



7 February 2008

**Yell Group plc financial report for the nine months ended 31 December 2007**

**Earnings and cash on track. Revenue growth in all geographic markets with strong online performances. Sound fundamentals.**

- Revenue up 7.9% to £1,546.9 million; up 10.9% at constant exchange rates
- Adjusted EBITDA up 10.3% to £522.0 million; up 12.8% at constant exchange rates
- Adjusted profit after tax and minority interests up 6.2% to £202.4 million
- Adjusted diluted earnings per share up 5.3% to 25.8 pence; underlying up 9.8% at constant exchange rates
- Operating cash flow up 16.5% to £450.9 million; up 18.7% at constant exchange rates. Cash conversion 86.4% (2006 – 81.8%)

Statutory results (unaudited)	Nine months ended 31 December		Change %
	2006 £m	2007 £m	
Revenue	1,433.9	<b>1,546.9</b>	7.9
EBITDA *	471.1	<b>531.5</b>	12.8
Profit before tax	175.3	<b>216.3</b>	23.4
Profit after tax and minority interests**	159.8	<b>150.6</b>	(5.8)
Cash generated from operations	420.6	<b>477.1</b>	13.4
Diluted earnings per share (pence)**	20.6	<b>19.2</b>	(6.8)

\* EBITDA is reconciled to operating profit in note 3 to the financial information on page 17  
\*\* Statutory earnings are reconciled to adjusted earnings in Note 5 to the financial information on page 19.

**John Condron, Chief Executive Officer, said:**

“These are good results, fully in line with expectations in all our markets. Despite toughened trading conditions, particularly in the UK, these results keep us well on track to meet year end earnings and cash expectations.

“We will, as usual, guide the 2009 financial year at the year end results in May but, based on current macro economic forecasts, we believe that we will grow across our markets at rates either similar to or higher than this year. This growth will be driven by the strength of our online businesses; the more flexible pricing we are introducing in the UK; the new approach to sales being rolled out in Spain; and the reinforcement of our proposition in the US.”

**John Davis, Chief Financial Officer, said:**

“We continue to generate strong underlying earnings and cash flow, demonstrating the fundamental strengths of our business, including the resilience of our earnings.”

## Enquiries

### Yell - Investors

Jill Sherratt

Tel +44 (0)118 950 6984

Mobile +44 (0)7764 879808

### 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 the section entitled "Risk Management" in Yell Group plc's annual report for the financial year ended 31 March 2007 for a discussion 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](http://www.yellgroup.com/announcements)

## Yell Group plc summary financial results

Unaudited	Nine months ended 31 December		Change	Change at constant exchange rates <sup>(a)</sup>
	2006	2007		
	£m	£m	%	%
Revenue <sup>(b)</sup>	1,433.9	<b>1,546.9</b>	7.9	10.9
Adjusted EBITDA <sup>(b) (c)</sup>	473.1	<b>522.0</b>	10.3	12.8
Operating cash flow <sup>(b) (d)</sup>	387.0	<b>450.9</b>	16.5	18.7
Cash conversion <sup>(b) (e)</sup>	81.8%	<b>86.4%</b>		
Adjusted profit after tax and minority interests <sup>(f)</sup>	190.6	<b>202.4</b>	6.2	
Adjusted diluted earnings per share (pence) <sup>(f)</sup>	24.5	<b>25.8</b>	5.3	9.8

- (a) Change at constant exchange rates 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) Revenue, adjusted EBITDA, operating cash flow and cash conversion are the key financial measures that we use to assess the growth in the business and operational efficiencies.
- (c) Adjusted EBITDA in the nine months ended 31 December 2007 is stated before exceptional credits of £11.8 million arising from the release of some of the class action accrual in the US and for a charge of £2.3 million from post acquisition restructuring within Yell Publicidad. Adjusted EBITDA in the nine months ended 31 December 2006 is stated before exceptional costs of £2.0 million arising from post acquisition restructuring of Yell Publicidad operations.
- (d) Cash generated from operations before payments of exceptional costs, less capital expenditure.
- (e) Operating cash flow as a percentage of adjusted EBITDA.
- (f) 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.

### Group operating performance

Group revenue for the nine months ended 31 December 2007 increased 7.9% to £1,546.9 million, or 10.9% at constant exchange rates. We estimate that pro forma Group organic growth was 2.7% at constant exchange rates.

Group adjusted EBITDA increased by 10.3% to £522.0 million, or 12.8% at constant exchange rates. The Group adjusted EBITDA margin of 33.7% is up from 33.0% in the same period last year.

Operating cash flow increased 16.5% to £450.9 million, or 18.7% at constant exchange rates, resulting in conversion of 86.4% of adjusted EBITDA to cash. Free cash flow before payment of exceptional items was £203.7 million.

Looking forward to the next quarter, we are confident that we will meet year end Group expectations for both adjusted EBITDA and operating cash flow. However, we expect revenue to be just short of expectations, reflecting the toughening of market conditions experienced in recently closed sales canvasses in the UK.

We will give further guidance for the 2009 financial year as usual at the preliminary results in May. At this time, based on current macro economic forecasts, we expect organic revenue growth in the US to be at a similar level to that in the 2008 financial year and both the UK and Spain to achieve higher revenue growth driven by the more lenient regulation in the UK and the new approach to sales in Spain.

## Yell UK operations

UK revenue increased 3.3% to £527.0 million driven entirely by a 49.0% increase in revenue by Yell.com, which more than offset the expected 4.4% decline in print. Total unique UK customers live at 31 December declined by 0.6% to 486,000, reflecting a decrease in print-only advertisers partly offset by Yell.com-only advertisers.

Revenue from UK printed directories was 4.4% lower at £405.5 million, as the number of unique print advertisers during the nine months declined by 4.0% to 316,000, largely as a result of competition. Retention, at 75%, was stable. Average revenue per unique print advertiser was 0.5% lower than the same period in the prior year at £1,283. The effect of our regulatory undertaking of RPI-6% was to reduce Yellow Pages rate card prices by an average of 3.3% during the nine months. The benefits of the new rate cap of RPI-0% will begin to be felt in the first quarter of the 2009 financial year.

