

Q1



Supplemental Disclosure

Period ended March 31, 2008

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Yellow Pages
Income Fund™

Table of Contents

1. Financial Highlights - Yellow Pages Income Fund	2
2. Directories Growth Rate - Comparable Basis	3
3. Vertical Media Growth Rate - Comparable Basis	4
4. Segmented Information - Reported Basis	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 and Dividends on Preferred Shares	10
10. Distributable Cash	11
11. Historical Distributable Cash Calculation	12
12. Outlook	13
13. Consensus Estimates	14

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 6 of our May 8, 2008 Management's Discussion and Analysis. This Supplemental Disclosure shall be read in connection with the May 8, 2008 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 March 31,	
	2008	2007
Revenues	\$414,571	\$384,241
Operating costs	187,178	180,798
Income from operations before depreciation and amortization (EBITDA)	227,393	203,443
Net earnings	126,988	120,951
Basic earnings per unit	0.24	0.23
Diluted earnings per unit	0.22	0.22
Adjusted Revenues	\$415,129	\$385,128
Adjusted EBITDA	226,603	202,948
Adjusted EBITDA margin	54.6%	52.7%
Cash flow from operating activities	\$145,338	\$152,462
Distributable cash	183,019	163,992
Distributable cash per unit	0.35	0.31
Distributions declared ⁽¹⁾	149,838	144,615
Distributions declared per unit	0.28	0.27
Payout ratio	80%	87%
Weighted average number of units outstanding		
Basic	530,044,365	530,480,603
Diluted	606,720,316	563,521,694

⁽¹⁾ Includes March 2008 distribution of approximately \$50.2 million paid on April 15, 2008.

2. Directories Growth Rate - Comparable Basis

(in thousands of Canadian dollars)

	For the three-month period ended March 31, 2007			For the three-month period ended March 31, 2008	
	YPG (reported basis)	Aliant	Total	Directories (reported basis)	Growth on a Comparable Basis ⁽¹⁾
Adjusted Revenues	\$309,854	\$14,452	\$324,306	\$337,989	4.2%
Adjusted EBITDA	182,951	9,176	192,127	203,386	5.9%
Adjusted EBITDA Margin	59.0%	63.5%	59.2%	60.2%	

⁽¹⁾ Based on full contribution as if YPG had owned Aliant Directory Services ("Aliant") from the beginning of the reporting period.

3. Vertical Media Growth Rate - Comparable Basis

(in thousands of Canadian dollars)

	For the three-month period ended March 31, 2007	For the three-month period ended March 31, 2008	
	Trader Corporation (reported basis)	Trader Corporation (reported basis)	Growth on a Comparable Basis ⁽¹⁾
Revenues	\$75,274	\$77,140	1.0%
EBITDA	19,997	23,217	13.1%
EBITDA Margin	26.6%	30.1%	

⁽¹⁾ Based on full contribution as if YPG had owned LesPAC s.e.n.c. from the beginning of the reporting period.

4. Segmented Information - Reported Basis

(in thousands of Canadian dollars)

For the three-month periods ended March 31,						
	Directories		Vertical Media		Consolidated	
	2008	2007	2008	2007	2008	2007
Revenues	\$337,431	\$308,967	\$77,140	\$75,274	\$414,571	\$384,241
EBITDA	204,176	183,446	23,217	19,997	227,393	203,443
Adjusted Revenues	337,989	309,854	77,140	75,274	415,129	385,128
Adjusted EBITDA	203,386	182,951	23,217	19,997	226,603	202,948
Adjusted EBITDA Margin	60.2%	59.0%	30.1%	26.6%	54.6%	52.7%

5. Online Metrics

Revenues ⁽¹⁾

(in millions of Canadian dollars)

	Q1	Q2	Q3	Q4	Full Year
2008 Revenues - Consolidated	\$53.5				\$53.5
2007 Revenues - Consolidated	\$35.1	\$42.2	\$45.1	\$48.3	\$170.7

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

Operating Metrics ^(1,2)

(in millions)

	2007				2008			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Unduplicated Unique Visitors	9.6	10.1	10.1	9.9	9.7			
Online Reach %	42%	44%	43%	42%	41%			

⁽¹⁾ Source: comScore Media Metrix Canada.

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

6. Reconciliation of Adjusted Revenues and Adjusted EBITDA

(in thousands of Canadian dollars)

	For the three-month period ended March 31, 2008			For the three-month period ended March 31, 2007		
	Reported	Purchase accounting	Adjusted ⁽¹⁾	Reported	Purchase accounting	Adjusted ⁽¹⁾
Revenues	\$414,571	\$558	\$415,129	\$384,241	\$887	\$385,128
Operating costs	187,178	1,348	188,526	180,798	1,382	182,180
EBITDA	\$227,393	(\$790)	\$226,603	\$203,443	(\$495)	\$202,948

⁽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.

