YELLOW PAGES INCOME FUND

ANNUAL INFORMATION FORM

FOR THE YEAR ENDED DECEMBER 31, 2009

March 24, 2010
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EXPLANATORY NOTES

The information in this Annual Information Form is stated as at December 31, 2009, unless otherwise indicated.

Unless otherwise indicated or the context otherwise requires, "Fund" refers to Yellow Pages Income Fund; "Trust" refers to YPG Trust; "YPG GP" refers to YPG General Partner Inc.; and the "Company" refers to YPG LP, together with its general partner and subsidiaries. Unless otherwise indicated, all dollar amounts are expressed in Canadian dollars and references to "$" are to Canadian dollars.

Certain statements in this Annual Information Form may constitute "forward-looking" statements which involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Fund or the Company, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. When used in this Annual Information Form, such statements use such words as "may", "will", "expect", "believe", "plan" and other similar terminology. These statements reflect current expectations regarding future events and operating performance and speak only as of the date of this Annual Information Form. Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such results will be achieved. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements, including, but not limited to, the factors discussed under "Risk Factors". Although the forward-looking statements contained in this Annual Information Form are based upon what management of the Company believes are reasonable assumptions, neither the Fund nor the Company can assure investors that actual results will be consistent with these forward-looking statements. These forward-looking statements are made as of the date of this Annual Information Form, and the Fund and the Company assume no obligation to update or revise them to reflect new events or circumstances, except as may be required pursuant to securities legislation.

CORPORATE STRUCTURE

Name and Incorporation

The Fund is an unincorporated, open-ended, limited purpose trust established under the laws of the Province of Ontario on June 25, 2003 by a declaration of trust (as amended on July 24, 2003, on July 30, 2003 and on May 10, 2005) (the "Fund Declaration of Trust"). The Fund was created to indirectly acquire and hold limited partnership units of YPG LP (the "LP Units"). On August 1, 2003, the Fund completed its initial public offering (the "Initial Public Offering") of 100,000,000 units of the Fund (the "Units"). In 2003 and 2004, the Fund completed subsequent offerings and funds controlled by Kohlberg Kravis Roberts & Co. ("KKR"), subsidiaries of BCE Inc. ("BCE") and the Ontario Teachers’ Pension Board ("Ontario Teachers"), exchanged all their LP Units and common shares (the "Common Shares") of YPG GP for Units of the Fund. Following the completion of the Initial Public Offering and such subsequent offerings and exchanges, the Fund indirectly held 100% of the Company. The Fund Declaration of Trust was amended on May 10, 2005 in order to increase the maximum number of the Trustees of the Fund from ten to a maximum of twelve. As of February 28, 2010, the Fund currently indirectly holds all of the outstanding LP Units and a corresponding interest in YPG LP’s general partner.

The Trust is an unincorporated, open-ended, limited purpose trust established under the laws of the Province of Ontario pursuant to a declaration of trust dated July 24, 2003 (as amended on July 30, 2003 and on May 10, 2005) (the "Trust Declaration of Trust"). The Trust was created to acquire and hold LP Units and as of February 28, 2010, holds all of the outstanding LP Units and a corresponding interest in YPG LP’s general partner, YPG GP.

YPG LP is a limited partnership existing under the laws of the Province of Manitoba pursuant to a third amended and restated limited partnership agreement dated February 14, 2006, as may be amended from time to time (the "YPG LP Partnership Agreement"). YPG LP currently indirectly holds 100% of Yellow Pages Group Co., Trader Corporation, YPG (USA) Holdings, Inc., Yellow Pages Group, LLC, YPG Directories, LLC, and LesPAC GP ("LesPAC").
The principal and head office of the Fund and the Trust are located at 16 Place du Commerce, Île des Soeurs, Verdun, Québec, Canada, H3E 2A5.

**Intercorporate Relationships**

The following chart illustrates, on a simplified basis, the structure of the Fund, including the jurisdiction of establishment/incorporation of the various entities as of February 28, 2010.

**GENERAL DEVELOPMENT OF THE BUSINESS**

**History of the Company**

The Company is Canada’s leading performance media and marketing solutions company. The Company brings consumers and businesses together locally through its network of print, digital and mobile properties.

The Company (through its predecessors) published its first print directory in 1908. The business of the Company operated as a division of Bell Canada until 1971, when it was incorporated as a wholly-owned subsidiary.
of Bell Canada. In November 2002, funds managed by KKR and Ontario Teachers’ acquired the Company from affiliates of Bell Canada. In August 2003, the Fund completed its Initial Public Offering for aggregate gross proceeds of $1,000,000,000, and in mid 2004, KKR completed the sale of its remaining interests of YPG LP while Ontario Teachers’ exchanged the balance of its LP units for units of the Fund.

Since 2004, the Company has completed a number of acquisitions enabling it to expand its presence from Ontario and Québec to every province and territory across Canada and to publish more than 340 different telephone directories with a total circulation of approximately 28 million copies annually. The Company is the owner of the Yellow Pages™, Pages Jaunes™, Walking Fingers & Design™ and Canada411™ trade-marks in Canada.

The Company’s acquisitions have included all of the issued and outstanding shares of Advertising Directory Solutions Holdings Inc. (“ADS”), the parent company of Advertising Directory Solutions Inc. (“ADSI”), for approximately $2.55 billion at the end of May 2005. ADS was the official publisher for TELUS and the second largest telephone directories publisher in Canada and published directories under the brand SuperPages™ in Alberta, British Columbia and in certain parts of Québec where TELUS is the incumbent telephone service provider. In October 2006, the Fund indirectly acquired MTS Media, the directories business unit of MTS Allstream for a cash purchase price consideration of $275 million plus assumed liabilities. MTS Media was the incumbent and largest directory publisher in the province of Manitoba. In the spring of 2007, the Fund indirectly purchased the assets of the Aliant Directory Services Partnership, the official publisher for Bell Aliant Regional Communications LP, the incumbent and largest telephone company in Atlantic Canada for approximately $330 million plus assumed liabilities.

In September 2008, the Company expanded its operations into the USA by acquiring the directory systems and services as well as the directory publishing operations of Volt Information Sciences, Inc. (“Volt”) for a net purchase price of US$179 million. Volt provides systems and services for the production and management of databases as well as the digitization of display advertisements for directory and other media publishers. In addition, Volt was a publisher of independent directories in selected Mid-Atlantic and Southeast American markets under the Your Community Phonebook brand name.

In early 2010, the Company made three acquisitions. In January, the Company acquired Restaurantica.com, a restaurant and dining community. In February, the Company completed the acquisition of Clear Sky Media Inc., owner of the RedFlagDeals.com™ brand, a leading provider of online promotions and shopping tools to Canadians and signed an agreement with 411 Local Search Corp. under which terms the Company purchased the 411.ca brand, domain names and acquired an ownership interest in 411 Local Search Corp.

The Company acquired Trader Media Corp. and Classified Media (Canada) Holdings Inc. in February and June 2006 respectively. Both of these companies were amalgamated and renamed Trader Corporation (“Trader”) in early 2007. Trader is a leader in print and digital vertical media and offers a broad set of services such as inventory management, web solutions, optimization of media spend, and lead generation campaigns. Trader caters to the automotive, real estate and generalist verticals. Trader is the owner of brands such as Trader™, Auto Trader™, Home Trader™, Dealer Smart Solutions™ and LesPAC.com™.

In early January of 2009, Trader purchased a minority interest and entered into a long-term, Canadian exclusive, strategic commercial agreement with Burlington, Vermont-based Dealer Dot Com (“Dealer”). The commercial agreement has made Dealer’s web solutions, including automotive dealer websites, user-friendly lead management tools, local search engine advertising solutions, and metrics and Web analytics, available to Trader’s extensive customer base served under the Auto Trader™ brand.

On March 23, 2010, the Board of Trustees of the Fund and the Board of Directors of YPG GP approved the proposed reorganization of the Fund’s income trust structure into a corporate structure pursuant to a statutory plan of arrangement (the "Arrangement") under the Canada Business Corporations Act. The Arrangement will require the approval of the unitholders of units of the Fund, as well as the approval of the Superior Court of Québec, the Toronto Stock Exchange and all other necessary regulatory approvals. The Arrangement must be approved by not less than 66 2/3% of the votes cast by unitholders voting in person or by proxy at the related special unitholders' meeting scheduled to be held on May 6, 2010, concurrently with the Fund's annual general meeting.
Pursuant to and on the effective date of the Arrangement, the Units held by the Unitholders will be transferred to 7341261 Canada Inc. ("Newco") in consideration for common shares of Newco on the basis of one common share for each Unit so transferred. In addition, YPG LP, YPG Trust and the Fund will be liquidated and dissolved. Yellow Media Inc., YPG GP, Newco and 7341296 Canada Inc. ("Trusteeco" under the Arrangement) will amalgamate and the amalgamated corporation will be named Yellow Media Inc. Upon the amalgamation, the holders of common shares of Newco will receive common shares of Yellow Media Inc. on the basis of one common share for each common share of Newco. As a result of the steps of the Arrangement, Unitholders will effectively receive common shares of Yellow Media Inc. for their Units on a one-for-one basis. For a detailed description of the above and other transactions forming part of the Arrangement, see the management proxy circular dated March 24, 2010 prepared by management in connection with the Unitholders' meeting being held for the approval of the Arrangement.

BUSINESS OF THE COMPANY

The Company is comprised of two business segments, (i) Directories, carried through Yellow Pages Group Co. and (ii) Vertical Media, carried through Trader.

Directories

Overview

The Company is Canada’s largest telephone directories publisher and is the owner and operator of the leading online telephone directories in Canada, YellowPages.ca™ and its French equivalent, PagesJaunes.ca™ (which have been in operation since 1997), Canada411.ca, as well as the CanadaPlus.ca™ group of city sites. The Company is the exclusive owner of the Yellow Pages™, Pages Jaunes™, Walking Fingers & Design™ and Canada411™ trade-marks in Canada.

The YellowPages.ca™ directory is the source behind a variety of online functionalities for a wide range of online sites in Canada. The Company has entered into agreements with several internet portals, search engines and individual websites to promote its online directories, such as AOL.ca, Yahoo.ca, Canada.com, Cyberpresse.ca, Aliant.ca, MTS Allstream, TBay Tel, Bell Mobility, Fido (Rogers Wireless), TELUS Mobility, Google Maps Canada, Yahoo Local and MSN Live Local Search. The Canada411.ca directory is the number one directory site for residential listings in Canada, providing residential listings, including postal codes, through its "Find a Person" interface.

The Company is the official Canadian directories publisher of Bell Canada, TELUS, Bell Aliant, MTS Allstream, and a number of other incumbent telephone companies that have a leading market share in their respective markets. As such, the Company publishes more than 340 different telephone directories annually with a total circulation of approximately 28 million copies reaching substantially all of the Canadian households and businesses in our markets across Canada and are available online and through a variety of digital options.

In 2009, approximately 85% of the Company’s revenue was derived from the sale of print and online telephone directory advertising to a diversified advertiser base of over 385,000 advertisers, representing almost 35% of all businesses in the Company’s markets. Local businesses represented approximately 90% of the Company’s advertising revenue in 2009 which the Company believes enhances the stability of its revenue base. The Company’s largest advertiser contributes less than 1% of annual revenue. Annual advertiser renewal rates have remained stable at over 88% across Canada.

General

The Company’s print and online directory operations are performed internally by its indirectly owned subsidiary, Yellow Pages Group Co. Canadian businesses are approached by the Company’s sales force, comprised of approximately 1,430 employees, and offered the ability to create a lead generation campaign that will have visibility on the Company’s online, mobile and print platforms. The sales force collects the advertiser’s information and the Company’s production staff creates a tailor made lead generation campaign for the advertisers. The campaign is then repurposed on one or more of the Company’s platforms, namely online, mobile and print.
At December 31, 2009, the percentage of existing directory customers across Canada advertising both in print and online directories was 63%.

The Company’s selling and production cycle lasts approximately 12 months from the initial sales date. The Yellow Pages print directories are distributed yearly by third party distributors to business and residential locations (free of charge to the user) throughout the Company’s markets.

Products and Customers

The Company offers presence, performance and solutions to a diversified advertiser base of close to 385,000 advertisers consisting of small and medium size local businesses as well as some national advertisers as follows: (i) presence means the exposure of advertisers on our various platforms (print, online, mobile) as well as on our partner sites; (ii) performance means performance marketing products, such as search engine marketing and search engine optimization which increase visibility and lead generation for advertisers; and (iii) solutions means offering products that go beyond the scope of traditional media placement, for example ratings and reviews and e-coupons.

The Company generates approximately 85% of its revenue from advertisement sales in Yellow Pages™ print directories, including display, space and trade ads, specialty products and listing advertisements. The Company generates approximately 15% of its revenue from advertisements sales in YellowPages.ca™ online directories.

Directories Competition

The Company faces competition in all of the markets where it operates from such persons or companies that offer advertising targeted at reaching local businesses, such as digital or internet marketing, national and regional directory publishing companies, community newspapers, radio and television, direct mail, flyers, and coupons.

As the world of digital marketing expands, competition is arising from social networking organizations such as FaceBook, My Space and Yelp Inc., online search engines such as Google, Yahoo and Microsoft’s Bing and Internet sites that provide classified directory information such as those of TrueLocal.com, ZipLocal.com, WebLocal.ca, and CanPages.ca.

The Company also faces competition from national or regionally focused independent publishers. In Quebec, Les Annuaires G.B. Inc. doing business under the name le Guide Express and Quebecor Media, operating under the name MediaPages publish approximately 45 directories collectively. In Ontario, Gold Book, a subsidiary of Metroland Printing, Publishing & Distributing Inc. (which is owned by Torstar Corporation), and ypOne Canada Ltd., doing business under the name Phone Guide publish approximately 59 directories collectively. DirectWest Corporation, a subsidiary of Saskatchewan Telecommunications Holding Corporation (SaskTel), the Saskatchewan-based provincial telecom operator publishes approximately 10 directories in Saskatchewan. Lastly, Canadian Phone Directories Inc., doing business under the name CanPages, based in British Columbia publishes a total of approximately 85 directories in British Columbia, Alberta, Ontario, Yukon, Northwest Territories and Quebec.

Production and Components

The Company manages the entire process of compiling the print and online directories internally, including listing information updates, sales contract and commission processing, advertisement design and creation, page layouts, and the transfer of the completed pages to the online directories YellowPages.ca™ and PagesJaunes.ca™ and Company’s printing suppliers for the print directories. The Company contracts with World Color Inc. (formerly Quebecor World Inc.) for the printing and binding of all its directories published in Canada. The principal raw material used in manufacturing a print directory is paper, the cost of which represents less than 4% of the Company’s directories revenues. The Company contracts third party vendors to distribute its directories to residences and businesses within the geographic area covered by the directory title. Additional copies of the directories are available for residential and business users upon request.
Under separate billing and collection agreements with each of Bell Canada, TELUS, MTS and Bell Aliant, the Company’s billing is included as a separate line item on each telephone bill for customers of Bell Canada, TELUS, MTS and Bell Aliant respectively (collectively, “Telco Partners”). Telco Partners also provide collection services. See “Business of the Company – Directories Long-Term Relationships with Telecommunications Companies”. Advertisers who do not use the incumbent telephone company as their telephone service provider (“Direct Customers”) are billed directly by the Company. Selling contractors and Certified Marketing Representatives (CMRs) are billed by the Company upfront on an annual basis and in turn bill their clients.

The Company recognizes revenue on a monthly basis over the estimated life of the print directory or online directory advertising, not exceeding twelve months, or in the case of certain alphabetical directories, not exceeding twenty-four months, commencing with the delivery or display date, respectively. The amount billed to CMRs is deferred and recognized over the next 12 months.

Long-Term Relationships with Telecommunication Companies

The Company has entered into publishing agreements and is the official and exclusive publisher of telephone directories of Bell, Telus, Bell Aliant and MTS Allstream Inc. The Company has entered into royalty-free, 30-year licenses which grant it the right to use the Bell (up to 2032), TELUS (up to 2031), Bell Aliant (up to 2037) and MTS Allstream Inc. (up to 2036) trade-marks in connection with the publication of print and online telephone directories in any format (subject to certain exceptions). In addition, Bell, Telus, Bell Aliant and MTS Allstream Inc. have agreed not to compete with the Company in the creation, publication, distribution or marketing of telephone directories (subject to certain exceptions) for a period of 30 years from the execution of the respective publication and trade-mark license agreements. Furthermore, the Company has entered into Billing and Collection agreements with Bell (up to 2016), TELUS (up to 2031), Bell Aliant (up to 2037) and MTS Allstream Inc. (up to 2036), whereby each performs billing and collection services on behalf of the Company, including billing and collecting directory advertising fees from the Company’s advertisers who are also Telco Partners’ customers.

Vertical Media

Overview

Trader, an indirectly owned subsidiary of the Company, is a leader in print and digital vertical media and offers a broad set of services such as inventory management, web solutions, optimization of media spend, and lead generation campaigns. Trader caters to the automotive, real estate and generalist verticals under such brands as Trader™, Auto Trader™, Home Trader™, Dealer Smart Solutions™ and LesPAC.com™.

Trader generates revenues through three primary sources: (i) marketing solutions (Dealer Smart Solutions™), (ii) digital media, and (iii) print media. The Dealer Smart Solutions™ product delivers enhanced inventory management tools, website development and management services, lead tracking and search engine marketing optimization solutions for auto dealers in Canada. Revenues in the Vertical Media business vary throughout the year largely due to seasonal patterns in advertising spending. They tend to be highest in the spring and fall while lower during January and February.

In 2009, 15% of the Company’s revenue was derived from the Vertical Media segment. The Company’s Vertical Media segment derives approximately 40% of its revenues from digital media.

Trader distributes its print products through a variety of channels, including through (i) proprietary street vending boxes, (ii) newsstands, convenience and grocery stores, and (iii) exclusive distribution partnerships. Paid publications are mainly distributed through the retail store network and free publications are mainly distributed through the box network and exclusive distribution partnerships with retailers where the publications are made available in racks at store exits. The distribution system is supplied by independent contractors.

General

Trader sells advertisements on its websites and in its print publications through its local direct sales force, its national sales forces, its call centre and its online ad taking system. Private customers typically place advertisements in Trader’s publications either through Trader local call centers or by filling in a coupon from the relevant publication and
taking it to one of Trader’s ad placement offices located within each city or region. Trader’s customers may also place advertisements online through Trader’s websites.

Trader’s automotive segment represented approximately two thirds of its revenues. As of December 31, 2009, Trader published 64 automotive publications most making reference to the Trader™ brand, covering specific types of vehicles such as trucks, boats and motorcycles. Trader operates the leading automotive web site in Canada, AutoTrader.ca™ for new and used vehicles. AutoHebdo.net™ is the French-language version of AutoTrader.ca™. This web site contains content found in the Trader print publications and additional content that advertisers place online only. Trader also operates three other automotive websites, AutoMart.ca, AgBuyersGuide.ca and BoatforSale.net.

The real estate segment represented approximately 18% of Trader’s revenues. As of December 31, 2009, Trader published 64 real estate publications. Home Trader™ is the umbrella brand for real estate publications across Canada. Trader operates four real estate websites in Canada, including HomeTrader.ca, HomeandDecor.ca, CottageRentals.com and Visitenet.com™.

The generalist segment represented approximately 13% of Trader’s revenues. As of December 31, 2009, Trader published 9 general merchandise publications under such brands as, Super Shopper™, Buy & Sell™ and The Bargain Finder™. Trader operates two generalist websites, Buysell.com™ and LesPac.com.

Trader publishes 7 employment and other publications and three employment and other websites which represented approximately 2% of its revenues as of December 31, 2009. Trader operates 2 websites where employment content is located, Employmentnews.com and Hospitalnews.ca.

Production and Components

Trader prepares its own page layout design for print publications using desktop publishing systems with modern commercial software packages. Trader’s publications are printed and bound by third-party printers including Transcontinental Printing Inc. and St. Joseph Printing Limited. Trader buys the majority of its paper directly from third party paper mills.

Vertical Media Competition

The Vertical Media business faces competition in the retail environment, where it competes for advantageous retail display placement with all print publications that are co-displayed at any time. The Company’s Vertical Media also competes with daily newspapers, other traditional media and faces online competition due to the lower barriers to entry on the internet. Trader competes with the online classified advertising business of transaction and other classified websites.

Logos and Trade-marks

Management of the Company believes that its trade-marks are important to its competitive position. The Company owns more than 160 trade-marks in connection with its Canadian directories business including Yellow Pages™, Pages Jaunes™, Walking Fingers & Design™, Canada411™, YellowPages.ca™, and PagesJaunes.ca™. In addition, the Company has entered into trade-mark license agreements with Bell Canada, TELUS, MTS and Bell Aliant, giving the Company the exclusive right to use their trade-marks in connection with the publication of print and online directories. See "Business of the Company — Long-Term Strategic Relationship with Telecommunications Companies ".


The Company devotes significant resources to the protection of its trade-marks and takes a proactive approach to protecting its brand exclusivity.
Regulatory Matters

The CRTC does not regulate the provision of directory advertising by, or the operations of, the Company except as regards to the protection of the Incumbent Telephone Company customer information and insofar as their respective regulatory obligations in respect of alphabetical listing telephone directories affect the contractual requirements it places on the Company as a service provider to them. These requirements include the customer’s entitlement to receive, free of charge copies of the alphabetical directory in which the customer’s telephone number is listed in all markets where the Incumbent Telephone Company is the local telephone service provider.

Debt Financing

Credit Facilities and Commercial Paper Program

Yellow Media Inc. (formerly YPG Holdings Inc.), an indirect subsidiary of the Fund currently has in place two senior unsecured credit facilities totalling $1.1 billion.

On February 18, 2010, Yellow Media Inc. amended and extended its previous $700 million unsecured credit facility (the "Previous Revolving Facility") with its lending syndicate, by a credit facility in the amount of $1 billion. The new unsecured credit facility is composed of two tranches: (i) a $750 million 3-year revolving tranche (the "Revolving Facility"), and (ii) a $250 million 3-year non-revolving tranche (the "Non-Revolving Facility"), both maturing on February 18, 2013. The Revolving Facility may be used for general corporate purposes of the Company, to fund redemptions under the Company’s commercial paper program and to finance day-to-day operations. The Non-Revolving Facility may be used to fund redemptions under the Company’s commercial paper program and for general corporate purposes. The Non-Revolving Facility must be made by way of a single drawdown on or before the completion of the Trust conversion. Both facilities are available in Canadian dollars and by way of prime rate based loans and banker’s acceptances, at the Company’s option.

