

Supplemental Disclosure

Yellow Pages Income Fund

Third Quarter 2006

As filed on SEDAR on October 31, 2006 (www.sedar.com)

This report is also available at <http://www.ypg.com/page.php/en/1/349.html>



Yellow Pages
Income Fund™

TABLE OF CONTENTS

1. FINANCIAL HIGHLIGHTS - YELLOW PAGES INCOME FUND	2
2. DIRECTORIES GROWTH RATE - COMPARABLE BASIS	3
3. SEGMENTED INFORMATION	4
4. TRADER RESULTS	5
5. ONLINE METRICS	6
6. RECONCILIATION OF ADJUSTED REVENUES AND ADJUSTED EBITDA	7
7. OPERATING COST AND CAPITAL EXPENDITURE DETAILS	8
8. CONSOLIDATED CAPITALIZATION	9
9. CASH INTEREST EXPENSE COMPONENTS	10
10. HISTORICAL DISTRIBUTABLE CASH CALCULATION	11
11. OUTLOOK	12
12. CONSENSUS ESTIMATES	13

This Supplemental Disclosure contains forward-looking statements about the objectives, strategies, financial condition, results of operations and businesses of YPG. These statements are “forward-looking” as 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 statement 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 statement even if new information becomes available, as a result of 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 7 of our October 31, 2006 Management's Discussion and Analysis.

This Supplemental Disclosure shall be read in connection with the October 31, 2006 Management's Discussion and Analysis.

1. FINANCIAL HIGHLIGHTS - YELLOW PAGES INCOME FUND

(in thousands of Canadian dollars)

	For the three-month periods ended September 30		For the nine-month periods ended September 30	
	2006	2005	2006	2005
Revenues	\$369,875	\$260,579	\$1,005,969	\$646,713
Operating costs	171,604	102,014	456,909	257,631
Income from operations before depreciation and amortization	198,271	158,565	549,060	389,082
Net earnings	\$119,471	\$72,676	\$318,895	\$200,633
Net earnings per unit	\$0.23	\$0.15	\$0.63	\$0.48
Diluted net earnings per unit	\$0.23	\$0.15	\$0.63	\$0.46
Adjusted Revenues	\$369,875	\$278,934	\$1,009,670	\$670,055
Adjusted EBITDA	197,756	160,616	550,912	386,269
Adjusted EBITDA margin	53.5%	57.6%	54.6%	57.6%
Cash flow from operating activities	\$153,441	\$164,280	\$429,343	\$337,693
Distributable cash	\$159,885	\$130,220	\$446,483	\$325,837
Distributable cash per unit	\$0.31	\$0.28	\$0.89	\$0.80
Distributions declared ⁽¹⁾	\$134,540	\$113,226	\$388,538	\$305,937
Distributions declared per unit	\$0.26	\$0.24	\$0.77	\$0.72
Payout ratio	84%	86%	87%	90%
Weighted average number of units outstanding				
Basic	516,695,886	471,647,962	503,272,021	404,381,592
Diluted	520,008,984	475,259,156	506,651,648	428,983,558

⁽¹⁾ Includes September 2006 distribution of approximately \$45.7 million paid on October 16, 2006.

2. DIRECTORIES GROWTH RATE - COMPARABLE BASIS

(in thousands of Canadian dollars)

	For the three-month period ended September 30, 2005			For the three-month period ended September 30, 2006	
	YPG (Stand-alone)	ADS	Consolidated	Directories	Growth on a Comparable Basis
Adjusted Revenues	178,078	100,856	278,934	288,956	
Independent revenues ⁽¹⁾	-	3,305	3,305	-	
Adjusted Revenues excluding independent revenues	178,078	97,551	275,629	288,956	4.8%
Adjusted EBITDA	104,891	55,725	160,616	171,850	7.0%
Adjusted EBITDA Margin ⁽²⁾	58.9%	55.3%	57.6%	59.5%	

	For the nine-month period ended September 30, 2005			For the nine-month period ended September 30, 2006	
	YPG (Stand-alone)	ADS	Consolidated	Directories	Growth on a Comparable Basis
Adjusted Revenues	525,722	310,633	836,355	859,416	
Independent revenues ⁽¹⁾	-	21,763	21,763	-	
Adjusted Revenues excluding independent revenues	525,722	288,870	814,592	859,416	5.5%
Adjusted EBITDA	307,549	158,346	465,895	503,563	8.1%
Adjusted EBITDA Margin ⁽²⁾	58.5%	51.0%	55.7%	58.6%	

⁽¹⁾ Revenues from independent directory operations included in Adjusted Revenues of ADS. These amounts related to the operations of ADS in certain areas of Saskatchewan, Manitoba, Ontario, Nova Scotia and Quebec independent of any arrangements with local telecommunications companies which were discontinued in December 2004.

