



Q3

SUPPLEMENTAL DISCLOSURE

Period ended September 30, 2010

As filed on Sedar on November 3, 2010 (www.sedar.com).
This report is also available at www.ypg.com

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This Supplemental Disclosure contains forward-looking statements about the objectives, strategies, financial condition, results of operations and businesses of YPG. These statements are considered “forward-looking” because they are based on current expectations about our business and the markets we operate in, and on various estimates and assumptions. Our actual results could be materially different from our expectations if known or unknown risks affect our business, or if our estimates or assumptions turn out to be inaccurate. As a result, we cannot guarantee that any forward-looking statements will materialize. Forward-looking statements do not take into account the effect that transactions or non-recurring items announced or occurring after the statements are made may have on our business. We disclaim any intention or obligation to update any forward-looking statements, except as required by law, even if new information becomes available through future events or for any other reason.

Risks that could cause our actual results to differ materially from our current expectations are discussed in section 8 of our November 3, 2010 Management's Discussion and Analysis. This Supplemental Disclosure shall be read in connection with the November 3, 2010 Management's Discussion and Analysis.

1. Financial Highlights - Yellow Pages Income Fund

(in thousands of Canadian dollars, except unit information)

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2010	2009	2010	2009
Revenues	\$428,570	\$408,318	\$1,257,083	\$1,234,205
Operating costs	202,612	182,109	583,452	560,064
Conversion and rebranding costs	4,441	-	16,042	-
Income from operations before depreciation and amortization, acquisition-related costs, impairment of goodwill and restructuring and special charges	221,517	226,209	657,589	674,141
Net earnings (loss)	74,705	(168,515)	276,368	80,477
Basic earnings (loss) per unit	0.15	(0.33)	0.54	0.16
Diluted earnings (loss) per unit	0.12	(0.33)	0.47	0.15
Cash flow from operating activities	\$142,685	\$168,548	\$465,617	\$551,453
Distributable cash	176,949	179,199	533,627	541,298
Distributable cash per unit	0.35	0.35	1.06	1.06
Distributions declared	100,402 ⁽¹⁾	102,041	302,088 ⁽¹⁾	370,568
Distributions declared per unit	0.20	0.20	0.60	0.72
Payout ratio	57%	57%	57%	68%
Weighted average number of units outstanding				
Basic	501,815,664	510,030,789	503,333,857	511,994,035
Diluted	666,139,635	510,030,789	635,552,526	514,910,239

⁽¹⁾ Includes September 2010 distribution of approximately \$34.2 million paid on October 15, 2010.

2. Segmented Information - Reported Basis

(in thousands of Canadian dollars)

For the three-month periods ended September 30,						
	Directories		Vertical Media		Consolidated	
	2010	2009	2010	2009	2010	2009
Revenues	\$348,946	\$346,794	\$79,624	\$61,524	\$428,570	\$408,318
EBITDA before conversion and rebranding costs	202,932	208,132	23,026	18,077	225,958	226,209
EBITDA	198,491	208,132	23,026	18,077	221,517	226,209
EBITDA Margin before conversion and rebranding costs	58.2%	60.0%	28.9%	29.4%	52.7%	55.4%

For the nine-month periods ended September 30,						
	Directories		Vertical Media		Consolidated	
	2010	2009	2010	2009	2010	2009
Revenues	\$1,024,665	\$1,046,653	\$232,418	\$187,552	\$1,257,083	\$1,234,205
EBITDA before conversion and rebranding costs	606,156	618,682	67,475	55,459	673,631	674,141
EBITDA	590,114	618,682	67,475	55,459	657,589	674,141
EBITDA Margin before conversion and rebranding costs	59.2%	59.1%	29.0%	29.6%	53.6%	54.6%

3. Operational Key Performance Indicators - Directories

Excluding contribution of Canpages

Advertiser Count

Advertiser Count is the number of unique customers advertising through one of our properties during the reporting period.

(in thousands)	Q1	Q2	Q3	Q4
2010	377	371	368	
2009	399	395	389	385

Client Renewal

Customers who advertised with YPG in the previous period and have renewed their advertising in the current period.