On July 23, 2009, Yellow Media Inc. entered into a $100 million 5-year term loan with Caisse de dépôt et placement du Québec (the "CDPQ Private Facility"). On July 23, 2009, the Company drew $100 million on the CDPQ Private Facility. This term facility, available by way of prime rate based loans and banker’s acceptances, at the Company’s option, matures on July 23, 2014. The CDPQ Private Facility was used for general corporate purposes, including the refinancing of existing indebtedness, and may not be prepaid until July 23, 2011.

On May 8, 2008, the Company increased its sources of liquidity by entering into a new credit facility which, at that time, provided a $250 million senior unsecured revolving credit facility. On December 19, 2008, the size of the new credit facility was increased to $450 million. On April 21, 2009, the Company used the full amount of the new revolving facility to repay its then maturing $450 million Series 1 Medium Term Notes. The Company did not request an extension of the revolving period on the new revolving facility. Therefore, on May 7, 2009, this facility automatically converted to a 2-year non-revolving term loan maturing in May 2011 (the “$450 million Term Facility”). From that date, repayments on the $450 million Term Facility automatically reduced the limit of the facility. On June 25, 2009 and July 22, 2009, the $450 million Term Facility drawings were repaid in full using a portion of the proceeds from the issuance of Medium Term Notes Series 7, 8 and 9. Please refer to the Medium Term Note section below. The $450 million Term Facility has now been cancelled.

Yellow Media Inc. maintains a commercial paper program with an authorized limit of $500 million. The Revolving Facility serves as a back-up facility for the commercial paper program. During the fourth quarter of 2009, the Company continued to take advantage of improved conditions in the Canadian money markets to issue commercial paper to fund its short term liquidity requirements. As at December 31, 2009, there was $74 million of commercial paper outstanding (no amount was outstanding at December 31, 2008). As of December 31, 2009, there was no amount drawn under the Previous Revolving Facility, compared to $358.7 million drawn as at December 31, 2008. Issuances under the program can be used for general corporate purposes. The short-term notes issued under the program are rated R-1 (Low) by DBRS Limited ("DBRS").

The DBRS commercial paper and short-term debt rating scale is meant to give an indication of the risk that a borrower will not fulfill its near-term debt obligations in a timely manner. Every DBRS rating is based on quantitative and qualitative considerations relevant to the borrowing entity. Ratings range from "R-1 (high)", which
represents the highest credit quality, to "D", which represents debt obligations that are in arrears. Each rating category is denoted by the subcategories "high", "middle" and "low". Commercial paper and short-term debt rated R-1 (low) are of satisfactory credit quality. An R-1 (low) rating signifies that the overall strength and outlook for key liquidity, debt and profitability ratios is not normally as favourable as with higher rating categories, but that these indices are still respectable. Further, such a rating signifies that any qualifying negative factors that exist are considered manageable, and the entity is normally of sufficient size to have some influence in its industry. These ratings are not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the rating organization. There is no assurance that any rating will remain in effect for any given period of time or that any rating will not be withdrawn or revised entirely by a rating agency at any time if in its judgment circumstances so warrant.

On November 4, 2009, the Company announced its intention to conduct a substantial issuer bid to purchase for cancellation all of its outstanding 5.50% Exchangeable Unsecured Subordinated Debentures at a purchase price of $1,020 in cash for each $1,000 principal amount of Exchangeable Debentures (as defined hereunder). On December 14, 2009, the Company announced that an aggregate of $213.5 million principal amount was deposited under the offer and it had taken up and accepted for purchase and cancellation all of such deposited Exchangeable Unsecured Subordinated Debentures. The substantial issuer bid was financed through cash on hand and the commercial paper program.

All credit facilities are subject to customary terms and conditions including limits on pledging assets without the consent of the lenders. These facilities are also subject to the maintenance of a maximum ratio of funded debt to Latest Twelve Month Adjusted EBITDA\(^1\) of 4.25 times and a minimum ratio of Latest Twelve Month Adjusted EBITDA to cash interest expense on total debt of 3.5 times.

The Company was in compliance with all of its debt covenants as at December 31, 2009.

**MTN Program**

Beginning in April 2004, Yellow Media Inc. established a program (the "MTN Program") for the issuance of unsecured medium term notes. The trust indenture pertaining to the medium term notes contains customary terms and conditions for issuers of this nature, including limits on pledging assets to secure indebtedness. Yellow Media Inc., as issuer, when not in default under the MTN Program, is entitled to redeem any notes issued thereunder stated by their terms to be so redeemable, either in whole at any time or in part from time to time before the stated maturity at such rate or rates of premium, on such date or dates and on such terms and conditions as shall have been determined at the time of issue of such notes.

On April 21, 2009, the Medium Term Notes Series 1 in the amount of $450 million matured and were repaid using proceeds from the new revolving facility as described above.

On June 25, 2009, Yellow Media Inc. completed an issuance of Medium Term Notes Series 7 for gross proceeds of $260 million maturing on February 2, 2015. These notes bear interest at 7.30% and were issued at par. Of the net proceeds $200 million was used to reduce indebtedness under the $450 million Term Facility while the balance was used to reduce commercial paper indebtedness as well as for general corporate purposes.

On July 3, 2009, Yellow Media Inc. completed an issuance of Medium Term Notes Series 8 for gross proceeds of $90 million maturing on December 3, 2013. These notes bear interest at 6.85% and were issued at par. Of the net proceeds $50 million was applied against the $450 million Term Facility whereas the remainder was used to repay commercial paper indebtedness, and for general corporate purposes.

\(^1\) Latest twelve month Income from operations before depreciation and amortization, impairment of goodwill and restructuring and special charges removing the effect of purchase accounting related to the acquisition in the Directories segment (“Latest Twelve Month Adjusted EBITDA”).
On July 10, 2009, Yellow Media Inc. re-opened the Medium Term Notes Series 8 for an additional amount of $35 million. Concurrently, Medium Term Notes Series 9 were issued for gross proceeds of $130 million maturing on July 10, 2013. The re-opening of Series 8 was done under the same terms and conditions, whereas the Series 9 notes, offered to retail investors, bear interest at 6.50% and were issued at par. The entire net proceeds of the July 10, 2009 issuances were used to repay the indebtedness under the $450 million Term Facility.

On November 18, 2009, Yellow Media Inc. announced its intention to exercise its right to redeem all of its outstanding $150 million 4.65% Medium Term Notes, Series 6, due February 28, 2011 on the following terms: (i) redemption date: January 15, 2010; (ii) redemption price: $1,041.681 per $1,000 principal amount of MTN Series 6; (iii) accrued and unpaid interest: $17.836 per $1,000 principal amount of MTN Series 6; and (iv) total redemption price and accrued and unpaid interest: $1,059.517 per $1,000 principal amount of MTN Series 6. The redemption price was determined in accordance with the terms of the MTN Series 6 and the provisions of the trust indenture dated April 21, 2004 governing the MTN Series 6. The redemption of the MTN Series 6 was completed on January 15, 2010 and the interest accrued on the MTN Series 6 up to, but excluding, the redemption date will be paid on the redemption date. Yellow Media Inc. financed the redemption through its existing commercial paper program.

On November 23, 2009, Yellow Media Inc. completed an issuance of $300 million of 7.75% Medium Term Notes Series 10 due March 2, 2020. The net proceeds of such issuance were used to repay indebtedness under Yellow Media Inc.’s commercial paper program and for general corporate purposes.

During the course of 2009, Yellow Media Inc. repurchased for cancellation by private agreement $2,500,000 face value of Medium Term Notes Series 2, maturing in 2014 with a coupon of 5.71% for a total cost of $2,377,450, $72,781,000 face value of Medium Term Notes Series 3, maturing in 2019 with a coupon of 5.85% for a total cost of $65,172,609, $56,300,000 face value of Medium Term Notes Series 4, maturing in 2016 with a coupon of 5.25% for a total cost of $52,046,170 and $230,074,000 face value of Medium Term Notes Series 5, maturing in 2036 with a coupon of 6.25% for a total cost of $187,461,344.

As of December 31, 2009 the following notes were issued and outstanding under Yellow Media Inc.’s MTN Program, totaling $2.053 billion:

<table>
<thead>
<tr>
<th>Name of Series</th>
<th>Principal Amount</th>
<th>Term</th>
<th>Coupon</th>
<th>Maturity Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Series 2</td>
<td>$297.5 million</td>
<td>10 years</td>
<td>5.71%</td>
<td>April 21, 2014</td>
</tr>
<tr>
<td>Series 3</td>
<td>$177.2 million</td>
<td>15 years</td>
<td>5.85%</td>
<td>November 18, 2019</td>
</tr>
<tr>
<td>Series 4</td>
<td>$493.7 million</td>
<td>10 years</td>
<td>5.25%</td>
<td>February 15, 2016</td>
</tr>
<tr>
<td>Series 5</td>
<td>$119.9 million</td>
<td>30 years</td>
<td>6.25%</td>
<td>February 15, 2036</td>
</tr>
<tr>
<td>Series 6</td>
<td>$150 million</td>
<td>5 years</td>
<td>4.65%</td>
<td>February 28, 2011</td>
</tr>
<tr>
<td>Series 7</td>
<td>$260 million</td>
<td>5 years</td>
<td>7.30%</td>
<td>February 2, 2015</td>
</tr>
<tr>
<td>Series 8</td>
<td>$125 million</td>
<td>4.5 years</td>
<td>6.85%</td>
<td>December 3, 2013</td>
</tr>
<tr>
<td>Series 9</td>
<td>$130 million</td>
<td>4 years</td>
<td>6.50%</td>
<td>July 10, 2013</td>
</tr>
<tr>
<td>Series 10</td>
<td>$300 million</td>
<td>10 years</td>
<td>7.75%</td>
<td>March 2, 2020</td>
</tr>
</tbody>
</table>

Following the issuance of Medium Term Notes Series 7, 8, 9 and 10, the Company remains subject to a maximum ratio of Funded Debt to Latest Twelve Month Adjusted EBITDA of 4.25 times upon the incurrence of
additional debt. The Company will be subject to this incurrence test as long as any of Medium Term Notes Series 7, 8, 9 and 10 remain outstanding.

All Series of notes are unsecured and are unconditionally guaranteed by the Fund, the Trust, YPG LP, Yellow Pages Group Co., Trader, YPG (USA) Holdings, Inc., YPG Directories, LLC and Yellow Pages Group, LLC, and have been assigned ratings of BBB – with a stable outlook by Standard & Poor's Ratings Services ("S&P") and BBB (high) with a stable trend by DBRS. These ratings are not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the rating organization. There is no assurance that any rating will remain in effect for any given period of time or that any rating will not be withdrawn or revised entirely by a rating agency at any time if in its judgment circumstances so warrant.

On June 20, 2008, Yellow Media Inc. filed a base shelf prospectus for an amount of $1 billion of debt securities and medium term notes. Debt securities or medium term notes in the amount of $815 million have been issued to date under that prospectus.

Both of the above rating agencies rate debt instruments with ratings ranging from "AAA", which represent the highest quality of securities, to "D", which represent securities that are in payment default. Debt instruments that are rated in the BBB category by S&P exhibit adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation. Debt instruments that are rated in the BBB category by DBRS are of adequate credit quality, with adequate protection of interest and principal. However, companies whose securities are rated in this category are considered to be more susceptible to adverse changes in financial and economic conditions or there may be other adversities present, which reduce the strength of the entity and its rated securities. A S&P rating may be modified by the addition of a plus "+(+)" or minus "(−)" to show relative standing within the particular major rating category. A DBRS rating may be modified by the addition of "(high)" or "(low)" to indicate the relative standing of a credit within a particular rating category.

*Exchangeable Unsecured Subordinated Debentures*

On July 6, 2006, Yellow Media Inc. issued 5.50% exchangeable unsecured subordinated debentures (the "Exchangeable Debentures") for an aggregate principal amount of $300 million under a trust indenture dated July 6, 2006. The Exchangeable Debentures have a maturity date of August 1, 2011 and are exchangeable at any time, at the option of the holder, for Units of the Fund at an exchange price of $20.00 per Unit pursuant to an exchange agreement dated July 6, 2006 between the Fund, the Trust, YPG GP, YPG LP and Yellow Media Inc. The Exchangeable Debentures are redeemable at par at the option of Yellow Media Inc. after August 1, 2009, subject to certain restrictions. The Exchangeable Debentures also provide Yellow Media Inc. with the option to repay the principal and interest with Units of the Fund. The Exchangeable Debentures are fully and unconditionally guaranteed on a subordinated basis by each of the Fund, the Trust, YPG LP, Yellow Pages Group Co., Trader, YPG (USA) Holdings, Inc., YPG Directories, LLC and Yellow Pages Group, LLC.

On November 4, 2009, the Company authorized a substantial issuer bid to purchase for cancellation of all its outstanding 5.50% Exchangeable Debentures at a purchase price of $1,020 in cash for each $1,000 principal amount of Exchangeable Debentures plus accrued interest. The Company secured a committed $300 million multi-draw term loan to fund the tender offer.

On December 14, 2009, the Company announced that an aggregate of $213.5 million principal amount had been deposited under the offer and it had taken up and accepted for purchase and cancellation all of such deposited Exchangeable Debentures. Existing liquidity was used to fund the payment thereof. As a result, the Company cancelled the $300 million term loan.

The Exchangeable Debentures are rated BBB by DBRS and BB+ by S&P. These ratings are not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the rating organization. Both of the above rating agencies rate debt instruments with ratings ranging from "AAA", which represent the highest quality of securities, to "D", which represent securities that are in payment default. Debt instruments that are rated in the BBB category by DBRS are of adequate credit quality, with adequate protection of interest and principal. However, companies whose securities are rated in this category are considered to be more susceptible to adverse changes in financial and economic conditions or there may be other adversities
present which reduce the strength of the entity and its rated securities. Debt instruments that are rated in the BB+ category by S&P are less vulnerable to non-payment than other speculative issues. However, companies whose securities are rated in this category face major ongoing uncertainties or exposure to adverse business, financial, or economic conditions which could lead to the obligor’s inadequate capacity to meet its financial commitment on the obligation. A S&P rating may be modified by the addition of a plus "(+)" or minus "(−)" to show relative standing within the particular major rating category. A DBRS rating may be modified by the addition of "(high)" or "(low)" to indicate the relative standing of a credit within a particular rating category.

**Derivative Financial Instruments**

The Company uses various derivative financial instruments to manage its exposure to interest rate risks on debt financing. The Company does not hold or use derivative instruments for speculative trading purposes. Additional information on derivative instruments outstanding as at December 31, 2009 can be found in the notes to the financial statements of the Fund.

**Equity Financing**

**Units**

The Fund did not initiate any public offering of Units in 2009. A description of the Units can be found under "Description of the Fund - Units".

On March 28, 2008, the Fund received approval from the Toronto Stock Exchange on its notice of intention to make a normal course issuer bid for its units through the facilities of the Toronto Stock Exchange from April 2, 2008 to April 1, 2009, in accordance with applicable rules of the Toronto Stock Exchange. Under the normal course issuer bid, the Fund could purchase for cancellation up to 25 million Units, representing approximately 5% of its Units issued and outstanding on March 28, 2008.

During the first quarter of 2009, the Fund repurchased for cancellation 267,300 Units at an average price of $7.20 per Unit for an amount of $1.9 million. Some of the Units repurchased during the last three days of December 2008 were settled in January 2009. Therefore the amount paid by the Fund during the first quarter totaled $13.4 million. Since the inception of the normal course issuer bid, the Fund repurchased for cancellation a total of 15,737,500 Units at an average price of $8.61 per Unit for a total cost of $135.5 million. On April 1, 2009, the normal course issuer bid for the Units expired and was not renewed.

**Cumulative Redeemable Preferred Shares**

Yellow Media Inc. has two series of cumulative redeemable first preferred shares outstanding.

On March 6, 2007, Yellow Media Inc. issued 12,000,000 Series 1 cumulative redeemable first preferred shares (the "Preferred Shares Series 1") for gross proceeds of $300 million at a price of $25.00 per Preferred Share Series 1.

The holders of the Preferred Shares Series 1 are entitled to receive fixed cumulative preferential cash dividends, if, as and when declared by the Board of Directors of Yellow Media Inc. in an amount equal to $1.0625 per Preferred Share Series 1 per annum, yielding 4.25% per annum, payable quarterly on the third last business day of March, June, September and December of each year. On and after March 31, 2012, Yellow Media Inc. may, at its option, redeem for cash the Preferred Shares Series 1, in whole or in part, upon payment of the specified redemption price. In addition, the Preferred Shares Series 1 are redeemable at the option of Yellow Media Inc. on or after March 31, 2007 upon payment of the specified redemption price, provided that any redemption prior to March 31, 2012 shall be made for all of the then outstanding Preferred Shares Series 1 and shall be limited to circumstances in which Preferred Shares Series 1 are entitled to vote separately as a class or series by law or court order.

On and after March 31, 2012 and prior to December 31, 2012, Yellow Media Inc. may, at its option, subject, if required, to regulatory approvals, exchange (at the specified exchange ratio) the outstanding Preferred Shares Series 1, in whole or in part, into freely-tradable Units of the Fund or into freely tradable securities
(the "New Tradable Securities") of a publicly-listed entity successor to the Fund pursuant to a corporate reorganization. In addition, the Preferred Shares Series 1 are exchangeable (at the specified exchange ratio) at the option of Yellow Media Inc., in whole or in part, into Units of the Fund or New Tradable Securities on or after March 31, 2007, provided that any exchange prior to March 31, 2012 shall be limited to circumstances in which the Preferred Shares Series 1 are entitled to vote separately as a class or series by law or court order.

On and after December 31, 2012, a holder of Preferred Shares Series 1 may require Yellow Media Inc. to redeem such Preferred Shares Series 1 for a cash price of $25.00 per Preferred Share Series 1, together with any accrued and unpaid dividends up to but excluding the date fixed for redemption.

On June 8, 2007, Yellow Media Inc. issued 8,000,000 Series 2 cumulative redeemable first preferred shares (the "Preferred Shares Series 2") for gross proceeds of $200 million at a price of $25.00 per Preferred Share Series 2.

The holders of the Preferred Shares Series 2 are entitled to receive fixed cumulative preferential cash dividends, if, as and when declared by the Board of Directors of Yellow Media Inc. in an amount equal to $1.25 per Preferred Share Series 2 per annum, yielding 5% per annum, payable quarterly on the third last business day of March, June, September and December of each year. On and after June 30, 2012, Yellow Media Inc. may, at its option, redeem for cash the Preferred Shares Series 2, in whole or in part, upon payment of the specified redemption price. In addition, the Preferred Shares Series 2 are redeemable at the option of Yellow Media Inc. on or after June 30, 2007 upon payment of the specified redemption price, provided that any redemption prior to June 30, 2012 shall be made for all of the then outstanding Preferred Shares Series 2 and shall be limited to circumstances in which Preferred Shares Series 2 are entitled to vote separately as a class or series by law or court order.

On and after June 30, 2012 and prior to June 30, 2017, Yellow Media Inc. may, at its option, subject, if required, to regulatory approvals, exchange (at the specified exchange ratio) the outstanding Preferred Shares Series 2, in whole or in part, into freely-tradable Units of the Fund or into freely tradable securities (the "New Tradable Securities") of a publicly-listed entity successor to the Fund pursuant to a corporate reorganization. In addition, the Preferred Shares Series 2 are exchangeable (at the specified exchange ratio) at the option of Yellow Media Inc., in whole or in part, into Units of the Fund or New Tradable Securities on or after June 30, 2007, provided that any exchange prior to June 30, 2012 shall be limited to circumstances in which the Preferred Shares Series 2 are entitled to vote separately as a class or series by law or court order.

On and after June 30, 2017, a holder of Preferred Shares Series 2 may require Yellow Media Inc. to redeem such Preferred Shares Series 2 for a cash price of $25.00 per Preferred Share Series 2, together with any accrued and unpaid dividends up to but excluding the date fixed for redemption.

On June 9, 2009, Yellow Media Inc. received approval from the Toronto Stock Exchange on its notice of intention to make a normal course issuer bid for its Preferred Shares Series 1 and Preferred Shares Series 2 through the facilities of the Toronto Stock Exchange from June 11, 2009 to June 10, 2010, in accordance with applicable regulations of the Toronto Stock Exchange. Under its normal course issuer bid, Yellow Media Inc. intends to purchase for cancellation up to 1,200,000 and 800,000 of its outstanding Preferred Shares Series 1 and 2, respectively. These figures represent 10% of the public float of such series of preferred shares issued and outstanding on June 9, 2009. Since June 11, 2009, a total of 85,466 Preferred Shares Series 1 and 658,226 Preferred Shares Series 2 were repurchased at average prices of $22.88 and $17.86, respectively, all of which preferred shares have been cancelled. The total cost of repurchasing preferred shares amounted to $13.7 million, including brokerage fees.

**Rate Reset Preferred Shares**

Yellow Media Inc. has two series of rate reset first preferred shares outstanding.

On September 23, 2009, 7,500,000 cumulative rate reset first preferred shares, Series 3 (the “Preferred Shares Series 3”) were issued for gross proceeds of $187.5 million. On September 28, 2009, an additional 800,000 cumulative rate reset preferred shares, the Preferred Shares Series 3 were issued for gross proceeds of $20 million. A dividend of $1.6875 per share per annum is payable quarterly, yielding 6.75% per annum for the initial five year period ending September 30, 2014. The 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 Preferred Shares Series 3 will be redeemable by the Issuer on or after September 30, 2014, in accordance with their terms. Holders of the Preferred Shares Series 3 will have the right, at their option, to convert their shares into cumulative floating rate preferred shares, series 4, (the “Series 4 Preferred Shares”) subject to certain conditions, 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%.

