



Yellow Pages
Income Fund™

TM



487,390,147,453,806,123,595,984,032,46

Q4

Supplemental Disclosure

Period ended December 31, 2009

As filed on Sedar on February 11, 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 7 of our February 11, 2010 Management's Discussion and Analysis. This Supplemental Disclosure shall be read in connection with the February 11, 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 December 31,		For the years ended December 31,	
	2009	2008	2009	2008
Revenues	\$405,679	\$425,559	\$1,639,884	\$1,696,713
Operating costs	186,382	194,020	746,446	764,007
Income from operations before depreciation and amortization, impairment of goodwill and restructuring and special charges (EBITDA)	219,297	231,539	893,438	932,706
Net earnings	124,607	100,490	204,255	509,227
Basic earnings per unit	0.25	0.19	0.40	0.97
Diluted earnings per unit	0.21	0.17	0.36	0.89
Adjusted Revenues	\$405,679	\$425,559	\$1,650,521	\$1,697,464
Adjusted EBITDA	219,297	231,424	898,355	930,952
Adjusted EBITDA margin	54.1%	54.4%	54.4%	54.8%
Cash flow from operating activities	\$198,734	\$177,651	\$750,187	\$692,356
Distributable cash	172,983	184,547	714,281	750,870
Distributable cash per unit	0.34	0.36	1.40	1.43
Distributions declared	101,329 ⁽¹⁾	151,302	471,897 ⁽¹⁾	599,930
Distributions declared per unit	0.20	0.29	0.92	1.15
Payout ratio	59%	81%	66%	80%
Weighted average number of units outstanding				
Basic	506,694,949	517,811,656	510,658,375	523,444,129
Diluted	610,486,258	635,800,945	612,387,219	614,710,805

⁽¹⁾ Includes December 2009 distribution of approximately \$34.2 million paid on January 15, 2010.

2. Segmented Information - Reported Basis

(in thousands of Canadian dollars)

For the three-month periods ended December 31,						
	Directories		Vertical Media		Consolidated	
	2009	2008	2009	2008	2009	2008
Revenues	\$345,376	\$354,814	\$60,303	\$70,745	\$405,679	\$425,559
EBITDA	203,222	208,463	16,075	23,076	219,297	231,539
Adjusted Revenues	345,376	354,814	60,303	70,745	405,679	425,559
Adjusted EBITDA	203,222	208,348	16,075	23,076	219,297	231,424
Adjusted EBITDA Margin	58.8%	58.7%	26.7%	32.6%	54.1%	54.4%

For the years ended December 31,						
	Directories		Vertical Media		Consolidated	
	2009	2008	2009	2008	2009	2008
Revenues	\$1,392,029	\$1,376,036	\$247,855	\$320,677	\$1,639,884	\$1,696,713
EBITDA	821,904	824,508	71,534	108,198	893,438	932,706
Adjusted Revenues	1,402,666	1,376,787	247,855	320,677	1,650,521	1,697,464
Adjusted EBITDA	826,821	822,754	71,534	108,198	898,355	930,952
Adjusted EBITDA Margin	58.9%	59.8%	28.9%	33.7%	54.4%	54.8%

3. Online Metrics

Revenues ⁽¹⁾

(in millions of Canadian dollars)

	Q1	Q2	Q3	Q4	Full Year
2009 Revenues - Consolidated	\$68.6	\$75.2	\$78.0	\$82.6	\$304.4
2008 Revenues - Consolidated	\$53.5	\$61.4	\$62.4	\$69.5	\$246.8

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

Operating Metrics ^(1,2)

(in millions)

	2008				2009			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Unduplicated Unique Visitors	9.7	9.8	9.1	9.0	9.5	9.7	9.0	8.9
Online Reach %	41%	41%	38%	38%	40%	40%	37%	36%

⁽¹⁾ Source: comScore Media Metrix Canada.

⁽²⁾ Including contribution from acquired businesses since their respective acquisition dates.

