposal of non-core operations	-	0.8
Net exceptional expenses (income) in Group profit before tax	51.8	(8.7)
Decrease in tax benefits on share based payments	0.8	-
Net tax (credit) expense on items above	(11.4)	3.4
Exceptional tax charge arising from enacted changes to tax rates	-	0.4
Net exceptional expenses (income) in Group profit after tax	41.2	(4.9)

7. Capital expenditure

Nine months ended 31 December

£ millions	2008	2007
Capital expenditure on software, property, plant and equipment	37.2	50.3
Decrease (increase) in accrued capital expenditure	3.5	(19.3)
Cash paid for capital expenditure	40.7	31.0

Proceeds on the sale of property, plant and equipment were £nil in the same periods.

Capital expenditure committed at 31 December 2008 was £15.0 million (31 March 2008 - £5.4 million).

YELL GROUP PLC AND SUBSIDIARIES

UNAUDITED NOTES TO THE FINANCIAL INFORMATION (continued)

8. Acquisitions and disposals

Nine months ended 31 December 2008

In the nine months ended 31 December 2008, the Yell Group acquired 100% of the Adworks businesses in the UK, US, Spain and India for £8.7 million, and an in-fill acquisition in the US for £0.2 million. Total costs were allocated to the acquired assets and liabilities as follows:

£ millions	Acquiree's carrying amount	Provisional fair value adjustments	Provisional fair value
Non current assets			
Other intangible assets	0.6	-	0.6
Property, plant and equipment	2.3	(0.1)	2.2
Total non current assets	<u>2.9</u>	<u>(0.1)</u>	<u>2.8</u>
Current assets			
Directories in development	0.1	-	0.1
Trade and other receivables	4.8	-	4.8
Cash and cash equivalents	1.7	-	1.7
Total current assets	<u>6.6</u>	<u>-</u>	<u>6.6</u>
Current liabilities			
Corporation tax	(0.2)	-	(0.2)
Trade and other payables	(5.2)	(0.4)	(5.6)
Total current liabilities	<u>(5.4)</u>	<u>(0.4)</u>	<u>(5.8)</u>
Identifiable net assets	<u>4.1</u>	<u>(0.5)</u>	<u>3.6</u>
Goodwill			<u>5.3</u>
Total cost			<u><u>8.9</u></u>

Goodwill of £5.3 million was attributable to the expected future synergies, the workforce acquired and expected future growth of the business.

Nine months ended 31 December 2007

In the nine months to 31 December 2007, the Yell Group paid £71.9 million for a number of acquisitions, the most significant of which were Publicom in Argentina and McGregor in the US. Goodwill of £50.5 million was attributed to the expected future synergies, the workforce acquired, and expected future growth of the businesses.

The Group disposed of non-core operations and incurred extra costs on a prior year disposal during the period for a net loss of £0.8 million with net cash proceeds of £0.5 million.

YELL GROUP PLC AND SUBSIDIARIES

UNAUDITED NOTES TO THE FINANCIAL INFORMATION (continued)

8. Acquisitions and disposals (continued)

Cash flow

A reconciliation of cash paid on acquisitions, including deferred payments for prior year acquisitions, payments in relation to the purchase of minority interest shares and capital duties paid, to the cash flow on page 11 is as follows:

Nine months ended 31 December		
£ millions	2008	2007
Cost of acquisitions in the period	8.9	71.9
Less cash acquired	(1.7)	(0.2)
Purchase of minority interest shares	-	27.7
Payments in period for amounts deferred on prior year acquisitions	1.1	-
Net cash outflow in period	8.3	99.4

9. Operating cash flow

The following table reconciles EBITDA, operating cash flow and cash conversion to cash generated from operations as presented on the cash flow statement on page 11.

Nine months ended 31 December		
£ millions, unless noted otherwise	2008	2007
Adjusted EBITDA	570.5	522.0
Net exceptional (expenses) income in EBITDA	(51.8)	9.5
Working capital movements and non-cash charges	(5.8)	(54.4)
Cash generated from operations (see page 11)	512.9	477.1
Add back payments of exceptional costs included in cash generated from operations	38.5	4.8
Purchase of software, property, plant and equipment	(40.7)	(31.0)
Operating cash flow	510.7	450.9
Adjusted EBITDA	570.5	522.0
Cash conversion	89.5%	86.4%

Free cash flow before payment of exceptional items (defined as operating cash flow less interest and tax payments) was £270.0 million, up 32.5% compared to £203.7 million in the same period last year.

