

Q2



Supplemental Disclosure

Period ended June 30, 2008

As filed on Sedar on August 7, 2008 (www.sedar.com).
This report is also available at www.ypg.com



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 7 of our August 7, 2008 Management’s Discussion and Analysis. This Supplemental Disclosure shall be read in connection with the August 7, 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		For the six-month periods ended	
	June 30,		June 30,	
	2008	2007	2008	2007
Revenues	\$430,442	\$411,110	\$845,013	\$795,351
Operating costs	194,461	190,791	381,639	371,589
Income from operations before depreciation and amortization (EBITDA)	235,981	220,319	463,374	423,762
Net earnings	135,686	127,573	262,674	248,524
Basic earnings per unit	0.26	0.24	0.50	0.47
Diluted earnings per unit	0.24	0.23	0.46	0.45
Adjusted Revenues	\$430,620	\$412,801	\$845,749	\$797,929
Adjusted EBITDA	235,444	219,433	462,047	422,381
Adjusted EBITDA margin	54.7%	53.2%	54.6%	52.9%
Cash flow from operating activities	\$181,839	\$175,262	\$327,177	\$327,724
Distributable cash	190,942	177,308	373,961	341,300
Distributable cash per unit	0.36	0.33	0.71	0.64
Distributions declared ⁽¹⁾	148,538	144,551	298,376	289,166
Distributions declared per unit	0.28	0.27	0.57	0.55
Payout ratio	78%	82%	80%	86%
Weighted average number of units outstanding				
Basic	526,113,061	530,376,724	528,078,713	530,428,376
Diluted	611,946,207	584,463,707	609,162,219	574,572,284

⁽¹⁾ Includes June 2008 distribution of approximately \$49.8 million paid on July 15, 2008.

2. Directories Growth Rate - Comparable Basis

(in thousands of Canadian dollars)

	For the three-month period ended June 30, 2007			For the three-month period ended June 30, 2008	
	YPG (reported basis)	Aliant	Total	Directories (reported basis)	Growth on a Comparable Basis ⁽¹⁾
Adjusted Revenues	\$322,112	\$4,980	\$327,092	\$340,056	4.0%
Adjusted EBITDA	189,462	3,378	192,840	203,012	5.3%
Adjusted EBITDA Margin	58.8%	67.8%	59.0%	59.7%	

	For the six-month period ended June 30, 2007			For the six-month period ended June 30, 2008	
	YPG (reported basis)	Aliant	Total	Directories (reported basis)	Growth on a Comparable Basis ⁽¹⁾
Adjusted Revenues	\$631,966	\$19,432	\$651,398	\$678,045	4.1%
Adjusted EBITDA	372,413	12,554	384,967	406,398	5.6%
Adjusted EBITDA Margin	58.9%	64.6%	59.1%	59.9%	

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

3. Vertical Media Growth Rate - Comparable Basis

(in thousands of Canadian dollars)

	For the three-month period ended June 30, 2007		For the three-month period ended June 30, 2008
	Trader Corporation (reported basis)	Trader Corporation (reported basis)	Growth on a Comparable Basis ^(1, 2)
Revenues	\$90,689	\$90,564	(0.6%)
EBITDA	29,971	32,432	7.4%
EBITDA Margin	33.0%	35.8%	

	For the six-month period ended June 30, 2007		For the six-month period ended June 30, 2008
	Trader Corporation (reported basis)	Trader Corporation (reported basis)	Growth on a Comparable Basis ^(1, 2)
Revenues	\$165,963	\$167,704	0.1%
EBITDA	49,968	55,649	9.7%
EBITDA Margin	30.1%	33.2%	

⁽¹⁾ Based on full contribution as if YPG had owned LesPAC from the beginning of each reporting periods.

⁽²⁾ See additional disclosure on revenue trends for each of Trader's businesses in Canada and the United States in the Segmented Information - Vertical Media section in our August 7, 2008 Management's Discussion and Analysis.

