Q4

Supplemental Disclosure

Period ended December 31, 2011

As filed on Sedar on February 9, 2012 (www.sedar.com).
This report is also available at **www.ypg.com**

YellowMediaInc™

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This Supplemental Disclosure contains forward-looking statements about the objectives, strategies, financial condition, results of operations and businesses of Yellow Media Inc. These statements are considered “forward-looking” because they are based on current expectations about our business and the markets we operate in, and on various estimates and assumptions. Our actual results could be materially different from our expectations if known or unknown risks affect our business, or if our estimates or assumptions turn out to be inaccurate. As a result, we cannot guarantee that any forward-looking statements will materialize. Forward-looking statements do not take into account the effect that transactions or non-recurring items announced or occurring after the statements are made may have on our business. We disclaim any intention or obligation to update any forward-looking statements, except as required by law, even if new information becomes available through future events or for any other reason.

Risks that could cause our actual results to differ materially from our current expectations are discussed in section 6 of our February 9, 2012 Management's Discussion and Analysis. This Supplemental Disclosure shall be read in connection with the February 9, 2012 Management's Discussion and Analysis.

1. Financial Highlights - Yellow Media Inc.

(in thousands of Canadian dollars - except share information)

Yellow Media Inc. announced in late March 2011 that it had reached a definitive agreement to sell Trader Corporation. On July 28, 2011, Yellow Media Inc. closed the sale of Trader Corporation. As a result of this divestiture, the results of the disposed business have been reclassified as discontinued operations. Accordingly, results of operations for the three month period and year ended December 31, 2011 exclude the results of the disposed business while the prior periods income statement and cash flows have been restated to reflect this change.

	For the three-month periods ended December 31,		For the years ended December 31,	
	2011	**2010**	**2011**	**2010**
Revenues	**$313,315**	$345,378	**$1,328,866**	$1,401,129
Operating costs	**166,117**	184,043	**649,159**	644,021
EBITDA(1)	**147,198**	161,335	**679,707**	757,108
% Margin	**47.0%**	46.7%	**51.1%**	54.0%
Net earnings (loss) from continuing operations	**48,222**	(7,151)	**(2,708,122)**	231,786
Net loss from discontinued operations, net of income taxes(2)	**(2,930)**	(7,543)	**(120,877)**	(2,380)
Basic earnings (loss) per share attributable to common shareholders				
From continuing operations	**0.08**	(0.03)	**(5.33)**	0.42
Total	**0.08**	(0.03)	**(5.58)**	0.44
Diluted earnings (loss) per share attributable to common shareholders				
From continuing operations	**0.03**	(0.03)	**(5.33)**	0.38
Total	**0.03**	(0.03)	**(5.58)**	0.40
Cash flow from operating activities from continuing operations	**$92,964**	$153,615	**$336,573**	$569,607
Free cash flow from continuing operations(3)	**78,223**	140,219	**275,174**	529,211
Adjusted earnings from continuing operations(4)	**72,677**	82,267	**271,977**	421,180
Adjusted earnings per common share from continuing operations(4)	**0.14**	0.16	**0.53**	0.84
Payout Ratio(5)	**n.a.**	125%	**75%**	95%
Weighted average number of shares outstanding used in computing earnings (loss) per share				
Basic	**512,283,668**	502,452,392	**511,765,665**	503,111,679
Diluted	**1,563,867,396**	502,452,392	**511,765,665**	640,050,287

Note: The financial information presented herein has been prepared on the basis of International Financial Reporting Standards (IFRS). The amounts in this table for the three-month period and year ended December 31, 2010 have been restated to reflect our adoption of IFRS, effective from January 1, 2010. Please refer to Note 31 of the accompanying consolidated financial statements for a summary of the differences between our consolidated financial statements previously prepared under Canadian GAAP and those under IFRS for the year ended December 31, 2010.

(1) Income from operations before depreciation and amortization, impairment of goodwill and intangible assets, acquisition-related costs and restructuring and special charges.

(2) Please refer to note 7 of the Annual 2011 Financial Statements.

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

(4) Please refer to section 9 of this document for a reconciliation of Adjusted Earnings from continuing operations.