On December 22, 2009, 5,000,000 cumulative rate reset first preferred shares, Series 5 (the “Preferred Shares Series 5”) were issued for gross proceeds of $125 million. A dividend of $1.7250 per share per annum is payable quarterly, yielding 6.90% per annum for the initial five and one-half year period ending June 30, 2015. The 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 Preferred Shares Series 5 will be redeemable by the Issuer on or after June 30, 2015, in accordance with their terms. Holders of the Preferred Shares Series 5 will have the right, at their option, to convert their shares into cumulative floating rate preferred shares, series 6, (the ”Series 6 Preferred Shares”) subject to certain conditions, 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%.

Net proceeds resulting from the sale of the Series 3 and 5 Preferred Shares were used to repay indebtedness under the Previous Revolving Facility and commercial paper program, and for general corporate purposes.

The Preferred Shares are unconditionally guaranteed by the Fund as to payment of dividends, as and when declared, and payment of amounts due on redemption or retraction of the preferred shares and liquidation, dissolution or winding up of Yellow Media Inc.. The Preferred Shares have been given a Canadian scale rating of P-3, by S&P. Such P-3 rating is the eighth highest of eighteen ratings used by S&P in its Canadian preferred share rating scale. According to S&P, such a P-3 rating indicates that although the obligation is considered to be less vulnerable to non-payment than other speculative issues, it faces major ongoing uncertainties or exposure to adverse business, financial, or economic conditions which could lead to the obligor’s inadequate capacity to meet its financial commitment on the obligation. Both the Preferred Shares Series 1 and the Preferred Shares Series 2 have been given a rating of Pfd-3 (high) by DBRS. Pfd-3 (high) is the seventh highest of sixteen ratings used by DBRS for preferred shares. According to DBRS, preferred shares rated Pfd-3 are of adequate credit quality and, while protection of dividends and principal is still considered acceptable for such preferred shares, the issuing entity of preferred shares with a Pfd-3 rating is considered to be more susceptible to adverse changes in financial and economic conditions, and there may be other adverse conditions present which detract from debt protection.

Ratings are intended to provide investors with an independent assessment of the credit quality of an issue or issuer of securities and do not speak to the suitability of particular securities for any particular investor. A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the rating organization. There is no assurance that any rating will remain in effect for any given period of time or that any rating will not be withdrawn or revised entirely by a rating agency at any time if in its judgment circumstances so warrant.

Cumulative Exchangeable Preferred Shares

On February 9, 2010, in connection with the acquisition of Clear Sky Media Inc., Yellow Media Inc. completed a private placement in favour of the vendors of Clear Sky Media Inc. of an aggregate amount of 1,300,000 cumulative exchangeable first preferred shares, series 7 (the “Preferred Shares Series 7”) at a price of $7.50 per Preferred Share Series 7. The holders of the Preferred Shares Series 7 are entitled to receive fixed cumulative preferential cash dividends, if, as and when declared by the Board of Directors of Yellow Media Inc. in an amount equal to $0.375 per Preferred Share Series 7 per annum, yielding 5% per annum, payable quarterly on the third last business day of March, June, September and December of each year. In addition, 1,000,000 of the Preferred Shares Series 7 are exchangeable into Units or new tradable securities of the publicly listed entity successor to the Fund pursuant to the conversion of the Fund, at the option of the holders of Preferred Shares Series 7. The remaining 300,000 Preferred Shares Series 7 may only be exchanged commencing January 1, 2012, subject to certain escrow conditions.
Stability Ratings

S&P has assigned a stability rating of SR-2 to the Units. S&P’s stability ratings are current opinions on the prospective relative stability of distributable cash flow generation of Canadian income funds on a scale running from SR-1 to SR-7. Stability ratings refer specifically to the prospective relative sustainability and variability of an income fund’s distributable cash flows, which underpin cash distributions. The sustainability component evaluates an income fund’s long-term business prospects, while variability addresses the potential shocks to distributable cash flow generation year-to-year. The overall stability rating incorporates analyses of the following primary building blocks: (i) structure and governance; (ii) business risk profile; and (iii) financial risk profile, which includes the analysis of distributable cash flows and distribution policy. The stability rating scale is organized such that a rating of SR-1 signifies the highest level of distributable cash flow generation stability, while a rating of SR-7 signifies the lowest level of distributable cash flow generation stability. Specifically, income funds rated as SR-2 are considered by S&P to have a very high level of distributable cash flow generation stability relative to other rated Canadian income funds.

DBRS has assigned a stability rating of STA-2 (high) to the Units. The stability rating is based on a rating scale developed by DBRS that provides an indication of both the stability and sustainability of an income fund’s distributable income. Ratings categories range from STA-1 to STA-7, with STA-1 being the highest. DBRS further separates the ratings into high, middle and low to indicate where within the particular ratings category they fall. Ratings take into consideration the following seven main factors: (1) operating and industry characteristics, (2) asset quality, (3) financial flexibility, (4) diversification, (5) size and market position, (6) sponsorship/governance and (7) growth. In addition, consideration is given to specific structural or contractual elements that may eliminate or mitigate risks or other potentially negative factors.

These ratings are not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the rating organization. There is no assurance that any rating will remain in effect for any given period of time or that any rating will not be withdrawn or revised entirely by a rating agency at any time if in its judgment circumstances so warrant.

Facilities

The Company’s headquarters are located in leased premises at 16 Place du Commerce, Île des Soeurs, Verdun (Québec). The lease runs for a period of 14 years commencing on January 1, 2004. The Company also maintains directories sales and production offices in most of the Provinces of Canada as well as in Mid-Atlantic and Southeast States of the United States, the most important of which are situated in Burnaby (British Columbia), Calgary (Alberta), Winnipeg (Manitoba), Scarborough (Ontario), Saint John (New Brunswick), Blue Bell (Pennsylvania) and Indianapolis (Indiana).

Trader’s head office, located in Etobicoke (Ontario), includes all corporate and administration offices, a production facility and a call centre. Trader maintains many vertical media sales and production offices, the most important of which are situated in Burnaby (British Columbia), Calgary (Alberta), Edmonton (Alberta), Winnipeg (Manitoba), Montreal (Québec) and Dartmouth (Nova Scotia).

Environment and Corporate Social Responsibility

The Company has reported no existing or potential environmental hazards at any of its leased facilities, nor has it received any inquiry or notice that has resulted, or may reasonably be expected to result in, actual or potential proceedings, claims, lawsuits or losses related to environmental liabilities. The Company has been implementing a corporate social responsibility ("CSR") program, delivered in a number of strategic areas: environment, community relations, employee relations, and corporate governance.

Environment

In 2009, the Company implemented several initiatives to reduce its impact on the environment.

In April 2009, the Company announced its participation to the Changing the world, one step at a time program, developed by Équiterre, a leading environmental organization in Québec, and supported by
Green Communities Canada. In association with this program, the Company implemented the following initiatives throughout the year:

- The Company launched the ecoGuide located in the front of the Yellow Pages™ print directories. The ecoGuide is a local reference filled with helpful tips on responsible consumption and identifies local eco resources available in each market;
- The Company also launched a new Custom Delivery Program in June 2009 enabling Canadians to remove their name from the distribution list or increase the number of print Yellow Pages™ directory copies they wish to receive; and
- In 2009, the Company finalized a Green House Gases (GHG) emissions inventory to effectively measure its progress in reducing its emissions year over year.

The print directories produced by the Company are composed of post-consumer fibre from Canadian suppliers, and use vegetable-based ink and hot-melt glue, rendering them entirely recyclable. The Company also purchases only 100% recycled and FSC (Forest Stewardship Council) certified office paper for all its offices across Canada.

Internally, the Company has also set up systems for recycling waste, paper, plastic, glass, ink cartridges and batteries.

Community Relations

The Company and its employees continue to invest in their communities across Canada. In 2009, the Company continued to build upon the success of its Make it Real: Better Businesses for Better Communities program. This awards program recognizes small, local businesses in ten cities across Canada for improving the communities they serve.

For the past seven years, the Canadian Cancer Society has been selected by employees as the Company’s national charity of choice. The Company offers a matching donations program and supports employees in fundraising activities.

Corporate Governance

The Company is committed to high ethical standards in all operations and business practices. The Company has a code of ethics and business conduct which is reviewed yearly. The Company has advertising terms and conditions for customers which are available on the Company’s website. Corporate governance practices are monitored and reviewed by the Corporate Governance and Nominating Committee of YPG GP.

Legal Proceedings

The Company is involved in various non-material, ordinary course legal proceedings, none of which management of the Company believes will have any material adverse effects on its financial and operating performance.

DESCRIPTION OF THE FUND

General

The Fund is an unincorporated, open-ended, limited purpose trust established under the laws of the Province of Ontario pursuant to the Fund Declaration of Trust. The Fund qualifies as a mutual fund trust for the purposes of the Income Tax Act (Canada) (the “Tax Act”). The following is a summary of the material attributes and characteristics of the Units and certain provisions of the Fund Declaration of Trust, which summary does not purport to be complete. Reference is made to the Fund Declaration of Trust for a complete description of the Units and the full text of its provisions.
Activities of the Fund

The Fund Declaration of Trust provides that the Fund is restricted to:

(i) investing in securities issued by the Trust;

(ii) temporarily holding cash in interest-bearing accounts, short-term government debt or short-term investment grade corporate debt for the purposes of paying the expenses and liabilities of the Fund, paying amounts payable by the Fund in connection with the redemption of any Units or other securities of the Fund and making distributions to Unitholders of Units;

(iii) issuing Units or securities convertible into Units (i) for cash, (ii) in satisfaction of any non-cash distribution, (iii) in order to acquire securities, (iv) pursuant to any distribution reinvestment plans, incentive option plans or other compensation plans, if any, established by the Fund; or (v) under the Liquidity Agreements;

(iv) issuing debt securities;

(v) guaranteeing the payment of any indebtedness, liability or obligation of YPG LP, Yellow Media Inc. or Yellow Pages Group Co. or the performance of any obligation of any of them, and mortgaging, pledging, charging, granting a security interest in or otherwise encumbering all or any part of its assets as security for such guarantee, and subordinating its rights under the Series 1 Trust Notes, Series 2 Trust Notes and Series 3 Trust Notes of the Trust (collectively, the "Trust Notes") to other indebtedness;

(vi) disposing of any part of the assets of the Fund;

(vii) issuing rights and Units pursuant to any unitholder rights plan adopted by the Fund;

(viii) purchasing securities pursuant to any issuer bid made by the Fund;

(ix) satisfying the obligations, liabilities or indebtedness of the Fund; and

(x) undertaking all other usual and customary actions for the conduct of the activities of the Fund in the ordinary course as are approved by the trustees of the Fund (the "Trustees") from time to time, or as are contemplated by the Fund Declaration of Trust,

provided the Fund will not undertake any activity, take any action, omit to take any action or make any investment which would result in the Fund not being considered a "mutual fund trust" for purposes of the Tax Act.

Units

An unlimited number of Units of the Fund may be issued pursuant to the Fund Declaration of Trust. Each Unit is transferable and represents an equal undivided beneficial interest in any distributions from the Fund, whether of net income, net realized capital gains (other than net realized capital gains distributed to redeeming Unitholders) or other amounts, and in the net assets of the Fund in the event of termination or winding-up of the Fund.

All Units are of the same class with equal rights and privileges. The Units issued pursuant to the Initial Public Offering are not subject to future calls or assessments, and entitle the holders thereof to one vote for each whole Unit held at all meetings of Unitholders.

Except as set out under "Redemption at the Option of Unitholders" below, the Units have no conversion, retraction, redemption or pre-emptive rights.
Issuance of Units

The Fund Declaration of Trust provides that the Units or rights to acquire Units may be issued at the times, to the persons, for the consideration and on the terms and conditions that the Trustees determine, including pursuant to any unitholder rights plan or any incentive option or other compensation plan established by the Fund. Units may be issued in satisfaction of any non-cash distribution of the Fund to Unitholders on a pro rata basis to the extent that the Fund does not have available cash to fund such distributions. The Fund Declaration of Trust also provides, unless the Trustees determine otherwise, that immediately after any pro rata distribution of Units to all Unitholders in satisfaction of any non-cash distribution, the number of outstanding Units will be consolidated such that each Unitholder will hold after the consolidation the same number of Units as the Unitholder held before the non-cash distribution, except where tax was required to be withheld in respect of the Unitholder’s share of the distribution. In this case, each certificate, if any, representing a number of Units prior to the non-cash distribution is deemed to represent the same number of Units after the non-cash distribution and the consolidation. Where amounts so distributed represent income, non-resident holders will be subject to withholding tax and the consolidation will not result in such non-resident Unitholders holding the same number of Units. Such non-resident Unitholders will be required to surrender the certificates, if any, representing their original Units in exchange for a certificate representing their post-consolidation Units.

Trustees

The Fund has a minimum of three Trustees and a maximum of twelve Trustees, the majority of whom must be residents of Canada (within the meaning of the Tax Act). Currently, the number of Trustees is set at eleven. The Trustees are to supervise the activities and manage the affairs of the Fund. For a list of the Trustees of the Fund see Trustees of the Fund, Trustees of the Trust and Directors of YPG GP.

The Fund Declaration of Trust provides that, subject to its terms and conditions, the Trustees have full, absolute and exclusive power, control and authority over the trust assets and over the affairs of the Fund to the same extent as if the Trustees were the sole and absolute legal and beneficial owners of the trust assets, and to supervise the investments and conduct the affairs of the Fund. Subject to such terms and conditions, the Trustees are responsible for, among other things:

- acting for, voting on behalf of and representing the Fund as a holder of Units of the Trust ("Trust Units"), Trust Notes and other securities of the Trust;
- maintaining records and providing reports to Unitholders;
- supervising the activities and managing the investment and affairs of the Fund;
- effecting payments of estimated distributable cash from the Fund to Unitholders; and
- voting in favour of the Fund’s nominees to serve as trustees of the Trust.

Trustees are appointed at each annual meeting of Unitholders to hold office for a term expiring at the close of the next annual meeting. A quorum of the Trustees, being the majority of the Trustees then holding office, may fill a vacancy in the Trustees, except a vacancy resulting from an increase in the number of Trustees or from a failure of the Unitholders to elect the required number of Trustees. In the absence of a quorum of Trustees, or if the vacancy has arisen from a failure of the Unitholders to elect the required number of Trustees, the Trustees will promptly call a special meeting of the Unitholders to fill the vacancy. If the Trustees fail to call that meeting or if there are no Trustees then in office, any Unitholder may call the meeting. The Fund Declaration of Trust provides that each Trustee is entitled to indemnification from the Fund in respect of the exercise of the Trustee’s power and the discharge of the Trustee’s duties, provided that the Trustee acted honestly and in good faith with a view to the best interests of all the Unitholders or, in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, where the Trustee had reasonable grounds for believing that his/her conduct was lawful.
Cash Distributions

The Fund intends to make distributions of its distributable cash to the maximum extent possible to the Unitholders. The Fund intends to make equal monthly cash distributions to Unitholders of record on the last business day of each month, less estimated cash amounts required for expenses and other obligations of the Fund and cash redemptions of Units and any tax liability.

The Fund may make additional distributions in excess of monthly distributions during the year, as the Trustees may determine.

Any income of the Fund which is applied to any cash redemptions of Units or is otherwise unavailable for cash distribution shall, to the extent necessary to ensure that the Fund does not have an income tax liability under Part I of the Tax Act, be distributed to Unitholders in the form of additional Units. Those additional Units shall be issued under exemptions under applicable securities laws, discretionary exemptions granted by applicable securities regulatory authorities or a prospectus or similar filing.

The Fund intends to make monthly cash distributions to Unitholders of record on the last business day of each month, and the distributions shall be paid within 30 days following the end of each month.

Holders of Units who are non-residents of Canada are required to pay all withholding taxes payable in respect of any distributions of income by the Fund, whether those distributions are in the form of cash or additional Units. Non-residents should consult their own tax advisors regarding the tax consequences of investing in the Units.

Redemption at the Option of Unitholders

Units are redeemable at any time on demand by the holders thereof. As the Units were issued in book-entry form, a Unitholder who wishes to exercise the redemption right is required to obtain a redemption notice form from the Unitholder's investment dealer who will be required to deliver the completed redemption notice form to the Fund at its head office and to CDS Clearing and Depository Services Inc. ("CDS"). Upon receipt of the redemption notice by the Fund, all rights to and under the Units tendered for redemption shall be surrendered and the holder thereof shall be entitled to receive a price per Unit (the "Redemption Price") equal to the lesser of:

(i) 90% of the "market price" of a Unit calculated as of the date on which the Units were surrendered for redemption (the "Redemption Date"); and

(ii) 100% of the "closing market price" on the Redemption Date.

For purposes of this calculation, the "market price" of a Unit as at a specified date, will be:

(i) an amount equal to the weighted average trading price of a Unit on the principal exchange or market on which the Units are listed or quoted for trading during the period of 10 consecutive trading days ending on such date;

(ii) an amount equal to the weighted average of the closing prices of a Unit on the principal exchange or market on which the Units are listed or quoted for trading during the period of 10 consecutive trading days ending on such date, if the applicable exchange or market does not provide information necessary to compute a weighted average trading price; or

(iii) if there was trading on the applicable exchange or market for fewer than five of the 10 trading days, an amount equal to the weighted average of the following prices established for each of the 10 consecutive trading days ending on such date: the weighted average of the last bid and last asking prices of the Units for each day on which there was no trading; the closing price of the Units for each day that there was trading if the exchange or market provides a closing price; and the weighted average of the highest and lowest prices of the Units for each day that there was trading, if the market provides only the highest and lowest prices of Units traded on a particular day.
The "closing market price" of a Unit for the purpose of the foregoing calculations, as at any date, will be:

(iv) an amount equal to the weighted average trading price of a Unit on the principal exchange or market on which the Units are listed or quoted for trading on the specified date and the principal exchange or market provides information necessary to compute a weighted average trading price of the Units on the specified date;

(v) an amount equal to the closing price of a Unit on the principal market or exchange, if there was a trade on the specified date and the principal exchange or market provides only a closing price of the Units on the specified date;

(vi) an amount equal to the simple average of the highest and lowest prices of the Units on the principal market or exchange, if there was trading on the specified date and the principal exchange or market provides only the highest and lowest trading prices of the Units on the specified date; or

(vii) the simple average of the last bid and last asking prices of the Units on the principal market or exchange, if there was no trading on the specified date.

The aggregate redemption price payable by the Fund in respect of all Units surrendered for redemption during any calendar month shall be satisfied by way of a cash payment no later than the last day of the month following the month in which the Units were tendered for redemption, provided that the entitlement of Unitholders to receive cash upon the redemption of their Units is subject to the limitations that:

(viii) the total amount payable by the Fund in respect of those Units and all other Units tendered for redemption in the same calendar month shall not exceed $50,000, provided that the Trustees may, in their sole discretion, waive this limitation in respect of all Units tendered for redemption in any calendar month;

(ix) at the time the Units are tendered for redemption, the outstanding Units shall be listed for trading on a stock exchange or traded or quoted on another market which the Trustees consider, in their sole discretion, provides representative fair market value prices for the Units; and

(x) the normal trading of Units is not suspended or halted on any stock exchange on which the Units are listed (or, if not listed on a stock exchange, on any market on which the Units are quoted for trading) on the Redemption Date or for more than five trading days during the 10-day trading period ending on the Redemption Date.

If a Unitholder is not entitled to receive cash upon the redemption of Units as a result of one or more of the foregoing limitations, then each Unit tendered for redemption shall, subject to any applicable regulatory approvals, be redeemed by way of a distribution in specie. In such circumstances, Series 1 Trust Notes and Trust Units of a value equal to the redemption price will be redeemed by the Trust in consideration of the issuance to the Fund of Series 3 Trust Notes and Series 2 Trust Notes, respectively. The Series 2 Trust Notes and the Series 3 Trust Notes will then be transferred to a wholly owned subsidiary of the Fund in exchange for Series 2 Exchange Notes and Series 3 Exchange Notes, respectively. The Series 2 and Series 3 Exchange Notes will have terms similar to the Series 2 and Series 3 Trust Notes, respectively, except that the interest rates on the Series 2 Exchange Notes and Series 3 Exchange Notes will be 0.05% less than the interest rates on the Series 2 and Series 3 Trust Notes. The Series 2 Exchange Notes and Series 3 Exchange Notes will then be distributed in satisfaction of the redemption price. No fractional Series 2 Exchange Notes or Series 3 Exchange Notes in integral multiples of less than $100 will be distributed and, where the number of securities of the Trust to be received by a Unitholder includes a fraction or a multiple less than $100, that number shall be rounded to the next lowest whole number or integral multiple of $100. The Fund will be entitled to all interest paid on the Trust Notes and the distributions paid on the Trust Units on or before the date of the distribution in specie. Where the Fund makes a distribution in specie of a pro rata number of securities on the redemption of Units of a Unitholder, the Fund currently intends to designate to that Unitholder any income or capital gain realized by the Fund as a result of the redemption and the distribution of those securities to the Unitholder.
It is anticipated that the redemption right described above will not be the primary mechanism for holders of Units to dispose of their Units. Series 2 Exchange Notes and Series 3 Exchange Notes which may be distributed in specie to Unitholders in connection with a redemption will not be listed on any stock exchange and no market is expected to develop in Series 2 Exchange Notes and Series 3 Exchange Notes and they may be subject to resale restrictions under applicable securities laws. Series 2 Exchange Notes and Series 3 Exchange Notes so distributed may not be qualified investments for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans and registered education savings plans, depending upon the circumstances at the time.

**Repurchase of Units**

The Fund is allowed, from time to time, to purchase Units for cancellation in accordance with applicable securities legislation and the rules prescribed under applicable stock exchange or regulatory policies. Any such repurchase shall constitute an "issuer bid" under Canadian provincial securities legislation and must be conducted in accordance with the applicable requirements thereof.

