

Q3



Supplemental Disclosure

Period ended September 30, 2008

As filed on Sedar on November 6, 2008 (www.sedar.com).
This report is also available at www.ypg.com



Yellow Pages
Income Fund™

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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 November 6, 2008 Management’s Discussion and Analysis.

This Supplemental Disclosure shall be read in connection with the November 6, 2008 Management’s Discussion and Analysis. Capitalized terms not defined herein are defined in the MD&A.

1. Financial Highlights - Yellow Pages Income Fund

(in thousands of Canadian dollars, except unit information)

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2008	2007	2008	2007
Revenues	\$426,141	\$416,507	\$1,271,154	\$1,211,858
Operating costs	188,348	188,005	569,987	559,594
Income from operations before depreciation and amortization (EBITDA)	237,793	228,502	701,167	652,264
Net earnings	146,063	122,137	408,737	370,661
Basic earnings per unit	0.28	0.23	0.78	0.70
Diluted earnings per unit	0.25	0.22	0.72	0.67
Adjusted Revenues	\$426,156	\$417,649	\$1,271,905	\$1,215,578
Adjusted EBITDA	237,481	227,645	699,528	650,026
Adjusted EBITDA margin	55.7%	54.5%	55.0%	53.5%
Cash flow from operating activities	\$187,528	\$187,908	\$514,705	\$515,632
Distributable cash	192,362	182,894	566,323	524,194
Distributable cash per unit	0.37	0.34	1.08	0.99
Distributions declared ⁽¹⁾	150,252	144,637	448,628	433,803
Distributions declared per unit	0.29	0.27	0.85	0.82
Payout ratio	78%	79%	79%	83%
Weighted average number of units outstanding				
Basic	519,908,187	530,752,506	525,335,325	530,537,607
Diluted	613,718,644	594,067,440	610,252,373	583,023,207

⁽¹⁾ Includes September 2008 distribution of approximately \$51.1 million paid on October 15, 2008.

2. Directories Growth Rate - Comparable Basis

(in thousands of Canadian dollars)

	For the three-month period ended September 30, 2007	For the three-month period ended September 30, 2008	
	Directories (reported basis)	Directories (reported basis)	Growth on a Comparable Basis ⁽¹⁾
Adjusted Revenues	\$331,647	\$343,928	3.0%
Adjusted EBITDA	198,399	208,008	4.5%
Adjusted EBITDA Margin	59.8%	60.5%	

	For the nine-month period ended September 30, 2007	For the nine-month period ended September 30, 2008	
	Directories (reported basis)	Directories (reported basis)	Growth on a Comparable Basis ^(1, 2)
Adjusted Revenues	\$963,613	\$1,021,973	3.7%
Adjusted EBITDA	570,812	614,406	5.2%
Adjusted EBITDA Margin	59.2%	60.1%	

⁽¹⁾ Excluding the results of Volt for the period from acquisition on September 5, 2008 to September 30, 2008.

⁽²⁾ 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 September 30, 2007		For the three-month period ended September 30, 2008
	Trader Corporation (reported basis)		Trader Corporation (reported basis) Growth on a Comparable Basis ⁽¹⁾
Revenues	\$86,002		\$82,228 (4.4%)
EBITDA	29,246		29,473 0.8%
EBITDA Margin	34.0%		35.8%

	For the nine-month period ended September 30, 2007		For the nine-month period ended September 30, 2008
	Trader Corporation (reported basis)		Trader Corporation (reported basis) Growth on a Comparable Basis ^(1, 2)
Revenues	\$251,965		\$249,932 (1.4%)
EBITDA	79,214		85,122 6.4%
EBITDA Margin	31.4%		34.1%

⁽¹⁾ 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 November 6, 2008 Management's Discussion and Analysis.

⁽²⁾ Based on full contribution as if YPG had owned LesPAC from the beginning of each reporting periods.