(5) Based on a $0.16/ common share dividend for Q1 and Q2 2011, a $0.0542/ common share dividend for July 2011 and a $0.025/ common share dividend for August and September 2011; based on a $0.80/ common share annual dividend for 2010.

2. Operational Key Performance Indicators

Excluding contribution of Canpages

Advertiser Count

Advertiser Count is the number of unique customers advertising through one of our properties during the reporting period.

(in thousands)	Q1	Q2	Q3	Q4
2011	**358**	**354**	**348**	**340**
2010	377	371	368	365

Revenue Generating Units per Advertiser

RGU measures the number of product groups selected by advertisers. (Indicator of advertiser product portfolio)

	Q1	Q2	Q3	Q4
2011	**1.70**	**1.69**	**1.68**	**1.68**
2010	1.70	1.70	1.70	1.70

Client Renewal

Customers who advertised with YPG in the previous period and have renewed their advertising in the current period.

	Q1	Q2	Q3	Q4
2011	**88%**	**88%**	**87%**	**87%**
2010	88%	88%	88%	88%

Average Revenue Per Advertiser

Total Revenue of the last twelve months divided by the average advertiser base during the last twelve months.

	Q1	Q2	Q3	Q4
2011	**$3,444**	**$3,445**	**$3,441**	**$3,429**
2010	$3,467	$3,459	$3,446	$3,430

Online Revenues

(in millions)		Q1	Q2	Q3	Q4
2011	Revenues(1)	**$83.2**	**$85.9**	**$87.3**	**$89.9**
	Penetration	**65%**	**65%**	**64%**	**63%**
2010	Revenues(1)	$59.8	$64.5	$69.1	$73.6
	Penetration	64%	65%	65%	65%

Penetration: Number of YPG customers choosing to advertise online.

(1) Including contribution from Canpages and other acquired businesses since their respective acquisition dates. 2010 results have been restated to exclude discontinued operations.

Online Operational Metrics (1) (2)

(in millions)		Q1	Q2	Q3	Q4
2011	UUV	**9.5**	**9.2**	**9.4**	**9.5**
	Reach %	**38%**	**37%**	**37%**	**38%**
2010	UUV	9.8	10.6	10.5	9.7
	Reach %	40%	43%	42%	39%

UUV: Unduplicated Unique Visitors.

(1) Source: comScore Media Metrix Canada.

(2) Including contribution from Canpages and other acquired businesses since their respective acquisition dates. Figures for the month of December 2011 exclude the contribution of LesPAC. 2010 results have been restated to exclude discontinued operations.

3. Operating Cost and Capital Expenditure Details

(in thousands of Canadian dollars)

	For the three-month periods ended December 31,				For the years ended December 31,			
	2011		**2010**		**2011**		**2010**	
Revenues	**$313,315**		$345,378		**$1,328,866**		$1,401,129	
Expenses								
Cost of Sales	**103,938**	33.2%	92,523	26.8%	**392,485**	29.5%	364,962	26.0%
General and Administrative [(1)]	**62,179**	19.8%	91,519	26.5%	**256,674**	19.3%	279,056	19.9%
EBITDA	**$147,198**		$161,335		**$679,707**		$757,108	
Acquisition of Property, Plant, Equipment and Intangible Assets, Net of Lease Inducements								
Sustaining Capital Expenditures [(2)]	**7,117**		3,904		**29,619**		13,699	
Transition Capital Expenditures [(3)]	**933**		2,738		**5,004**		9,011	
Growth Capital Expenditures [(4)]	**9,401**		8,392		**34,260**		19,926	
Total	**$17,451**		$15,034		**$68,883**		$42,636	
Adjustment to Reflect Expenditures on a Cash Basis	**(2,710)**		(1,638)		**(7,484)**		(2,240)	
Acquisition of Property, Plant, Equipment and Intangible Assets, Net of Lease Inducements	**$14,741**		$13,396		**$61,399**		$40,396	

Note: The financial information presented herein has been prepared on the basis of International Financial Reporting Standards (IFRS). The amounts in this table for the three-month period and year ended December 31, 2010 have been restated to reflect our adoption of IFRS, effective from January 1, 2010. Please refer to Note 31 of the accompanying consolidated financial statements for a summary of the differences between our consolidated financial statements previously prepared under Canadian GAAP and those under IFRS for the year ended December 31, 2010.