Yell.com's revenue grew 49.0% to £101.5 million, driven by a 34.8% increase in recognised revenue per average searchable advertiser achieved mainly through up-sell to higher value products. Searchable advertisers grew 8.9% to 207,000 at 31 December. Unique users grew 5.1% to 6.2 million in the month of December compared with the same period last year.

Overall adjusted EBITDA grew 6.1% to £191.8 million, reflecting a margin of 36.4%, slightly higher than 35.5% in the same period last year.

We believe full year EBITDA will be in line with expectations with margins slightly higher than guidance of around 35%. Sales canvasses closed since December lead us to expect that fourth quarter revenue will be around £8 million lower than expected, reflecting rising economic uncertainties. Customer numbers remain in line with our expectations, but we believe that there will be some pressure on yield in print, as we have recently seen some larger customers cutting back their budgets. We expect full year revenue growth of around 2%.

Despite the current pressure on yield, we remain confident that the positive effect of the pricing and marketing measures under the new regulatory settlement will benefit revenue growth in the 2009 financial year, based on current macro economic forecasts. We will give further guidance when we present the year end results.

## Yellow Book USA operations

US revenue grew 3.9% at a constant exchange rate but fell 3.1% in sterling to £682.5million. The average exchange rate was approximately \$2.01: £1.00 against \$1.87: £1.00 in the same period last year.

The 3.9% growth comprised a 2.2% contribution from net organic growth and a 2.1% contribution from acquired directories publishing for the first time (\$27.7 million), partially offset by a drag of 0.4% from rescheduling.

The 2.2% contribution from net organic growth was made up of 2.4% from internet revenue and 1.3% growth from directory launches, reduced by 0.4% from print same market and 1.1% primarily from acquired directories that were published last year but discontinued this year because they overlapped existing Yellow Book directories. Organic revenue growth in the third quarter was 2.7%, and was, as guided, well ahead of the second quarter, which at 0.4% has proven to be the quarter of lowest growth.

Yellow Book unique advertisers in printed directories declined 2.5% to 507,000 due to competition and discontinued directories. Retention was stable at 70%. Average revenue per unique print advertiser was up 4.1% at \$2,561.

Internet revenue grew 67.6% to \$79.8 million driven by a 72.4% increase in revenue per average searchable advertiser to \$212 on the back of increased usage. The 2.9% decline in advertisers was expected as we priced more fully to reflect usage. Unique visitor numbers grew 136.4% from 4.4 million in December 2006 to 10.4 million in December 2007.

Adjusted EBITDA grew 5.3% at a constant exchange rate but declined by 1.7% in sterling to £200.3 million. The adjusted EBITDA margin in the nine months was in line with expectations at 29.3%, compared with 28.9% last year.

Looking forward to the year end; we are on track to meet guidance for both organic revenue growth of around 3% and EBITDA margins of around 29%.

We are deferring publication of fourth quarter San Diego directories, as a result of disruption to the sales cycle caused by last year's extensive fires in that region. This will reschedule approximately \$20 million of revenue into the 2009 financial year.

We currently believe organic revenue growth in the 2009 financial year will be around a similar level to that of the 2008 financial year, based on current macro economic forecasts. We will give further guidance at the year end results.

## Yell Publicidad operations

Yell Publicidad revenue for the nine months was £337.4 million in line with expectations. We rescheduled several books to other quarters in order to smooth production. The average exchange rate for the operations in Spain was approximately €1.45: £1.00 during the nine months ended 31 December 2007 against €1.48: £1.00 during the five months ended 31 December 2006.

As previously discussed, revenue in Spain is still to benefit from the transfer of best sales practices, which we have been introducing since September. Printed directory revenue grew 0.5% on a like-for-like basis compared with 0.4% for the comparable period last year.

Adjusted EBITDA was £129.9 million and the margin was 38.5%.

Looking forward to the year end, we are on track to meet expectations for local currency revenues with organic revenue growth of around 3%. In addition, we expect a further €10m from non-core operations and €20m from the Argentine acquisition of Publicom. Reported revenue will reflect the effect of Latin American exchange rates, which are currently weaker than both the euro and sterling. We expect to achieve EBITDA margins ahead of the 37% guidance.

We are confident that the roll-out of our new sales approach should generate an uplift in organic revenue growth during the 2009 financial year based on current macro economic forecasts. We will give further guidance at the year end results.

## Cash flow and net debt

Operating cash flow increased 16.5% to £450.9 million, or 18.7% at constant exchange rates. The Group converted 86.4% of adjusted EBITDA to cash, as compared with 81.8% last year.

Unaudited	Nine months ended	
	31 December	
	2006	2007
	£m	£m
<b>Adjusted EBITDA</b>	473.1	522.0
Exceptional net (costs) gain in EBITDA	(2.0)	9.5
Working capital movements and non-cash charges	(50.5)	(54.4)
<b>Cash generated from operations</b> (see page 14)	420.6	477.1
Add back payments of exceptional costs included above	1.4	4.8
Purchase of software, property, plant and equipment	(35.0)	(31.0)
Operating cash flow	387.0	450.9
Adjusted EBITDA	473.1	522.0
<b>Cash conversion</b>	81.8%	86.4%

Free cash flow before payment of exceptional items was £203.7 million, compared to an underlying £177.2 million in the same period last year.