YELL GROUP PLC AND SUBSIDIARIES

UNAUDITED NOTES TO THE FINANCIAL INFORMATION (continued)

10. Goodwill

At 31 December 2008 and 31 March 2008		
£ millions	December	March
Opening net book value at 1 April 2008 and 2007	3,898.2	3,645.3
Acquisitions	5.3	52.4
Currency movements	742.0	200.5
Net book value at period end	4,645.5	3,898.2

11. Other non-current intangible assets

At 31 December 2008 and 31 March 2008		
£ millions	December	March
Opening net book value at 1 April 2008 and 2007	1,318.7	1,229.5
Acquisitions	0.6	22.1
Additions	17.7	21.9
Disposals and write-offs	(0.1)	-
Amortisation	(107.1)	(129.7)
Currency movements	240.9	174.9
Net book value at period end	1,470.7	1,318.7

12. Property, plant and equipment

At 31 December 2008 and 31 March 2008		
£ millions	December	March
Opening net book value at 1 April 2008 and 2007	99.2	94.5
Acquisitions	2.3	0.3
Additions	19.5	28.4
Disposals and write-offs	(0.2)	(1.6)
Depreciation	(21.6)	(27.8)
Currency movements	19.4	5.4
Net book value at period end	118.6	99.2

YELL GROUP PLC AND SUBSIDIARIES

UNAUDITED NOTES TO THE FINANCIAL INFORMATION (continued)

13. Deferred tax assets and liabilities

The elements of deferred tax assets recognised in the accounts were as follows:

At 31 December 2008 and 31 March 2008		
£ millions	December	March
Tax effect of timing differences due to:		
Bad debt provisions	32.2	40.0
Financial instruments	68.5	34.9
Recognised tax net operating losses	32.0	16.8
Other allowances and accrued expenses	21.1	10.9
Depreciation	6.4	6.7
Share options	1.1	2.0
Defined benefit pension scheme	3.1	0.6
Other	18.6	12.2
Recognised deferred tax assets	183.0	124.1

The elements of deferred tax liabilities recognised in the accounts were as follows:

At 31 December 2008 and 31 March 2008		
£ millions	December	March
Tax effect of timing differences due to:		
Intangible assets	562.9	467.2
Deferred directory costs	58.3	47.2
Unremitted earnings	11.4	15.4
Financial instruments	-	1.4
Other	8.1	9.6
Recognised deferred tax liabilities	640.7	540.8

14. Trade and other receivables

At 31 December 2008 and 31 March 2008		
£ millions	December	March
Net trade receivables ^(a)	1,007.6	901.5
Other receivables	21.3	20.1
Accrued income ^(a)	43.3	50.0
Prepaid corporation tax	15.6	19.9
Prepayments	23.3	14.4
Total trade and other receivables	1,111.1	1,005.9

^(a) The Group's trade receivables and accrued income are stated after deducting a provision of £199.8 million (March - £199.6 million).

YELL GROUP PLC AND SUBSIDIARIES

UNAUDITED NOTES TO THE FINANCIAL INFORMATION (continued)

15. Loans and other borrowings, net debt

At 31 December 2008 and 31 March 2008		
£ millions	December ^(a)	March ^(a)
Amounts falling due within one year		
Term loans under senior credit facilities	259.5	200.0
Revolving loan under credit facilities (committed until March 2011)	40.0	70.0
Net obligations under finance leases and other short term borrowings	47.8	46.4
Total amounts falling due within one year	347.3	316.4
Amounts falling due after more than one year		
Term loans under senior credit facilities	4,027.1	3,503.4
Net loans and other borrowings	4,374.4	3,819.8
Cash and cash equivalents	(72.4)	(60.4)
Net debt at end of period	4,302.0	3,759.4

^(a) Balances are shown net of deferred financing fees of £54.8 million (March - £36.5 million).

The movement in net debt for the nine months ended 31 December 2008 arose as follows:

Net debt (unaudited)	
Nine months ended 31 December	
£ millions	2008
At 31 March 2008	3,759.4
Currency movements	708.4
Operating cash flow	(510.7)
Interest and tax payments	240.7
Cash payments of exceptional costs	38.5
Dividends paid to company shareholders	44.3
Purchase of subsidiary undertakings and minority interests, net of cash acquired	8.3
Purchase of own shares	7.7
Amortisation of financing fees paid in previous periods	5.4
At 31 December 2008	4,302.0

Our bank facilities are committed until 2011 and we are operating within our covenant headroom and we expect to meet our repayment requirements. Drawings on our £400 million revolving credit facility and other short term lines totalled £86.5 million at 31 December 2008.

YELL GROUP PLC AND SUBSIDIARIES

UNAUDITED NOTES TO THE FINANCIAL INFORMATION (continued)

16. Trade and other payables

At 31 December 2008 and 31 March 2008		
£ millions	December	March
Due within one year		
Trade payables	79.0	87.4
Other taxation and social security	21.7	18.8
Accruals and other payables	213.2	214.2
Deferred income	316.0	283.3
Trade and other payables falling due within one year	629.9	603.7
Amounts falling due after more than one year		
Trade payables	13.9	11.5
Accruals and other payables	0.2	1.5
Trade and other payables falling due after more than one year	14.1	13.0
Total trade and other payables	644.0	616.7

17. Retirement benefits

At 31 December 2008 and 31 March 2008		
£ millions	December	March
Net retirement benefits		
surplus (obligation) at 1 April 2008 and 2007	14.0	(27.2)
Net actuarial (loss) gain on defined benefit pension schemes ^(a)	(20.0)	43.9
Charges in excess of contributions	(1.0)	(2.7)
Net decrease in retirement benefit (surplus) obligations	(21.0)	41.2
Net retirement benefits (liability) surplus at period end	(7.0)	14.0

^(a) The loss in the period ended 31 December 2008 was largely the result of changes in asset values in the period. The gain in the period ended 31 March 2008 was largely the result of changes in real interest rates which are determined by reference to corporate and government bond rates at the balance sheet date.