7. Operating Cost and Capital Expenditure Details

(in thousands of Canadian dollars)

	For the three-month periods ended March 31,			
	2008		2007	
Adjusted Revenues	\$415,129		\$385,128	
Adjusted Expenses				
Cost of Sales	114,051	27.5%	107,134	27.8%
General and Administrative ⁽¹⁾	74,475	17.9%	75,046	19.5%
Adjusted EBITDA	\$226,603		\$202,948	
Adjusted EBITDA margin	54.6%		52.7%	
Capital Expenditures				
Transition Capital ⁽²⁾	\$0		\$3,577	
Maintenance ⁽³⁾	5,215		4,911	
New Initiatives	4,184		3,121	
Leasehold Improvements (net of lease inducements)	333		7,277	
Total	\$9,732		\$18,886	
Adjustment to Reflect Expenditures on a Cash Basis	2,396		(2,908)	
Acquisition of Capital Assets, Net of Lease Inducements	\$12,128		\$15,978	

⁽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)

Reported Basis	December 31, 2007	March 31, 2008
Medium Term Notes	\$2,048	\$2,052
Exchangeable Debentures	281	282
Revolving Credit Facilities	72	13
Commercial Paper Facility (drawn amount)	0	115
Obligations Under Capital Leases	18	17
Total Third-Party Debt	2,418	2,479
Cash and cash equivalents	53	53
Net debt	\$2,365	\$2,426
Preferred Shares	487	488
Net debt and preferred shares	2,852	2,913
Unitholders' Equity	5,786	5,746
Total Capitalization	\$8,638	\$8,659
LTM Adjusted EBITDA ⁽¹⁾	884	898
Annualized Financial Fixed Charges ⁽²⁾	156	155
Average Interest Rate on Debt at Period End	5.4%	5.3%
Adjusted EBITDA / Annualized Financial Fixed Charges	5.7	5.8
Adjusted EBITDA / (Annualized Financial Fixed Charges + Maint. CAPEX)	4.9	5.0
Net Debt / Adjusted EBITDA	2.7	2.7
Net Debt / (Adjusted EBITDA - Maint. CAPEX)	2.7	2.8
Net Debt and preferred shares / Adjusted EBITDA	3.2	3.2
Net Debt and preferred shares / (Adjusted EBITDA - Maint. CAPEX)	3.3	3.3
FCF / Net Debt ⁽³⁾	30%	30%
Net Debt / Unitholders' Equity	0.4	0.4
Net Debt / Enterprise Value ⁽⁴⁾	24%	30%

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

⁽²⁾ Annualized interest expense and preferred share 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.

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

⁽⁴⁾ Based on market value of units at close on December 31, 2007 at \$13.90 and on March 31, 2008 at \$10.49.

9. Cash Interest Expense Components and Dividends on Preferred Shares

(in thousands of Canadian dollars)

Debt Components	March 31, 2008		Interest / Dividend Basis	Maturity Date
	Reported Basis	Nominal Balances		
Medium Term Notes (MTN) ⁽¹⁾			Fixed Rates	
5-year Notes maturing 2009	\$450,000	\$450,000	4.57%	21 avril 2009
5-year Notes maturing 2011	150,000	150,000	4.65%	28 février 2011
10-year Notes maturing 2014	300,000	300,000	5.71%	21 avril 2014
10-year Notes maturing 2016	550,000	550,000	5.25%	15 février 2016
15-year Notes maturing 2019	250,000	250,000	5.85%	18 novembre 2019
30-year Notes maturing 2036	350,000	350,000	6.25%	15 février 2036
Fair value adjustment of hedged item	18,166			
Deferred financing costs	(16,267)			
Exchangeable Debentures ^(2,3)	300,000	300,000	5.50%	
Equity Component (net of accretion)	(8,684)			1 août 2011
Deferred financing costs	(9,564)			
Revolving Credit Facilities	13,000	13,000	Banker's Acceptance plus 0.625%	\$200M tranche: May 25, 2012 \$500M tranche: May 21, 2011
Commercial Paper Facility	115,200	115,200	Banker's Acceptance plus a margin	n.a.
Cash and Short-Term Investments	(53,157)	(53,157)	Overnight/Banker's Acceptance	n.a.
Swaps and Derivatives ⁽⁴⁾	-	-		n.a.
Obligations Under Capital Leases	17,005	17,005		n.a.
Net Debt	\$ 2,425,699	\$ 2,442,048		
Preferred Shares ⁽⁵⁾				
Series 1	300,000	300,000	4.25%	December 31, 2012 ⁽⁶⁾
Series 2	200,000	200,000	5.00%	June 30, 2017 ⁽⁶⁾
Deferred financing costs and derivative component	(12,312)			
Net Debt and Preferred Shares	\$ 2,913,387	\$ 2,942,048		

⁽¹⁾ Please refer to note 6 of the Q1 2008 Financial Statements.