Net debt at 31 December 2007 of £3,770.7 million was 5.2 times adjusted EBITDA on a pro forma basis over the last twelve months, compared with 5.2 times at 31 March 2007. The movement in net debt for the nine months ended 31 December 2007 arose as follows:

Unaudited	Net debt
	£m
<b>At 31 March 2007</b>	<b>3,662.6</b>
Operating cash flow	(450.9)
Cash payments of exceptional costs	4.8
Interest and tax payments	247.2
Purchase of subsidiary undertakings and minority interests, net of cash acquired	99.4
Net cash inflow on disposal of subsidiary	(0.5)
Purchase of own shares	10.6
Proceeds of shares issued	(3.6)
Dividends paid to company shareholders	136.7
Amortisation of financing fees paid in previous periods	8.8
Currency movements	55.6
<b>At 31 December 2007</b>	<b>3,770.7</b>

## Taxation

Adjusted taxation of £90.2 million represents an effective rate of 30.8% on adjusted profit before tax of £293.1 million, in line with guidance. This compared with 33.4% in the same period last year. Taxes paid were, as expected, around 20% of adjusted profit before tax.

## **Net results and exceptional items**

Adjusted profit after tax of £202.4 million was up 6.2%. This is after £0.5 million attributable to minority interests in Yell Publicidad before they were bought out on 30 September 2007.

Adjusted diluted earnings per share were up 5.3% to 25.8 pence (see note 5 to the financial information on page 19 for a reconciliation between statutory and adjusted figures). Underlying adjusted diluted earnings per share grew 9.8% at constant exchange rates if we adjust last year's earnings to reflect our ownership of Yell Publicidad on a nine month pro forma basis and adjust the current nine month period's earnings for phasing of investment.

Adjusted results exclude a non-recurring exceptional credit of £11.8 million before tax, or £7.4 million after tax, which arose from releasing £11.8 million (\$23.6 million) of the £23.8 million (\$45.0 million) costs we accrued in March 2005 for a class action settlement in the US; and exceptional charges totalling £3.1 million before tax, or £2.1 million after tax, which arose from restructuring and disposals within the Yell Publicidad operations. An additional exceptional tax charge of £0.4 million relates to the change in the UK tax rate.

## **Minority interests**

On 26 September 2007, we reached agreement with minority shareholders to acquire the remaining 1.28% of the share capital of Yell Publicidad held by minority shareholders (see note 17 to the financial information on page 25). All profits since that date are attributable to equity shareholders of the Group.

## **Risks and uncertainties**

The principal risks and uncertainties affecting the business activities of the Group for the remaining three months of the financial year remain those detailed in the section entitled "Risk Management" on pages 34-39 of Yell Group plc's annual report for the financial year ended 31 March 2007, a copy of which is available on our website [www.yellgroup.com](http://www.yellgroup.com).

## Key performance indicators

Unaudited	Full year ended		Change	
	31 March	Nine months ended 31 December		
	2007	2006	2007	%
<b>Yell UK</b>				
Total live advertisers at period end (thousands) <sup>(a)</sup>	492	489	<b>486</b>	(0.6)
<b>Printed directories</b>				
Revenue (£million)	600.5	424.2	<b>405.5</b>	(4.4)
Unique advertisers (thousands) <sup>(b)</sup>	450	329	<b>316</b>	(4.0)
Directory editions published	113	76	<b>76</b>	
Unique advertiser retention rate (%) <sup>(c)</sup>	75	75	<b>75</b>	
Revenue per unique advertiser (£)	1,335	1,289	<b>1,283</b>	(0.5)
<b>Internet</b>				
Revenue (£million)	95.9	68.1	<b>101.5</b>	49.0
Searchable advertisers at period end (thousands) <sup>(d)</sup>	196	190	<b>207</b>	8.9
Searches for the month of period end (millions)	33	24	<b>23</b>	(4.2)
Unique users for the month of period end (millions) <sup>(e)</sup>	7.6	5.9	<b>6.2</b>	5.1
Revenue per average searchable advertiser (£) <sup>(f)</sup>	518	374	<b>504</b>	34.8
<b>Yellow Book USA</b>				
<b>Printed directories</b>				
Revenue (\$million)	1,862.9	1,278.7	<b>1,298.3</b>	1.5
Unique advertisers (thousands) <sup>(b)(g)</sup>	692	520	<b>507</b>	(2.5)
Directory editions published	969	658	<b>669</b>	
Unique advertiser retention rate (%) <sup>(c)(h)</sup>	69	70	<b>70</b>	
Revenue per unique advertiser (\$)	2,694	2,459	<b>2,561</b>	4.1
<b>Internet</b>				
Revenue (\$million)	68.7	47.6	<b>79.8</b>	67.6
Searchable advertisers at period end (thousands) <sup>(d)(g)</sup>	380	385	<b>374</b>	(2.9)
Unique visitors for month of period end (millions) <sup>(i)</sup>	6.1	4.4	<b>10.4</b>	136.4
Revenue per average searchable advertiser (\$) <sup>(f)</sup>	178	123	<b>212</b>	72.4
<b>Yell Publicidad (Spain)</b>				
<b>Paginas Amarillas classified directories</b>				
Revenue (€million)			<b>214.2</b>	
Unique advertisers (thousands) <sup>(b)</sup>			<b>242</b>	
Directory editions published			<b>72</b>	
Unique advertiser retention rate (%) <sup>(c)</sup>			<b>85</b>	
Revenue per unique advertiser (€)			<b>885</b>	

Explanations of significant period to period changes are given in the analysis of operations on pages 1 through 6.

See notes to the above table on the following page.

- (a) The number of total live advertisers is a count of all advertisers at the date of the period end with a live advertisement, regardless of product. It 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.
- (b) 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.
- (c) The proportion of prior year unique advertisers that have renewed their advertising.
- (d) 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.
- (e) The number of unique users who have visited Yell.com once or more often in the indicated month. Unique users are measured according to independently established industry standard measures.
- (f) UK and US internet revenue per average searchable advertiser is calculated by dividing the recognised revenue in the nine month period by the average number of searchable advertisers in that period. From the period ended December 2007 revenue per average searchable advertiser for Yellow Book is calculated using revenue that includes our WebReach product, whereas previously it was excluded. Figures from previous periods have been restated for comparative purposes. Yell.com year ended 31 March 2007 – 185,000; nine months ended 31 December 2006 – 182,000; nine months ended 31 December 2007 – 201,000. Yellowbook.com year ended 31 March 2007 – 386,000; nine months ended 31 December 2006 - 388,000; nine months ended 31 December 2007 – 377,000.
- (g) As a result of the progress in the United States towards integrating our customer databases, we have been able to make improvements in the ways in which we capture, record and analyse customer information. This has led to an overall elimination of duplicate records of unique advertisers. We have not adjusted the previously reported figure for the nine months ended 31 December 2006 for any duplicated records in that period. There remains some overlap in reporting unique advertisers between Yellow Book and acquired businesses that we expect to be removed. These improvements to our systems have not affected the reporting of our financial results.
- (h) Retention in the US is based on unique directory advertisers.
- (i) The number of individuals who have visited Yellowbook.com at least once in the month shown. In the year ended 31 March 2007 we changed our data provider; we have not adjusted the previously reported figure for the nine months ended 31 December 2006.

