

## **Yellow Media Inc. Corporate Conversion** **Frequently Asked Questions**

Unitholders of Yellow Pages Income Fund (the Fund) approved our plan to convert from an income trust structure to a dividend-paying corporation, Yellow Media Inc., during the Annual and Special Meeting of Unitholders held on Thursday, May 6, 2010.

Detailed information regarding the conversion is included in the Notice of Annual and Special Meeting of Unitholders and Management Proxy Circular (Proxy Circular) dated Wednesday, March 24, 2010. The questions and answers set forth herein are for convenience only. Reference is made to, and shareholders are encouraged to review, the detailed information contained in the Proxy Circular. Investors and shareholders are also encouraged to seek the independent advice of their legal, tax and financial advisors regarding the effect of the conversion on their individual circumstances.

### **1. Why did Yellow Pages Income Fund have to convert to a corporate structure?**

On October 31, 2006, the Canadian government announced that distributions from existing publicly-traded income trusts, such as Yellow Pages Income Fund, would be taxed beginning in 2011.

As a result, the board of directors and management of YPG were of the opinion that the trust structure was no longer an efficient structure for maximizing value to Unitholders. It was concluded that the exchange of Fund units for common shares of a corporation was the next step in the Fund's evolution and positions the Fund well to achieve its strategic objectives. Benefits of the conversion include the following:

(a) it is anticipated that the reorganized structure of the Fund as a common share corporation will attract new investors, including non-resident investors, and provide, in the aggregate, a more active and attractive market for common shares of Yellow Media Inc. than existed for the Fund units;

(b) certain taxable Unitholders which are Canadian residents should benefit from lower income taxes paid on dividends received by them compared to income taxes paid on an equivalent distribution of the Fund; and

(c) Yellow Media Inc. is managed by the same experienced team of professionals.

### **2. When did Yellow Media Inc.'s conversion take place?**

Unitholders approved the conversion to a corporate structure by a vote of 99.8 percent during the Annual and Special Meeting of Unitholders held on Thursday, May 6, 2010. Yellow Media Inc.'s conversion to a corporation was completed on Monday, November 1, 2010. Common shares of Yellow Media Inc. (TSX: YLO) started trading on the Toronto Stock Exchange (TSX) on Monday, November 1, 2010.

3. How were Fund units converted to Yellow Media Inc. common shares?

Fund units were converted into Yellow Media Inc. common shares on a 1 for 1 basis. For example, if you held 100 Fund units before the conversion, you now hold 100 Yellow Media Inc. common shares.

4. Under which symbols are Yellow Media Inc.'s securities listed?

Common shares, preferred shares and convertible debentures of Yellow Media Inc. are listed on the TSX under the symbols "YLO", "YLO.PR.A", "YLO.PR.B", "YLO.PR.C", "YLO.PR.D" and "YLO.DB.A", respectively.

5. Where do Yellow Media Inc. common shares trade?

Yellow Media Inc. common shares trade on the TSX under the symbol "YLO". To obtain a stock quote, visit the TSX Web site at [www.tmx.com](http://www.tmx.com). Common shares are traded from 9:30 a.m. to 4:00 p.m. ET, Monday to Friday.

6. Are there any actions I need to take as an individual investor in view of the conversion?

No actions are necessary. Fund units were automatically exchanged for common shares of Yellow Media Inc.

7. What could I expect in terms of a monthly dividend?

The annual payment of \$0.80 per common share of Yellow Media Inc. is expected to be maintained for the November and December 2010 monthly dividends. They should be paid on December 15, 2010 and January 17, 2011, respectively.

Starting with the January 2011 dividend, Yellow Media Inc. is expected to pay a \$0.65 annual dividend per common share payable on a monthly basis. The first monthly dividend will be declared in January for holders of record as of January 31, 2011 and will be paid on February 15, 2011.

8. What are Dividends

Dividends are the portion of corporate profits that may be payable to shareholders of a publicly traded company. Dividends are based on the performance of the company and, as such, are not guaranteed. They are subject to approval by the board of directors and are normally paid on a regular basis. In the case of Yellow Media Inc., dividends are expected to be paid on a monthly basis.

9. What are the tax implications to existing investors?

Investors should refer to the Notice of Annual and Special Meeting of Unitholders and Management Proxy Circular dated Wednesday, March 24, 2010 for additional details and seek the independent advice of their legal, tax and financial advisors regarding the effect of the conversion on their individual circumstances.

10. How will distributions/dividends be treated for tax-reporting purposes in 2010?

For 2010 only, given that the nature of payments to investors has changed during the year as a result of the conversion, you will receive both a T3/Relevé 16 slip (for Québec residents) for your Fund unit distributions and a T5/Relevé 3 (for Québec residents) for your common share dividends.

If you sold any of your Fund units or shares in 2010, you will also receive a T5008.

11. Does Yellow Media Inc. have a Dividend Reinvestment Plan in place?

On October 21, 2010, Yellow Media Inc. announced that it had adopted a Dividend Reinvestment Plan (the Plan). The Plan came into effect concurrently with the conversion to a corporate structure on November 1, 2010. Under the Plan, holders of common shares of Yellow Media Inc. who are residents of Canada may elect to have cash dividends paid on their common shares reinvested into additional common shares of Yellow Media Inc. Eligible holders of common shares who are residents of Canada may elect to participate in the Plan commencing with the dividends to be declared, if any, after November 1, 2010.

Eligible holders of common shares who wish to participate in the Plan should contact the financial institution, broker or other intermediary through which their common shares are held to provide appropriate enrolment instructions and to ensure that any deadlines or other requirements that such financial institution, broker or intermediary may impose or be subject to are met.