	Q1	Q2	Q3	Q4
2010	88%	88%	88%	
2009	89%	89%	88%	88%

Online Revenues ⁽¹⁾

(in millions)		Q1	Q2	Q3	Q4
2010	Revenues	\$98.4	\$107.7	\$115.7	
	Penetration	64%	65%	65%	
2009	Revenues	\$68.6	\$75.2	\$78.0	\$82.6
	Penetration	60%	61%	60%	63%

Penetration: Number of directories customers choosing to advertise both in print and online

(1) Including contribution from Canpages and other acquired businesses since their respective acquisition dates

Revenue Generating Units per Advertiser

RGU measures the number of product groups selected by advertisers. (Indicator of advertiser product portfolio)

	Q1	Q2	Q3	Q4
2010	1.70	1.70	1.70	
2009	1.62	1.65	1.66	1.68

Average Revenue Per Advertiser

Total Revenue of the last twelve months divided by the average advertiser base during the last twelve months.

	Q1	Q2	Q3	Q4
2010	\$3,467	\$3,459	\$3,446	
2009	\$3,374	\$3,412	\$3,441	\$3,458

Online Operational Metrics ^{(1) (2)}

(in millions)		Q1	Q2	Q3	Q4
2010	UUV	10.9	11.4	11.3	
	Reach %	44%	46%	45%	
2009	UUV	9.5	9.7	9.0	8.9
	Reach %	40%	40%	37%	36%

UUV: Unduplicated Unique Visitors

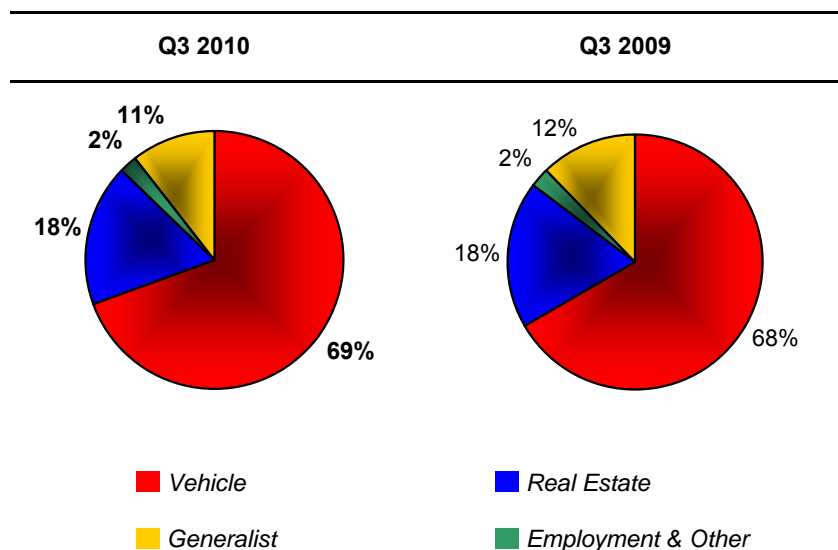
⁽¹⁾ Source: comScore Media Metrix Canada.

⁽²⁾ Including contribution from acquired businesses.

4. Operational Key Performance Indicators - Vertical Media

Excluding contribution of Dealer.com

Revenues per Vertical



Revenues - Commercial Vehicle

Revenues generated by the commercial vehicle segment.

(in thousands)	Q1	Q2	Q3	Q4
2010	\$30,884	\$33,189	\$33,316	
2009	\$31,190	\$33,111	\$32,771	\$33,113

ARPA - Commercial Vehicle

Commercial vehicle segment revenues of the last twelve months divided by the average advertiser base during the last twelve months.

	Q1	Q2	Q3	Q4
2010	\$4,085	\$4,058	\$4,349	
2009	\$3,488	\$3,475	\$3,764	\$4,174

Advertiser Count - Commercial Vehicle

Advertiser Count is the number of unique commercial vehicle customers advertising through one of our properties during the reporting period.

	Q1	Q2	Q3	Q4
2010	7,560	8,178	7,661	
2009	8,943	9,528	8,707	7,933

DealerSmartSolutions Clients

DealerSmartSolutions Clients is the number of unique customers subscribing to the DSS service.