**YELL GROUP PLC AND SUBSIDIARIES**  
**UNAUDITED CONSOLIDATED INCOME STATEMENT**

	Notes	Nine months ended	
		31 December	
		2006	2007
		<i>£m</i>	<i>£m</i>
<b>Revenue</b>	2	1,433.9	<b>1,546.9</b>
Cost of sales		(632.4)	<b>(653.5)</b>
<b>Gross profit</b>		801.5	<b>893.4</b>
Distribution costs		(48.7)	<b>(59.0)</b>
Administrative expenses		(386.0)	<b>(422.5)</b>
<b>Operating profit</b>	3	366.8	<b>411.9</b>
Finance costs		(198.3)	<b>(197.5)</b>
Finance income		6.8	<b>2.7</b>
<b>Net finance costs</b>		(191.5)	<b>(194.8)</b>
		175.3	<b>217.1</b>
Loss on disposal of subsidiary		-	<b>(0.8)</b>
<b>Profit before taxation</b>		175.3	<b>216.3</b>
Taxation	4	(11.9)	<b>(65.6)</b>
<b>Profit for the financial period</b>		163.4	<b>150.7</b>
Attributable to:			
Minority interests		3.6	<b>0.1</b>
Equity shareholders of the group		159.8	<b>150.6</b>
		163.4	<b>150.7</b>
		<i>(pence)</i>	<i>(pence)</i>
Basic earnings per share	5	20.8	<b>19.3</b>
Diluted earnings per share	5	20.6	<b>19.2</b>
		<i>£m</i>	<i>£m</i>
Declared and paid interim ordinary dividend of 6.3 pence per share (2006 – 5.7 pence)	6	43.9	48.6

See notes to the financial information for additional details.

**YELL GROUP PLC AND SUBSIDIARIES**

**UNAUDITED CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE**

	Notes	Nine months ended	
		31 December	
		2006	2007
		<i>£m</i>	<i>£m</i>
<b>Profit for the financial period</b>		<u>163.4</u>	<u>150.7</u>
Exchange (loss) gain on translation of foreign operations		(75.8)	110.0
Actuarial gains on defined benefit pension schemes	14	7.5	15.3
Change in fair value of financial instruments used as hedges		3.3	(21.6)
Tax effect of net losses not recognised in the income statement		3.7	2.2
Net increase (decrease) in tax benefit on share based payments		<u>4.3</u>	<u>(11.7)</u>
Net (expense) income not recognised in the income statement		<u>(57.0)</u>	<u>94.2</u>
<b>Total recognised income for the period</b>		<u>106.4</u>	<u>244.9</u>
Attributable to:			
Minority interests		3.8	0.4
Equity shareholders of the group		<u>102.6</u>	<u>244.5</u>
		<u>106.4</u>	<u>244.9</u>

See notes to the financial information for additional details.

**YELL GROUP PLC AND SUBSIDIARIES**  
**UNAUDITED CONSOLIDATED BALANCE SHEET**

	Notes	Audited At 31 March 2007 <i>£m</i>	Unaudited At 31 December 2007 <i>£m</i>
<b>Non-current assets</b>			
Goodwill	7	3,645.3	3,792.6
Other intangible assets	8	1,229.5	1,248.3
Property, plant and equipment	9	94.5	89.8
Deferred tax assets	10	143.2	114.3
Investment and other assets		8.2	7.7
<b>Total non-current assets</b>		<b>5,120.7</b>	<b>5,252.7</b>
<b>Current assets</b>			
Inventories		12.0	21.6
Directories in development		257.2	300.5
Trade and other receivables	11	947.4	950.8
Cash and cash equivalents		66.7	50.0
<b>Total current assets</b>		<b>1,283.3</b>	<b>1,322.9</b>
<b>Current liabilities</b>			
Loans and other borrowings	12	(224.3)	(286.0)
UK corporation and foreign income tax		(54.4)	(35.1)
Trade and other payables	13	(633.8)	(638.1)
<b>Total current liabilities</b>		<b>(912.5)</b>	<b>(959.2)</b>
<b>Net current assets</b>		<b>370.8</b>	<b>363.7</b>
<b>Non-current liabilities</b>			
Loans and other borrowings	12	(3,505.0)	(3,534.7)
Deferred tax liabilities	10	(497.7)	(523.0)
Retirement benefit obligations	14	(27.2)	(12.7)
Trade and other payables	13	(13.0)	(12.4)
<b>Total non-current liabilities</b>		<b>(4,042.9)</b>	<b>(4,082.8)</b>
<b>Net assets</b>		<b>1,448.6</b>	<b>1,533.6</b>
<b>Capital and reserves attributable to equity shareholders</b>			
Share capital	15	1,201.7	1,194.7
Other reserves	15	(218.0)	(129.8)
Retained earnings	15	454.8	468.7
		1,438.5	1,533.6
<b>Minority interests</b>	15	10.1	-
<b>Total equity</b>		<b>1,448.6</b>	<b>1,533.6</b>

See notes to the financial information for additional details.