**Meetings of Unitholders**

The Fund Declaration of Trust provides that meetings of Unitholders are called and held annually for the election of Trustees and the appointment of auditors of the Fund. The Fund Declaration of Trust provides that the Unitholders are entitled to pass resolutions that will bind the Fund only with respect to:

- the election or removal of Trustees;
- the appointment or removal of nominees of the Fund chosen by the Unitholders to serve as trustees of the Trust (except filling casual vacancies);
- the appointment or removal of the auditors of the Fund;
- the appointment of an inspector to investigate the performance by the Trustees in respect of their respective responsibilities and duties in respect of the Fund;
- the approval of amendments to the Fund Declaration of Trust (but only in the manner set forth in the Fund Declaration of Trust);
- the termination of the Fund;
- the sale of all or substantially all of the assets of the Fund;
- the exercise of certain voting rights attached to the securities of the Trust held by the Fund;
- the ratification of any Unitholder rights plan, distribution reinvestment plan, distribution reinvestment and Unit purchase plan, Unit option plan or other compensation plan contemplated by the Fund Declaration of Trust requiring Unitholder approval;
- the dissolution of the Fund prior to the end of its term; and
- any other matters required by securities law, stock exchange rules or other laws or regulations to be submitted to Unitholders for their approval,

provided that the Unitholders shall not pass any resolution that would cause the Fund or the Trust to breach the terms of the Optionholders Liquidity Agreement (as defined hereunder).

No other action taken by Unitholders or any other resolution of the Unitholders at any meeting shall in any way bind the Trustees.
A resolution electing or removing nominees of the Fund to serve as trustees of the Trust (except filling casual vacancies) or with respect to the exercise of certain voting rights attached to the securities of the Trust held by the Fund, and a resolution appointing or removing the Trustees or the auditors of the Fund must be passed by a simple majority of the votes cast by Unitholders. The balance of the foregoing matters must be passed by a resolution passed by the affirmative vote of the holders of not less than 66 ⅔% of the units who voted in respect of that resolution at a meeting at which a quorum was present or a resolution or instrument signed in one or more counterparts by the holders of not less than 66 ⅔% of the Units entitled to vote on such resolution ("Special Resolution").

A meeting of Unitholders may be convened at any time and for any purpose by the Trustees and must be convened, except in certain circumstances, if requisitioned by the holders of not less than 5% of the Units then outstanding by a written requisition. A requisition must state in reasonable detail the business proposed to be transacted at the meeting.

Unitholders may attend and vote at all meetings of the Unitholders either in person or by proxy and a proxy-holder need not be a Unitholder. Two persons present in person or represented by proxy and representing in total at least 10% of the votes attached to all outstanding Units will constitute a quorum for the transaction of business at all meetings.

The Fund Declaration of Trust contains provisions as to the notice required and other procedures with respect to the calling and holding of meetings of Unitholders.

**Limitation on Non-Resident Ownership**

In order for the Fund to maintain its status as a mutual fund trust under the Tax Act, the Fund must not be established or maintained primarily for the benefit of non-residents of Canada within the meaning of the Tax Act. Accordingly, the Fund Declaration of Trust provides that at no time may non-residents of Canada be the beneficial owners of more than 49.9% of the Units. This 49.9% limitation will be applied with respect to the issued and outstanding Units of the Fund on both (i) a non-diluted basis and (ii) a fully-diluted basis, calculated on the assumption that any Units issuable at the time of calculation to an Investor pursuant to Liquidity Agreements have been issued and are held by such Investor. The Trustees, in their sole discretion, may require declarations as to the jurisdictions in which beneficial owners of Units are resident. If the Trustees become aware, as a result of requiring such declarations as to beneficial ownership, that the beneficial owners of at least 49.9% of the Units then outstanding are, or may be, non-residents or that such a situation is imminent, the transfer agent and registrar may make a public announcement thereof and shall not accept a subscription for Units from, or issue or register a transfer of Units to, a person unless the person provides a declaration that the person is not a non-resident. If, notwithstanding the foregoing, the Trustees, in their sole discretion, determine that 49.9% or more of the Units are held by non-residents, the Trustees may send a notice to non-resident holders of Units, chosen in inverse order to the order of acquisition or registration or in such manner as the Trustees may consider equitable and practicable, requiring them to sell their Units or a portion thereof within a specified period of not less than 60 days. If the persons receiving such notice have not sold the specified number of Units or provided the Trustees with satisfactory evidence that they are not non-residents within such period, the Trustees may, on behalf of such persons, sell such Units and, in the interim, shall suspend the voting and distribution rights attached to such Units. Upon such sale, the affected holders shall cease to be holders of the Units and their rights shall be limited to receiving the net proceeds of such sale. The Fund monitors the residency of its Unitholders through a monthly demographic survey based on mailing addresses. As of December 31, 2009, it is estimated that Units representing 23.5% of the Fund’s outstanding Units were held by persons residing outside of Canada.

**Term of the Fund**

The Fund has been established for a term ending 21 years after the date of death of the last surviving issue of Her Majesty, Queen Elizabeth II, alive on June 25, 2003. On a date selected by the Trustees which is not more than two years prior to the expiry of the term of the Fund, the Trustees are obligated to commence to wind-up the affairs of the Fund so that it will terminate on the expiration of the term. At any time prior to the expiry of the term of the Fund, the Unitholders may by Special Resolution require the Trustees to commence the termination, liquidation or winding-up of the affairs of the Fund.
The Fund Declaration of Trust provides that, upon being required to commence the termination, liquidation or winding-up of the affairs of the Fund, the Trustees will give notice thereof to the Unitholders, which notice shall designate the time or times at which Unitholders may surrender their Units for cancellation and the date at which the register of Units will be closed. After the date the register is closed, the Trustees shall proceed to wind up the affairs of the Fund as soon as reasonably practicable and for such purpose shall, subject to any direction to the contrary in respect of a termination authorized by a resolution of the Unitholders, sell and convert into money the Trust Units, the Trust Notes and all other assets comprising the Fund in one transaction or in a series of transactions at public or private sales and do all other acts appropriate to liquidate the Fund. After paying, retiring, discharging or making provision for the payment, retirement or discharge of all known liabilities and obligations of the Fund and providing for indemnity against any other outstanding liabilities and obligations, the Trustees shall distribute the remaining part of the proceeds of the sale of the Trust Units, the Trust Notes and other assets together with any cash forming part of the assets of the Fund among the Unitholders in accordance with their pro rata interests. If the Trustees are unable to sell all or any of the Trust Units, the Trust Notes or other assets which comprise part of the Fund by the date set for termination, the Trustees may distribute the remaining Trust Units, the Trust Notes or other assets in specie directly to the Unitholders in accordance with their pro rata interests subject to obtaining all required regulatory approvals.

Exercise of Certain Voting Rights Attached to Securities of the Trust

The Fund Declaration of Trust provides that the Fund shall not vote any securities of the Trust held by the Fund to authorize any transaction which is adverse to the Unitholders without the authorization of the Unitholders by a Unitholder’s Special Resolution, including, among other things:

- any sale, lease or other disposition of all or substantially all of the assets of the Trust or YPG LP except in conjunction with an internal reorganization of the Trust or YPG LP;
- any amalgamation, arrangement or other merger of the Trust or YPG LP with any other entity, except in conjunction with an internal reorganization of the Trust or YPG LP;
- any material amendment to the note indenture pursuant to which the Trust issues notes from time to time, other than in contemplation of a further issuance of notes to the Fund that are identical in all respects to the notes issued in connection with the Initial Public Offering or in conjunction with an internal reorganization of the Trust or YPG LP;
- the winding-up or dissolution of the Trust or YPG LP prior to the end of the term of the Fund; or
- any material amendment to the constating documents of the Trust or YPG LP to change the authorized share capital or partnership interests which may be prejudicial to the Fund.

Book-Entry Only System

Registation of interests in and transfers of the Units are made through a book-based system administered by CDS (the "Book-Entry System"). On the date of the closing of the Initial Public Offering, the Trustee delivered to CDS certificates evidencing the aggregate number of Units subscribed for under the Initial Public Offering. Units may be purchased, transferred and surrendered for redemption through a participant in the CDS depository service (a "CDS Participant"). All rights of Unitholders must be exercised through, and all payments or other property to which such Unitholder is entitled shall be made or delivered by, CDS or the CDS Participant through which the Unitholder holds such Units. Upon a purchase of any Units, the Unitholder shall receive only a customer confirmation from the registered dealer which is a CDS Participant and from or through which the Units are purchased. References in this Annual Information Form to a Unitholder means, unless the context otherwise requires, the owner of the beneficial interest in such Units.

The Fund has the option to terminate registration of the Units through the Book-Entry System, in which case, certificates for the Units in fully registered form would be issued to beneficial owners of such Units or their nominees.
Conflicts of Interest Restrictions and Provisions

The Fund Declaration of Trust contains "conflict of interest" provisions that serve to protect Unitholders without creating undue limitations on the Fund. The Fund Declaration of Trust contains provisions, similar to those contained in the Canada Business Corporations Act, that require each Trustee to disclose to the Fund, as applicable, any interest in a material contract or transaction or proposed material contract or transaction with the Fund, or the fact that such person is a director or officer of, or otherwise has a material interest in, any person who is a party to a material contract or transaction or proposed material contract or transaction with the Fund. In any case, a Trustee who has made disclosure to the foregoing effect is not entitled to vote on any resolution to approve the contract or transaction unless the contract or transaction is one relating primarily to (i) his remuneration as a Trustee or officer of the Fund, as applicable, (ii) insurance or indemnity, or (iii) a contract or transaction with the Trust.

EMPLOYEES

The Company currently employs approximately 3,900 employees of which approximately 2,640 are employed in the directories business and approximately 1,260 are employed in the Vertical Media business. The Company’s directories sales force is comprised of over 1,430 people, including sales support staff, representing approximately 54% of the total employees in the directory business. The Company’s Vertical Media sales force, including sales support staff, is comprised of over 600 people, representing 48% of the total employees in the Vertical Media business. As of December 31, 2009, certain of the Company’s directories sales representatives, as well as certain of its directories office employees in Alberta, Manitoba, Ontario, British Columbia and Québec, together representing approximately 46% of Yellow Pages Group Co.’s workforce, were unionized and employees in British Columbia, Alberta and Québec representing approximately 17% of Trader’s employees were unionized.

The Company’s directories sales representatives based in Ontario, other than those based in the city of Thunder Bay, are represented by the Canadian Office and Professional Employees’ Union ("COPE"). The COPE Local 131 collective agreement was entered into on May 15, 2007 and expires on September 30, 2011. The directories sales representatives based in the city of Thunder Bay are represented by the Communications, Energy and Paperworkers Union of Canada ("Thunder Bay CEP"). The Thunder Bay CEP Local 240-5 collective agreement was renewed on January 1, 2009 and expires on December 31, 2011. The directories office employees based in Ontario are represented by the Communications, Energy and Paperworkers Union of Canada - Local 6006 ("CEP Local 6006"). The CEP Local 6006 collective agreement was entered into on October 1, 2007 and expires on September 30, 2010. The directories sales and office employees in Alberta are represented by the International Brotherhood of Electrical Workers ("Alberta IBEW"). The Alberta IBEW Local 348 collective agreement for sales employees as well as the collective agreement for clerical employees were entered into on August 1, 2006 and expires on March 31, 2010. Negotiations of the collective agreement with the sales force are currently underway.

The directories sales representatives and the office employees based in Québec are represented by the Syndicat des employées et employés professionnels(les) et de bureau ("SEPB"). The SEPB Local 574 collective agreement for the office employees was entered into on October 1, 2008 and expires on December 31, 2011. The SEPB Local 574 collective agreement for the sales representatives was entered into on July 1, 2005 and expired on December 31, 2009. Negotiations of the collective agreement are currently underway.

The directories sales representatives and the office employees based in Manitoba are represented by the Communications, Energy and Paperworkers Union of Canada ("Manitoba CEP"). The Manitoba CEP Local 7 collective agreement was entered on December 19, 2007 and expired on December 18, 2009. Negotiations of the collective agreement are currently underway.

Negotiations are also underway between YPG and the “Canadian Office and Professional Employees” Union (“COPE Local 378”) representing the sales employees in British Columbia further to a recent certification.

The directories sales representative and the office employees based in the United States are not unionized.

The Vertical Media non-management employees based in British Columbia (Lower Mainland) are represented by the International Brotherhood of Electrical Workers, Local 213 ("IBEW Local 213"). The Vertical
Media IBEW Local 213 collective agreement was entered into on August 1, 2006 and expired on December 31, 2009. Negotiations of the collective agreement are currently underway.

The Vertical Media sales and customer service employees based in British Columbia (Vancouver Island) are represented by the Communications, Energy and Paperworkers Union of Canada, Local 525G (“CEP Local 525G”). The CEP Local 525G collective agreement was entered on August 1, 2003 and expired on July 31, 2006. Negotiations of the collective agreement are expected to begin after the completion of the negotiations with IBEW Local 213 in British Columbia.

The Vertical Media pre-press and shipping employees based in Edmonton are represented by the Communications, Energy and Paperworkers Union of Canada CEP, Local 255G (“CEP Local 255G”). Their collective agreement with CEP Local 255G was entered on January 1, 2008 and expires on December 31, 2010.

The Vertical Media production, distribution and call center employees based in Québec are represented by the Syndicat des employées et employés professionnels (les) et de bureau, Local 574 (“SEPB Local 574”). The SEPB Local 574 collective agreement was entered into on October 14, 2009 and expires on July 31, 2012. The SEPB also made an application to represent the Vertical Media automotive sales representatives based in Québec which was granted by the Commission des Relations du Travail in Québec. The Company has appealed this decision.

The Company considers its relations with its employees to be generally good and the Company strives to maintain a positive relationship with the unions. In 1999, the Company had a six-and-a-half-month lock-out of its Québec directories office employees, which did not materially impact its profitability.

**RISK FACTORS**

Careful consideration should be given to the following risk factors.

**Risks Related to the Company and the Industry**

**Competition**

The Company competes with other directory and classified advertising businesses and with other forms of advertising media. This includes newspapers, television, radio, the Internet, magazines, billboards and direct mail advertisings. See "Business of the Company — Directories – Directories Competition" and “Business of the Company – Vertical Media – Vertical Media Competition”.

These competitors may reduce their prices to increase their market share or may be able to offer their services at lower costs than the Company. In either case, the Company could be forced to reduce prices or offer and perform other services in order to remain competitive. The Company’s failure to compete effectively with its current or future competitors could have a number of impacts such as, a reduction in its advertiser base, lower rates and increased costs. This could have a material adverse effect on its financial condition and results of operations.

A significant portion of the Company’s organic growth resulted from increased prices for the Company’s products and services on an annual basis. There can be no assurance that the Company will be able to continue to increase prices in the future. Entry of competitors into the Company’s markets may make it more difficult for the Company to maintain growth at historical rates through price increases.

The Vertical Media business faces substantial online competition due to the lower barriers to entry on the Internet. In addition, increased online penetration and the resulting increase in the availability of free classified advertising opportunities may cause a decrease in the total revenues for classified advertising, particularly if the Vertical Media business is unable to find a way to effectively generate revenue from online activities. Furthermore, the Vertical Media business faces competition for advantageous retail display placement. In the retail environment, the Vertical Media business competes with all print publications that are co-displayed at any time. The failure of the Company’s Vertical Media business to remain competitive and maintain favourable placement of its publications on
retailer display racks could have a material adverse effect on the circulation of its publications. See "Business of the Company — Vertical Media – Vertical Media Competition".

**Decline in Overall Usage of Directories and Vertical Media**

The Company could be materially adversely affected if the usage of printed telephone directories or vertical publications declines significantly. The development of new technologies and the widespread use of Internet may cause changes in preferences and consumer habits and decline in overall usage of directories and vertical media. In particular, this could eventually have a significant influence on printed products, and the decrease in usage will ultimately lead to lower advertising revenues. Since the Company derives a substantial portion of its advertising revenues from printed publications, the new revenues that the Company could draw from online products may not necessarily offset any decline in print revenues, which could have a material adverse effect on our business.

**Availability of Capital**

The Company may need to refinance its available credit facilities or other debt obligations in the future. In addition, future capital expenditures and potential acquisitions may require additional financing. Despite certain signs of recovery, the recent global financial markets crisis and the current global economic slowdown, may continue for an undetermined period of time and could deteriorate, which may further constrain the Company’s ability to meet its future financing requirements, increase its weighted average cost of capital and cause other cost increases from counterparties also faced with liquidity problems and higher cost of capital. Disruptions and high volatility in the capital markets could reduce the amount of capital available or increase the cost of such capital. If the Company is unable to obtain additional financing, when and if required, or to refinance its credit facilities or other debt obligations, or is only able to obtain such additional financing or refinance these credit facilities or other debt obligations on less favorable and/or more restrictive terms, this could have a material adverse effect on the Company’s financial position and on its future growth by limiting acquisitions and capital expenditures, and may also indirectly limit or negatively impact its ability to pay cash distributions.

**Interest Rate Fluctuations**

The Company is exposed to fluctuations in short term interest rates on some of its financial obligations bearing variable interest rates. The Company is also exposed to fluctuations in long term interest rates and credit spreads relative to the refinancing of its debt obligations upon their maturity. The interest rate on new long term debt issuance will be based on the prevailing market rates at the time of the refinancing and will depend on the tenor of the new debt issued. Increases in short term interest rates and increases in interest rates on new debt issuances may have a material adverse effect on the Company’s earnings.

**Pension Contributions**

The Company is and may be required to make contributions to its pension plans in the future depending on various factors including future returns on pension plan assets, long-term interest rates and changes in pension regulations, which may have a negative effect on the Company’s liquidity and results of operations.

The funding requirements of the Company’s pension plans, resulting from valuations of its pension plan assets and liabilities, depend on a number of factors, including actual returns on pension plan assets, long-term interest rates, plan demographic and pension regulations. Changes in these factors could cause actual future contributions to significantly differ from the Company’s current estimates and would require the Company to make contributions to the Company’s pension plans in the future and, therefore, could have a negative effect on its liquidity and results of operations.

There is no assurance that the Company’s pension plans will be able to earn their assumed rate of return. A material portion of the Company’s pension plans’ assets is invested in public equity securities. As a result, the ability of the Company’s pension plans to earn the rate of return that we have assumed significantly depends on the performance of capital markets. The market conditions also impact the discount rate used to calculate the Company’s solvency obligations and thereby could also significantly affect the Company’s cash funding requirements.
Reliance on Outsourcing for Billing, Collection, Printing and Binding and Other Services

The Company has entered into billing and collection agreements with Bell (up to 2016), Telus (up to 2031), Bell Aliant (up to 2037) and MTS Allstream Inc. (up to 2036), whereby each performs billing and collection services on behalf of the Company, including billing and collecting directory advertising fees from the Company’s advertisers who are also Telco Partners’ customers. Through these agreements, the Company’s billing is included as a separate line item on the telephone bills of the Telco Partners’ customers. The Company has entered into publishing agreements with each Telco Partner. If the Company fails to perform its obligations under these publishing agreements and the agreements are consequently terminated by such Telco Partner, the billing and collection agreements and other agreements with such Telco Partners may also be terminated, including various trade-mark license agreements as well as non-competition covenants from such Telco Partners. See “Business of the Company — Long-Term Strategic Relationship with Telecommunications Companies”.

The Company has agreements with outside service suppliers to print and distribute its directories and publications. These agreements are for services that are integral to the business of the Company.

The failure of the Telco Partners or any of the other suppliers to fulfill their contractual obligations under these agreements could result in a material adverse effect on the business of the Company until the Company could find a replacement supplier for those services. See “Business of the Company — Long-Term Strategic Relationship with Telecommunication Companies”.

Reliance on Key Brands and Trade-marks and Failure to Protect Intellectual Property Rights

The Company relies heavily on its existing brands and trademarks for a significant portion of its revenues. Failure to adequately maintain the strength and integrity of these brands and trade-marks, or to develop new brands and trademarks, could adversely affect the Company’s results from operations and financial condition.

It is possible that third parties could infringe upon, misappropriate or challenge the validity of the Company’s trademarks or other intellectual property rights. This could have a material adverse effect on the Company’s business, its financial condition or operating results. The actions that the Company takes to protect its trade-marks and other proprietary rights may not be adequate. Litigation may be necessary to enforce or protect the Company’s intellectual property rights, its trade secrets or to determine the validity and scope of the proprietary rights of others. The Company cannot ensure that it will be able to prevent infringement of its intellectual property rights or misappropriation of its proprietary information.

Any such infringement or misappropriation could harm any competitive advantage the Company currently derives, or may derive, from its proprietary rights. Third parties may assert infringement claims against the Company. Any such claims and any resulting litigation could subject the Company to significant liability for damages. An adverse judgment arising from any litigation of this type could require Company to design around a third party’s patent or to license alternative technology from another party. In addition, litigation may be time-consuming and expensive to defend against and could result in the diversion of the Company’s time and resources. Any claims from third parties may also result in limitations on the Company’s ability to use the intellectual property subject to these claims.

Labour Relations

Certain non-management employees of the Company are unionized. Current union agreements range between two to four years in duration and are subject to expiration at various dates in the future. If the Company is unable to renew these agreements as they come up for renegotiation from time to time, it could result in work stoppages and other labour disturbances which could have a material adverse effect on the Company’s business.

Distribution of Securities on Redemption or Termination of the Fund

Upon redemption of Units or termination of the Fund, the Trustees may distribute the Trust Notes directly to the Unitholders, subject to obtaining all required regulatory approvals. There is currently no market for the Trust Notes or the Trust Units. In addition, Trust Notes and Trust Units are not freely tradable or listed on any stock exchange.
Income Tax Matters

In the normal course of the Fund’s activities, the tax authorities are carrying out ongoing reviews. In that respect, the Fund is of the view that all expenses claimed by the different entities of its group are reasonable and deductible and that the cost amount and capital cost allowance claims of such entities’ depreciable properties have been correctly determined. There is no assurance that the tax authorities may not challenge these positions. Such challenge, if successful, may have an adverse effect on the Company’s earnings and may affect the return to Unitholders.

