YellowMediaInc™

Q4

SUPPLEMENTAL DISCLOSURE

PERIOD ENDED DECEMBER 31, 2010

As filed on Sedar on February 10, 2011 (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 Yellow Media Inc. 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 February 10, 2011 Management's Discussion and Analysis. This Supplemental Disclosure shall be read in connection with the February 10, 2011 Management's Discussion and Analysis.

1. Financial Highlights - Yellow Media Inc.

(in thousands of Canadian dollars, except share/unit information)

	For the three-month periods ended December 31,		For the years ended December 31,	
	2010	**2009**	**2010**	**2009**
Revenues	**$422,777**	$405,679	**$1,679,860**	$1,639,884
Operating costs	**197,564**	186,382	**781,016**	746,446
Conversion and rebranding costs	**32,487**	-	**48,529**	-
Income from operations before depreciation and amortization, acquisition-related costs, impairment of goodwill and restructuring and special charges	**192,726**	219,297	**850,315**	893,438
Net (loss) earnings	**(2,333)**	128,405	**274,035**	208,882
Basic earnings per share attributable to common shareholders of Yellow Media Inc.	**(0.01)**	0.25	**0.53**	0.40
Diluted earnings per share attributable to common shareholders of Yellow Media Inc.	**(0.01)**	0.21	**0.47**	0.36
Cash flow from operating activities	**$180,919**	$198,734	**$646,536**	$750,187
Free cash flow (1)	**153,003**	187,449	**573,666**	706,622
Adjusted earnings (2)	**119,435**	n.a.	**n.a**	n.a.
Adjusted earnings per share	**0.24**	n.a.	**n.a**	n.a.
Payout Ratio (3)	**68%**	n.a.	**n.a**	n.a.
Payout Ratio (4)	**83%**	n.a.	**n.a**	n.a.
Weighted average number of shares/units outstanding				
Basic	**502,452,392**	506,694,949	**503,111,679**	510,658,375
Diluted	**502,452,392**	610,486,258	**640,050,287**	612,387,219

(1) Free Cash Flow is defined as cash flow from operating activities less capital expenditures.

(2) Please refer to section 10 of this document for a reconciliation of Adjusted Earnings.

(3) Based on the $0.65/share annual dividend starting January 2011.

(4) Based on the $0.80/share annual dividend for 2010.

2. Segmented Information - Reported Basis

(in thousands of Canadian dollars)

For the three-month periods ended December 31,

	Directories		Vertical Media		Consolidated	
	2010	**2009**	**2010**	**2009**	**2010**	**2009**
Revenues	**$340,611**	$345,376	**$82,166**	$60,303	**$422,777**	$405,679
EBITDA *before conversion and rebranding costs*	**198,806**	203,222	**26,407**	16,075	**225,213**	219,297
EBITDA	**169,219**	203,222	**23,507**	16,075	**192,726**	219,297
EBITDA *Margin before conversion and rebranding costs*	**58.4%**	58.8%	**32.1%**	26.7%	**53.3%**	54.1%

For the years ended December 31,

	Directories		Vertical Media		Consolidated	
	2010	**2009**	**2010**	**2009**	**2010**	**2009**
Revenues	**$1,365,276**	$1,392,029	**$314,584**	$247,855	**$1,679,860**	$1,639,884
EBITDA *before conversion and rebranding costs*	**804,962**	821,904	**93,882**	71,534	**898,844**	893,438
EBITDA	**759,333**	821,904	**90,982**	71,534	**850,315**	893,438
EBITDA *Margin before conversion and rebranding costs*	**59.0%**	59.0%	**29.8%**	28.9%	**53.5%**	54.5%

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**	**365**
2009	399	395	389	385

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**	**1.70**
2009	1.62	1.65	1.66	1.68

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%**	**88%**
2009	89%	89%	88%	88%

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**	**$3,430**
2009	$3,374	$3,412	$3,441	$3,458

Online Revenues (1)

(in millions)		Q1	Q2	Q3	Q4
2010	Revenues	**$98.4**	**$107.7**	**$115.7**	**$123.4**
	Penetration	**64%**	**65%**	**65%**	**65%**
2009	Revenues	$68.6	$75.2	$78.0	$82.6
	Penetration	60%	61%	60%	63%

Penetration: Number of YPG customers choosing to advertise online.

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

Online Operational Metrics (1) (2)

(in millions)		Q1	Q2	Q3	Q4
2010	UUV	**10.9**	**11.4**	**11.3**	**10.3**
	Reach %	**44%**	**46%**	**45%**	**41%**
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.