**YELL GROUP PLC AND SUBSIDIARIES**  
**UNAUDITED CONSOLIDATED CASH FLOW STATEMENT**

	Notes	Nine months ended	
		31 December	
		2006	2007
		<i>£m</i>	<i>£m</i>
<b>Net cash inflow from operating activities</b>			
Cash generated from operations		420.6	477.1
Interest paid		(204.0)	(190.4)
Interest received		6.8	2.7
Redemption premium paid		(22.1)	-
Net income tax paid		(59.3)	(59.5)
Net cash inflow from operating activities		<u>142.0</u>	<u>229.9</u>
<b>Cash flows from investing activities</b>			
Purchase of software, property, plant and equipment	16	(35.0)	(31.0)
Purchase of subsidiary undertakings and minority interest shares, net of cash acquired	17	(2,025.5)	(99.4)
Net cash inflow on disposal of subsidiary	17	-	0.5
Net cash outflow from investing activities		<u>(2,060.5)</u>	<u>(129.9)</u>
<b>Cash flows from financing activities</b>			
Proceeds from issuance of ordinary shares		350.2	3.6
Purchase of own shares		(11.5)	(10.6)
Net (paid) borrowed on revolving credit facilities		(211.1)	19.8
Acquisition of new loans		3,841.5	75.2
Repayment of borrowings		(1,827.8)	(68.2)
Financing fees paid		(64.8)	-
Dividends paid to Company's shareholders	6	(122.4)	(136.7)
Net cash inflow (outflow) from financing activities		<u>1,954.1</u>	<u>(116.9)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>		35.6	(16.9)
Cash and cash equivalents at beginning of the period		28.5	66.7
Exchange (losses) gains on cash and cash equivalents		(2.8)	0.2
<b>Cash and cash equivalents at period end</b>		<u>61.3</u>	<u>50.0</u>
Profit for the period		163.4	150.7
Adjustments for:			
Tax		11.9	65.6
Loss on disposal of subsidiary		-	0.8
Finance income		(6.8)	(2.7)
Finance costs		198.3	197.5
Depreciation of property, plant and equipment and amortisation of software		27.0	34.1
Amortisation of other acquired intangibles		77.3	85.5
Changes in working capital:			
Inventories and directories in development		(51.6)	(49.6)
Trade and other receivables		(22.9)	17.6
Trade and other payables		12.7	(33.8)
Share based payments and other		11.3	11.4
<b>Cash generated from operations</b>		<u>420.6</u>	<u>477.1</u>

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 condensed set of financial statements for the nine months ended 31 December 2007 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 2007 and in accordance with the Listing Rules of the Financial Services Authority.

The financial information contained herein does not constitute statutory financial statements within the meaning of section 240 of the Companies Act 1985. The audit opinion on the statutory accounts for the year ended 31 March 2007, which were approved by the Board of directors on 5 June 2007, was unqualified.

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 2007 annual report published in June 2007, which included the audited consolidated financial statements of Yell Group plc and its subsidiaries for the year ended 31 March 2007.

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 benefit obligations and the related employee pension costs, acquisition accounting and taxes.

## YELL GROUP PLC AND SUBSIDIARIES

### UNAUDITED NOTES TO THE FINANCIAL INFORMATION (continued)

#### 2. Revenue

	Nine months ended 31 December		Change %
	2006	2007	
	<i>£m</i>	<i>£m</i>	
Yell UK printed directories	424.2	405.5	(4.4)
Other products and services	85.8	121.5	41.6
<b>Total Yell UK revenue</b>	<b>510.0</b>	<b>527.0</b>	<b>3.3</b>
Yellow Book USA revenue at constant exchange rate <sup>(a)</sup>	704.5	732.0	3.9
Exchange impact <sup>(a)</sup>	-	(49.5)	
<b>Total Yellow Book USA revenue</b>	<b>704.5</b>	<b>682.5</b>	<b>(3.1)</b>
Yell Publicidad revenue at constant exchange rate <sup>(a)</sup>	219.4	331.0	50.9
Exchange impact <sup>(a)</sup>	-	6.4	
<b>Total Yell Publicidad revenue</b>	<b>219.4</b>	<b>337.4</b>	<b>53.8</b>
<b>Group revenue</b>	<b>1,433.9</b>	<b>1,546.9</b>	<b>7.9</b>

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

#### 3. Operating profit and EBITDA information

##### *Adjusted EBITDA by segment*

	Nine months ended 31 December		Change %
	2006	2007	
	<i>£m</i>	<i>£m</i>	
Yell UK printed directories	149.0	139.4	(6.4)
Other products and services	31.8	52.4	64.8
<b>Total Yell UK</b>	<b>180.8</b>	<b>191.8</b>	<b>6.1</b>
Yellow Book USA at constant exchange rate <sup>(a)</sup>	203.7	214.4	5.3
Exchange impact <sup>(a)</sup>	-	(14.1)	
<b>Total Yellow Book USA</b>	<b>203.7</b>	<b>200.3</b>	<b>(1.7)</b>
Yell Publicidad at constant exchange rate <sup>(a)</sup>	88.6	127.3	43.7
Exchange impact <sup>(a)</sup>	-	2.6	
<b>Total Yell Publicidad</b>	<b>88.6</b>	<b>129.9</b>	<b>46.6</b>
<b>Group adjusted EBITDA</b>	<b>473.1</b>	<b>522.0</b>	<b>10.3</b>