	Q1	Q2	Q3	Q4
2010	2,725	3,154	3,285	
2009	-	1,220	2,078	2,436

5. Operating Cost and Capital Expenditure Details

(in thousands of Canadian dollars)

	For the three-month periods ended September 30,				For the nine-month periods ended September 30,			
	2010		2009		2010		2009	
Revenues	\$428,570		\$408,318		\$1,257,083		\$1,234,205	
Expenses								
Cost of Sales	125,171	29.2%	114,522	28.0%	359,072	28.6%	349,330	28.3%
General and Administrative ⁽¹⁾	77,441	18.1%	67,587	16.6%	224,380	17.8%	210,734	17.1%
Conversion and rebranding costs	4,441	1.0%	-	-	16,042	1.3%	-	-
EBITDA	\$221,517		\$226,209		\$673,631		\$674,141	
Acquisition of Fixed Assets, Net of Lease Inducements								
Transition Capital ⁽²⁾	\$2,176		\$1,239		\$6,273		\$5,738	
Maintenance ⁽³⁾	3,575		3,521		10,725		10,740	
New Initiatives	8,183		3,861		21,822		14,269	
Building and leasehold Improvements (net of lease inducements)	8,661		1,627		9,869		2,338	
Total	\$22,595		\$10,248		\$48,689		\$33,085	
Adjustment to Reflect Expenditures on a Cash Basis	(2,953)		(2,737)		(3,735)		(805)	
Acquisition of Fixed Assets, Net of Lease Inducements	\$19,642		\$7,511		\$44,954		\$32,280	

⁽¹⁾ Includes pension and post-employment expenses.

⁽²⁾ Transition capital represents funds set aside as pre-funded capital for purposes of integrating acquired businesses.

⁽³⁾ Maintenance capital expenditures are for ongoing operations to maintain the integrity of the infrastructure.

6. Consolidated Capitalization

(in millions of Canadian dollars)

Yellow Media Inc.

As part of our conversion from an income trust to a traditional corporate structure on November 1, 2010, YPG Holdings Inc. has been renamed Yellow Media Inc. The new name builds upon our Company's legacy of delivering placement and performance products to Canadian businesses. It also reflects our expansion in providing turn-key solutions to businesses through our online, mobile and print multimedia platforms. Following the conversion, Yellow Media Inc. became the reporting entity.

Reported Basis	Sept. 30, 2009	Dec. 31, 2009	Sept. 30, 2010
Medium Term Notes	\$1,921	\$2,045	\$1,686
Credit Facilities	100	100	\$100
Commercial Paper	205	74	\$410
Exchangeable Debentures	289	84	-
Convertible Debentures	-	-	\$182
Obligations Under Capital Leases	8	9	\$7
Note Payable	-	-	\$13
Total Third-Party Debt	2,523	2,312	2,397
Cash and Cash Equivalents	74	36	44
Net debt	\$2,449	\$2,276	\$2,353
Exchangeable Promissory Notes	-	-	138
Preferred Shares, Series 1 and 2	481	473	453
Equity Attributable to Non-Controlling Interests ^(1, 2)	203	324	393
Equity Attributable to Owners of the Fund	5,228	5,225	5,185
Total Capitalization	\$8,361	\$8,297	\$8,522
Average Interest Rate on Debt at Period End	5.6%	5.8%	5.3%
EBITDA / Annualized Interest Charges ⁽³⁾	6.3x	6.2x	6.7x
Net Debt / EBITDA ⁽³⁾	2.7x	2.5x	2.6x
FCF / Net Debt ⁽⁴⁾	29%	31%	30%
Net Debt / Equity Attributable to Owners of the Fund	0.5x	0.4x	0.5x

⁽¹⁾ Represents 8.3 million, 5.0 million and 1.3 million Preferred Shares, Series 3, 5 and 7 issued in September '09, December '09 and February '10, respectively, as well as non-controlling interest relating to Dealer.com and Enquiro.

⁽²⁾ As adjusted per adoption of new accounting policies - See Note 1 of the Q3 2010 Interim Financial Statements.

⁽³⁾ EBITDA is calculated before conversion and rebranding costs.

⁽⁴⁾ FCF is assumed to be equal to Distributable Cash adjusted for LTM EBITDA before conversion and rebranding costs giving effect to the impact of acquisitions and annualized interest expense and preferred shares, series 1 & 2 dividends based on full year impact of the debt and preferred share structure at the end of the period with interest and dividend rates prevailing at such date.