YELL GROUP PLC AND SUBSIDIARIES

UNAUDITED NOTES TO THE FINANCIAL INFORMATION (continued)

18. Statement of changes in equity

Nine months ended 31 December 2008				
£ millions	Attributable to equity shareholders			Total
	Share capital	Other reserves	Retained earnings	
Balance at 31 March 2008	1,204.3	(61.9)	524.2	1,666.6
Profit on ordinary activities after taxation	-	-	124.8	124.8
Net income recognised directly in equity	-	267.1	-	267.1
Total recognised income for the period	-	267.1	124.8	391.9
Value of services provided				
in return for share based payments	-	26.6	-	26.6
Treasury shares issued to employees	-	0.8	(0.8)	-
Own shares purchased by ESOP trust	(7.7)	-	-	(7.7)
Dividends paid to equity shareholders	-	-	(44.3)	(44.3)
	(7.7)	294.5	79.7	366.5
Balance at 31 December 2008	1,196.6	232.6	603.9	2,033.1

Nine months ended 31 December 2007					
£ millions	Attributable to equity shareholders			Minority interest	Total
	Share capital	Other reserves	Retained earnings		
Balance at 31 March 2007	1,201.7	(218.0)	454.8	10.1	1,448.6
Profit on ordinary activities after taxation	-	-	150.6	0.1	150.7
Net income recognised directly in equity	-	93.9	-	0.3	94.2
Total recognised income for the period	-	93.9	150.6	0.4	244.9
Value of services provided					
in return for share based payments	-	11.4	-	-	11.4
Ordinary share capital issued to employees	3.6	-	-	-	3.6
Own shares purchased by ESOP trust	(10.6)	-	-	-	(10.6)
Purchase of minority interest shares	-	(17.1)	-	(10.5)	(27.6)
Dividends paid to equity shareholders	-	-	(136.7)	-	(136.7)
	(7.0)	88.2	13.9	(10.1)	85.0
Balance at 31 December 2007	1,194.7	(129.8)	468.7	-	1,533.6

Cumulative foreign currency gains attributable to equity shareholders at 31 December 2008 are £439.2 million (31 March – £64.5 million gain).

19. Litigation

A lawsuit filed by Verizon was settled in October 2004. Yellowbook was later served with complaints filed as class actions in five US states and the District of Columbia. In these actions, the plaintiffs alleged violations of consumer protection legislation and placed reliance on findings of the court in the settled Verizon suit. These class actions were consolidated into a single class action before a New Jersey state court. In the year ended 31 March 2005, Yell Group accrued \$45 million as a prudent estimate of the likely costs arising from the class action. On 26 August 2005, the New Jersey court approved a comprehensive national settlement, with no admission of liability. However, several appeals were subsequently lodged against the approved settlement, the most significant of which were resolved as of 30 June 2007. With resolution of these appeals, Yellowbook was able to reassess the likely costs of the settlement, and Yell Group reversed \$23.6 million (£11.8 million) of the originally accrued settlement obligation as an exceptional credit through the income statement in the nine months ended 31 December 2007. At 31 December 2008, we have remaining \$18.3 million of accrued settlement obligation representing our best estimate of the remaining amounts to be settled.

FINANCIAL CALENDAR

Financial year ending

31 March 2009

Full year results

20 May 2009

Shareholder Contact Details

Website for viewing information about your holding:
www.shareview.co.uk

Equiniti telephone line for shareholders:
0871 384 2049*

Equiniti telephone line for employee shareholders:
0871 384 2130*

Text phone for the hard of hearing:
0871 384 2255*

Equiniti Limited
Aspect House
Spencer Road
Lancing
West Sussex
BN99 6DA

Yell Group plc

Yell Group plc
Queens Walk
Reading
Berkshire RG1 7PT

www.yellgroup.com

* Calls to these numbers are charged at 8p per minute from a BT landline. Other telephony providers' costs may vary.

NOTES TO EDITORS

Yell Group

Yell is a leading international directories business operating in classified advertising markets in the UK, US, Spain and certain countries in Latin America through printed, online and telephone-based media.

In the year ended 31 March 2008, Yell published 113 directories in the United Kingdom, 984 in the United States, and 97 Paginas Amarillas directories in Spain. In the United Kingdom, where it is a leading player in the classified advertising market, it served 434,000 unique advertisers. In the United States, where it is the leading independent directories business, it served 686,000 unique advertisers. In Spain, the Paginas Amarillas directories served 321,000 unique advertisers.

Yell's principal brands include: in the United Kingdom - Yellow Pages, Business Pages, Yell.com and Yellow Pages 118 24 7; in the United States - Yellowbook and Yellowbook.com; and in Spain - Paginas Amarillas and PaginasAmarillas.es. All these brands are trade marks.