4. Segmented Information - Reported Basis

(in thousands of Canadian dollars)

For the three-month periods ended September 30,						
	Directories		Vertical Media		Consolidated	
	2008	2007	2008	2007	2008	2007
Revenues	\$343,913	\$330,505	\$82,228	\$86,002	\$426,141	\$416,507
EBITDA	208,320	199,256	29,473	29,246	237,793	228,502
Adjusted Revenues	343,928	331,647	82,228	86,002	426,156	417,649
Adjusted EBITDA	208,008	198,399	29,473	29,246	237,481	227,645
Adjusted EBITDA Margin	60.5%	59.8%	35.8%	34.0%	55.7%	54.5%

For the nine-month periods ended September 30,						
	Directories		Vertical Media		Consolidated	
	2008	2007	2008	2007	2008	2007
Revenues	\$1,021,222	\$959,893	\$249,932	\$251,965	\$1,271,154	\$1,211,858
EBITDA	616,045	573,050	85,122	79,214	701,167	652,264
Adjusted Revenues	1,021,973	963,613	249,932	251,965	1,271,905	1,215,578
Adjusted EBITDA	614,406	570,812	85,122	79,214	699,528	650,026
Adjusted EBITDA Margin	60.1%	59.2%	34.1%	31.4%	55.0%	53.5%

5. Online Metrics

Revenues ⁽¹⁾					
(in millions of Canadian dollars)					
	Q1	Q2	Q3	Q4	Full Year
2008 Revenues - Consolidated	\$53.5	\$61.4	\$62.4		\$177.3
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	9.1	
Online Reach %	42%	44%	43%	42%	41%	41%	38%	

⁽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 September 30, 2008				For the three-month period ended September 30, 2007				
	Reported	Purchase accounting	Transition expenses	Adjusted ⁽¹⁾	Reported	Purchase accounting	Transition expenses	Adjusted ⁽¹⁾
Revenues	\$426,141	\$15	-	\$426,156	\$416,507	\$1,142	-	\$417,649
Operating costs	188,348	327	-	188,675	188,005	1,999	-	190,004
EBITDA	\$237,793	(\$312)	-	\$237,481	\$228,502	(\$857)	-	\$227,645

For the nine-month periods ended September 30, 2008				For the nine-month periods ended September 30, 2007				
	Reported	Purchase accounting	Transition expenses	Adjusted ⁽¹⁾	Reported	Purchase accounting	Transition expenses	Adjusted ⁽¹⁾
Revenues	\$1,271,154	\$751	-	\$1,271,905	\$1,211,858	\$3,720	-	\$1,215,578
Operating costs	569,987	2,390	-	572,377	559,594	5,958	-	565,552
EBITDA	\$701,167	(\$1,639)	-	\$699,528	\$652,264	(\$2,238)	-	\$650,026

⁽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 September 30,				For the nine-month periods ended September 30,			
	2008		2007		2008		2007	
Adjusted Revenues	\$426,156		\$417,649		\$1,271,905		\$1,215,578	
Adjusted Expenses								
Cost of Sales	117,217	27.5%	114,434	27.4%	351,564	27.6%	337,346	27.8%
General and Administrative ⁽¹⁾	71,458	16.8%	75,570	18.1%	220,813	17.4%	228,206	18.8%
Adjusted EBITDA	\$237,481		\$227,645		\$699,528		\$650,026	
Adjusted EBITDA margin	55.7%		54.5%		55.0%		53.5%	
Capital Expenditures								
Transition Capital ⁽²⁾	\$-		\$3,329		\$-		\$9,208	
Maintenance ⁽³⁾	5,280		6,416		15,808		16,379	
New Initiatives	4,496		5,572		13,957		11,831	
Leasehold Improvements (net of lease inducements)	1,779		3,375		2,860		17,167	
Total	\$11,555		\$18,692		\$32,625		\$54,585	
Adjustment to Reflect Expenditures on a Cash Basis	(647)		(1,567)		2,158		(1,172)	
Acquisition of Capital Assets, Net of Lease Inducements	\$10,908		\$17,125		\$34,783		\$53,413	