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

## YELL GROUP PLC AND SUBSIDIARIES

### UNAUDITED NOTES TO THE FINANCIAL INFORMATION (continued)

#### 3. Operating profit and EBITDA information (continued)

##### *Reconciliation of group operating profit to EBITDA* <sup>(a)</sup>

	Nine months ended 31 December		
	2006	2007	Change
	£m	£m	%
<i>Yell UK operations</i>			
<b>Operating profit</b>	170.6	179.4	
Depreciation and amortisation in admin expenses	10.2	12.4	
<b>Yell UK operations EBITDA</b>	180.8	191.8	6.1
<b>Yell UK operations EBITDA margin</b>	35.5%	36.4%	
<i>Yellow Book USA</i>			
<b>Operating profit</b>	167.3	177.4	
Depreciation and amortisation in admin expenses	36.4	34.7	
<b>Yellow Book USA EBITDA</b>	203.7	212.1	4.1
Exceptional items	-	(11.8)	
Exchange impact <sup>(b)</sup>	-	14.1	
<b>Yellow Book USA adjusted EBITDA at constant exchange rate</b> <sup>(b)</sup>	203.7	214.4	5.3
Exchange impact <sup>(b)</sup>	-	(14.1)	
<b>Yellow Book USA adjusted EBITDA</b>	203.7	200.3	(1.7)
<b>Yellow Book USA adjusted EBITDA margin</b>	28.9%	29.3%	
<i>Yell Publicidad</i>			
<b>Operating profit</b>	28.9	55.1	
Depreciation and amortisation in admin expenses	57.7	72.5	
<b>Yell Publicidad EBITDA</b>	86.6	127.6	47.3
Exceptional items	2.0	2.3	
Exchange impact <sup>(b)</sup>	-	(2.6)	
<b>Yell Publicidad EBITDA at constant exchange rate</b> <sup>(b)</sup>	88.6	127.3	43.7
Exchange impact <sup>(b)</sup>	-	2.6	
<b>Yell Publicidad EBITDA</b>	88.6	129.9	46.6
<b>Yell Publicidad EBITDA margin</b>	40.4%	38.5%	
<i>Group</i>			
<b>Operating profit</b>	366.8	411.9	
Depreciation and amortisation in admin expenses	104.3	119.6	
<b>Group EBITDA</b>	471.1	531.5	12.8
Exceptional items	2.0	(9.5)	
Exchange impact <sup>(b)</sup>	-	11.5	
<b>Group adjusted EBITDA at constant exchange rates</b> <sup>(b)</sup>	473.1	533.5	12.8
Exchange impact <sup>(b)</sup>	-	(11.5)	
<b>Group adjusted EBITDA</b>	473.1	522.0	10.3
<b>Group adjusted EBITDA margin</b>	33.0%	33.7%	

<sup>(a)</sup> EBITDA is one of the key financial measures that we use to assess growth and operational efficiencies in the business.

<sup>(b)</sup> Constant exchange rate states current period results at the same exchange rate 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 effective tax rate for the period is different from the standard rate of corporation tax in the United Kingdom (30%) as explained below:

	Nine months ended 31 December	
	2006	2007
	<i>£m</i>	<i>£m</i>
Profit before tax multiplied by the standard rate of corporation tax in the United Kingdom (30%)	52.6	64.9
Effects of:		
Differing tax rates on overseas earnings	6.1	6.9
Changes in statutory tax rates	(45.5)	0.4
Other	(1.3)	(6.6)
<b>Tax charge on profit before tax</b>	<b>11.9</b>	<b>65.6</b>
Current tax	56.7	50.4
Deferred tax	(44.8)	15.2
<b>Tax charge on profit before tax</b>	<b>11.9</b>	<b>65.6</b>

## 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.

	Actual	Exceptional items	Amortisation of acquired intangibles	Adjusted
<i>Nine months ended 31 December 2007</i>				
EBITDA (£m)	531.5	(9.5)	-	522.0
Depreciation and amortisation (£m)	(119.6)	-	85.5	(34.1)
Net finance costs (£m)	(194.8)	-	-	(194.8)
Net loss on disposals of non-core operations (£m)	(0.8)	0.8	-	-
Group profit before tax (£m)	216.3	(8.7)	85.5	293.1
Taxation (£m)	(65.6)	3.8	(28.4)	(90.2)
Group profit after tax (£m)	150.7	(4.9)	57.1	202.9
Minority interests (£m)	(0.1)	-	(0.4)	(0.5)
Group profit after tax and minority interests (£m)	150.6	(4.9)	56.7	202.4
Weighted average number of issued ordinary shares (millions)	779.8			779.8
<b>Basic earnings per share (pence)</b>	<b>19.3</b>			<b>26.0</b>
Effect of share options (pence)	(0.1)			(0.2)
<b>Diluted earnings per share (pence)</b>	<b>19.2</b>			<b>25.8</b>
<i>Nine months ended 31 December 2006</i>				
EBITDA (£m)	471.1	2.0	-	473.1
Depreciation and amortisation (£m)	(104.3)	-	77.3	(27.0)
Net finance costs (£m)	(191.5)	36.3	-	(155.2)
Group profit before tax (£m)	175.3	38.3	77.3	290.9
Taxation (£m)	(11.9)	(57.6)	(27.8)	(97.3)
Group profit after tax (£m)	163.4	(19.3)	49.5	193.6
Minority interests (£m)	(3.6)	2.6	(2.0)	(3.0)
Group profit after tax and minority interests (£m)	159.8	(16.7)	47.5	190.6
Weighted average number of issued ordinary shares (millions)	768.9			768.9
<b>Basic earnings per share (pence)</b>	<b>20.8</b>			<b>24.8</b>
Effect of share options (pence)	(0.2)			(0.3)
<b>Diluted earnings per share (pence)</b>	<b>20.6</b>			<b>24.5</b>

The net exceptional credit of £9.5 million in EBITDA during the nine months ended 31 December 2007 comprised £11.8 million related to the release of a portion of the accrued settlement obligation accrued in 2005, but no longer required, for the class action suit in the US net of £2.3 million of post-acquisition restructuring costs at Yell Publicidad. Exceptional tax of £3.8 million represents a net of £3.6 million tax charge on the £9.5 million net exceptional credit and an additional charge of £0.4 million related to changes in the UK tax rate, net of a £0.2 million tax credit on disposal losses. Exceptional costs of £2.0 million in EBITDA for the nine months ended 31 December 2006 are post-acquisition restructuring costs relating to the Yell Publicidad acquisition. The exceptional interest costs for the nine months ended 31 December 2006 comprised £13.8 million for accelerated amortisation of deferred financing fees and £22.5 million premium on the redemption of our Notes, which were refinanced prior to the Yell Publicidad acquisition. The exceptional taxation benefit comprises £0.7 million related to post-acquisition restructuring costs, £11.4 million related to exceptional finance costs and a £45.5 million exceptional tax credit from re-measuring deferred taxes in Spain at the lower tax rates enacted in November 2006.