7. Preferred Shares

(in millions of Canadian dollars)

- As of September 30, 2010, YPG has five series of preferred shares outstanding:

	Principal Amount Outstanding	Structure	Rate	Maturity
Series 1	\$282.7	Fixed Rate	4.25%	December 31, 2012 ⁽¹⁾
Series 2	\$177.0	Fixed Rate	5.00%	June 30, 2017 ⁽¹⁾
Series 3	\$207.5	5-yr Rate Reset	6.75%	Perpetual
Series 5	\$125.0	5-yr Rate Reset	6.90%	Perpetual
Series 7	\$9.8	Fixed Rate	5.00%	Perpetual

Instruments Features

• **Cumulative Redeemable Preferred Shares, Series 1 & 2**⁽²⁾

- The Preferred Shares Series 1 are redeemable by the issuer at a decreasing premium for cash on or after March 31, 2012, or by the issuance of units of the Fund between March 31, 2012 and December 31, 2012. The Preferred Shares Series 1 are also retractable for cash at the holder's option on or after December 31, 2012.
- The Preferred Shares Series 2 are redeemable by the issuer at a decreasing premium for cash on or after June 30, 2012, or by the issuance of units of the Fund between June 30, 2012 and June 30, 2017. The Preferred Shares Series 2 are also retractable for cash at the holder's option on or after June 30, 2017.

• **Rate Reset Preferred Shares, Series 3 & 5**⁽³⁾

- The Preferred Shares Series 3 dividend rate will be reset on September 30, 2014 and every five years thereafter at a rate equal to the 5-year Government of Canada bond yield plus 4.17%. The Series 3 Preferred Shares will be redeemable by the issuer on or after September 30, 2014. Holders of the Series 3 Preferred Shares will have the right to convert their shares into cumulative floating rate preferred shares, series 4, on September 30, 2014 and on September 30 every five years thereafter. Holders of the Series 4 Preferred Shares will be entitled to receive cumulative quarterly floating dividends at a rate equal to the three-month Government of Canada Treasury Bill yield plus 4.17%.
- The Preferred Shares Series 5 dividend rate will be reset on June 30, 2015 and every five years thereafter at a rate equal to the 5-year Government of Canada bond yield plus 4.26%. The Series 5 Preferred Shares will be redeemable by the issuer on or after June 30, 2015. Holders of the Series 5 Preferred Shares will have the right to convert their shares into cumulative floating rate preferred shares, series 6, on June 30, 2015 and on June 30 every five years thereafter. Holders of the Series 6 Preferred Shares will be entitled to receive cumulative quarterly floating dividends at a rate equal to the three-month Government of Canada Treasury Bill yield plus 4.26%.

• **Cumulative Exchangeable Preferred Shares, Series 7**⁽⁴⁾

- On February 9, 2010, in connection with the acquisition of RedFlagDeals.com, Yellow Media Inc. issued 1,300,000 cumulative exchangeable first preferred shares, Series 7 at a price of \$7.50 per share as payment to the vendors for the acquisition by way of a private placement. Holders of the Series 7 shares are entitled to receive fixed cumulative preferential cash dividends in an amount equal to \$0.375 per Series 7 share per annum, yielding 5% per annum, payable quarterly. The Series 7 shares are exchangeable into Units of the Fund or of the successor thereof upon conversion of the Fund into a corporation, at the option of the holders of the Series 7 shares and at a ratio of one preferred share for one unit or newly tradable security, regardless of the market price of such Units or newly tradable security of the successor company. On or after January 1, 2012, the 300,000 Series 7 shares may be exchanged, subject to certain time-based and performance conditions. The Series 7 shares are included in equity attributable to non-controlling interests.

⁽¹⁾ Date of retraction at the option of the holders.

⁽²⁾ Please refer to note 12 of the 2009 Annual Financial Statements.

⁽³⁾ Please refer to note 13 of the 2009 Annual Financial Statements.

⁽⁴⁾ Please refer to note 9 of the Q3 2010 Financial Statements.