⁽²⁾ Including independent revenues.

3. SEGMENTED INFORMATION

(in thousands of Canadian dollars)

For the three-month periods ended September 30

	Directories ⁽¹⁾		Vertical Media ⁽¹⁾		Consolidated	
	2006	2005	2006	2005	2006	2005
Revenues	288,956	260,579	80,919	-	369,875	260,579
Income from operations before depreciation and amortization	172,365	158,565	25,906	-	198,271	158,565
Adjusted Revenues	288,956	278,934	80,919	-	369,875	278,934
Adjusted EBITDA	171,850	160,616	25,906	-	197,756	160,616
Adjusted EBITDA Margin	59.5%	57.6%	32.0%	-	53.5%	57.6%

For the nine-month periods ended September 30

	Directories ⁽¹⁾		Vertical Media ⁽¹⁾		Consolidated	
	2006	2005	2006	2005	2006	2005
Revenues	855,715	646,713	150,254	-	1,005,969	646,713
Income from operations before depreciation and amortization	501,711	389,082	47,349	-	549,060	389,082
Adjusted Revenues	859,416	670,055	150,254	-	1,009,670	670,055
Adjusted EBITDA	503,563	386,269	47,349	-	550,912	386,269
Adjusted EBITDA Margin	58.6%	57.6%	31.5%	-	54.6%	57.6%

⁽¹⁾ ADS acquisition closed on May 25, 2005, TMC acquisition closed on February 14, 2006 and Trader Canada acquisition closed on June 8, 2006. As such, included in 2005 and 2006 results are the results of each acquired business from the respective date of acquisition to the period end.

4. TRADER RESULTS

(in thousands of Canadian dollars)

	TMC	Trader Canada	Combined			Combined
	Full Year 2005 ⁽¹⁾	Full Year 2005 ⁽¹⁾	Full Year 2005 ⁽¹⁾	Q1 2006	Q2 2006	Q3 2006
Adjusted Revenues	132,679	164,772	297,451	72,419	85,533	80,919
Adjusted EBITDA	42,515	48,364	90,879	19,358	26,197	25,906
Adjusted EBITDA	32.0%	29.4%	30.6%	26.7%	30.6%	32.0%

⁽¹⁾ Please refer to the Base Shelf Prospectus filed May 8, 2006.

5. ONLINE METRICS

Revenues

(in millions of Canadian dollars)

	Q1	Q2	Q3	Q4	YTD	Full Year
2006 Revenues - Consolidated	16.7⁽¹⁾	22.1⁽²⁾	28.4		67.2	-
2005 Revenues - YPG Stand-Alone⁽³⁾	7.9	8.2	9.8	10.8	-	36.7

⁽¹⁾ Including contribution from TMC since February 14, 2006.

⁽²⁾ Including contribution from Trader Canada since June 8, 2006.

⁽³⁾ Excluding the revenues generated by ADS following its acquisition.

Operating Metrics

(in millions)

	Mar-05	Jun-05	Sep-05	Dec-05	Mar-06⁽¹⁾	Jun-06⁽²⁾	Sep-06
Unduplicated Unique Visitors⁽³⁾	4.3	6.5	6.6	7.0	8.4	9.1	8.8
Online Reach %	22%	34%	34%	35%	41%	42%	40%

⁽¹⁾ Including contribution from TMC online properties.

⁽²⁾ Including contribution from Trader Canada online properties.

⁽³⁾ Source: comScore Media Metrix Canada.

6. RECONCILIATION OF ADJUSTED REVENUES AND ADJUSTED EBITDA

(in thousands of Canadian dollars)

	<u>For the three-month period ended September 30, 2006</u>				<u>For the nine-month period ended September 30, 2006</u>			
	Reported	Purchase accounting⁽¹⁾	Transition expenses⁽²⁾	Adjusted	Reported	Purchase accounting⁽¹⁾	Transition expenses⁽²⁾	Adjusted
Revenues	369,875	-	-	369,875	1,005,969	3,701	-	1,009,670
Operating costs	171,604	515	-	172,119	456,909	4,136	(2,287)	458,758
EBITDA	\$ 198,271	\$(515)	\$ -	\$ 197,756	\$ 549,060	\$(435)	\$ 2,287	\$ 550,912
	<u>For the three-month period ended September 30, 2005</u>				<u>For the nine-month period ended September 30, 2005</u>			
	Reported	Purchase accounting⁽¹⁾	Transition expenses⁽²⁾	Adjusted	Reported	Purchase accounting⁽¹⁾	Transition expenses⁽²⁾	Adjusted
Revenues	260,579	18,355	-	278,934	646,713	23,342	-	670,055
Operating costs	102,014	17,320	(1,016)	118,318	257,631	27,171	(1,016)	283,786
EBITDA	\$ 158,565	\$ 1,035	\$ 1,016	\$ 160,616	\$ 389,082	\$(3,829)	\$ 1,016	\$ 386,269

⁽¹⁾ Elimination of the impact of purchase accounting that prevents the Fund from recognizing deferred revenues and expenses associated with directories that were published prior to the acquisition by YPG LP and the acquisition of ADS.