## YELL GROUP PLC AND SUBSIDIARIES

### UNAUDITED NOTES TO THE FINANCIAL INFORMATION (continued)

#### 6. Dividends paid

The final dividend for the 2007 financial year of 11.4 pence per share (2006 – 10.2 pence per share) was paid on 27 July 2007 and amounted to £88.1 million (2006 - £78.5 million). The interim dividend of 6.3 pence per share (2006 – 5.7 pence per share) was paid on 14 December 2007 and amounted to £48.6 million (2006 - £43.9 million).

#### 7. Goodwill

	Nine months ended 31 December	
	2006	2007
	<i>£m</i>	<i>£m</i>
Opening net book value at 1 April 2006 and 2007, respectively	2,486.0	3,645.3
Acquisitions	1,329.4	50.5
Currency movements	(184.5)	96.8
<b>Net book value at period end</b>	<b>3,630.9</b>	<b>3,792.6</b>

#### 8. Other non-current intangible assets

	Nine months ended 31 December	
	2006	2007
	<i>£m</i>	<i>£m</i>
Opening net book value at 1 April 2006 and 2007, respectively	200.3	1,229.5
Acquisitions	1,141.3	22.1
Additions	10.6	13.3
Disposals and write-offs	-	(0.4)
Amortisation	(64.1)	(96.4)
Currency movements	(40.1)	80.2
<b>Net book value at period end</b>	<b>1,248.0</b>	<b>1,248.3</b>

#### 9. Property, plant and equipment

	Nine months ended 31 December	
	2006	2007
	<i>£m</i>	<i>£m</i>
Opening net book value at 1 April 2006 and 2007, respectively	53.8	94.5
Acquisitions	39.5	0.3
Additions	21.7	14.6
Disposals and write-offs	(1.3)	(1.8)
Depreciation	(16.9)	(20.1)
Currency movements	(4.2)	2.3
<b>Net book value at period end</b>	<b>92.6</b>	<b>89.8</b>

YELL GROUP PLC AND SUBSIDIARIES

UNAUDITED NOTES TO THE FINANCIAL INFORMATION (continued)

10. Deferred tax assets and liabilities

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

	At 31 March 2007	At 31 December 2007
	<i>£m</i>	<i>£m</i>
Tax effect of timing differences due to:		
Bad debt provisions	44.8	38.1
Defined benefit pension scheme	17.9	9.1
Other allowances and accrued expenses	20.1	18.1
Recognised tax net operating losses	18.7	14.7
Share options	16.4	6.6
Depreciation	7.3	8.9
Financial instruments	4.9	12.4
Other	13.1	6.4
<b>Recognised deferred tax assets</b>	<b>143.2</b>	<b>114.3</b>

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

	At 31 March 2007	At 31 December 2007
	<i>£m</i>	<i>£m</i>
Tax effect of timing differences due to:		
Intangible assets	415.8	442.0
Deferred directory costs	45.5	46.8
Unremitted earnings	10.8	12.6
Financial instruments	9.1	9.8
Other	16.5	11.8
<b>Recognised deferred tax liabilities</b>	<b>497.7</b>	<b>523.0</b>

YELL GROUP PLC AND SUBSIDIARIES

UNAUDITED NOTES TO THE FINANCIAL INFORMATION (continued)

11. Trade and other receivables

	At 31 March 2007	At 31 December 2007
	<i>£m</i>	<i>£m</i>
Net trade receivables <sup>(a)</sup>	830.7	837.0
Other receivables	62.0	60.4
Accrued income <sup>(a)</sup>	42.0	38.1
Prepayments	12.7	15.3
<b>Total trade and other receivables</b>	<b>947.4</b>	<b>950.8</b>

<sup>(a)</sup> The Group's trade receivables and accrued income are stated after deducting a provision of £184.6 million at 31 December 2007 (31 March 2007 - £208.6 million).

12. Loans and other borrowings and net debt

	At 31 March 2007 <sup>(a)</sup>	At 31 December 2007 <sup>(a)</sup>
	<i>£m</i>	<i>£m</i>
<b>Amounts falling due within one year</b>		
Term loans under senior credit facilities	121.7	161.7
Revolving loan under credit facilities	97.2	95.0
Net obligations under finance leases and other short term borrowings	5.4	29.3
<b>Total amounts falling due within one year</b>	<b>224.3</b>	<b>286.0</b>
<b>Amounts falling due after more than one year</b>		
Term loans under senior credit facilities	3,505.0	3,534.7
<b>Net loans and other borrowings</b>	<b>3,729.3</b>	<b>3,820.7</b>
Cash and cash equivalents	(66.7)	(50.0)
<b>Net debt at end of year</b>	<b>3,662.6</b>	<b>3,770.7</b>

<sup>(a)</sup> Balances are shown net of deferred financing fees of £38.6 million at 31 December 2007 (31 March 2007 - £46.8 million).

YELL GROUP PLC AND SUBSIDIARIES

UNAUDITED NOTES TO THE FINANCIAL INFORMATION (continued)

13. Trade and other payables

	At 31 March 2007	At 31 December 2007
<b>Due within one year</b>	<i>£m</i>	<i>£m</i>
Trade payables	88.4	74.6
Other taxation and social security	18.2	17.9
Accruals and other payables	237.5	225.5
Deferred income	289.7	320.1
Trade and other payables falling due within one year	<u>633.8</u>	<u>638.1</u>
<b>Amounts falling due after more than one year</b>		
Trade payables	11.1	12.4
Accruals and other payables	1.1	-
Deferred income	0.8	-
Trade and other payables falling due after more than one year	<u>13.0</u>	<u>12.4</u>
<b>Total trade and other payables</b>	<u><u>646.8</u></u>	<u><u>650.5</u></u>