On June 22, 2007, Bill C-52 received Royal Assent. Bill C-52 contains rules providing for a tax on certain income earned by a specified investment flow-through trust or partnership (a “SIFT”), as well as for a general treatment of taxable distributions received by investors from SIFTs as taxable dividends (the “SIFT Rules”). The SIFT Rules are not expected to apply to the Fund until 2011 as the government has allowed a transition for publicly-traded trusts that existed prior to November 1, 2006. To qualify for the interim period, the Fund must continue to comply with the Normal Growth Guidelines regarding equity capital as outlined by the government. The Normal Growth Guidelines provide for a safe harbour amount equal to 20% of the October 31, 2006 Market Capitalization for each of the 2008 to 2010 calendar years. These amounts of safe harbour are cumulative during the interim period. On December 1, 2008, the Minister of Finance (Canada) released explanatory notes to the November 28, 2008 notices of ways and means motion which revises the Normal Growth Guidelines to accelerate the safe harbor amounts of 2009 and 2010 to make them available immediately. This change would generally allow a trust like the Fund to use the remaining growth room in a single year rather than incrementally over 2009 and 2010. The Fund’s October 31, 2006 Market Capitalization was approximately $7.8 billion. It is therefore assumed, for the purposes of this summary, that the Fund will not be subject to the SIFT Rules until January 1, 2011. The Fund intends to fully comply with these guidelines. However there can be no assurance that the Fund will be able to retain the benefit of the deferred application of the SIFT Rules until 2011. If the Fund is deemed to have undergone undue expansion during the period up to December 31, 2010, as described in the Normal Growth Guidelines, the SIFT Rules would become effective on a date earlier than January 1, 2011.

On June 26, 2007, the Québec Ministère des Finances (MFQ) published Information Bulletin 2007-5 which confirms the MFQ’s previously announced intention to harmonize Québec’s tax legislation with the SIFT Rules through the implementation of a separate tax regime. Specifically, the MFQ has announced that a SIFT Trust with an establishment in Québec at any time in a taxation year would be subject to a tax at a rate generally equal to the Québec tax rate applicable to corporations. The Budget Implementation Act which received Royal Assent on June 18, 2008, enacted the Federal Budget of February 26, 2008 which provides, among other things, technical changes to the SIFT provincial tax calculation. These changes result in harmonization between the SIFT Rules and the separate Québec tax regime relating to SIFT entities (see “History of the Company”).

Acquisitions of New Businesses

Acquisitions of new businesses are part of the Company’s growth strategy and could expose the Company to business risks, including difficulties in integrating administrative, financial reporting, and operational systems, difficulties in managing newly acquired operations and improving their operating efficiency, and difficulties in retaining key employees of the acquired operations and diversions of management time and resources. In addition, future acquisitions could result in the incurrence of additional debt, costs, and contingent liabilities. Moreover, expected synergies for acquisitions completed may not materialize.

Advances in Communications Technologies

Advances in communications technologies such as wireless devices and voice over Internet protocol and demographic factors (such as potential shifts in younger generations away from wireline telephone communications towards wireless or other communications technologies) may further erode the market position of telephone utilities, including Telco Partners. As a result, it is possible that Telco Partners will not remain the primary local telephone service provider in any particular local service area, that the Company’s licenses to be the exclusive publisher in those markets and to use their brand names on its directories in those markets may not be as valuable as presently anticipated, and that the Company may not realize some of the existing benefits under its commercial arrangements with Telco Partners.
Reliance on Key Personnel

The success of the Company depends on the abilities, experience and personal efforts of senior management of the Company, including their ability to retain and attract skilled employees. The Company is also dependent on the number and experience of its sales representatives. The loss of the services of such key personnel could have a material adverse effect on the business, its financial condition or future prospects of the Company.

Pricing

The Company has achieved revenue growth in part due to past increases in prices for its products and services. There can be no assurance that the Company will continue to be able to increase prices in the future.

Prolonged Economic Downturn in Principal Markets

The Company derives revenues principally from the sale of advertising in Yellow Pages™ directories across the Country. The Company’s advertising revenues, as well as those of directories publishers in general, typically do not fluctuate widely with economic cycles. However, a prolonged recession that affects the Company’s markets, including the current global economic slowdown if prolonged, could have a material adverse effect on the Company’s business. The adverse effects of a recession on the Company, including the current global economic slowdown, could be compounded by the fact that the majority of the Company’s customers are SMEs. Such businesses have fewer financial resources and higher rates of failure than larger businesses, and may be more vulnerable to prolonged economic downturns. Therefore, these SMEs may be more likely to reduce or discontinue advertising in the Company’s directories.

Restrictive Covenants in Current and Future Indebtedness of the Fund, the Trust or the Company

The ability of the Fund, the Trust and the Company to make distributions, pay dividends or make other payments or advances is subject to applicable laws and contractual restrictions contained in the instruments governing any indebtedness of those entities, including the Revolving Facility, the Non-Revolving Facility and the CDPQ Private Facility.

The Revolving Facility, the Non-Revolving Facility, the CDPQ Private Facility and the trust indentures pertaining to the MTN Program and the Exchangeable Debentures contain restrictive covenants that limit the discretion of the Company’s management with respect to certain business matters. These covenants place significant restrictions on, among other things, the ability of the Company to create liens or other encumbrances, to pay distributions on its shares or make certain other payments, investments, loans and guarantees and to sell or otherwise dispose of assets and merge or consolidate with another entity. In addition, the Revolving Facility, the Non-Revolving Facility and the CDPQ Private Facility contain a number of financial covenants that require the Company to meet certain financial ratios and financial condition tests. The Medium Term Notes Series 7, 8, 9 and 10 also contain financial covenants whereby the Company remains subject to a maximum ratio of Funded Debt to Latest Twelve Month Adjusted EBITDA of 4.25 times upon the incurrence of additional debt. A failure to comply with the obligations in the Revolving Facility, the Non-Revolving Facility, the CDPQ Private Facility and under the MTN Program or the Exchangeable Debentures could result in a default which, if not cured or waived, could result in a termination of distributions by the Company and permit acceleration of the relevant indebtedness. If the indebtedness under the Revolving Facility, the Non-Revolving Facility, the CDPQ Private Facility and the MTN Program or the Exchangeable Debentures, including any possible hedge contracts with the lenders, were to be accelerated, there can be no assurance that the assets of the Company would be sufficient to repay in full that indebtedness. See "Business of the Company — Debt Financing".

Sales of Advertising to National Accounts

Approximately 10% of the Company’s directories revenues for 2009 were derived from the sale of advertising to national or large regional chains, such as rental car companies, automobile repair shops and pizza delivery businesses, that purchase advertising in several of the directories that the Company publishes. In order to sell advertising to these accounts, the Company contracts with approximately 168 CMRs which are independent third parties that act as agents for national advertisers and design their advertisements, arrange for the placement of those advertisements in directories and provide billing services. As a result, the Company’s relationships with these national
advertisers depend significantly on the performance of these third party CMRs which the Company does not control. In particular, the Company relies heavily on five of its CMRs which accounted for approximately 7% of the Company’s directories revenues for 2009. Although the Company believes that its relationship with such CMRs is mutually beneficial and that other CMRs with whom the Company has existing relationships or other third parties could service the Company’s needs if certain CMRs were unable or unwilling to provide their services to the Company on acceptable terms or at all, such inability or unwillingness could materially adversely affect the Company’s business. In addition, any decline in the performance of such CMRs could harm the Company’s ability to generate revenue from its national accounts and could materially adversely affect the Company's business.

Reliance on Search Engines and Portals

The Company has entered into agreements with several Internet portals, search engines and individual websites to promote its online directories. These agreements make the Company’s content and customer advertising more easily accessible by these portals, search engines and individual websites. These agreements allow the Company to generate a higher volume of traffic than it would on its own while retaining the client relationship. In return, the portals, search engines and individual websites obtain business through the Company from advertisers who would not otherwise transact with them. Termination of these agreements could adversely affect the Company’s results.

Regulatory

The Company’s business operations are not currently regulated by any regulatory authority. However, the Company provides services to telephone companies which operate in a highly regulated industry. The Company may be adversely affected if it, or the directories publishing business in general, becomes subject to regulation.

Fluctuation in the Price of Paper

The principal raw material used by the Company in the manufacture of its directories is paper, the cost of which represents less than 4% of the Company’s revenue. The Company is now leveraging its greater purchasing power to negotiate the best possible price for directory paper. Furthermore, it has entered into longer term contracts with key suppliers to protect itself from paper price volatility. These new agreements are for terms that are as long as five years. Changes in the supply of, or demand for, paper could affect market prices or delivery times which could have an adverse effect on the Company’s results.

Environmental Compliance

The Company is subject to laws and regulations relating to environmental protection. The imposition of new environmental laws, including in relation to waste disposal, or new interpretations of existing laws and regulations or enforcement by governmental agencies, could result in increased unforeseen expenditures, which in turn could have a material adverse effect on the Company’s business.

Reliance on Technology

The Company’s business activities rely significantly on the efficient and uninterrupted operation of computers and communications systems as well as those of third parties. The Company’s sales and advertising processing, data storage, production, billing, collection and day-to-day operations could be adversely impaired by the failure of such technology, which could in turn have a material adverse effect on the Company’s business.

Risks Related to the Structure of the Fund

Dependence on the Company

The Fund is an unincorporated open-ended, limited purpose trust which is entirely dependent on the operations and assets of the Company through the indirect ownership of LP Units. Cash distributions to Unitholders are dependent on, among other things, the ability of the Trust to pay interest on the Trust Notes and to make cash distributions in respect of the Trust Units, which, in turn, is dependent on the Company making cash distributions. The ability of the Company or the Trust to make cash distributions or other payments or advances is subject to
applicable laws and regulations and contractual restrictions contained in the instruments governing any indebtedness of those entities.

Cash Distributions are Not Guaranteed and Fluctuate with the Company's Business Performance

Although the Fund intends to distribute the interest received in respect of the Trust Notes and the cash distributions received in respect of the Trust Units, less expenses and amounts, if any, paid by the Fund in connection with the redemption of Units, there can be no assurance regarding the amounts of income to be generated by the Company’s business or ultimately distributed to the Fund. The actual amount distributed in respect of the Units is not guaranteed and depends upon numerous factors, including the Company’s profitability, its ability to maintain and increase its advertiser base and sustain EBITDA margins and the fluctuations in the Company’s working capital and capital expenditures, all of which are susceptible to a number of risks.

Nature of Units

Securities like the Units are hybrids in that they share certain attributes common to both equity securities and debt instruments. The Units do not represent a direct investment in the business of the Company and should not be viewed by investors as direct securities of the Company. As holders of Units, Unitholders do not have the statutory rights normally associated with ownership of shares of a corporation including, for example, the right to bring "oppression" or "derivative" actions. The Units represent a fractional interest in the Fund. The Fund’s primary assets are Trust Units and Trust Notes.

The Units are not "deposits" within the meaning of the Canada Deposit Insurance Corporations Act (Canada) and are not insured under the provisions of that Act or any other legislation. Furthermore, the Fund is not a trust company and, accordingly, is not registered under any trust and loan company legislation as it does not carry on or intend to carry on the business of a trust company.

Distribution of Securities on Redemption or Termination of the Fund

Upon redemption of Units or termination of the Fund, the Trustees may distribute the Trust Notes directly to the Unitholders, subject to obtaining all required regulatory approvals. There is currently no market for the Trust Notes or the Trust Units. In addition, Trust Notes and Trust Units are not freely tradable or listed on any stock exchange.

Unitholder Liability

The Fund Declaration of Trust provides that no Unitholder shall be subject to any liability whatsoever to any person in connection with a holding of Units. However, in jurisdictions outside the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario and Québec, there remains a risk, which is considered by the Fund to be remote in the circumstances, that a Unitholder could be held personally liable, despite such statement in the Fund Declaration of Trust, for the obligations of the Fund to the extent that claims are not satisfied out of the assets of the Fund.

Dilution of Existing Unitholders and Limited Partnership Unit Holders

The Fund Declaration of Trust authorizes the Fund to issue an unlimited number of Units for the consideration, and on the terms and conditions, as shall be established by the Trustees without the approval of any Unitholders being required. The Unitholders have no pre-emptive rights in connection with such further issuances. In addition, YPG LP is permitted to issue additional LP Units for any consideration and on any terms and conditions.

Investment Eligibility

There can be no assurance that the Units will continue to be qualified investments for registered retirement savings plans, deferred profit sharing plans, registered retirement income funds, registered education savings plans, registered disability plans and tax-free savings accounts. The Tax Act imposes penalties for the acquisition or holding of non-qualified or ineligible investments.
Restrictions on Potential Growth

The payout by the Company of a substantial portion of its operating cash flow will make additional capital and operating expenditures dependent on increased cash flow or additional financing in the future. Lack of those funds could limit the future growth of the Company and its cash flow.

Restrictions on Certain Unitholders and Liquidity of Units

The Fund Declaration of Trust imposes various restrictions on Unitholders. Non-resident Unitholders are prohibited from beneficially owning more than 49.9% of Units. These restrictions may limit (or inhibit the exercise of) the rights of certain Unitholders, including non-residents of Canada and U.S. persons, to acquire Units, to exercise their rights as Unitholders and to initiate and complete take-over bids in respect of the Units. As a result, these restrictions may limit the demand for Units from certain Unitholders and thereby adversely affect the liquidity and market value of the Units held by the public.

DISTRIBUTIONS

Distribution Policy of the Fund

The Fund intends to make distributions of its distributable cash to the maximum extent possible to the Unitholders. The Fund intends to make equal monthly cash distributions to Unitholders of record on the last business day of each month, less estimated cash amounts required for expenses and other obligations of the Fund and cash redemptions of Units and any tax liability.

Distribution Policy of the Trust

The Trust intends to make monthly cash distributions to the Fund of its net monthly cash receipts after satisfaction of its interest obligations, if any, and less any estimated cash amounts required for expenses and other obligations of the Trust and reserves for any principal repayments in respect of the Trust Notes.

Distribution Policy of the Company

The Company’s distribution policy is to make distributions of its available cash taking into account the current and prospective performance of its business, amounts to service debt obligations, maintenance capital expenditures, taxes and other items considered to be prudent.

Distributable cash per Unit amounted to $1.43 in 2008 while distributions declared per Unit amounted to $1.15. Strong growth in distributable cash has resulted in a progressive reduction in the Company’s payout ratio from about 95% at the time of the Initial Public Offering to 80% in 2008, notwithstanding regular increases in cash distributions to Unitholders.

On May 7, 2009, the Fund announced a reduction in cash distributions per Unit to Unitholders from $1.17 to $0.80 annually. This translates to a monthly cash distribution of $0.0667 per Unit. The decision to reduce the level of payout provides the Company additional financial flexibility and strengthens its capital structure while offering an attractive source of income for our investors. In the context of difficult credit market conditions, YPG has been proactive by adopting a prudent approach to managing its liquidity and capital resources.

On February 11, 2010, the Fund announced that the Company will continue to distribute $0.0667 per month ($0.80 annually) until December 2010. Additionally, on the same date, the Fund announced the initial post-conversion dividend policy starting in January 2011. The dividend policy will initially be set at $0.0542 per common share on a monthly basis or $0.65 annually, starting in January 2011. The first such monthly dividend will be declared in respect of the month ended January 31, 2011, to the holders of record of such common shares on January 31, 2011 and will be paid on February 15, 2011. On March 24, 2010, the Fund announced that the conversion of the Fund to a corporate structure is expected to occur on or about November 1, 2010. (See “General Development of the Business”).
Distributions

The initial distribution by the Fund to Unitholders for the 30 day period from the closing of the Initial Public Offering to August 31, 2003 was made for the month of August 2003 payable on September 15, 2003 in an amount of $0.0688 per Unit. Subsequent cash distributions have been made by the Fund to Unitholders every month since then:

<table>
<thead>
<tr>
<th>Date of Announcement of Increase/Decrease</th>
<th>Effective Payment Date (Date of First Distribution)</th>
<th>Amount of Distribution per Unit (per Month)</th>
</tr>
</thead>
<tbody>
<tr>
<td>November 18, 2003</td>
<td>December 15, 2003</td>
<td>$0.0733</td>
</tr>
<tr>
<td>May 13, 2004</td>
<td>June 15, 2004</td>
<td>$0.0766</td>
</tr>
<tr>
<td>February 14, 2005</td>
<td>March 15, 2005</td>
<td>$0.08</td>
</tr>
<tr>
<td>February 15, 2006</td>
<td>March 15, 2006</td>
<td>$0.08583</td>
</tr>
<tr>
<td>November 20, 2006</td>
<td>January 15, 2007</td>
<td>$0.09083</td>
</tr>
<tr>
<td>November 7, 2007</td>
<td>December 15, 2007</td>
<td>$0.09417</td>
</tr>
<tr>
<td>August 7, 2008</td>
<td>September 15, 2008</td>
<td>$0.0975</td>
</tr>
<tr>
<td>May 7, 2009</td>
<td>June 15, 2009</td>
<td>$0.0667</td>
</tr>
</tbody>
</table>

Preferred Share Dividends

The Preferred Shares Series 1 and the Preferred Shares Series 2 were issued by Yellow Media Inc. on March 6, 2007 and June 8, 2007, respectively. Since their respective issuance dates, Yellow Media Inc. has declared and paid the following quarterly dividends per Preferred Share Series 1 and per Preferred Share Series 2 in accordance with the terms and fixed dividend rates of such shares:

<table>
<thead>
<tr>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
</tr>
</thead>
<tbody>
<tr>
<td>($)</td>
<td>($)</td>
<td>($)</td>
<td>($)</td>
</tr>
<tr>
<td>Series 1</td>
<td>Series 2</td>
<td>Series 1</td>
<td>Series 2</td>
</tr>
<tr>
<td>2009</td>
<td>0.26563</td>
<td>0.31250</td>
<td>0.26563</td>
</tr>
<tr>
<td>2008</td>
<td>0.26563</td>
<td>0.31250</td>
<td>0.26563</td>
</tr>
<tr>
<td>2007</td>
<td>n/a</td>
<td>n/a</td>
<td>0.32894</td>
</tr>
</tbody>
</table>

The Preferred Shares Series 3 and the Preferred Shares Series 5 were issued by Yellow Media Inc. on September 23 and December 22, 2009, respectively. Since their respective issuance dates, Yellow Media Inc. has declared and paid the following quarterly dividends per Preferred Share Series 3 and per Preferred Shares Series 5 in accordance with the terms and fixed dividend rates of such shares:
On closing of the Initial Public Offering, the Fund, the Trust, YPG LP, YPG GP, Yellow Media Inc. and all optionholders who owned options to acquire common shares of Yellow Media Inc. entered into an Optionholders Liquidity Agreement (the "Optionholders Liquidity Agreement"). The Optionholders Liquidity Agreement provides for the automatic exchange of any shares of Yellow Media Inc. acquired upon the exercise of options for a corresponding number of Units (one share of Yellow Media Inc. may be exchanged for one Unit) as at the Liquidation Date (as defined in the Optionholders Liquidity Agreement). The liquidation rights may be exercised by such members of management so long as all of the following conditions have been met: (a) the exercise of the liquidation rights would not cause the Fund to breach the restrictions respecting non-resident ownership contained in the Fund Declaration of Trust as described in "Description of the Fund — Limitation on Non-Resident Ownership", (b) the Fund is legally entitled to issue the Units in connection with the liquidation; and (c) the person receiving the Units, if applicable, upon the exercise of the liquidation rights complies with all applicable securities laws.

**MARKET FOR SECURITIES**

The Fund’s Units and Yellow Media Inc.’ Preferred Shares Series 1, Preferred Shares Series 2, Preferred Shares Series 3, Preferred Shares Series 5 and Exchangeable Debentures are listed for trading on the Toronto Stock Exchange (the "TSX") under the symbols "YLO.UN", "YPG.PR.A", "YPG.PR.B", "YPG.PR.C", "YPG.PR.D" and "YPG.DB", respectively.

**Trading price and volume**

The following tables show the monthly range of high and low prices per Unit, Preferred Share Series 1, Preferred Shares Series 2, Preferred Shares Series 3, Preferred Shares Series 5 and Exchangeable Debenture at the close of market (TSX), as well as total monthly volumes and average daily volumes of Units, Preferred Shares Series 1, Preferred Shares Series 2, Preferred Shares Series 3, Preferred Shares Series 5 and Exchangeable Debentures traded on the TSX during the year ended December 31, 2009.