8. Credit Facilities & Liquidity Discussion

(in millions of Canadian dollars)

- As of November 3, 2010, YPG has in place a senior unsecured credit facility totalling \$1 billion:

		Amount	Structure	Final Maturity	Use	Drawn Pricing
Principal Credit Facility	Tranche 1	\$750.0	Revolving Facility 3-year term	Feb. 2013	General Corporate Purposes & CP Backup	BA + 2.5%
	Tranche 2	\$250.0	Non-Revolving Facility 3-year term	Feb. 2013	General Corporate Purposes	BA + 2.5%
Institutional Investor Private Facility		\$100.0	5-year term	July 2014	General Corporate Purposes	BA + 5.0%

Private Facility was paid on October 21, 2010.

- As of September 30, 2010, YPG had total available liquidity of \$634.0 million:

	Limit	Drawn	Available
Principal Credit Facility	\$1,000.0	-	\$1,000.0
Commercial Paper	-	410.0	(410.0)
Institutional Investor - Private Facility	100.0	100.0	-
Cash and Cash Equivalents	-	-	44.0
TOTAL	\$1,100.0		\$634.0

9. Cash Interest Expense Obligations

(in thousands of Canadian dollars)

Debt Components	September 30, 2010		Interest / Dividend Basis	Maturity Date
	Reported Basis	Notional Balances		
Medium Term Notes (MTN) ⁽¹⁾			Fixed Rates	
4-year Notes maturing 2013 - Series 9	\$130,000	\$130,000	6.50%	July 10, 2013
4.5-year Notes maturing 2013 - Series 8	125,000	125,000	6.85%	December 3, 2013
10-year Notes maturing 2014 - Series 2	297,500	297,500	5.71%	April 21, 2014
5-year Notes maturing 2015 - Series 7	260,000	260,000	7.30%	February 2, 2015
10-year Notes maturing 2016 - Series 4	414,363	414,363	5.25%	February 15, 2016
15-year Notes maturing 2019 - Series 3	121,219	121,219	5.85%	November 18, 2019
10-year Notes maturing 2020 - Series 10	300,000	300,000	7.75%	March 2, 2020
30-year Notes maturing 2036 - Series 5	40,504	40,504	6.25%	February 15, 2036
Fair value adjustment of hedged item	11,859			
Deferred financing costs	(14,726)			
Convertible Debentures ^(2,3)	181,620	181,620	6.25%	October 1, 2017
Credit Facilities	100,000	100,000	BA + Margin	\$750M Revolving February 18, 2013
			BA + Margin	\$250M Non-Revolver February 18, 2013
			BA + Margin	\$100M Private Placement July 23, 2014
Commercial Paper Facility	410,000	410,000	BA + Margin	n.a.
Cash and Cash Equivalents	(43,967)	(43,967)	Overnight/Banker's Acceptance	n.a.
Obligations Under Capital Leases	7,200	7,200		n.a.
Note Payable	12,869	12,869		
Net Debt	\$ 2,353,441	\$ 2,356,308		

⁽¹⁾ Please refer to note 6 of the Q3 2010 Financial Statements.

⁽²⁾ Please refer to note 7 of the Q3 2010 Financial Statements.

⁽³⁾ Value of the exchange option classified as equity on the balance sheet. Accretion not included in the cash interest expense.

10. Distributable Cash

(in thousands of Canadian dollars except for Units Outstanding)

	For the year ended December 31, 2009	For the three-month period ended Sept. 30, 2010 ⁽¹⁾	LTM Sept. 30, 2010
Cash flow from operating activities	\$750,187	\$142,685	\$664,351
Operating non-cash items	(16,818)	(850)	(9,162)
Change in operating assets and liabilities	(59,838)	9,258	(37,891)
Maintenance capital expenditures	(14,264)	(3,575)	(14,249)
Restructuring and special charges	40,316	17,465	46,174
Conversion and rebranding costs	-	4,441	16,042
Acquisition-related costs	-	2,038	25,587
Other	<u>14,698</u>	<u>5,487</u>	<u>15,758</u>
Distributable Cash	\$714,281	\$176,949	\$706,610
Distributable Cash per unit	1.40	0.35	1.40
Weighted Average number of units outstanding (in millions)	510.7	501.8	504.2

⁽¹⁾ See additional disclosure on the various adjustments in the Distributable Cash section in our November 3, 2010 Management's Discussion and Analysis.