4. Segmented Information - Reported Basis

(in thousands of Canadian dollars)

For the three-month periods ended June 30,						
	Directories		Vertical Media		Consolidated	
	2008	2007	2008	2007	2008	2007
Revenues	\$339,878	\$320,421	\$90,564	\$90,689	\$430,442	\$411,110
EBITDA	203,549	190,348	32,432	29,971	235,981	220,319
Adjusted Revenues	340,056	322,112	90,564	90,689	430,620	412,801
Adjusted EBITDA	203,012	189,462	32,432	29,971	235,444	219,433
Adjusted EBITDA Margin	59.7%	58.8%	35.8%	33.0%	54.7%	53.2%

For the six-month periods ended June 30,						
	Directories		Vertical Media		Consolidated	
	2008	2007	2008	2007	2008	2007
Revenues	\$677,309	\$629,388	\$167,704	\$165,963	\$845,013	\$795,351
EBITDA	407,725	373,794	55,649	49,968	463,374	423,762
Adjusted Revenues	678,045	631,966	167,704	165,963	845,749	797,929
Adjusted EBITDA	406,398	372,413	55,649	49,968	462,047	422,381
Adjusted EBITDA Margin	59.9%	58.9%	33.2%	30.1%	54.6%	52.9%

5. Online Metrics

Revenues ⁽¹⁾

(in millions of Canadian dollars)

	Q1	Q2	Q3	Q4	Full Year
2008 Revenues - Consolidated	\$53.5	\$61.4			\$114.9
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 ⁽³⁾	Q3 ⁽³⁾	Q4	Q1	Q2	Q3	Q4
Unduplicated Unique Visitors	9.6	10.1	10.1	9.9	9.7	9.8		
Online Reach %	42%	44%	43%	42%	41%	41%		

⁽¹⁾ Source: comScore Media Metrix Canada.

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

⁽³⁾ The comScore Media Metrix methodology to account for unduplicated visitors was different in Q2 '07 and Q3 '07.

6. Reconciliation of Adjusted Revenues and Adjusted EBITDA

(in thousands of Canadian dollars)

	For the three-month period ended June 30, 2008				For the three-month period ended June 30, 2007			
	Reported	Purchase accounting	Transition expenses	Adjusted ⁽¹⁾	Reported	Purchase accounting	Transition expenses	Adjusted ⁽¹⁾
Revenues	\$430,442	\$178	-	\$430,620	\$411,110	\$1,691	-	\$412,801
Operating costs	194,461	715	-	195,176	190,791	2,577	-	193,368
EBITDA	\$235,981	(\$537)	-	\$235,444	\$220,319	(\$886)	-	\$219,433

	For the six-month period ended June 30, 2008				For the six-month period ended June 30, 2007			
	Reported	Purchase accounting	Transition expenses	Adjusted ⁽¹⁾	Reported	Purchase accounting	Transition expenses	Adjusted ⁽¹⁾
Revenues	\$845,013	\$736	-	\$845,749	\$795,351	\$2,578	-	\$797,929
Operating costs	381,639	2,063	-	383,702	371,589	3,959	-	375,548
EBITDA	\$463,374	(\$1,327)	-	\$462,047	\$423,762	(\$1,381)	-	\$422,381

⁽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 June 30,				For the six-month periods ended June 30,			
	2008		2007		2008		2007	
Adjusted Revenues	\$430,620		\$412,801		\$845,749		\$797,929	
Adjusted Expenses								
Cost of Sales	120,296	27.9%	115,778	28.0%	234,348	27.7%	222,912	27.9%
General and Administrative ⁽¹⁾	74,880	17.4%	77,590	18.8%	149,354	17.7%	152,636	19.1%
Adjusted EBITDA	\$235,444		\$219,433		\$462,047		\$422,381	
Adjusted EBITDA margin	54.7%		53.2%		54.6%		52.9%	
Capital Expenditures								
Transition Capital ⁽²⁾	\$-		\$2,302		\$-		\$5,879	
Maintenance ⁽³⁾	5,313		5,052		10,528		9,963	
New Initiatives	5,277		3,138		9,461		6,259	
Leasehold Improvements (net of lease inducements)	748		6,515		1,081		13,792	
Total	\$11,338		\$17,007		\$21,070		\$35,893	
Adjustment to Reflect Expenditures on a Cash Basis	409		3,303		2,805		395	
Acquisition of Capital Assets, Net of Lease Inducements	\$11,747		\$20,310		\$23,875		\$36,288	