⁽²⁾ Transition expenses are related to business acquisitions, such as costs incurred to integrate the newly acquired entities.

7. 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			
	2006		2005		2006		2005	
Adjusted Revenues	\$369,875		\$278,934		\$1,009,670		\$670,055	
Adjusted Expenses								
Cost of Sales	103,790	28.1%	65,167	23.4%	265,467	26.3%	162,672	24.3%
General and Administrative ⁽¹⁾	68,329	18.5%	53,151	19.1%	193,291	19.1%	121,114	18.1%
Adjusted EBITDA	\$197,756		\$160,616		\$550,912		\$386,269	
Adjusted EBITDA margin	53.5%		57.6%		54.6%		57.6%	
<u>Capital Expenditures</u>								
Transition Capital ⁽²⁾	\$1,406		\$4,970		\$7,854		\$4,970	
Maintenance ⁽³⁾	4,267		4,522		13,222		10,000	
New initiatives	5,262		2,627		11,993		9,430	
Leasehold improvements (net of lease inducements)	4,316		981		7,833		3,136	
Total	\$15,251		\$13,100		\$40,902		\$27,536	
Adjustment to reflect Expenditures on a Cash Basis	(3,357)		(6,774)		(1,933)		(6,216)	
Acquisition of Capital Assets, Net of Lease Inducements	\$11,894		\$6,326		\$38,969		\$21,320	

⁽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.

8. CONSOLIDATED CAPITALIZATION

(in millions of Canadian dollars)

	December 31, 2005	March 31, 2006	June 30, 2006	September 30, 2006
Medium Term Notes	\$1,800	\$2,050	\$2,050	\$2,050
Exchangeable Debentures	\$0	\$0	\$0	\$288
Term Facility	\$0	\$0	\$600	\$0
Commercial Paper Facility	\$208	\$27	\$36	\$245
Obligations Under Capital Leases and Other	\$6	\$9	\$8	\$9
Total Third-Party Debt	\$2,014	\$2,086	\$2,694	\$2,592
Cash and cash equivalents	\$49	\$195	\$47	\$320
Net Debt	\$1,965	\$1,891	\$2,646	\$2,272
Unitholders' Equity	\$4,996	\$5,496	\$5,488	\$5,857
Total Capitalization	\$6,961	\$7,387	\$8,134	\$8,128
LTM Adjusted EBITDA ⁽¹⁾	628	686	743	757
Annualized Cash Interest Expense ⁽²⁾	104	105	140	125
Average Interest Rate on Debt at Period End	5.2%	5.3%	5.3%	5.3%
EBITDA / Annualized Interest	6.0	6.5	5.3	6.1
EBITDA / (Annualized Interest + Maint. CAPEX)	5.3	5.7	4.7	5.3
Net Debt / EBITDA	3.1	2.8	3.6	3.0
Net Debt / (EBITDA - Maint. CAPEX)	3.2	2.8	3.6	3.1
FCF / Net Debt ⁽³⁾	26%	30%	22%	27%
Net Debt / Unitholders' Equity	0.4	0.3	0.5	0.4
Net Debt / Enterprise Value ⁽⁴⁾	20%	19%	24%	23%

⁽¹⁾ Latest twelve months EBITDA giving effect to the impact of acquisitions.

⁽²⁾ Annualized interest expense based on full year impact of the debt structure at the end of the period with interest rates prevailing at such date. Q3 2006 annualized cash interest expense adjusted to exclude the Commercial Paper borrowings drawn towards the end of the quarter and used to finance the acquisition of MTS Media that closed on October 2, 2006.

⁽³⁾ FCF is assumed to be equal to Distributable Cash adjusted for items in note 1 and 2 above.

⁽⁴⁾ Based on market value of units at close on December 31, 2005 of \$16.30, on March 31, 2006 at \$16.24, on June 30, 2006 at \$16.10 and on September 29, 2006 at \$14.10.