11. Historical Distributable Cash Calculation

(in thousands of Canadian dollars except for Units Outstanding)

	For the three-month periods ended ^(1,2)				
	September 30, 2009	December 31, 2009	March 31, 2010	June 30, 2010	September 30, 2010
Current Methodology:					
Cash flow from operating activities	\$168,548	\$198,734	\$143,539	\$179,393	\$142,685
Operating non-cash items	(7,363)	(6,034)	(3,594)	1,316	(850)
Change in operating assets and liabilities	14,858	(36,281)	28,166	(39,034)	9,258
Maintenance capital expenditures	(3,521)	(3,524)	(3,611)	(3,539)	(3,575)
Restructuring and special charges	-	19,732	-	8,977	17,465
Conversion and rebranding costs	-	-	3,651	7,950	4,441
Acquisition related costs	-	-	3,615	19,934	2,038
Other	<u>6,677</u>	<u>356</u>	<u>3,159</u>	<u>6,756</u>	<u>5,487</u>
Distributable Cash	\$179,199	\$172,983	\$174,925	\$181,753	\$176,949
Previous Methodology⁽³⁾:					
EBITDA before conversion and rebranding costs	\$226,209	\$219,297	\$219,781	\$227,892	\$225,958
Maintenance capital expenditures	(3,521)	(3,524)	(3,611)	(3,539)	(3,575)
Interest	(37,766)	(37,191)	(32,746)	(32,152)	(35,889)
Dividends on preferred shares	(5,588)	(5,464)	(5,379)	(5,370)	(5,288)
Other	<u>(135)</u>	<u>(135)</u>	<u>(3,120)</u>	<u>(5,078)</u>	<u>(4,257)</u>
Distributable Cash	\$179,199	\$172,983	\$174,925	\$181,753	\$176,949
Distributable Cash per unit	0.35	0.34	0.35	0.36	0.35
Weighted Average number of units outstanding (in millions)	510.0	506.7	504.8	503.5	501.8

(1) Following the Staff Notice issued in 2006 by the Canadian Securities Administrators on distributable cash presentation, we adopted their recommendations retroactive to January 1, 2005 in order to disclose comparable results. As such, adjustments to eliminate the impact of purchase accounting and transition expenses are no longer made. In July 2007, the CSA issued a replacement to National Policy 41-201 to provide additional guidance with respect to disclosures on distributable cash.

(2) See additional disclosure on the various adjustments in the Distributable Cash section of the November 3, 2010 Management's Discussion and Analysis.

(3) For reference in accordance with historical disclosure.

12. Outlook

Key Performance Indicators 2010 Progress Year-to-date and 2011 Objectives

	Revised 2010 Target	Nine-month period ended September 30, 2010	2011 Target
Revenues	approx. \$1,650 million	\$1,257.1 million	\$1,675 to \$1,700 million
EBITDA before conversion and rebranding costs	approx. \$895 million	\$673.6 million	\$905 to \$915 million
Online Revenue Growth	approx. 20%	17%	approx. 25%
Distributable Cash per unit	\$1.40 to \$1.43	\$1.06	-
Cash Earnings per Share	-	-	\$0.95 to \$1.00

13. Consensus Estimates

(in millions of Canadian dollars except for Distributable Cash per Unit)

	2009 Actual	Consensus Estimates ⁽¹⁾			% Var	Consensus Estimates		
		2010			Avg. '10 / Act. '09	2011		
		Low	Average	High		Low	Average	High
Revenues	\$1,650.5	\$1,650.0	\$1,666.5	\$1,691.0	1.0%	\$1,673.5	\$1,698.4	\$1,727.0
EBITDA	\$898.4	\$879.0	\$890.1	\$902.6	(0.9%)	\$854.0	\$903.9	\$929.0
Distributable Cash per Unit	\$1.40	\$1.18	\$1.34	\$1.41	(4.2%)	-	-	-

⁽¹⁾ Distributable Cash per Unit is calculated by deducting from EBITDA: maintenance capital expenditures, cash interest expense, dividends on preferred shares series 1 & 2 and cash taxes.