4. Reconciliation of Adjusted Revenues and Adjusted EBITDA

(in thousands of Canadian dollars)

	For the three-month period ended December 31, 2009			For the three-month period ended December 31, 2008		
	Reported	Purchase accounting	Adjusted ⁽¹⁾	Reported	Purchase accounting	Adjusted ⁽¹⁾
Revenues	\$405,679	\$-	\$405,679	\$425,559	\$-	\$425,559
Operating costs	186,382	-	186,382	194,020	115	194,135
EBITDA	\$219,297	\$-	\$219,297	\$231,539	(\$115)	\$231,424

	For the years ended December 31, 2009			For the years ended December 31, 2008		
	Reported	Purchase accounting	Adjusted ⁽¹⁾	Reported	Purchase accounting	Adjusted ⁽¹⁾
Revenues	\$1,639,884	\$10,637	\$1,650,521	\$1,696,713	\$751	\$1,697,464
Operating costs	746,446	5,720	752,166	764,007	2,505	766,512
EBITDA	\$893,438	\$4,917	\$898,355	\$932,706	(\$1,754)	\$930,952

⁽¹⁾ The adjusted results are derived by excluding from the reported amounts the impact of purchase accounting relating to acquisitions in the core Directories segment.

5. Operating Cost and Capital Expenditure Details

(in thousands of Canadian dollars)

	For the three-month periods ended				For the years ended			
	December 31,				December 31,			
	2009		2008		2009		2008	
Adjusted Revenues	\$405,679		\$425,559		\$1,650,521		\$1,697,464	
Adjusted Expenses								
Cost of Sales	111,610	27.5%	114,919	27.0%	458,825	27.8%	466,483	27.5%
General and Administrative ⁽¹⁾	74,772	18.4%	79,216	18.6%	293,341	17.8%	300,029	17.7%
Adjusted EBITDA	\$219,297		\$231,424		\$898,355		\$930,952	
Adjusted EBITDA margin	54.1%		54.4%		54.4%		54.8%	
Capital Expenditures								
Transition Capital ⁽²⁾	\$2,525		\$4,530		\$8,263		\$4,530	
Maintenance ⁽³⁾	3,524		5,293		14,264		21,101	
New Initiatives	7,344		2,493		21,613		16,450	
Leasehold Improvements (net of lease inducements)	(269)		2,170		2,069		5,030	
Total	\$13,124		\$14,486		\$46,209		\$47,111	
Adjustment to Reflect Expenditures on a Cash Basis	(1,839)		(6,112)		(2,644)		(3,954)	
Acquisition of Capital Assets, Net of Lease Inducements	\$11,285		\$8,374		\$43,565		\$43,157	

⁽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 plan to convert from an income trust to a traditional corporate structure, 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. will own Yellow Pages Group and Trader.

Reported Basis	Dec. 31, 2008	March 31, 2009	June 30, 2009	Sept. 30, 2009	Dec. 31, 2009
Medium Term Notes	\$2,051	\$2,051	\$1,856	\$1,921	\$2,045
Exchangeable Debentures	285	287	288	289	84
Credit Facilities	359	240	250	100	100
Commercial Paper Facility (drawn amount)	-	156	388	205	74
Obligations Under Capital Leases	14	13	8	8	9
Total Third-Party Debt	2,709	2,747	2,790	2,523	2,312
Cash and cash equivalents	25	33	64	74	36
Net debt	\$2,684	\$2,714	\$2,726	\$2,449	\$2,276
Preferred Shares, Series 1 and 2	489	490	489	481	473
Non-Controlling Interest ⁽¹⁾	-	-	-	203	324
Unitholders' Equity	5,561	5,541	5,504	5,228	5,225
Total Capitalization	\$8,735	\$8,744	\$8,720	\$8,361	\$8,297
Average Interest Rate on Debt at Period End	5.1%	4.8%	5.1%	5.6%	5.8%
Adjusted EBITDA / Annualized Interest Charges	6.7x	6.4x	6.4x	6.2x	6.2x
Net Debt / Adjusted EBITDA	2.9x	2.9x	3.0x	2.7x	2.5x
FCF / Net Debt ⁽²⁾	28%	28%	27%	29%	31%
Net Debt / Unitholders' Equity	0.5x	0.5x	0.5x	0.5x	0.4x

⁽¹⁾ Represents 8.3 million and 5.0 million Preferred Shares, Series 3 and 5 issued in September and December 2009, respectively.