9. CASH INTEREST EXPENSE COMPONENTS

(in thousands of Canadian dollars)

Debt Component	Q3 2006	Interest Basis	Observations
Medium Term Notes (MTN)		Fixed Rates	
5-year Notes maturing 2009	450,000	4.57%	
5-year Notes maturing 2011	150,000	4.65%	
10-year Notes maturing 2014	300,000	5.71%	
10-year Notes maturing 2016	550,000	5.25%	
15-year Notes maturing 2019	250,000	5.85%	
30-year Notes maturing 2036	350,000	6.25%	
Exchangeable Debentures	300,000	5.50%	
Exchangeable Debentures - Equity Component (net of accretion)	(12,035)	Please refer to note 6 to the Financial Statements	Value of the exchange option classified as equity on the balance sheet. Accretion not included in the cash interest expense.
Commercial Paper facility (Authorized limit of \$500M)	245,100	Banker's Acceptance plus +/- 0.14%	CP drawings fluctuate intra-quarter
Cash and ST Investments ⁽¹⁾	(319,988)	Overnight/Banker's Acceptance	Cash levels fluctuate intra-quarter
Swaps and Derivatives		For current swap and derivatives portfolio, please refer to note 5 to the Financial Statements	
Capital Leases	8,406		
Note payable	210		
Standby and other financial charges	-	-	Standby and agency fees on bank facilities and other
Net Debt	\$ 2,271,693		

⁽¹⁾ An amount of \$275 million was used to fund the acquisition of MTS Media that closed on October 2, 2006.

10. HISTORICAL DISTRIBUTABLE CASH CALCULATION

(in thousands of Canadian dollars except for Units Outstanding)

For the three-month period ended^{(1) (2)}

	March 31, 2005	June 30, 2005	September 30, 2005	December 31, 2005	March 31, 2006	June 30, 2006	September 30, 2006
Cash flow from operating activities	\$85,546	\$87,867	\$164,280	\$159,679	\$110,436	\$165,466	\$153,441
Operating non-cash items	(2,591)	(3,014)	(3,511)	(6,241)	(4,482)	(6,038)	(1,773)
Interest	12,094	15,880	21,952	24,185	26,135	28,501	33,819
Tax related amounts	486	964	1,903	1,908	(101)	(3,258)	4,309
Change in operating assets and liabilities	7,261	10,374	(23,839)	(32,785)	35,431	(1,577)	7,952
Other	149	15,501	(2,220)	(3,575)	163	113	523
Restructuring and special charges	-	-	-	8,363	-	-	-
EBITDA	\$102,945	\$127,572	\$158,565	\$151,534	\$167,582	\$183,207	\$198,271
Maintenance capital expenditures	(2,900)	(2,578)	(4,522)	(4,513)	(4,185)	(4,770)	(4,267)
Interest	(12,094)	(15,880)	(21,952)	(24,185)	(26,135)	(28,501)	(33,819)
Other	(486)	(962)	(1,871)	(1,906)	(300)	(300)	(300)
Distributable Cash	\$87,465	\$108,152	\$130,220	\$120,930	\$136,962	\$149,636	\$159,885
Distributable Cash per unit	\$0.25	\$0.27	\$0.28	\$0.26	\$0.28	\$0.30	\$0.31
Weighted Average number of units outstanding (in millions)	344.2	395.9	471.6	472.0	487.1	505.7	516.7

(1) Following the new Staff Notice issued by the Canadian Securities Administrators, we adopted their recommendations retroactive to January 1, 2005. As such, adjustments to eliminate purchase accounting impact on the Distributable Cash per unit and transition expenses are no longer performed. The adoption of the Staff Notice did not have any impact on the first three quarters of 2005 and 2006, and has a \$0.02 impact in the fourth quarter of 2005 reducing from \$0.28 to \$0.26 per unit.

(2) See additional disclosure on the various adjustments in the Distributable Cash section of the October 31, 2006 Management's Discussion and Analysis.

11. OUTLOOK

Year over Year Performance	
	2006 - 2007 Outlook
<u>DIRECTORIES</u>	
Adjusted Revenues growth - Comparable Basis	4% to 5%
Adjusted EBITDA growth - Comparable Basis	4% to 7%
<u>VERTICAL MEDIA</u>	
Adjusted Revenues growth - Comparable Basis	6% to 7%
Adjusted EBITDA growth - Comparable Basis	7% to 9%
<u>CONSOLIDATED - YPIF</u>	
Online Revenues growth - Comparable Basis	30%
Growth in cash distributions per unit	6%

12. CONSENSUS ESTIMATES

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

Consensus Estimates ⁽¹⁾								
	FY 2005	FY 2006			% Var	FY 2007		
		Low	Average	High	Avg. 06 / Act. 05	Low	Average	High
Adjusted Revenues	\$952.5	\$1,359.7	\$1,381.2	\$1,395.0	45.0%	\$1,540.0	\$1,573.1	\$1,622.0
Adjusted EBITDA	\$548.0	\$731.0	\$748.1	\$760.0	36.5%	\$796.0	\$834.8	\$863.0
Distributable Cash per Unit	\$1.08	\$1.15	\$1.18	\$1.23	9.3%	\$1.24	\$1.29	\$1.33

⁽¹⁾ Based on most recent reports from 14 analysts covering YPIF, excludes analysts who provided insufficient information.