⁽²⁾ Please refer to note 7 of the Q1 2008 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 May 8, 2008 Management's Discussion & Analysis.

⁽⁵⁾ Please refer to note 8 of the Q1 2008 Financial Statements.

⁽⁶⁾ Date of retraction at the option of the holders.

10. Distributable Cash

(in thousands of Canadian dollars except for Units Outstanding)

	For the year ended December 31, 2007	For the three-month period ended March 31, 2008 ⁽¹⁾	LTM March 31, 2008
Cash flow from operating activities	\$695,540	\$145,338	\$688,416
Operating non-cash items	(20,024)	(5,810)	(20,598)
Change in operating assets and liabilities	42,261	45,982	65,806
Maintenance capital expenditures	(22,892)	(5,215)	(23,196)
Other	5,581	2,724	9,065
Distributable Cash	700,466	183,019	719,493
Distributable Cash per unit	1.32	0.35	1.36
Weighted Average number of units outstanding (in millions)	530.6	530.0	530.5

⁽¹⁾ See additional disclosure on the various adjustments in the Distributable Cash section in our May 8, 2008 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)				
	March 31, 2007	June 30, 2007	September 30, 2007	December 31, 2007	March 31, 2008
New Methodology:					
Cash flow from operating activities	\$152,462	\$175,262	\$187,908	\$179,908	\$145,338
Operating non-cash items	(5,236)	(5,915)	(5,601)	(3,272)	(5,810)
Change in operating assets and liabilities	22,437	12,313	4,325	3,186	45,982
Maintenance capital expenditures	(4,911)	(5,052)	(6,416)	(6,513)	(5,215)
Other	(760)	700	2,678	2,963	2,724
Distributable Cash	163,992	177,308	182,894	176,272	183,019
Previous Methodology ⁽³⁾:					
EBITDA	\$203,443	\$220,319	\$228,502	\$221,896	\$227,393
Maintenance capital expenditures	(4,911)	(5,052)	(6,416)	(6,513)	(5,215)
Interest	(33,319)	(33,311)	(32,646)	(32,731)	(32,607)
Dividends on preferred shares	(908)	(3,776)	(5,654)	(5,688)	(5,688)
Other	(313)	(872)	(892)	(692)	(864)
Distributable Cash	163,992	177,308	182,894	176,272	183,019
Distributable Cash per unit	0.31	0.33	0.34	0.33	0.35
Weighted Average number of units outstanding (in millions)	530.5	530.4	530.8	530.8	530.0

(1) Following the new Staff Notice issued 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. We also adopted these new recommendations in the second quarter of 2007 which had no impact on distributable cash.

(2) See additional disclosure on the various adjustments in the Distributable Cash section of the May 8, 2008 Management's Discussion and Analysis.

(3) For reference in accordance with historical disclosure.

12. Outlook

Key Performance Indicators 2008 Performance and Outlook

	2008 Outlook	Quarter ended March 31, 2008
Directories ⁽¹⁾		
Adj. Revenue Growth	4% to 5%	4.2%
Adj. EBITDA Growth	4% to 7%	5.9%
Vertical Media ⁽¹⁾		
Revenue Growth	5% to 7%	1.0%
EBITDA Growth	7% to 9%	13.1%
Consolidated Metrics		
Online Revenues ⁽¹⁾	Approx. 30%	47.7%
Distributable Cash per unit	8% to 10%	12.9%

⁽¹⁾ On a comparable basis, including Aliant and LesPAC results as if YPG had owned these entities effective January 1, 2007.

13. Consensus Estimates

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

	2007 Actual	Consensus Estimates ⁽¹⁾			% Var
		2008			Avg. 08 / Act. 07
		Low	Average	High	
Adjusted Revenues	\$1,629.0	\$1,706.3	\$1,722.3	\$1,731.2	5.7%
Adjusted EBITDA	871.0	919.1	927.6	935.0	6.5%
Distributable Cash per Unit	1.32	1.40	1.43	1.46	8.3%

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