⁽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	Dec. 31, 2007	March 31, 2008	June 30, 2008	Sept. 30, 2008
Medium Term Notes	\$2,048	\$2,052	\$2,051	\$2,051
Exchangeable Debentures	281	282	283	284
Revolving Credit Facilities	72	13	0	46
Commercial Paper Facility (drawn amount)	0	115	162	298
Obligations Under Capital Leases	18	17	16	15
Total Third-Party Debt	2,418	2,479	2,512	2,695
Cash and cash equivalents	53	53	54	22
Net debt	\$2,365	\$2,426	\$2,458	\$2,672
Preferred Shares	487	488	488	489
Net debt and preferred shares	2,852	2,913	2,946	3,161
Unitholders' Equity	5,786	5,746	5,673	5,630
Total Capitalization	\$8,638	\$8,659	\$8,619	\$8,791
LTM Adjusted EBITDA ⁽¹⁾	884	898	911	938
Annualized Financial Fixed Charges ⁽²⁾	156	155	157	166
Average Interest Rate on Debt at Period End	5.4%	5.3%	5.3%	5.2%
Adjusted EBITDA / Annualized Financial Fixed Charges	5.7x	5.8x	5.8x	5.6x
Adjusted EBITDA / (Annualized Financial Fixed Charges + Maint. CAPEX)	5.0x	5.0x	5.0x	5.0x
Net Debt / Adjusted EBITDA	2.7x	2.7x	2.7x	2.9x
Net Debt / (Adjusted EBITDA - Maint. CAPEX)	2.7x	2.8x	2.8x	2.9x
Net Debt and preferred shares / Adjusted EBITDA	3.2x	3.2x	3.2x	3.4x
Net Debt and preferred shares / (Adjusted EBITDA - Maint. CAPEX)	3.3x	3.3x	3.2x	3.3x
FCF / Net Debt ⁽³⁾	30%	30%	30%	28%
Net Debt / Unitholders' Equity	0.4x	0.4x	0.4x	0.5x
Net Debt / Enterprise Value ⁽⁴⁾	24%	30%	34%	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 the balance sheet date.

9. Bank Syndicate & Liquidity Discussion

(In millions of Canadian dollars)

- YPG currently has in place two senior unsecured revolving credit facilities totalling \$950 million:

	Amount	Structure	Final Maturity	Use	Drawn Pricing	
Principal Revolving Facility	Tranche 1 :	500.0	364 days + 2-year term	May 2011	CP Back-up & General Corporate Purposes	BA + 0.625%
	Tranche 2 :	200.0	5-year revolver	May 2012		BA + 0.575%
New Revolving Facility		250.0	364 days + 2-year term	May 2011	General Corporate Purposes	-

- At the end of Q3-2008, YPG had total available liquidity of \$627.9 million:

	Limit	Used / CP Issued	Available
Principal Revolving Facility	700.0	344.4	355.6
New Revolving Facility	250.0	-	250.0
Cash and Cash Equivalents	-	-	22.3
TOTAL			627.9

10. Cash Interest Expense Components and Dividends on Preferred Shares

(in thousands of Canadian dollars)

Debt Components	September 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	16,527			
Deferred financing costs	(15,124)			
Exchangeable Debentures ^(2,3)	300,000	300,000	5.50%	
Equity Component (net of accretion)	(7,496)			August 1, 2011
Deferred financing costs	(8,294)			
Revolving Credit Facilities	46,000	46,000	BA + 0.575%	\$200M tranche: May 25, 2012
			BA + 0.625%	\$500M tranche: May 21, 2011
			BA + Margin	\$250M tranche: May 8, 2011
Commercial Paper Facility	298,400	298,400	BA + Margin	n.a.
Cash and Short-Term Investments	(22,302)	(22,302)	Overnight/Banker's Acceptance	n.a.
Swaps and Derivatives ⁽⁴⁾	-	-		n.a.
Obligations Under Capital Leases	14,757	14,757		n.a.
Net Debt	\$ 2,672,468	\$ 2,686,855		
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	(11,395)			
Net Debt and Preferred Shares	\$ 3,161,073	\$ 3,186,855		

⁽¹⁾ Please refer to note 6 of the Q3 2008 Financial Statements.

⁽²⁾ Please refer to note 7 of the Q3 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 November 6, 2008 Management's Discussion and Analysis.

⁽⁵⁾ Please refer to note 8 of the Q3 2008 Financial Statements.

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

11. Distributable Cash

(in thousands of Canadian dollars except for Units Outstanding)

	For the year ended December 31, 2007	For the three-month period ended September 30, 2008 ⁽¹⁾	LTM September 30, 2008
Cash flow from operating activities	\$695,540	\$187,528	\$694,613
Operating non-cash items	(20,024)	(5,146)	(19,307)
Change in operating assets and liabilities	42,261	13,406	79,349
Maintenance capital expenditures	(22,892)	(5,280)	(22,321)
Other	5,581	1,854	10,261
Distributable Cash	700,466	192,362	742,595
Distributable Cash per unit	1.32	0.37	1.41
Weighted Average number of units outstanding (in millions)	530.6	519.9	526.7

⁽¹⁾ See additional disclosure on the various adjustments in the Distributable Cash section in our November 6, 2008 Management's Discussion and Analysis.