<table>
<thead>
<tr>
<th>Units</th>
<th>2009 Month</th>
<th>Price per Unit ($)</th>
<th>Price per Unit ($)</th>
<th>Units Total Monthly Volume</th>
<th>Units Average Daily Volume</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Monthly High</td>
<td>Monthly Low</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>January</td>
<td>7.26</td>
<td>6.13</td>
<td>34,117,266</td>
<td>1,655,775</td>
<td></td>
</tr>
<tr>
<td>February</td>
<td>6.04</td>
<td>5.04</td>
<td>57,707,237</td>
<td>3,037,223</td>
<td></td>
</tr>
<tr>
<td>March</td>
<td>6.39</td>
<td>5.07</td>
<td>52,053,909</td>
<td>2,366,087</td>
<td></td>
</tr>
<tr>
<td>April</td>
<td>6.19</td>
<td>5.60</td>
<td>46,581,333</td>
<td>2,218,159</td>
<td></td>
</tr>
<tr>
<td>May</td>
<td>6.25</td>
<td>5.52</td>
<td>88,244,616</td>
<td>4,412,231</td>
<td></td>
</tr>
<tr>
<td>June</td>
<td>5.57</td>
<td>5.20</td>
<td>43,980,801</td>
<td>1,999,127</td>
<td></td>
</tr>
<tr>
<td>July</td>
<td>5.30</td>
<td>4.92</td>
<td>41,633,546</td>
<td>1,892,434</td>
<td></td>
</tr>
<tr>
<td>August</td>
<td>5.15</td>
<td>4.91</td>
<td>37,152,812</td>
<td>1,857,647</td>
<td></td>
</tr>
<tr>
<td>2009 Month</td>
<td>Price per Unit ($) Monthly High</td>
<td>Price per Unit ($) Monthly Low</td>
<td>Units Total Monthly Volume</td>
<td>Units Average Daily Volume</td>
<td></td>
</tr>
<tr>
<td>-----------</td>
<td>-------------------------------</td>
<td>-------------------------------</td>
<td>---------------------------</td>
<td>---------------------------</td>
<td></td>
</tr>
<tr>
<td>September</td>
<td>5.73</td>
<td>4.82</td>
<td>62,611,366</td>
<td>2,981,494</td>
<td></td>
</tr>
<tr>
<td>October</td>
<td>5.70</td>
<td>5.27</td>
<td>40,911,400</td>
<td>1,948,162</td>
<td></td>
</tr>
<tr>
<td>November</td>
<td>5.48</td>
<td>5.18</td>
<td>33,838,977</td>
<td>1,611,380</td>
<td></td>
</tr>
<tr>
<td>December</td>
<td>5.38</td>
<td>5.13</td>
<td>30,253,338</td>
<td>1,440,635</td>
<td></td>
</tr>
</tbody>
</table>

**Preferred Shares Series 1**

<table>
<thead>
<tr>
<th>2009 Month</th>
<th>Price per Share ($) Monthly High</th>
<th>Price per Share ($) Monthly Low</th>
<th>Shares Total Monthly Volume</th>
<th>Shares Average Daily Volume</th>
</tr>
</thead>
<tbody>
<tr>
<td>January</td>
<td>18.45</td>
<td>17.99</td>
<td>275,699</td>
<td>13,129</td>
</tr>
<tr>
<td>February</td>
<td>19.50</td>
<td>17.95</td>
<td>240,124</td>
<td>12,638</td>
</tr>
<tr>
<td>March</td>
<td>20.05</td>
<td>19.01</td>
<td>205,966</td>
<td>9,362</td>
</tr>
<tr>
<td>April</td>
<td>21.24</td>
<td>19.70</td>
<td>274,193</td>
<td>13,057</td>
</tr>
<tr>
<td>May</td>
<td>23.01</td>
<td>21.25</td>
<td>255,329</td>
<td>12,766</td>
</tr>
<tr>
<td>June</td>
<td>23.00</td>
<td>22.00</td>
<td>224,688</td>
<td>10,213</td>
</tr>
<tr>
<td>July</td>
<td>22.75</td>
<td>21.69</td>
<td>420,860</td>
<td>19,130</td>
</tr>
<tr>
<td>August</td>
<td>23.50</td>
<td>22.50</td>
<td>206,780</td>
<td>10,339</td>
</tr>
<tr>
<td>September</td>
<td>23.49</td>
<td>22.36</td>
<td>273,615</td>
<td>13,029</td>
</tr>
<tr>
<td>October</td>
<td>23.80</td>
<td>22.15</td>
<td>415,670</td>
<td>19,794</td>
</tr>
<tr>
<td>November</td>
<td>24.49</td>
<td>23.38</td>
<td>236,637</td>
<td>11,268</td>
</tr>
</tbody>
</table>

**Preferred Shares Series 2**

<table>
<thead>
<tr>
<th>2009 Month</th>
<th>Price per Share ($) Monthly High</th>
<th>Price per Share ($) Monthly Low</th>
<th>Shares Total Monthly Volume</th>
<th>Shares Average Daily Volume</th>
</tr>
</thead>
<tbody>
<tr>
<td>January</td>
<td>14.00</td>
<td>13.00</td>
<td>205,734</td>
<td>9,797</td>
</tr>
<tr>
<td>February</td>
<td>13.77</td>
<td>12.48</td>
<td>188,566</td>
<td>9,925</td>
</tr>
<tr>
<td>March</td>
<td>12.31</td>
<td>11.45</td>
<td>436,597</td>
<td>19,845</td>
</tr>
<tr>
<td>April</td>
<td>14.06</td>
<td>11.70</td>
<td>779,611</td>
<td>37,124</td>
</tr>
<tr>
<td>May</td>
<td>17.00</td>
<td>14.25</td>
<td>617,537</td>
<td>30,877</td>
</tr>
<tr>
<td>June</td>
<td>17.89</td>
<td>17.09</td>
<td>255,765</td>
<td>11,626</td>
</tr>
<tr>
<td>July</td>
<td>17.49</td>
<td>16.65</td>
<td>188,205</td>
<td>8,555</td>
</tr>
<tr>
<td>August</td>
<td>18.00</td>
<td>16.94</td>
<td>494,331</td>
<td>24,717</td>
</tr>
<tr>
<td>September</td>
<td>18.24</td>
<td>17.26</td>
<td>266,820</td>
<td>12,706</td>
</tr>
<tr>
<td>October</td>
<td>18.10</td>
<td>17.61</td>
<td>126,013</td>
<td>6,001</td>
</tr>
<tr>
<td>November</td>
<td>18.08</td>
<td>17.53</td>
<td>689,877</td>
<td>32,851</td>
</tr>
<tr>
<td>December</td>
<td>19.00</td>
<td>18.25</td>
<td>289,907</td>
<td>13,805</td>
</tr>
</tbody>
</table>
Preferred Shares Series 3

<table>
<thead>
<tr>
<th>2009 Month</th>
<th>Price per Share ($) Monthly High</th>
<th>Price per Share ($) Monthly Low</th>
<th>Shares Total Monthly Volume</th>
<th>Shares Average Daily Volume</th>
</tr>
</thead>
<tbody>
<tr>
<td>September (since September 23, 2009)</td>
<td>24.55</td>
<td>24.50</td>
<td>595,009</td>
<td>99,168</td>
</tr>
<tr>
<td>October</td>
<td>24.65</td>
<td>22.20</td>
<td>340,794</td>
<td>16,228</td>
</tr>
<tr>
<td>November</td>
<td>24.40</td>
<td>22.11</td>
<td>217,159</td>
<td>10,341</td>
</tr>
<tr>
<td>December</td>
<td>24.55</td>
<td>23.75</td>
<td>256,999</td>
<td>12,238</td>
</tr>
</tbody>
</table>

Preferred Shares Series 5

<table>
<thead>
<tr>
<th>2009 Month</th>
<th>Price per Share ($) Monthly High</th>
<th>Price per Share ($) Monthly Low</th>
<th>Shares Total Monthly Volume</th>
<th>Shares Average Daily Volume</th>
</tr>
</thead>
<tbody>
<tr>
<td>December (since December 22, 2009)</td>
<td>24.00</td>
<td>23.87</td>
<td>353,952</td>
<td>58,992</td>
</tr>
</tbody>
</table>

Exchangeable Debentures

<table>
<thead>
<tr>
<th>2009 Month</th>
<th>Price per Debenture ($) Monthly High</th>
<th>Price per Debenture ($) Monthly Low</th>
<th>Debentures Total Monthly Volume (in $1,000)</th>
<th>Debentures Average Daily Volume ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>January</td>
<td>93.60</td>
<td>83.05</td>
<td>3,681</td>
<td>175,286</td>
</tr>
<tr>
<td>February</td>
<td>92.00</td>
<td>86.25</td>
<td>4,440</td>
<td>233,684</td>
</tr>
<tr>
<td>March</td>
<td>90.50</td>
<td>86.00</td>
<td>4,792</td>
<td>217,823</td>
</tr>
<tr>
<td>April</td>
<td>96.25</td>
<td>89.00</td>
<td>7,762</td>
<td>369,619</td>
</tr>
<tr>
<td>May</td>
<td>98.00</td>
<td>96.00</td>
<td>2,955</td>
<td>147,750</td>
</tr>
<tr>
<td>June</td>
<td>98.25</td>
<td>96.25</td>
<td>4,489</td>
<td>204,045</td>
</tr>
<tr>
<td>July</td>
<td>98.50</td>
<td>96.00</td>
<td>2,476</td>
<td>117,905</td>
</tr>
<tr>
<td>August</td>
<td>99.50</td>
<td>98.20</td>
<td>2,087</td>
<td>104,350</td>
</tr>
<tr>
<td>September</td>
<td>99.00</td>
<td>96.50</td>
<td>13,114</td>
<td>624,476</td>
</tr>
<tr>
<td>October</td>
<td>99.00</td>
<td>97.50</td>
<td>3,248</td>
<td>154,667</td>
</tr>
<tr>
<td>November</td>
<td>101.80</td>
<td>98.50</td>
<td>33,751</td>
<td>1,607,190</td>
</tr>
<tr>
<td>December</td>
<td>101.96</td>
<td>98.50</td>
<td>8,860</td>
<td>421,881</td>
</tr>
</tbody>
</table>

TRANSFER AGENT AND REGISTRAR

CIBC Mellon Trust Company acts as transfer agent and registrar of the Fund and Yellow Media Inc. The register of transfers of the securities of the Fund and Yellow Media Inc. is located at CIBC Mellon Trust Company’s principal transfer office in Montreal.

TRUSTEES OF THE FUND, TRUSTEES OF THE TRUST AND DIRECTORS OF YPG GP

The following table sets out, for each of the current trustees of the Fund and the Trust and for each of the current directors of YPG GP, the person’s name, province or state of residence, positions with the Fund, the Trust
and YPG GP, as the case may be, membership to various board committees as applicable, principal occupation, period of service as a trustee of the Fund and the Trust and as a director of YPG GP, number of Units and Restricted Units beneficially owned, or controlled or directed, directly or indirectly, by him or her as of December 31, 2009. The term of office for each of the trustees and directors will expire at the time of the next annual meeting of security holders of the Fund, the Trust or YPG GP, as the case may be, or at such time as his successor is otherwise elected.

<table>
<thead>
<tr>
<th>Name and Province or State of Residence</th>
<th>Position</th>
<th>Principal Occupation</th>
<th>Trustee/Director Since</th>
<th>Number of Units Beneficially Owned</th>
<th>Number of Restricted Units Beneficially Owned</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marc L. Reisch (3) New York, USA</td>
<td>Chairman of the Board of Trustees of the Fund and the Trust and Director, Chairman of the Board of YPG GP</td>
<td>Chairman, President and Chief Executive Officer of Visant Corporation</td>
<td>August 2004/August 2003</td>
<td>125,694</td>
<td>20,348</td>
</tr>
<tr>
<td>Marc P. Tellier Québec, Canada</td>
<td>Trustee of the Fund and the Trust and Director of YPG GP</td>
<td>President and Chief Executive Officer of Yellow Pages Group Co.</td>
<td>June 2003/November 2002</td>
<td>277,445</td>
<td>931,733</td>
</tr>
<tr>
<td>Michael T. Boychuk (2)(4) Québec, Canada</td>
<td>Trustee of the Fund and the Trust and Director of YPG GP</td>
<td>President and Chief Executive Officer of Bimcor Inc.</td>
<td>May 2004/September 2003</td>
<td>43,000</td>
<td>10,174</td>
</tr>
<tr>
<td>John R. Gaulding (3) California, USA</td>
<td>Trustee of the Fund and the Trust and Director of YPG GP</td>
<td>Chairman of Gaulding &amp; Co.</td>
<td>May 2004/August 2003</td>
<td>40,000</td>
<td>10,174</td>
</tr>
<tr>
<td>Paul Gobeil (2)(4) Ontario, Canada</td>
<td>Trustee of the Fund and the Trust and Director of YPG GP</td>
<td>Vice-Chairman of the Board of Metro Inc.</td>
<td>May 2004/April 2004</td>
<td>47,000</td>
<td>10,174</td>
</tr>
<tr>
<td>Michael R. Lambert (3) Alberta, Canada</td>
<td>Trustee of the Fund and the Trust and Director of YPG GP</td>
<td>Chief Financial Officer of The Forzani Group Ltd.</td>
<td>May 2004/April 2004</td>
<td>30,000</td>
<td>10,174</td>
</tr>
<tr>
<td>Anthony G. Miller (2) Ontario, Canada</td>
<td>Trustee of the Fund and the Trust and Director of YPG GP</td>
<td>Corporate Director</td>
<td>June 2003/June 2003</td>
<td>18,500</td>
<td>10,174</td>
</tr>
<tr>
<td>Heather E.L. Munroe-Blum (3)(4) O.C., Ph.D Québec, Canada</td>
<td>Trustee of the Fund and the Trust and Director of YPG GP</td>
<td>Professor, Principal and Vice-Chancellor of McGill University</td>
<td>May 2006/May 2006</td>
<td>20,000</td>
<td>10,174</td>
</tr>
<tr>
<td>Martin Nisenholtz (2) New York, USA</td>
<td>Trustee of the Fund and the Trust and Director of YPG GP</td>
<td>Senior Vice-President, Digital Operations, The New York Times Company</td>
<td>May 2006/May 2006</td>
<td>18,000</td>
<td>10,174</td>
</tr>
</tbody>
</table>

2 At target achievement levels. Refer to the Company’s Proxy Circular for more information on the Restricted Units held under the Company’s Restricted Unit Plan.
(2) Member of Audit Committee.
(3) Member of Human Resources and Compensation Committee.
(4) Member of Corporate Governance and Nominating Committee.

Biographies

The following are brief profiles of the current trustees of the Fund and the Trust and of the current directors of YPG GP.

Marc L. Reisch is Chairman, President and Chief Executive Officer of Visant Corporation, a school affinity and marketing services enterprise since October 2004. Prior to that, and since September 2002, Mr. Reisch was a Senior Advisor to Kohlberg Kravis & Roberts. Mr. Reisch was also Chairman and Chief Executive Officer of Quebecor World North America between August 1999 and September 2002. Mr. Reisch holds a Bachelor of Science degree and a Master of Business Administration degree from Cornell University.

Marc P. Tellier has been President and Chief Executive Officer of the Company and its predecessors since October 2001. Prior to joining Yellow Pages Group Co., Mr. Tellier was an officer of Bell Canada and served as Senior Vice President – Partnership Development. Mr. Tellier also served as President and Chief Executive Officer of Sympatico Lycos Inc. Mr. Tellier began his career at Bell Canada in 1990. Mr. Tellier is a year 2000 alumnus of Canada’s Top 40 under 40™. Mr. Tellier serves on the Board of Directors of the Yellow Pages Association, Yellow Media Inc. and is a director of National Bank of Canada. Mr. Tellier holds a Bachelor of Economics degree from the University of Ottawa.

Michael T. Boychuk has been President and Chief Executive Officer of Bimcor since July 2009. Between November 1999 and July 2009, Mr. Boychuk was Senior Vice President and Treasurer of BCE Inc. and Bell Canada. He is a director of Bimcor Inc. and a member of the advisory Board of Centennial Ventures, a U.S. private equity firm. Mr. Boychuk also serves on the International advisory board of the Faculty of Management of McGill University and is a member of the Audit Committee of McGill University. Mr. Boychuk is a Chartered Accountant and holds a Bachelor of Commerce degree from McGill University as well as a graduate diploma in public accountancy.

John R. Gaulding is a private investor and business consultant in the fields of strategy and organization. Mr. Gaulding also held senior management positions with various companies in the financial services industries, was a senior partner with a global strategy consulting firm and was President and Chief Executive Officer of Pacific Bell Directory, Inc. from 1985 to 1990. From 1987 to 1990, Mr. Gaulding was also Co-Chairman of the Yellow Pages Publishers Association. Mr. Gaulding currently serves on the Board of Directors of Monster Worldwide, Inc. and ANTS Software, Inc. and is Chairman of the Board of Trustees of the Dominican University of California. Mr. Gaulding holds a Bachelor of Science degree in Engineering from the University of California at Los Angeles and a Master of Business Administration degree with honours from the University of Southern California.

Paul Gobeil has been Vice-Chairman of the Board of Metro Inc. since 1990. Paul Gobeil has held senior management positions in various companies in the food sector as well as with the Government of Québec where he

<table>
<thead>
<tr>
<th>Name and Province or State of Residence</th>
<th>Position</th>
<th>Principal Occupation</th>
<th>Trustee/Director Since</th>
<th>Number of Units Beneficially Owned</th>
<th>Number of Restricted Units Beneficially Owned</th>
</tr>
</thead>
<tbody>
<tr>
<td>J. Heidi Roizen(4) California, USA</td>
<td>Trustee of the Fund and the Trust and Director of YPG GP</td>
<td>Chief Executive Officer, Skinny Little Things, LLC</td>
<td>August 2009/ August 2009</td>
<td>Nil</td>
<td>10,000</td>
</tr>
<tr>
<td>Stuart H. B. Smith(2) Ontario, Canada</td>
<td>Trustee of the Fund and the Trust and Director of YPG GP</td>
<td>Chairman of EPIC Realty Partners Inc.</td>
<td>May 2004/ April 2004</td>
<td>27,000</td>
<td>10,174</td>
</tr>
</tbody>
</table>
was, *inter alia*, Minister responsible for Administration, President of the Treasury Board and Minister of International Affairs. From 2002 to 2007, he was Chairman of the Board of Export Development Canada. Mr. Gobeil currently serves as a director of Metro Inc., National Bank of Canada, DiagnoCure Inc. and MDN Inc. Mr. Gobeil has been a member of the *Ordre des comptables agréés du Québec* since 1965 and a Fellow since 1986. Mr. Gobeil holds a Master of Commerce degree and a Master of Accounting degree from *Université de Sherbrooke*. Mr. Gobeil also completed the Senior Management Program at Harvard Business School.

*Micahel R. Lambert* has been Chief Financial Officer of Forzani Group Ltd. since November 2008. Prior to that, and since October 2006, Mr. Lambert was Executive Vice President and Chief Financial Officer of Canadian Pacific Railway and, from 2003 to October 2006, Executive Vice President of Canadian Tire Corporation Ltd. and President of Mark’s Work Wearhouse, Ltd., a division of Canadian Tire. Mr. Lambert joined Mark’s Work Wearhouse Ltd. as Chief Financial Officer in 1994. In 2002, Canadian Tire acquired Mark’s Work Wearhouse. Prior to that, Mr. Lambert spent fifteen years in progressive financial positions with major Canadian public companies including Loblaw Companies Limited, George Weston Limited and the Southam Newspaper Group. Mr. Lambert is a Chartered Accountant and holds a Bachelor of Commerce degree from the University of Windsor.

*Anthony G. Miller* has held a number of senior positions in advertising agencies in both the United States and Canada for over 30 years. Until January 2007, he was Chairman Emeritus of MacLaren McCann. Prior to that, and until 2003, he was Vice Chairman, McCann Ericson, World Group, a global marketing communications company. Mr. Miller is a former Chairman of the Canadian Institute of Communication and Advertising and past Chairman of the Young Presidents Organization (Ontario). Mr. Miller currently serves on the Board of Directors of Care Canada.

*Dr. Heather E.L. Munroe-Blum* is Professor, Principal and Vice-Chancellor of McGill University since January 2003. In addition to her role as Principal, she is also a professor in the Department of Epidemiology and Biostatistics in the Faculty of Medicine. Prior to December 2002, Dr. Munroe-Blum was a Governor, Professor and Vice-President of Research and International Relations at the University of Toronto. Dr. Munroe-Blum is an Officer of the Order of Canada and a Specially Elected Fellow in the Academy of Science of the Royal Society of Canada. Dr. Munroe-Blum is a member of the Trilateral Commission and of Canada’s Science, Technology and Innovation Council and is the President of the *Conférence des recteurs et des principaux des universités du Québec*. Dr. Munroe-Blum also serves on the Executive Committee of the Association of American Universities and on the boards of the Association of Universities and Colleges of Canada, the Sir Mortimer B. Davis Jewish General Hospital, the *Conférence de Montréal* and the Canada Forum of Rio Tinto Alcan. Dr. Munroe-Blum holds a Bachelor of Arts degree and a Bachelor of Social Work degree from McMaster University, a Master of Social Work degree from Wilfrid Laurier University and a Doctorate degree in Epidemiology, with distinction, from the University of North Carolina at Chapel Hill.

*Martin Nisenholtz* has been Senior Vice-President, Digital Operations for The New York Times Company since February 2005. He is responsible for the strategy development, operations and management of The New York Times Company’s digital properties, including About.com, since February 2005. Prior to that, and since 1999, Mr. Nisenholtz was Chief Executive Officer of New York Times Digital. In June 2001, Mr. Nisenholtz founded the Online Publishers Association (OPA), an industry trade organization that represents the interests of high-quality online publishers. Mr Nisenholtz currently serves on the Board of Directors for the Ad Council, Leukemia & Lymphoma Society and the Interactive Advertising Bureau (IAB). Mr. Nisenholtz holds a Bachelor in Psychology degree from the University of Pennsylvania and a graduate degree from the University of Pennsylvania Annenberg School of Communication.

*J. Heidi Roizen* is Chief Executive Officer of Skinny Little Things, LLC, a company she founded in 2008. Prior to that, Ms. Roizen held senior management positions with various companies in the technology sector including Managing Director of Mobius Venture Capital (Softbank Venture Capital), a technology venture fund, from 1999 to 2007, Vice President of Worldwide Developer Relations of Apple Computer from 1996 to 1997, and Chief Executive Officer of T/Maker Company, a personal computer software company that she co-founded, from 1983 to 1996. Ms. Roizen is a 2008 alumnus of Corporate Board Member Magazine’s list of the 50 Top Women in Technology. Ms. Roizen currently serves on the Board of Directors of TiVo Inc., as a member of the Board of Advisors of the National Center for Women in Information Technology and of Springboard Enterprises, and as the Co-Chair of the Stanford Graduate School of Business Women on Boards Initiative, a committee of the Women’s
Initiative Network. Ms. Roizen holds a Bachelor of Arts degree in English and a Master of Business Administration degree from Stanford University.

Stuart H. B. Smith is Chairman of EPIC Realty Partners Inc. since September 2005. In December 2003, Mr. Smith retired as President and Chief Executive Officer of Oxford Properties Group, one of Canada’s largest property owners and managers, where he held progressively more senior positions since 1989. Mr. Smith has more than thirty years’ experience as a corporate officer and director. Mr. Smith currently serves on the the Board of Directors of International Scholarship Foundation, Look Communications Inc., Altus Group Income Fund and The Hospital for Sick Children (SickKids). Mr. Smith recently served as a member of the Canadian Institute of Chartered Accountants’ Innovation Council. Mr. Smith is a chartered accountant and holds a graduate degree in Economics from the University of Western Ontario.

Committees of the Board of Directors

The board of directors of YPG GP has an Audit Committee, a Human Resources and Compensation Committee and a Corporate Governance and Nominating Committee.

Audit Committee

Charter of the Audit Committee

The Charter of the Audit Committee of the Board of Directors of YPG GP is set out in Schedule A to this Annual Information Form.

Composition of the Audit Committee

The Audit Committee is composed of five directors, namely Stuart H.B. Smith, Michael T. Boychuk, Paul Gobeil, Anthony G. Miller and Martin Nisenholtz. Each member of the Audit Committee is independent and financially literate as defined under Multilateral Instrument 52-110 - Audit Committees.