⁽²⁾ FCF is assumed to be equal to Distributable Cash adjusted for LTM Adjusted EBITDA 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 December 31, 2009, YPG has four series of preferred shares outstanding:

	Principal Amount Outstanding	Structure	Rate	Maturity
Series 1	\$297.9	Fixed Rate	4.25%	December 31, 2012 ⁽¹⁾
Series 2	\$183.5	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

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%.

⁽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.

8. Credit Facilities & Liquidity Discussion

(in millions of Canadian dollars)

- As of February 11, 2010, YPG has in place two senior unsecured credit facilities totalling \$800 million:

		Amount	Structure	Final Maturity	Use	Drawn Pricing
Principal Revolving Facility	Tranche 1	\$500.0	364 days + 2-year term	May 2012	Commercial Paper Back-up & General Corporate Purposes	BA + 2.5% ⁽¹⁾
	Tranche 2	\$200.0	5-year revolver	May 2012		BA + 0.575%
Institutional Investor Private Facility		\$100.0	5-year term	July 2014	General Corporate Purposes	BA + 5.0%

- At the end of 2009, YPG had total available liquidity of \$662.2 million:

	Limit	Drawn	Available
Principal Revolving Facility	\$700.0	-	\$700.0
Commercial Paper Backup	-	74.0	(74.0)
Institutional Investor - Private Facility	100.0	100.0	-
Cash and Cash Equivalents	-	-	36.2
TOTAL	\$800.0		\$662.2

⁽¹⁾ Drawn pricing increases by 0.5% upon conversion into term loan.

9. Cash Interest Expense Obligations

(in thousands of Canadian dollars)

Debt Components	December 31, 2008	December 31, 2009		Interest / Dividend Basis	Maturity Date
	Reported Basis	Reported Basis	Nominal Balances		
Medium Term Notes (MTN) ⁽¹⁾				Fixed Rates	
5-year Notes maturing 2009 - Series 1	\$450,000	\$ -	\$ -	4.57%	April 21, 2009
5-year Notes maturing 2011 - Series 6	150,000	150,000	150,000	4.65%	February 28, 2011 ⁽⁵⁾
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	300,000	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	550,000	493,700	493,700	5.25%	February 15, 2016
15-year Notes maturing 2019 - Series 3	250,000	177,219	177,219	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	350,000	119,926	119,926	6.25%	February 15, 2036
Fair value adjustment of hedged item	15,909	10,703			
Deferred financing costs	(14,539)	(19,101)			
Exchangeable Debentures ^(2,3)	300,000	86,549	86,549	5.50%	
Equity Component (net of accretion)	(6,889)	(1,256)			August 1, 2011
Deferred financing costs	(7,641)	(1,407)			
Credit Facilities	358,700	100,000	100,000	BA + Margin	\$200M tranche: May 25, 2012
				BA + Margin	\$500M tranche: May 19, 2012
				BA + Margin	\$100M private placement: July 23, 2014
Commercial Paper Facility	-	74,000	74,000	BA + Margin	n.a.
Cash and Cash Equivalents	(25,054)	(36,170)	(36,170)	Overnight/Banker's Acceptance	n.a.
Swaps and Derivatives ⁽⁴⁾	-	-	-		n.a.
Obligations Under Capital Leases	13,786	9,027	9,027		n.a.
Net Debt	\$ 2,684,272	\$ 2,275,690	\$ 2,286,751		

⁽¹⁾ Please refer to note 10 of the 2009 Annual Financial Statements.

⁽²⁾ Please refer to note 11 of the 2009 Annual Financial Statements.

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

⁽⁴⁾ Please refer to the Financial and Other Instruments Section of the February 11, 2010 Management's Discussion and Analysis.

⁽⁵⁾ Redeemed in whole on January 15, 2010.