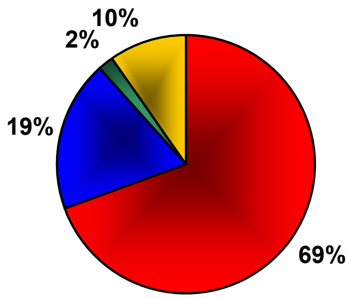
(2) Including contribution from acquired businesses.

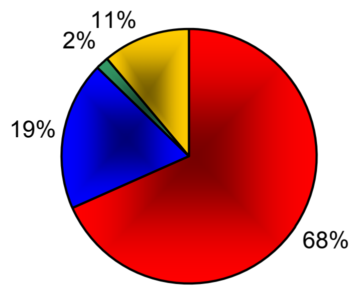
4. Operational Key Performance Indicators - Vertical Media

Excluding contribution of Dealer.com

Revenues per Vertical

Q4 2010	Q4 2009





Vehicle *Real Estate*
Generalist *Employment & Other*

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**	**$4,532**
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**	**7,466**
2009	8,943	9,528	8,707	7,933

Revenues - Commercial Vehicle

Revenues generated by the commercial vehicle segment.

(in thousands)	Q1	Q2	Q3	Q4
2010	**$30,884**	**$33,189**	**$33,316**	**$33,836**
2009	$31,190	$33,111	$32,771	$33,113

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**	**3,427**
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 December 31,				For the years ended December 31,			
	2010		**2009**		**2010**		**2009**	
Revenues	**$422,777**		$405,679		**$1,679,860**		$1,639,884	
Expenses								
Cost of Sales	**120,421**	28.5%	114,864	28.3%	**479,493**	28.5%	464,194	28.3%
General and Administrative [(1)]	**77,143**	18.2%	71,518	17.6%	**301,523**	17.9%	282,252	17.2%
Conversion and rebranding costs	**32,487**	7.7%	-	-	**48,529**	2.9%	-	-
EBITDA	**$192,726**		$219,297		**$850,315**		$893,438	
Acquisition of Capital Assets, Net of Lease Inducements								
Sustaining Capital Expenditures [(2)]	**8,452**		3,255		**29,046**		16,333	
Transition Capital Expenditures [(3)]	**2,738**		2,525		**9,011**		8,263	
Growth Capital Expenditures [(4)]	**15,499**		7,344		**37,321**		21,613	
Total	**$26,689**		$13,124		**$75,378**		$46,209	
Adjustment to Reflect Expenditures on a Cash Basis	**1,227**		(1,839)		**(2,508)**		(2,644)	
Acquisition of Capital Assets, Net of Lease Inducements	**$27,916**		$11,285		**$72,870**		$43,565	

(1) Includes pension and post-employment expenses.
(2) Sustaining capital expenditures are related to ongoing operations to maintain the integrity of the infrastructure.
(3) Transition capital expenditures represent funds set aside as pre-funded capital for purposes of integrating acquired businesses.
(4) Growth capital expenditures are related to new initiatives.

6. Consolidated Capitalization

(in millions of Canadian dollars)

Reported Basis	Dec. 31, 2010	Dec. 31, 2009
Medium Term Notes	$1,656	$2,045
Credit Facilities	250	100
Commercial Paper	295	74
Obligations Under Capital Leases	8	9
Note Payable	12	-
Total Third-Party Debt	**2,222**	**2,228**
Cash and Cash Equivalents and Restricted Cash	69	36
Total Net Third-Party Debt	**$2,153**	**$2,192**
Exchangeable and Convertible Instruments	319	84
Preferred Shares, Series 1 and 2	447	473
Equity Attributable to Shareholders of Yellow Media Inc.	5,451	-
Equity Attributable to Owners of the Fund	-	5,225
Equity Attributable to Non-Controlling Interests[1, 2]	53	324
Total Capitalization	**$8,422**	**$8,297**
Average Interest Rate on Debt at Period End	5.4%	5.8%
EBITDA / Annualized Interest Charges [3]	6.8x	6.2x
Net Debt / EBITDA [3]	2.6x	2.5x
FCF / Net Debt [3,4]	31%	31%
Net Debt / Equity Attributable to Shareholders of Yellow Media Inc.	0.4x	0.4x

(1) Represents non-controlling interest relating to Dealer.com and Mediative LP in 2010.

(2) As adjusted per adoption of new accounting policies - See Note 15 of the 2010 Annual Financial Statements.

(3) Net Debt includes Exchangeable and Convertible Debentures; EBITDA is calculated before conversion and rebranding costs and adjusted for acquisitions.