Relevant Education and Experience of the Audit Committee Members

In addition to each member’s general business experience, the education and experience of each Audit Committee member that is relevant to the performance of his responsibilities as an Audit Committee member is set forth in their respective biographies above under "Trustees of the Fund, Trustees of the Trust and Directors of YPG GP — Biographies".

Audit Fees

During the 2009 and 2008 fiscal years, the Fund and the Company retained its principal accountant, Deloitte & Touche LLP ("D&T"), to provide services in the categories and for the approximate amounts that follow:

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Audit fees</td>
<td>2,489,890</td>
<td>1,638,683</td>
</tr>
<tr>
<td>Audit-related fees</td>
<td>235,250</td>
<td>402,000</td>
</tr>
<tr>
<td>Tax fees</td>
<td>712,465</td>
<td>718,500</td>
</tr>
<tr>
<td>All other fees</td>
<td>25,000</td>
<td>—</td>
</tr>
<tr>
<td>Total</td>
<td>3,462,605</td>
<td>2,759,183</td>
</tr>
</tbody>
</table>
Audit fees. These amounts represent fees paid for the audit of the Fund’s annual consolidated financial statements and the review of its quarterly financial statements. They consist of fees also related to services that an independent auditor would customarily provide in connection with statutory requirements, regulatory filings, and similar engagements for the fiscal year, such as comfort letters, consents, and assistance with review of documents filed with securities regulatory authorities. The difference on audit fees between 2009 and 2008 mostly relates to securities-related financings.

Audit-related fees. Audit-related fees were paid for assurance and related services that are performed by D&T and are not reported under the audit fees item above. They attest services which are not required by statute or regulations. These services consisted primarily of consulting services with respect to accounting and financial disclosure standards, (including those related to International Financial Reporting Standards), employee pension plan audits and other special purpose mandates approved by the Audit Committee.

Tax fees. These fees consist generally of the two categories of tax compliance, and of tax planning and advice. They include the review of tax returns, assistance with tax audits, capital structure, corporate transactions, due diligence related to acquisitions and other special purpose mandates approved by the Audit Committee.

The Audit Committee has determined that D&T’s provision of non-audit services was compatible with maintaining D&T’s independence.

The Audit Committee of YPG GP has adopted a policy regarding the engagement of D&T for non-audit services. D&T provides audit services to the Fund and the Company and is also authorized to provide specific audit-related services as well as tax services. D&T may also provide other services provided, however, that all such services are pre-approved by the Chairman of the Audit Committee and that such engagement is confirmed by the Audit Committee at its following meeting. The policy also specifically prohibits the provision of certain services by D&T in order to maintain its independence.

OFFICERS

The following table sets out, for each of the current officers of Yellow Pages Group Co. and Trader, the person’s name, municipality of residence, position with Yellow Pages Group Co. or Trader, number of Units and Restricted Units beneficially owned or controlled or directed, directly or indirectly, by him or her as of December 31, 2009.

<table>
<thead>
<tr>
<th>Name and Province of Residence</th>
<th>Position and Principal Occupation</th>
<th>Number of Units Beneficially Owned</th>
<th>Number of Restricted Units Beneficially Owned</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marc P. Tellier, Québec, Canada</td>
<td>President and Chief Executive Officer, Yellow Pages Group Co.</td>
<td>277,445</td>
<td>931,733</td>
</tr>
<tr>
<td>Christian M. Paupe, Québec, Canada</td>
<td>Executive Vice-President — Corporate Services and Chief Financial Officer, Yellow Pages Group Co.</td>
<td>353,000</td>
<td>375,028</td>
</tr>
<tr>
<td>Paul E. Batchelor, British Columbia, Canada</td>
<td>Vice-President – Sales, Alberta and British Columbia, Yellow Pages Group Co.</td>
<td>10,153</td>
<td>64,832</td>
</tr>
</tbody>
</table>

3 At target achievement levels. Refer to the Company’s Proxy Circular for more information on the Restricted Units held under the Company's Restricted Unit Plan.
<table>
<thead>
<tr>
<th>Name and Province of Residence</th>
<th>Position and Principal Occupation</th>
<th>Number of Units Beneficially Owned</th>
<th>Number of Restricted Units Beneficially Owned</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jamie Blundell, Ontario, Canada</td>
<td>Vice-President, Operations, Trader Corporation</td>
<td>3,604</td>
<td>62,088</td>
</tr>
<tr>
<td>Helena Cain, New Brunswick, Canada</td>
<td>Senior Vice-President, Sales, Yellow Pages Group Co.</td>
<td>Nil</td>
<td>89,873</td>
</tr>
<tr>
<td>Douglas A. Clarke, Ontario, Canada</td>
<td>President, Trader Corporation</td>
<td>6,251</td>
<td>122,340</td>
</tr>
<tr>
<td>Josée Dubuc, Québec, Canada</td>
<td>Chief Talent Officer, Yellow Pages Group Co.</td>
<td>96,141</td>
<td>115,106</td>
</tr>
<tr>
<td>Nicolas Gaudreau, Québec, Canada</td>
<td>Vice President, Digital Media, Yellow Pages Group Co.</td>
<td>634</td>
<td>42,362</td>
</tr>
<tr>
<td>David Gilbert, Georgia, USA</td>
<td>Vice-President, Your Community PhoneBook Sales, YPG Directories, LLC</td>
<td>Nil</td>
<td>39,751</td>
</tr>
<tr>
<td>Jeff Knisley, Ontario, Canada</td>
<td>Vice-President, Commercial Sales, Automotive &amp; Generalist Trader Corporation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Jacky Hill, Ontario, Canada</td>
<td>Vice-President, National Real Estate, Trader Corporation</td>
<td>2,424</td>
<td>6,558</td>
</tr>
<tr>
<td>Paul Lalonde, Québec, Canada</td>
<td>Vice-President and General Manager – Sales, Central Region, and Atlantic Canada, Yellow Pages Group Co.</td>
<td>2,313</td>
<td>Nil</td>
</tr>
<tr>
<td>Lise Lavoie, Québec, Canada</td>
<td>Vice-President, Sales Québec and Atlantic, Canada</td>
<td>11,811</td>
<td>45,688</td>
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<tr>
<td>Nicolas Lavoie, Québec, Canada</td>
<td>Chief Financial Officer, Trader Corporation</td>
<td>9,617</td>
<td>68,010</td>
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<tr>
<td>Geneviève LeBrun, Québec, Canada</td>
<td>Vice-President — Marketing, Trader Corporation</td>
<td>93,162</td>
<td>77,135</td>
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<tr>
<td>Linda McFarlane, Ontario, Canada</td>
<td>Vice-President, Sales Support, Yellow Pages Group Co.</td>
<td>8,407</td>
<td>54,648</td>
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<tr>
<td>Ginette Maillé, Québec, Canada</td>
<td>Chief Accounting Officer, Yellow Pages Group Co.</td>
<td>33,001</td>
<td>108,675</td>
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<tr>
<td>Name and Province of Residence</td>
<td>Position and Principal Occupation</td>
<td>Number of Units Beneficially Owned</td>
<td>Number of Restricted Units Beneficially Owned</td>
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<tr>
<td>-------------------------------</td>
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<td>-----------------------------------------------</td>
</tr>
<tr>
<td>Stéphane Marceau</td>
<td>Chief Marketing Officer,</td>
<td>2,055</td>
<td>80,545</td>
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<tr>
<td>Québec, Canada</td>
<td>Yellow Pages Group Co.</td>
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<tr>
<td>Barbara E. Oberleitner</td>
<td>Vice-President and Treasurer,</td>
<td>7,132</td>
<td>50,198</td>
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<tr>
<td>Québec, Canada</td>
<td>Yellow Pages Group Co.</td>
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<td>Stephen Port</td>
<td>Vice-President – Corporate</td>
<td>10,049</td>
<td>81,922</td>
</tr>
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<td>Québec, Canada</td>
<td>Performance, Yellow Pages Group</td>
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<tr>
<td></td>
<td>Co.</td>
<td></td>
<td></td>
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<tr>
<td>Yvan Proteau</td>
<td>Chief Information Officer,</td>
<td>68,412</td>
<td>87,330</td>
</tr>
<tr>
<td>Québec, Canada</td>
<td>Yellow Pages Group Co.</td>
<td></td>
<td></td>
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<tr>
<td>François D. Ramsay</td>
<td>Senior Vice-President — General</td>
<td>66,507</td>
<td>134,223</td>
</tr>
<tr>
<td>Québec, Canada</td>
<td>Counsel and Secretary, Yellow</td>
<td></td>
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<tr>
<td></td>
<td>Pages Group Co. and Secretary of</td>
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<td></td>
<td>the Fund</td>
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<tr>
<td>D. Lorne Richmond</td>
<td>Vice-President — Supply Chain &amp;</td>
<td>71,951</td>
<td>87,329</td>
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<tr>
<td>Ontario, Canada</td>
<td>Logistics, Yellow Pages Group</td>
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<td></td>
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<tr>
<td></td>
<td>Co.</td>
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<td></td>
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<tr>
<td>Greg Shearer</td>
<td>Vice-President, Business Solutions</td>
<td>Nil</td>
<td>39,751</td>
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<tr>
<td>Pennsylvania, USA</td>
<td>Yellow Pages Group, LLC</td>
<td></td>
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<tr>
<td>Normand Théberge</td>
<td>Vice-President, Business</td>
<td>321</td>
<td>50,617</td>
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<tr>
<td>Québec, Canada</td>
<td>Development, Trader Corporation</td>
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<tr>
<td>Edward D. Valentine</td>
<td>Vice-President, Publishing</td>
<td>6,260</td>
<td>39,751</td>
</tr>
<tr>
<td>Pennsylvania, USA</td>
<td>Yellow Pages Group, LLC</td>
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<tr>
<td>Daniel Verret</td>
<td>Vice-President, Controller,</td>
<td>34,355</td>
<td>50,049</td>
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<tr>
<td>Québec, Canada</td>
<td>Yellow Pages Group Co.</td>
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</table>

**Biographies**

The following are brief profiles of the current officers of Yellow Pages Group Co., Trader, YPG Directories, LLC and Yellow Pages Group, LLC, as the case may be.

**Marc P. Tellier** has been President and Chief Executive Officer of the Company and its predecessors since October 2001. Prior to joining Yellow Pages Group Co., Mr. Tellier was an officer of Bell Canada and served as Senior Vice President – Partnership Development. Mr. Tellier also served as President and Chief Executive Officer of Sympatico Lycos Inc. Mr. Tellier began his career at Bell Canada in 1990. Mr. Tellier is a year 2000 alumnus of Canada’s Top 40 under 40™. Mr. Tellier serves on the Board of Directors of the Yellow Pages Association, Yellow Media Inc. and is a director of National Bank of Canada. Mr. Tellier holds a Bachelor of Economics degree from the University of Ottawa.
Christian M. Paupe joined the Company as Executive Vice-President, Corporate Services and Chief Financial Officer in April 2003. Before joining the Company, Mr. Paupe was Executive Vice-President, Chief Administrative Officer and Chief Financial Officer at Quebecor World Inc. from 1999 to 2003. He has also held senior executive positions at a number of other major Canadian corporations. Mr. Paupe has acted as a director and officer for a number of businesses in Canada, the United States and South America. Mr. Paupe received his MBA from Harvard Business School.

Paul E. Batchelor was appointed Vice-President – Sales, Alberta & British Columbia in May 2007. He has been with the Company and its predecessors since January 1986 and prior to his current appointment, he was Acting Vice-President – Sales, Alberta & British Columbia from September 2006 to May 2007. Prior to September 2006, he was the General Manager for Aliant Directory Services, formerly the incumbent directories publisher for Atlantic Canada. Mr. Batchelor has held a number of key positions with the Company’s predecessor entities, Tele-Direct, Bell ActiMedia and the Caribbean Publishing Company in Canada, USA and the Caribbean.

Jamie Blundell is Vice-President, Operations at Trader since June 2006. He was previously Director, Manufacturing of the Company from October 2003 to June 2006. Prior to joining Trader and the Company, he held a number of senior management positions at Quebecor World Inc., where he last served as Vice-President, Business Development. Mr. Blundell earned an Executive MBA from the Queen’s School of Business in 2000, and has a Bachelor of Arts in Economics from the University of Western Ontario.

Helena Cain joined Yellow Pages Group Co. as Senior Vice-President Sales on October 26th, 2009. In addition to being a recipient of the prestigious Canada’s Top 40 Under 40, and holding various sales & marketing leadership positions from 1986 to 2009, Helena was also Vice-President – Enterprise & SMB Sales for Bell Aliant and xwave from 2006-2009.

Douglas A. Clarke has been with the Company and its predecessors since 1991. Mr. Clarke was appointed President of Trader in February 2006. Mr. Clarke is responsible for revenues in all of Trader’s online properties and print publications. Prior to this appointment, Mr. Clarke was Director – Sales, General Business, Ontario of Yellow Pages Group Co.

Josée Dubuc joined the Company as Vice-President - Human Resources in March 2003 and was appointed Chief Talent Officer in August 2009. Prior to joining the Company, Ms. Dubuc worked in various capacities within the BCE group of companies between July 2000 and November 2002. Most recently, Ms. Dubuc served as Senior Director of Human Resources at Bell Mobility, where she was responsible for business development and human capital strategies, as well as Bell Mobility’s expansion into Western Canada. Ms. Dubuc was awarded Canada’s Top 40 under 40TM award in 2005.

Nicolas Gaudreau joined Yellow Pages Group Co. as Vice-President, Digital Media in September 2009. Prior to joining Yellow Pages Group Co., Mr. Gaudreau was Vice President and General Manager of Nurun, a global interactive advertising agency and held a number of senior executive positions with Bell Canada, including Vice-President, Interactive marketing, Vice-President Marketing Quebec and Vice-President - Marketing Product Management. Mr. Gaudreau holds a Bachelor’s degree in Electrical Engineering with a specialization in telecommunications from McGill University and a Masters degree in Business Administration from the European Institute of Business Administration (INSEAD).

David Gilbert is the Vice-President of Sales for Your Community PhoneBook, YPG Directories, LLC. Mr. Gilbert began his career in the directory industry in 1984 with Bell South Advertising & Publishing. In 1995, he co-founded Neighborhood Yellow Pages Company, which Mr. Gilbert sold to Volt Information Sciences, Inc. in 1998. At Volt, Mr. Gilbert initially served as the Director of Sales, Southern Region. From 2000 through 2008, Mr. Gilbert served as Chief Operating Officer for Volt Directory Services - Your Community PhoneBook. In parallel with his directory career, Mr. Gilbert served in the U.S. Army for 30 years, retiring in 2006 at the rank of Colonel, U.S. Army (Reserve), Special Forces. Mr. Gilbert holds a Bachelor's degree in Management from Auburn University and is a graduate of the U.S. Army Command and General Staff College.

Jeff Knisley joined Trader Corporation in 2007 as General Manager Sales, Central Canada & U.S. and was appointed to his current role as Vice-President, Commercial Sales, Automotive and Generalist in January 2010. Prior to joining Trader, Mr. Knisley was Vice President of Sales – Business Development, Freight Services and
Northern Border Solutions at UPS Supply Chain Solutions, a division of UPS. Mr. Knisley also held a number of management positions with Purolator Courier Ltd. and Midland Transportation; which is a division of the Irving group of Companies.

**Jacky Hill** joined Trader Corporation’s predecessor company in 1990 and was appointed to her current role as Vice President, Real Estate National in June 2008. Prior to joining Trader, Ms. Hill was Vice President of Sales and Marketing for IMC Inc., a large privately owned publishing company. Ms. Hill has won several industry awards in Ontario for her leadership in sales and marketing, including the Ontario Home Builders’ Associations’ Sales and Marketing Person of the Year in 2009 and the esteemed Riley Brethour award from BILD which honours outstanding leadership in the industry and the community.

**Paul Lalonde** was appointed Vice-President and General Manager - Sales, Central Region in December 2009. Previous to his current assignment, Mr. Lalonde held the position of Vice-President - Sales, Quebec and Atlantic Canada from 2005 to 2009. Mr. Lalonde joined the Company in 1987 and prior to his current position, was general manager of Alion Directory Services, formerly the incumbent directories publisher in Atlantic Canada. Mr. Lalonde has also held other key positions with the Company’s predecessor entities, Tele-Direct and Bell Actimedia, in Canada and abroad.

**Lise Lavoie** was appointed Vice President – Sales, Québec and Atlantic Canada in August 2009. Ms. Lavoie first joined Yellow Pages Group’s predecessor company in 1986 as a telephone sales consultant and in 1999 she was promoted as Sales Director. Ms. Lavoie brings more than 20 years of sales experience to her current position.

**Nicolas Lavoie** was appointed Chief Financial Officer of Trader in May 2009. Mr. Lavoie joined the Company in November 2004 and occupied a number of positions in the finance area, more recently as Vice-President Finance and Treasurer of the Company since February 2007. Between 1998 and 2004, Mr. Lavoie held several positions in the finance and treasury groups at Quebecor World Inc., where he last served as Assistant Treasurer. Mr. Lavoie holds the Chartered Financial Analyst designation and is a member of the *Ordre des CGA du Québec*.

**Geneviève LeBrun** has been with the Company and its predecessors since 1995. Ms. LeBrun was appointed Vice-President — Marketing of Trader in May 2006. She had been Vice-President – Marketing of Yellow Pages Group Co. since 2003 where she participated in launching print and online bundles, rejuvenating the Yellow Pages brand and oversaw the alignment of the sales organization with customer segments.

**Linda McFarlane** was appointed Vice-President, Sales Support of Yellow Pages Group Co. in September 2008. Prior to Ms. McFarlane’s current role, Ms. McFarlane served as Director of Operations for the Ontario region. In 2006, Ms. McFarlane played an instrumental role in the implementation of one of Yellow Pages Group Co.’s first Centres of Excellence for National Publishing. Ms. McFarlane has held a series of management positions within the Operations division of Yellow Pages Group Co. and its predecessor companies, Bell Actimedia and TeleDirect. Ms. McFarlane has extensive knowledge of Yellow Pages Group Co.’s business having also worked in the human resources, training, and IS/IT divisions. Ms. McFarlane is recognized as a strong leader, with a focus on delivering results while modeling Yellow Pages Group Co.’s values of teamwork, respect and open communication.

**Ginette Maillé** joined the Company in September 2003 as Vice-President, Chief Accounting Officer. Between 1995 and 2001, Ms. Maillé served as Assistant Controller and then as Vice-President and Corporate Controller at Telesystem International Wireless Inc. Ms. Maillé also held two executive positions at Essentus Inc., a software company, from 1997 to 1999 and in the manufacturing industry at Unican Security Systems Ltd. from 1988 to 1995. Ms. Maillé is a member of the *Ordre des comptables agréés du Québec*.

**Stéphane Marceau** joined Yellow Pages Group in July 2009 as Chief Marketing Officer. Prior to joining the Yellow Pages Group Co., Mr. Marceau had co-founded and was CEO of Theralive, a company specialized in mobile health applications and services and had co-founded and was CEO of Mobivox, a global mobile platform. In addition, Mr. Marceau served as Vice President with Bell Canada where he built and grew several new business lines, including Bell Interactive, the company’s e-commerce group. Mr. Marceau holds a Master’s in Management
Barbara E. Oberleitner was appointed Vice President and Treasurer in May 2009. Prior to her appointment Ms. Oberleitner was appointed Chief Compliance Officer of the Company in December 2006. Ms. Oberleitner joined the Company in November 2004 as Senior Tax Advisor and then held the position of Director – Taxation. Prior to joining the Company, Ms. Oberleitner had been Director, Taxation, at Quebecor World Inc. since 2002. Ms. Oberleitner is a member of the Ordre des comptables agréés du Québec.

Stephen Port was appointed Vice-President, Corporate Performance in February 2007. Mr. Port first joined the Company in June 2002 as Director, Corporate Planning. Mr. Port has also held several positions in the finance functions of both private and public sector organizations. Mr. Port has an MBA and is a member of the Ordre des CGA du Québec.

Yvan Proteau joined the Company as Chief Information Officer in March 2003. Prior to joining the Company, Mr. Proteau acted as Director, Program Support Office, VCM Program for Bombardier Transportation Europe from October 2002 to March 2003, and as Director, Information System and Telecom for Bombardier Recreational Products Canada, US and Europe from July 2000 to October 2002.

François D. Ramsay joined the Company as Vice-President, General Counsel and Secretary in March 2003 and was appointed Senior Vice-President, General Counsel and Secretary in August 2008. Mr. Ramsay is a lawyer and a member of the Québec Bar Association. Between October 2001 and February 2003, Mr. Ramsay was Vice-President, General Counsel and Corporate Secretary of Gildan Activewear Inc. Between 1994 and 2000, Mr. Ramsay held different positions at Le Groupe Vidéotron Ltée, where he last served as Vice-President, Legal Affairs and Secretary.

D. Lorne Richmond was appointed as Vice-President, Supply Chain & Logistics in September 2008. Mr. Richmond has been the Company’s Vice-President – Operations since 1997 and has been with the Company and its predecessors since 1988. Prior to his current position, Mr. Richmond had worked within the BCE group of companies, as Director – Manufacturing and Contract Administration.

Greg Shearer is Vice-President, Business Solutions of Yellow Pages Group, LLC since September 2008. Before joining Yellow Pages Group, LLC, Mr. Shearer served as Vice-President, Sales of Volt Directory Systems/Services. In this role, he was responsible for developing new revenue streams by developing business solutions for directory publishers worldwide. This led to the creation of a suite of world class systems and positioned Volt as a leader in the directory software industry. Mr. Shearer also served as Division Manager of Volt and was responsible for technical and commercial publication systems and services. During this time, he served on the Society of Automotive Engineers J2008 Committee. This committee was responsible for developing an industry data exchange standard for automotive manufacturers and service providers to better facilitate the repair and maintenance of vehicles under the guidelines of the U.S. Clean Air Act. Mr. Shearer is active in the Yellow Pages Industry Association, serving on several committees and working with publishers, advertisers, Certified Marketing Representatives and other system providers.

Normand Théberge was appointed Vice-President Business Development at Trader in February 2009. Prior to his current role, Mr. Théberge was Director, Business Development at Yellow Pages Group Co. since 2007. Preceding his joining the Company, Mr. Théberge held several executive roles with Cognicase, including Chief Technology Officer responsible for the company’s outsourcing and consulting divisions and the integration strategy of acquisitions. With his vast experience, Mr. Théberge is a recognized leader, an innovator and an expert in the delivery of strategic initiatives in multiple domains.