⁽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	June 30, 2008
Medium Term Notes	\$2,048	\$2,052	\$2,051
Exchangeable Debentures	281	282	283
Revolving Credit Facilities	72	13	0
Commercial Paper Facility (drawn amount)	0	115	162
Obligations Under Capital Leases	18	17	16
Total Third-Party Debt	2,418	2,479	2,512
Cash and cash equivalents	53	53	54
Net debt	\$2,365	\$2,426	\$2,458
Preferred Shares	487	488	488
Net debt and preferred shares	2,852	2,913	2,946
Unitholders' Equity	5,786	5,746	5,673
Total Capitalization	\$8,638	\$8,659	\$8,619
LTM Adjusted EBITDA ⁽¹⁾	884	898	911
Annualized Financial Fixed Charges ⁽²⁾	156	155	157
Average Interest Rate on Debt at Period End	5.4%	5.3%	5.3%
Adjusted EBITDA / Annualized Financial Fixed Charges	5.7x	5.8x	5.8x
Adjusted EBITDA / (Annualized Financial Fixed Charges + Maint. CAPEX)	5.0x	5.0x	5.0x
Net Debt / Adjusted EBITDA	2.7x	2.7x	2.7x
Net Debt / (Adjusted EBITDA - Maint. CAPEX)	2.7x	2.8x	2.8x
Net Debt and preferred shares / Adjusted EBITDA	3.2x	3.2x	3.2x
Net Debt and preferred shares / (Adjusted EBITDA - Maint. CAPEX)	3.3x	3.3x	3.2x
FCF / Net Debt ⁽³⁾	30%	30%	30%
Net Debt / Unitholders' Equity	0.4x	0.4x	0.4x
Net Debt / Enterprise Value ⁽⁴⁾	24%	30%	34%

⁽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 June 30, 2008 at \$8.85.

9. Cash Interest Expense Components and Dividends on Preferred Shares

(in thousands of Canadian dollars)

Debt Components	June 30, 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%	April 21, 2009
5-year Notes maturing 2011	150,000	150,000	4.65%	February 28, 2011
10-year Notes maturing 2014	300,000	300,000	5.71%	April 21, 2014
10-year Notes maturing 2016	550,000	550,000	5.25%	February 15, 2016
15-year Notes maturing 2019	250,000	250,000	5.85%	November 18, 2019
30-year Notes maturing 2036	350,000	350,000	6.25%	February 15, 2036
Fair value adjustment of hedged item	17,096			
Deferred financing costs	(15,698)			
Exchangeable Debentures ^(2,3)	300,000	300,000	5.50%	
Equity Component (net of accretion)	(8,096)			August 1, 2011
Deferred financing costs	(8,938)			
Revolving Credit Facilities	-	-	BA + Margin	\$200M tranche: May 25, 2012
			BA + Margin	\$500M tranche: May 21, 2011
			BA + Margin	\$250M tranche: May 8, 2011
Commercial Paper Facility	161,600	161,600	BA + Margin	n.a.
Cash and Short-Term Investments	(53,650)	(53,650)	Overnight/Banker's Acceptance	n.a.
Swaps and Derivatives ⁽⁴⁾	-	-		n.a.
Obligations Under Capital Leases	15,931	15,931		n.a.
Net Debt	\$ 2,458,245	\$ 2,473,881		
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	(11,856)			
Net Debt and Preferred Shares	\$ 2,946,389	\$ 2,973,881		

(1) Please refer to note 6 of the Q2 2008 Financial Statements.