14. Retirement benefit obligations

	Nine months ended 31 December	
	2006	2007
	<i>£m</i>	<i>£m</i>
Obligations at 1 April 2006 and 2007, respectively	<u>39.9</u>	<u>27.2</u>
Net actuarial gain on defined benefit pension schemes	(7.5)	(15.3)
Charges in excess of contributions	1.4	0.8
Net decrease in retirement benefit obligations	<u>(6.1)</u>	<u>(14.5)</u>
Retirement benefit obligation at period end	<u><u>33.8</u></u>	<u><u>12.7</u></u>

<sup>(a)</sup> The gains in the periods ended 31 December 2006 and 2007 were 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)

15. Statement of changes in equity

	Attributable to equity shareholders			Minority interest	Total
	Share capital	Other reserves	Retained earnings		
	£m	£m	£m	£m	£m
<b>Balance at 31 March 2007</b>	<b>1,201.7</b>	<b>(218.0)</b>	<b>454.8</b>	<b>10.1</b>	<b>1,448.6</b>
Profit on ordinary activities after taxation	-	-	150.6	0.1	150.7
Net gain 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 <sup>(a)</sup>	(10.6)	-	-	-	(10.6)
Purchase of minority interest shares	-	(17.1)	-	(10.5)	(27.6)
Dividends paid	-	-	(136.7)	-	(136.7)
	(7.0)	88.2	13.9	(10.1)	85.0
<b>Balance at 31 December 2007</b>	<b>1,194.7</b>	<b>(129.8)</b>	<b>468.7</b>	<b>-</b>	<b>1,533.6</b>

<sup>(a)</sup> Purchase of shares held in an ESOP trust for employees.

Cumulative foreign currency losses attributable to equity shareholders at 31 December 2007 are £29.7 million (31 March 2007 - £139.4 million).

16. Capital Expenditure

Capital expenditure on software, property, plant and equipment in the nine months ended 31 December 2006 and 2007 was £35.0 million and £31.0 million, respectively. Proceeds on the sale of property, plant and equipment were £nil in the same periods.

Capital expenditure committed at 31 December 2006 and 2007 was £4.0 million and £7.4 million, respectively.

## YELL GROUP PLC AND SUBSIDIARIES

### UNAUDITED NOTES TO THE FINANCIAL INFORMATION (continued)

#### 17. Acquisitions and disposals

##### *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. The purchase prices were provisionally allocated to the acquired assets and liabilities as follows:

	Acquiree's carrying amount	Provisional fair value adjustments	Provisional fair value
	<i>£m</i>	<i>£m</i>	<i>£m</i>
<b>Non current assets</b>			
Other intangible assets	0.4	21.7	22.1
Property, plant and equipment	0.3	-	0.3
Deferred tax assets	1.3	-	1.3
<b>Total non current assets</b>	<b>2.0</b>	<b>21.7</b>	<b>23.7</b>
<b>Current assets</b>			
Directories in development	2.1	1.1	3.2
Trade and other receivables	5.5	-	5.5
Cash and cash equivalents	0.2	-	0.2
<b>Total current assets</b>	<b>7.8</b>	<b>1.1</b>	<b>8.9</b>
<b>Current liabilities</b>			
Corporation tax	(0.6)	-	(0.6)
Trade and other payables	(7.6)	1.4	(6.2)
<b>Total current liabilities</b>	<b>(8.2)</b>	<b>1.4</b>	<b>(6.8)</b>
<b>Total assets less current liabilities</b>	<b>1.6</b>	<b>24.2</b>	<b>25.8</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	-	(4.4)	(4.4)
<b>Identifiable net assets</b>	<b>1.6</b>	<b>19.8</b>	<b>21.4</b>
Goodwill			50.5
Total cost			<b>71.9</b>

Goodwill of £50.5 million is attributable to the expected future synergies, the workforces acquired, and expected future growth of the businesses.

On 26 September 2007, we reached agreement with the minority shareholders to acquire the remaining 1.28% of the share capital of Yell Publicidad held by minority shareholders for €40.4 million (£27.8 million), including expenses of €1.0 million (£0.7 million), of which we paid €40.2 million (£27.7 million) by 31 December 2007.

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)

#### 17. Acquisitions and disposals (continued)

##### *Nine months ended 31 December 2006*

In the nine months to 31 December 2006, the Yell Group paid £2,025.5 million for acquisitions, the largest of which was that of 94.25% of the share capital of Telefónica Publicidad e Información, S.A. on 31 July 2006, for €2,939.8 million (£2,010.3 million). We also made other acquisitions in the half year which comprised a number of directories businesses in the US, for cash of \$19.8 million (£12.8 million).

##### *Cash flow*

A reconciliation of cash paid on acquisitions, including deferred payments for the acquisition of TransWestern Publishing (TWP), payments in relation to the purchase of minority interest shares and capital duties paid, to the cash flow on page 14 is as follows:

	Nine months ended	
	31 December	
	2006	2007
	£m	£m
Costs of acquisitions in the period	2,023.1	71.9
Less cash acquired	(16.8)	(0.2)
Purchase of minority interest shares	-	27.7
Deferred payment for TWP	6.2	-
Capital duties paid	13.0	-
Net cash outflow in period	2,025.5	99.4

#### 18. Litigation

A lawsuit filed by Verizon was settled in October 2004. Yellow Book USA 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, Yellow Book USA 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 first quarter of the 2008 financial year. At 31 December 2007, we have remaining \$20.1 million of accrued settlement obligation representing our best estimate of the amounts to be settled after resolution of all appeals.

## 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 2007, Yell published 113 directories in the United Kingdom, 969 in the United States, and 92 Paginas Amarillas directories in Spain. In the United Kingdom, where it is a leading player in the classified advertising market, it served 450,000 unique advertisers. In the United States, where it is the leading independent directories business, it served 692,000 unique advertisers. In Spain, the Paginas Amarillas directories served 191,000 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, Yellow Book and Yellowbook.com; and in Spain, Paginas Amarillas and PaginasAmarillas.es. All these brands are trade marks.