12. Historical Distributable Cash Calculation

(in thousands of Canadian dollars except for Units Outstanding)

	For the three-month periods ended ^(1,2)				September 30, 2008
	September 30, 2007	December 31, 2007	March 31, 2008	June 30, 2008	
New Methodology:					
Cash flow from operating activities	\$187,908	\$179,908	\$145,338	\$181,839	\$187,528
Operating non-cash items	(5,601)	(3,272)	(5,810)	(5,079)	(5,146)
Change in operating assets and liabilities	4,325	3,186	45,982	16,775	13,406
Maintenance capital expenditures	(6,416)	(6,513)	(5,215)	(5,313)	(5,280)
Other	2,678	2,963	2,724	2,720	1,854
Distributable Cash	182,894	176,272	183,019	190,942	192,362
Previous Methodology ⁽³⁾:					
EBITDA	\$228,502	\$221,896	\$227,393	\$235,981	\$237,793
Maintenance capital expenditures	(6,416)	(6,513)	(5,215)	(5,313)	(5,280)
Interest	(32,646)	(32,731)	(32,607)	(32,943)	(33,466)
Dividends on preferred shares	(5,654)	(5,688)	(5,688)	(5,688)	(5,688)
Other	(892)	(692)	(864)	(1,095)	(997)
Distributable Cash	182,894	176,272	183,019	190,942	192,362
Distributable Cash per unit	0.34	0.33	0.35	0.36	0.37
Weighted Average number of units outstanding (in millions)	530.8	530.6	530.0	526.1	519.9

⁽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. 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 November 6, 2008 Management's Discussion and Analysis.

⁽³⁾ For reference in accordance with historical disclosure.

13. Normal Course Issuer Bid ("NCIB")

Purchase of Units for Cancellation⁽¹⁾

	# of Units	Avg. Price ⁽²⁾	Total (incl. Commissions)
April	2,788,400	\$11.06	\$30,900,327
May	1,033,800	\$10.15	\$10,515,570
June	2,463,400	\$9.40	\$23,205,224
Q2-2008	6,285,600	\$10.26	\$64,621,121
July	3,479,300	\$8.60	\$29,989,247
August	42,200	\$9.90	\$418,827
September	1,348,600	\$9.58	\$12,948,732
Q3-2008	4,870,100	\$8.88	\$43,356,806
Total	11,155,700	\$9.66	\$107,977,927

(1) Please refer to the System for Electronic Disclosure by Insiders ("SEDI") for further details. <https://www.sedi.ca/>

(2) Excluding commissions.

14. Outlook

Key Performance Indicators 2008 Performance and 2009 Outlook

	2008 Outlook	Nine-month period ended September 30, 2008	2009 Outlook
Directories ⁽¹⁾			
Adj. Revenue Growth	4% to 5%	3.7%	4% to 5%
Adj. EBITDA Growth	4% to 7%	5.2%	4% to 7%
Vertical Media ⁽¹⁾			
Revenue Growth	5% to 7%	(1.4%) ⁽²⁾	2% to 4%
EBITDA Growth	7% to 9%	6.4%	4% to 7%
Consolidated Metrics			
Online Revenues ⁽¹⁾	Approx. 30%	43%	Approx. 30%
Distributable Cash per unit	8% to 10%	9%	8% to 10%

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

⁽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 November 6, 2008 Management's Discussion and Analysis.

15. Consensus Estimates

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

	2007 Actual	Consensus Estimates			% Var	Consensus Estimates		
		2008			Avg. 08 / Act. 07	2009		
		Low	Average	High		Low	Average	High
Adjusted Revenues	\$1,629.0	\$1,704.0	\$1,716.9	\$1,729.7	5.4%	\$1,755.0	\$1,804.0	\$1,850.6
Adjusted EBITDA	871.0	928.4	935.6	940.5	7.4%	955.0	980.4	1,003.5
Distributable Cash per Unit ⁽¹⁾	1.32	1.42	1.44	1.47	9.2%	1.44	1.54	1.64

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