10. Distributable Cash

(in thousands of Canadian dollars except for Units Outstanding)

	For the year ended December 31, 2008	For the three months ended December 31, 2009 ⁽¹⁾	For the year ended December 31, 2009
Cash flow from operating activities	\$692,356	\$198,734	\$750,187
Operating non-cash items	(19,741)	(6,034)	(16,818)
Change in operating assets and liabilities	53,934	(36,281)	(59,838)
Maintenance capital expenditures	(21,101)	(3,524)	(14,264)
Restructuring and special charges	36,225	19,732	40,316
Other	<u>9,197</u>	<u>356</u>	<u>14,698</u>
Distributable Cash	\$750,870	\$172,983	\$714,281
Distributable Cash per unit	1.43	0.34	1.40
Weighted Average number of units outstanding (in millions)	523.4	506.7	510.7

⁽¹⁾ See additional disclosure on the various adjustments in the Distributable Cash section in our February 11, 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)				
	December 31, 2008	March 31, 2009	June 30, 2009	September 30, 2009	December 31, 2009
Current Methodology:					
Cash flow from operating activities	\$177,651	\$197,418	\$185,487	\$168,548	\$198,734
Operating non-cash items	(3,706)	(1,262)	(2,159)	(7,363)	(6,034)
Change in operating assets and liabilities	(22,229)	(15,656)	(22,759)	14,858	(36,281)
Maintenance capital expenditures	(5,293)	(2,963)	(4,256)	(3,521)	(3,524)
Restructuring and special charges	36,225	-	20,584	-	19,732
Other	<u>1,899</u>	<u>2,909</u>	<u>4,756</u>	<u>6,677</u>	<u>356</u>
Distributable Cash	\$184,547	\$180,446	\$181,653	\$179,199	\$172,983
Previous Methodology⁽³⁾:					
EBITDA	\$231,539	\$223,863	\$224,069	\$226,209	\$219,297
Maintenance capital expenditures	(5,293)	(2,963)	(4,256)	(3,521)	(3,524)
Interest	(35,181)	(34,058)	(32,878)	(37,766)	(37,191)
Dividends on preferred shares, series 1 & 2	(5,688)	(5,688)	(5,687)	(5,588)	(5,464)
Other	<u>(830)</u>	<u>(708)</u>	<u>405</u>	<u>(135)</u>	<u>(135)</u>
Distributable Cash	\$184,547	\$180,446	\$181,653	\$179,199	\$172,983
Distributable Cash per unit	0.36	0.35	0.35	0.35	0.34
Weighted Average number of units outstanding (in millions)	517.8	513.8	512.2	510.0	506.7

(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 February 11, 2010 Management's Discussion and Analysis.

(3) For reference in accordance with historical disclosure.

12. Outlook

Key Performance Indicators 2009 Progress at year-end and 2010 Targets

	Revised 2009 Targets	Year ended December 31, 2009	2010 Targets
Directories			
Adjusted Revenues	Stable at approx. \$1,400 million	\$1,403 million	\$1,385 to \$1,415 million
Adjusted EBITDA	\$825 to \$830 million	\$827 million	\$830 to \$840 million
Vertical Media			
Revenue	\$255 to \$265 million	\$248 million	\$275 to \$295 million
EBITDA	\$75 to \$80 million	\$72 million	\$80 to \$90 million
Consolidated Metrics			
Online Organic Growth	approx. 30%	24%	approx. 20%
Distributable Cash per unit	Stable	(2.1%)	1% to 3%

13. Consensus Estimates

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

	2009 Actual	Consensus Estimates ⁽¹⁾			% Var
		2010			Avg. '10 / Act. '09
		Low	Average	High	
Adjusted Revenues	\$1,650.5	\$1,586.0	\$1,640.8	\$1,664.0	(0.6%)
Adjusted EBITDA	\$898.4	\$850.0	\$897.0	\$914.1	(0.2%)
Distributable Cash per Unit	\$1.40	\$1.23	\$1.36	\$1.45	(3.1%)

⁽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.