(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 December 31, 2010, YPG has five series of preferred shares outstanding:

	Principal Amount Outstanding	Structure	Rate	Maturity
Series 1	$282.0	Fixed Rate	4.25%	December 31, 2012 (1)
Series 2	$171.0	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	$4.8	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 shares of Yellow Media Inc. 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 shares of Yellow Media Inc. 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 Series 3 & 5 shares are included in equity attributable to shareholders of Yellow Media Inc.
  - 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%. The Series 5 shares are included in equity attributable to shareholders of Yellow Media Inc.
- ***Cumulative Exchangeable Preferred Shares, Series 7*** [(3)]
  - 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 shares of Yellow Media Inc. at the option of the holders of the Series 7 shares and at a ratio of one preferred share for one share or newly tradable security, regardless of the market price of such shares or newly tradable security of the successor company. On or after January 1, 2012, the 300,000 Series 7 shares held in escrow may be exchanged, subject to certain time-based and performance conditions. The Series 7 shares are included in equity attributable to shareholders of Yellow Media Inc.

(1) Date of retraction at the option of the holders.
(2) Please refer to note 14 of the 2010 Annual Financial Statements.
(3) Please refer to the Consolidated Statement of Equity of the 2010 Annual Financial Statements.

8. Credit Facilities & Liquidity Discussion

(in millions of Canadian dollars)

- As of December 31, 2010, YPG has in place a senior unsecured credit facility totaling $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%

- As of December 31, 2010, YPG had total available liquidity of $488.8 million:

	Limit	Drawn	Available
Principal Credit Facility	$1,000.0	250.0	$750.0
Commercial Paper	-	295.0	(295.0)
Cash and Cash Equivalents	-	-	33.8
TOTAL	**$1,000.0**	**$545.0**	**$488.8**

9. Cash Interest Expense Obligations

(in thousands of Canadian dollars)

Debt Components	December 31, 2010 Reported Basis	December 31, 2010 Notional Balances	Interest / Dividend Basis	Maturity Date
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	387,363	387,363	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	8,439			
Deferred financing costs	(13,825)			
Convertible Debentures [(2,3)]	182,123	182,123	6.25%	October 1, 2017
Credit Facilities	250,000	250,000	BA + Margin	$750M Revolving February 18, 2013
			BA + Margin	$250M Non-Revolving February 18, 2013
Commercial Paper Facility	295,000	295,000	BA + Margin	n.a.
Cash and Cash Equivalents and Restricted Cash	(69,325)	(69,325)	Overnight/Banker's Acceptance	n.a.
Obligations Under Capital Leases	8,414	8,414		n.a.
Note Payable	12,258	12,258		
Net Debt	**$ 2,334,670**	**$ 2,340,056**		

(1) Please refer to note 12 of the 2010 Financial Statements.
(2) Please refer to note 13 of the 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. Adjusted Earnings

(in thousands of Canadian dollars, except share information)

	For the three months ended December 31, 2010
Net Loss Attributable to Shareholders	($483)
Add:	
Amortization of Intangible Assets[1]	$65,107
Acquisition - Related Costs[1]	$3,471
Conversion and Rebranding Costs[1]	$22,773
Restructuring and Special Charges[1]	$5,230
Other[1]	$6,560
Future Income Taxes	$16,777
Adjusted Earnings	**$119,435**
Adjusted Earnings per share	$0.24
Weighted Average number of shares outstanding (in millions)	502.5

(1) Adjustments are net of taxes, using the statutory combined Federal and Provincial tax rate of 29.9%. See additional disclosure on the various adjustments in the Adjusted Earnings section in our February 10, 2011 Management's Discussion and Analysis.

11. Outlook

Key Performance Indicators
2010 Year-end Results Compared to Targets and 2011 Objectives

	Revised 2010 Target	Year ended December 31, 2010	2011 Target
Revenues	approx. $1,650 million	$1,679.9 million	$1,675 to $1,700 million
EBITDA before Conversion and Rebranding Costs	approx. $895 million	$898.8 million	$905 to $915 million
Online Revenue Growth	approx. 20%	16%	approx. 25%
Distributable Cash per Share	$1.40 to $1.43	$1.41	n.a.
Adjusted Earnings per Share	n.a.	n.a.	$0.95 to $1.00

12. Consensus Estimates

(in millions of Canadian dollars except for Adjusted Earnings per Share)

	2010 Actual	Consensus Estimates 2010			% Var Avg. '10 / Act. '10	Consensus Estimates 2011		
		Low	Average	High		Low	Average	High
Revenues	$1,679.9	$1,669.3	$1,681.8	$1,690.4	0.1%	$1,690.0	$1,715.2	$1,764.0
EBITDA before Conversion & Rebranding Costs	$898.8	$890.6	$896.2	$900.8	(0.3%)	$892.2	$911.2	$952.0
Adjusted Earnings per Share						$0.89	$0.92	$0.95