(2) Please refer to note 7 of the Q2 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 August 7, 2008 Management's Discussion and Analysis.

(5) Please refer to note 8 of the Q2 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 June 30, 2008 ⁽¹⁾	LTM June 30, 2008
Cash flow from operating activities	\$695,540	\$181,839	\$694,993
Operating non-cash items	(20,024)	(5,079)	(19,762)
Change in operating assets and liabilities	42,261	16,775	70,268
Maintenance capital expenditures	(22,892)	(5,313)	(23,457)
Other	5,581	2,720	11,085
Distributable Cash	700,466	190,942	733,127
Distributable Cash per unit	1.32	0.36	1.38
Weighted Average number of units outstanding (in millions)	530.6	526.1	529.4

⁽¹⁾ See additional disclosure on the various adjustments in the Distributable Cash section in our August 7, 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)				
	June 30, 2007	September 30, 2007	December 31, 2007	March 31, 2008	June 30, 2008
New Methodology:					
Cash flow from operating activities	\$175,262	\$187,908	\$179,908	\$145,338	\$181,839
Operating non-cash items	(5,915)	(5,601)	(3,272)	(5,810)	(5,079)
Change in operating assets and liabilities	12,313	4,325	3,186	45,982	16,775
Maintenance capital expenditures	(5,052)	(6,416)	(6,513)	(5,215)	(5,313)
Other	700	2,678	2,963	2,724	2,720
Distributable Cash	177,308	182,894	176,272	183,019	190,942
Previous Methodology ⁽³⁾:					
EBITDA	\$220,319	\$228,502	\$221,896	\$227,393	\$235,981
Maintenance capital expenditures	(5,052)	(6,416)	(6,513)	(5,215)	(5,313)
Interest	(33,311)	(32,646)	(32,731)	(32,607)	(32,943)
Dividends on preferred shares	(3,776)	(5,654)	(5,688)	(5,688)	(5,688)
Other	(872)	(892)	(692)	(864)	(1,095)
Distributable Cash	177,308	182,894	176,272	183,019	190,942
Distributable Cash per unit	0.33	0.34	0.33	0.35	0.36
Weighted Average number of units outstanding (in millions)	530.4	530.8	530.8	530.0	526.1

(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 August 7, 2008 Management's Discussion and Analysis.

(3) For reference in accordance with historical disclosure.

12. Outlook

Key Performance Indicators 2008 Performance and 2009 Outlook

	2008 Outlook	Six-month period ended June 30, 2008	2009 Outlook
Directories ⁽¹⁾			
Adj. Revenue Growth	4% to 5%	4.1%	4% to 5%
Adj. EBITDA Growth	4% to 7%	5.6%	4% to 7%
Vertical Media ⁽¹⁾			
Revenue Growth	5% to 7%	0.1% ⁽²⁾	2% to 4%
EBITDA Growth	7% to 9%	9.7%	4% to 7%
Consolidated Metrics			
Online Revenues ⁽¹⁾	Approx. 30%	46%	Approx. 30%
Distributable Cash per unit	8% to 10%	11%	8% to 10%

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

⁽²⁾ See additional disclosure on revenue trends for each of Trader's businesses in Canada and the United States in the Segmented Information - Vertical Media section in our August 7, 2008 Management's Discussion and Analysis.

13. Consensus Estimates

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

	2007 Actual	Consensus Estimates ⁽¹⁾			% Var	Consensus Estimates ⁽¹⁾		
		2008			Avg. 08 / Act. 07	2009		
		Low	Average	High		Low	Average	High
Adjusted Revenues	\$1,629.0	\$1,707.3	\$1,719.3	\$1,731.2	5.5%	\$1,759.3	\$1,782.1	\$1,809.4
Adjusted EBITDA	871.0	925.0	931.7	944.0	7.0%	942.0	969.1	1,001.4
Distributable Cash per Unit	1.32	1.43	1.44	1.47	9.4%	1.47	1.54	1.63

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