Edward D. Valentine is Vice-President, Publishing of Yellow Pages Group, LLC since September 2008. Prior to joining Yellow Pages Group, LLC, he served as Vice-President, Directories division of Volt Information Sciences, Inc. In this role, Mr. Valentine was involved in the design and implementation of new business solutions for Yellow Pages Group Co., which was one of his clients at the time. Mr. Valentine was responsible for the sales operations and directory distribution for Your Community PhoneBook, serving more than 150 U.S. markets. Mr. Valentine also held various positions within Volt’s west coast operations where he worked with many of the
Bell operating companies and independent publishers in the U.S. In the late 1980s, Mr. Valentine played an instrumental role in the creation and management of Pacific Volt Systems/Services, a joint venture between Volt and Pacific Bell Directory. Mr. Valentine has built a strong reputation based on his creativity and strong analytical skills as well as his ability to reengineer business processes and successfully implement operational best practices.

Daniel Verret was appointed Vice President and Corporate Controller in August 2009. Prior to his appointment, Mr. Verret served as Director of Finance and Corporate Controller from August 2003 and has been part of Yellow Pages Group Co. and its predecessor companies since 2001. Mr. Verret played an instrumental role in Yellow Pages Group Co.’s leveraged buyout in 2002, the largest transaction of its kind in Canadian history at the time, and the company’s initial public offering in 2003, the largest income trust IPO in Canadian history. Mr. Verret is a member of the Ordre des comptables agréés du Québec.

As of December 31, 2009, the trustees of the Fund and the Trust and the directors and officers of the Company, as a group, beneficially owned or exercised control or direction over, directly or indirectly, 1,556,841 Units, which represents approximately 0.31% of the outstanding Units of the Fund.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

To the knowledge of the Fund, no trustee of the Fund or the Trust or executive officer of the Company is, as at the date of the Annual Information Form, or was, within 10 years before the date of the Annual Information Form, a director, chief executive officer or chief financial officer of any company that, (a) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days (an "Order") that was issued while the trustee or executive officer of the Company was acting in the capacity as director, chief executive officer or chief financial officer; or (b) was subject to an Order that was issued after the trustee or executive officer of the Company ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

To the knowledge of the Fund, no trustee of the Fund or the Trust or executive officer of the Company or a Unitholder holding a sufficient number of securities of the Fund to affect materially the control of the Fund, (a) is, as at the date of the Annual Information Form, or has been within the 10 years before the date of the Annual Information Form, a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (b) has, within the 10 years before the date of this Annual Information Form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or Unitholder of the Company, except for:

Michael T. Boychuk, who, until April 23, 2002, was Chief Financial Officer of Teleglobe Inc. and director or executive officer of various wholly-owned subsidiaries of Teleglobe Inc. Teleglobe Inc. filed for court protection under insolvency statutes on May 15, 2002 while certain of its various wholly-owned subsidiaries filed for court protection under insolvency statutes on May 28, 2002; and

Paul Gobeil, who, until November 12, 2001, served on the board of BridgePoint International Inc. and its wholly-owned subsidiary BridgePoint International (Canada) Inc. BridgePoint International (Canada) Inc. filed a proposal with its creditors on January 25, 2002. The TSX suspended trading on the shares of BridgePoint International (Canada) Inc. on January 31, 2002 for failure to meet the listing requirements of the TSX shares of BridgePoint International (Canada) Inc. were delisted from the TSX at the close of business on January 31, 2003.

Conflicts of Interests

Except as disclosed below and elsewhere herein, no trustee of the Fund or the Trust, or director or senior officer of the Company or other insider of the Company, nor any associate or affiliate of the foregoing persons has any
substantial interest, direct or indirect, in any material transaction since the commencement of the Fund’s last financial year.

PROMOTER

Yellow Pages Group Co. could, at the time of the Initial Public Offering, have been considered a promoter of the Fund by reason of its initiative in organizing the business and affairs of the Fund.

INTEREST OF EXPERTS

Deloitte & Touche LLP are the independent auditors of the Fund.

MATERIAL CONTRACTS

Except for those contracts entered into in the ordinary course of business of the Company and the Fund, the Company and/or the Fund, as the case may be, have entered into the following material contracts within the year ended December 31, 2009 or before such year but which are still in effect:

- the Fund Declaration of Trust (see "Corporate Structure – Name and Incorporation" and "Description of the Fund");
- the Trust Declaration of Trust (see "Corporate Structure – Name and Incorporation");
- the YPG LP Partnership Agreement (see "Corporate Structure – Name and Incorporation");
- the credit agreements entered into in connection with the Revolving Facility and the Non-Revolving Facility (see "Business of the Company – Debt Financing – Credit Facilities and Commercial Paper Program");
- the credit agreement entered into in connection with the CDPQ Private Facility (see "Business of the Company – Debt Financing – Credit Facilities and Commercial Paper Program");
- the trust indenture pertaining to the MTN Program (see "Business of the Company – Debt Financing – MTN Program");
- the trust indenture pertaining to the Exchangeable Debentures (see "Business of the Company – Debt Financing – Exchangeable Unsecured Subordinated Debentures"); and
- the Exchange Agreement pertaining to the Exchangeable Debentures (see "Business of the Company – Debt Financing – Exchangeable Unsecured Subordinated Debentures");

ADDITIONAL INFORMATION

Additional information relating to the Fund may be found on SEDAR at www.sedar.com.

Additional information, including trustees’, directors’ and officers’ remuneration and indebtedness, principal holders of the Fund’s securities and securities authorized for issuance under equity compensation plans is contained in the Fund’s information circular for its most recent annual meeting of Unitholders of the Fund. Additional financial information is provided in the Fund’s financial statements and management’s discussion and analysis for the year ended December 31, 2009.

The Fund will, upon request to the Secretary of the Company, 16 Place du Commerce, Île des Soeurs, Verdun, Québec, H3E 2A5, provide to any person or company, the documents specified below:
when the Company is in the course of a distribution of its securities under a short form prospectus, or has filed a preliminary short form prospectus in respect of a proposed distribution of its securities:

(i) one copy of the Fund’s latest annual information form, together with one copy of any document or the pertinent pages of any document, incorporated therein by reference;

(ii) one copy of the comparative Consolidated Financial Statements of the Fund for the most recently completed financial year for which financial statements have been filed, together with the Auditors’ Report thereon, and one copy of any interim financial statements of the Fund for any period after its most recently completed financial year;

(iii) one copy of the information circular of the Fund in respect of its most recent annual meeting of unitholders that involved the election of trustees or one copy of any annual filing prepared instead of that information circular, as appropriate; and

(iv) one copy of any other documents that are incorporated by reference into the preliminary short form prospectus or the short form prospectus and are not required to be provided under subparagraphs (i) to (iii); or

(b) at any other time, the Company shall provide to any person or company one copy of any of the documents referred to in subparagraphs (a) (i), (ii) and (iii) above, provided that the Company may require the payment of a reasonable charge if the request is made by a person or company who is not a holder of the Fund’s securities.
SCHEDULE A

CHARTER of the AUDIT COMMITTEE
(the “Committee”)
of the BOARD OF DIRECTORS of
YPG GENERAL PARTNER INC., as general partner of YPG LP

AUTHORITY

The primary responsibility for the financial reporting, accounting systems and internal controls of Yellow Pages Income Fund, YPG Trust, YPG LP and YPG General Partner Inc. (collectively the “Corporation”) is vested in senior management and is overseen by the Board of Directors (the “Board”). The Committee is a standing committee of the Board established to assist the Board in fulfilling its responsibilities in this regard.

The Committee shall have unrestricted access to the Corporation’s personnel, documents and external auditors and will be provided with the resources necessary to carry out its responsibilities. In carrying out its mandate, the Committee’s review of the various activities of the Corporation shall include such investigation, analysis and approval of such activities as it may consider necessary. The Committee may engage outside advisors at the expense of the Corporation in order to assist the Committee in the performance of its duties and set and pay the compensation for such advisors.

Nothing contained in this mandate is intended to expand applicable standards of liability under statutory or regulatory requirements for the directors of the Corporation or the members of the Committee. Even though the Committee has a specific mandate, it does not have the obligation to act as auditors or to perform audits, or to determine that the Corporation’s financial statements are complete and accurate.

Members of the Committee are entitled to rely, absent knowledge to the contrary, on (i) the integrity of the persons and organizations from whom they receive information, (ii) the accuracy and completeness of the information provided, and (iii) representations made by management as to the non-audit services provided to the Corporation by the external auditors. The Committee’s oversight responsibilities are not established to provide an independent basis to determine that (i) management has maintained appropriate accounting and financial reporting principles or appropriate internal controls and procedures, or (ii) the Corporation’s financial statements have been prepared in accordance with generally accepted accounting principles and, if applicable, audited in accordance with generally accepted accounting standards.

STRUCTURE

1. The Committee shall be composed of at least three directors of the Corporation, all of whom are independent (as defined under applicable securities laws). Membership on the Committee shall be automatically terminated as such time as a member ceases to be independent.

2. Each member must be financially literate, as such term is defined in Canadian Securities Legislation.

3. No member of the Committee may serve on the Committee of more than three public companies, including the Corporation, unless the Board determines that such simultaneous service would not impair the ability of such member to effectively serve on the Committee.

4. No member of the Committee shall receive compensation in his or her personal capacity other than director’s fees for service as a director of the Corporation, including reasonable compensation for serving of the Committee and regular benefits that other directors receive in that capacity.
5. The Chairman and the members of the Committee shall be appointed and removed by resolution of the Board, having considered the recommendation of the Corporate Governance and Nominating Committee, to hold office from the time of their appointment until the next annual general meeting of shareholders or until their successors are so appointed. The Chairman must be appointed among the members of the Committee. The Secretary of the Corporation shall be the Secretary of the Committee. Members of the Committee may be reappointed to serve consecutive terms.

6. Vacancies at any time occurring in a Committee shall be filled by resolution of the Board, having considered the recommendation of the Corporate Governance and Nominating Committee, in accordance with the terms of the mandate.

7. The Chairman of the Committee has the following responsibilities

7.1. presiding at meetings of the Committee;

7.2. ensuring the efficiency of the Committee and that members work as a team, in an effective and productive manner;

7.3. ensuring that the Committee has the administrative support necessary to perform its work and carry out its duties; and

7.4. acting as liaison between the Committee and the Board.

8. If the Chairman and/or the Secretary of the Committee, as the case may be, is unable to act as such at a meeting, the Committee shall select one of the members to act as Chairman and/or as Secretary, as the case may be, for that meeting only.

9. The Committee shall meet at least once each quarter and may meet more often if required. Meetings of the Committee may be convened at the request of any member of the Committee, the Chairman, Chief Executive Officer of Chief Financial Officer of the Corporation. Such meetings can be held by telephone or by any other means which enables all participants to communicate with each other simultaneously.

10. At each quarterly meeting, the Committee shall meet privately and in separate, in camera sessions with (i) the management, (ii) the internal auditor; (iii) the external auditors; and (iv) with any other internal personnel or outside advisors, as needed or appropriate. At every other meeting, the Committee shall hold an in camera session.

11. Officers may attend meetings of the Committee upon invitation to assist in the discussion and examination of the matters under consideration by the Committee.

12. A quorum at meetings of the Committee shall consist of a majority of its members. All decisions and recommendations made by the Committee shall be made by a majority vote of the members present at the meeting. Each member, including the Chairman, shall only be entitled to one vote. The Chairman shall not have a casting vote.

13. The provision of the Articles and By-laws of YPG General Partner Inc. that regulate meetings and proceedings shall govern Committees meetings.

14. The Chairman shall approve the agenda for the meetings and ensure that supporting materials are properly prepared and circulated to members with sufficient time for study by Committee members prior to the meeting.
15. The minutes of the Committee meetings shall accurately record the significant discussions of and decisions made by the Committee, including all recommendations to be made by the Committee to the Board and shall be distributed to Committee members as well as to all Directors of the Corporation, with copies to the Chief Executive Officer, the Chief Financial Officer of the Corporation and the external auditors.

RESPONSIBILITIES

The Committee shall perform the duties set out in this Charter and shall perform such other duties as may be necessary or appropriate under applicable law or stock exchange rules, or as may be delegated to the Committee by the Board from time to time.

Annual Financial Information

1. Review the Corporation’s annual audited and consolidated financial statements and accompanying notes, the external auditor’s report thereon as well as related MD&A and press release and recommend their approval to the Board before they are publicly disclosed, after discussing and making inquiries into matters such as the selection of accounting policies, major accounting judgments, accruals and estimates with management and the external auditors. The Committee shall seek confirmation from management that such financial statements or financial information, together with the other financial information included in the Corporation’s annual filings, fairly present in all material respects the financial condition, results of operations and cash flows of the Corporation as of the relevant date and for the relevant periods.

2. Review with management and the external auditors the Corporation’s accounting policies, proposed material changes in securities policies or regulations, along with any changes that are proposed to be made thereto, including all critical accounting policies and practices used, any alternative treatments of financial information that have been discussed with management, the ramification of their use and the external auditors’ preferred treatment and any other material communications with management with respect thereto, and the disclosure and impact of contingencies and the reasonableness of the provisions, reserves and estimates that may have a material impact on financial reporting.

3. Review the planning and results of the external audit including:
   3.1. the auditor’s engagement letter;
   3.2. the scope of the audit, including materiality, audit reports required, areas of audit risk, timetable and deadlines;
   3.3. the post-audit management letter, if any, together with management’s response thereto; and
   3.4. the form of the audit report.

Interim Financial Statements

In conjunction with regular Board meetings:

1. Review the Corporation’s quarterly consolidated financial statements, the external auditors’ report thereon and related MD&A and press release and recommend their approval to the Board before they are publicly disclosed, after discussing and making inquiries to management and the external auditors on the preparation of such statements. The Committee shall seek confirmation from management that such financial statements or financial information, together with the other financial information included in the Corporation’s interim filings, fairly present in all material respects the financial condition, results of operations and cash flows of the Corporation as of the relevant date and for the relevant periods.

2. Review the selection of new accounting policies and major accounting judgments that arise during the quarter.
External Auditors

1. Approve all audit services provided by the external auditors engaged for the purpose of preparing or issuing an auditor’s report or related work.

2. Directly overseeing the external auditors and discussing with them the quality and not just the acceptability of the Corporation’s accounting principles, including (i) all critical accounting policies and practices used, (ii) any alternative treatments of financial information that have been discussed with management, the ramifications of their use and the treatment preferred by the external auditors, as well as (iii) any other material written communications between the Corporation and the external auditors (including any disagreement with management and the resolution thereof).

3. Recommend the auditors for appointment by the Corporation and review their qualifications, performance and independence.

4. Establish the list of non-audit services that the external auditor can provide and the list of non-audit services that the external auditors are prohibited from performing. All non-audit services must be pre-approved by the Committee or, when it is not possible or practical, by the Chairman of the Committee, and the mandates entrusted are confirmed by the Committee at its first scheduled meeting thereafter.

5. Approve the basis and amount of external auditors’ compensation and recommend same to the Board.

6. Ensure that the external auditors are always accountable directly to the Committee and the Board.

7. Review, at least annually, the qualifications, performance and independence of the external auditors. In conducting its review and evaluation, the Committee should:
   7.1. obtain and review (subject to client confidentiality guidelines) a report by the Corporation’s external auditors describing (i) the external auditors’ internal quality-control procedures; (ii) any material issues raised by the most recent internal quality-control review, or peer review, of the external auditors, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the external auditors, and any steps taken to deal with any such issues; and (iii) any information allowing to assess the auditor’s independence, and all relationships between the external auditor and the Corporation;
   7.2. ensure the rotation of the lead audit partner at least every five years; and
   7.3. confirm with any independent external auditor retained to provide audit services for any fiscal year that the lead (or coordinating) audit partner (having primary responsibility for the audit), or the audit partner responsible for reviewing the audit, has not performed audit services for the Corporation for more than the five previous fiscal years of the Corporation.

8. Set clear hiring policies for partners, employees and former partners and employees of the external auditors of the Corporation. No registered public accounting firm may provide audit services to the Corporation if the Chief Executive Officer, Chief Financial Officer, chief accounting officer, controller or equivalent officer was employed by the registered public accounting firm and participated in the audit of the Corporation within one year of the initiation of the current audit.

9. Review with the external auditors any audit problems or difficulties and management’s response thereto and resolve any disagreement between management and the external auditors regarding financial reporting.

Other Public Financial Information

1. Review the financial information contained in the Annual Information Form, Annual Report, Management Proxy Circular, prospectuses and other documents containing similar financial information and recommend their approval to the Board before their public disclosure or filing with Canadian or other applicable securities regulatory authorities.
2. From discussions with management, satisfy themselves as to the process for ensuring the reliability of other public disclosure documents that contain audited and unaudited financial information.

3. Implement adequate procedures for the review of the Corporation’s public disclosure of financial information extracted or derived from the financial statements and periodically assess the adequacy of those procedures.

**Management Information Systems and Internal Controls**

1. From discussions with and/or reports from management and reports from the internal and external auditors, review, monitor and evaluate the reliability, quality and integrity of the Corporation’s management information systems and internal controls.

2. Request the undertaking of any specific audit or any special examinations (e.g., review compliance with conflict of interest policies).

3. Review, as required, the effect of regulatory and accounting pronouncements and any other transactions which could alter, impact or otherwise materially affect the Corporation’s financial or corporate structure, including off-balance sheet items.

4. Review control weaknesses identified by the external auditors, together with management’s response thereto.

5. Review at least annually and ensure that reasonable measures are in place to ensure the monitoring of the Corporation’s risk assessment and management policies, including hedging policies through the use of financial derivative transactions.

6. Establish procedures for the receipt, retention and treatment of complaints or concerns received by the Corporation regarding accounting, internal accounting controls or auditing matters, including ensuring the confidential and anonymous submission by employees of concerns respecting questionable accounting or auditing matters.

**Internal Auditor**

1. Review and approve the appointment of the internal auditor and his/her status of independence.

2. Oversee the general functions, responsibilities and performance of the internal auditor.

3. Review and approve the budget, compensation and resources for the internal auditor.

4. Review reports prepared by the internal auditor and the internal audit plan.

5. Review and discuss with management any relevant significant recommendations that the internal auditor may have presented in its reports to the Committee and receive follow-up reports on action taken with respect to the recommendations.

**Compliance Reporting**

1. Report to the Board at least annually regarding the oversight and receipt of certificates from management confirming compliance with:

   1.1. debt covenants;

   1.2. all required withholding, deductions and remittances;

   1.3. corporate business conduct standards;
1.4. laws, regulations and rules of all Canadian securities commissions or other applicable similar regulatory authority, as well as the laws, regulations and rules of all exchanges where the Corporation’s securities are listed; and

1.5. laws and regulations covering the operation of the Corporation.

Pension Matters

1. Oversee the general administration and operation of the Yellow Pages Group Co. Pension Plan, the Trader Corporation Pension Plan (collectively the “Pension Plans”) and related fund (the “Fund”) on behalf of the Board of Directors of Yellow Pages Group Co. or Trader Corporation (collectively, the “Company Board”), having regard to the recommendations of the Pension Committee as the case may be.

2. Appoint members to a management-level committee (the “Pension Committee”) and delegate to such committee any responsibilities determined by the members of the Committee to be of an operational nature with respect to the administration and investment of the Pension Plans and the Fund, including the authority for all operational matters contemplated by the agreements related to the Pension Plans and the Fund.

3. Review changes and amendments to the Pension Plans and provide comments and/or make recommendations to the Company Board.

4. Annually review the Pension Plans’ funding objectives and provide comments and/or make recommendations to the Company Board.

5. Review actuarial valuations prepared by the actuary in relation to the Pension Plans and Fund and provide comments and/or make recommendations to the Company Board.

6. Review reports prepared by the Pension Committee, including but not limited to reports regarding the day-to-day administration of the Pension Plans, the Fund and related supervision and monitoring procedures (the "Control System"), and the investment of the Fund and provide comments and/or make recommendations to the Company Board.

7. At least annually, review the Statement of Investment Policies and Procedures (the "Investment Policy") of the Fund and provide comments and/or make recommendations to the Company Board.

8. Review all financial statements of the Fund and make recommendations to the Company Board in this regard.

9. Review the governance structure of the Pension Plans and Fund from time to time and provide comments and/or make recommendations to the Company Board.

10. Provide comments on and/or recommend the appointment (including the terms thereof and any changes thereto) and removal of any person providing services relating to the Pension Plans and Fund, including, benefit administration agents, funding agent(s), the actuary, the auditor of the Fund, investment manager(s)) (including a change to the allocation of assets managed by each such investment manager) and all other advisors.

11. On a periodic basis, as determined by the Committee, obtain assurance from the Pension Committee that (i) the Pension Plans and the Fund are administered and invested in compliance with the Pension Plans text, applicable contractual arrangements, the applicable Investment Policy and applicable law; and (ii) the Control System is adhered to and that no material non-compliance has been detected.

12. Report to the Company Board at least quarterly on the administration of the Pension Plans and Fund and the activities of the Pension Committee and the Committee relating to the Pension Plans and Fund.

Other Responsibilities

1. Review the adequacy of insurance coverage.
2. Review the adequacy of the Corporation’s financing, including terms and conditions.

3. Oversee the investigation of fraud, illegal acts or conflicts of interest and the reporting of concerns mechanism provided in the Policy on Reporting of Concerns.

4. Discuss with corporate counsel the status of any material pending or threatened litigation and the appropriateness of the disclosure thereof.

5. Review any material related party transactions.

**Reporting**

1. Report, through the chairperson, to the Board following each meeting on the significant discussions of and decisions made by the Committee; in this respect, the minutes of the Committee shall be made available and distributed to the other members of the Board.

2. Review and assess the Committee’s mandate annually and recommend changes to the Board as appropriate. The Committee shall ensure that processes are in place to annually evaluate the performance and effectiveness of the Committee in accordance with the process developed by the Board’s Corporate Governance and Nominating Committee as approved by the Board.

Approved by the Board of the Corporation on February 17, 2004.

Last Revision: November 4, 2009.