(1) Includes pension and post-employment expenses.

(2) Sustaining capital expenditures are related to ongoing operations to maintain the integrity of the infrastructure.

(3) Transition capital expenditures represent funds set aside as pre-funded capital for purposes of integrating acquired businesses.

(4) Growth capital expenditures are related to new initiatives.

4. Consolidated Capitalization

(in millions of Canadian dollars)

Reported Basis	**December 31, 2011**	**September 30, 2011**	**June 30, 2011**	**March 31, 2011**	**Dec. 31, 2010**
Medium Term Notes	$1,404	$1,404	$1,641	$1,655	$1,656
Credit Facilities	205	266	636	250	250
Commercial Paper	-	35	108	263	295
Obligations Under Finance Leases and Other	4	4	5	6	21
Total Third-Party Debt	**1,613**	**1,709**	**2,390**	**2,174**	**2,222**
Cash	84	52	71	34	69
Total Net Third-Party Debt	**$1,529**	**$1,657**	**$2,320**	**$2,140**	**$2,153**
Exchangeable and Convertible Debt Instruments	184	184	183	285	319
Preferred Shares, Series 1 and 2	399	398	417	447	447
Equity Attributable to Shareholders	2,084	2,122	4,990	5,139	5,216
Non-Controlling Interests [1]	1	1	54	50	53
Total Capitalization	**$4,197**	**$4,362**	**$7,963**	**$8,062**	**$8,187**
Average Interest Rate on Debt at Period End	6.2%	6.1%	5.5%	5.4%	5.4%
EBITDA / Annualized Interest Charges [2]	5.8x	6.1x	5.8x	6.7x	6.8x
Net Debt / EBITDA [2]	2.5x	2.5x	2.9x	2.6x	2.6x
Net Debt / Equity Attributable to Shareholders	0.8x	0.9x	0.5x	0.4x	0.4x

(1) Represents non-controlling interest relating to Mediative LP.

(2) Net Debt includes Convertible Debentures; latest Twelve Month EBITDA represents latest twelve month income from operations before depreciation and amortization, impairment of goodwill and intangible assets, acquisition-related costs, conversion and rebranding costs of 2010 and restructuring and special charges, giving effect to the acquisitions and divestitures.

5. Preferred Shares

(in millions of Canadian dollars)

- As of December 31, 2011, Yellow Media Inc. had five series of preferred shares outstanding:

	Principal Amount Outstanding	Structure	Rate	Maturity
Series 1	$251.1	Fixed Rate	4.25%	December 31, 2012 (1)
Series 2	$151.6	Fixed Rate	5.00%	June 30, 2017 (1)
Series 3	$203.0	5-yr Rate Reset	6.75%	Perpetual
Series 5	$123.0	5-yr Rate Reset	6.90%	Perpetual
Series 7	$2.9	Fixed Rate	5.00%	Perpetual

Instruments Features

- ***Cumulative Redeemable Preferred Shares, Series 1 & 2 (2)***
  - The Preferred Shares Series 1 are redeemable by the issuer at a decreasing premium for cash on or after March 31, 2012, or by the issuance of shares of Yellow Media Inc. between March 31, 2012 and December 31, 2012. The Preferred Shares Series 1 are also retractable for cash at the holder's option on or after December 31, 2012.
  - Pursuant to the amendments to Yellow Media Inc.'s credit facility dated September 28, 2011, the Company has agreed not to exercise its right to redeem its Preferred Shares Series 1 for cash. However, the Company retains its right to exchange the Preferred Shares Series 1 for common shares of Yellow Media Inc. at any time on or after March 31, 2012 and prior to December 31, 2012 in accordance with the terms of the Preferred Shares Series 1, at a conversion price equal to the greater of $2.00 and 95% of the then applicable weighted average trading price of the common shares. See the section "Cumulative Redeemable Preferred Shares" of our MD&A dated February 9, 2012.
  - The Preferred Shares Series 2 are redeemable by the issuer at a decreasing premium for cash on or after June 30, 2012, or by the issuance of shares of Yellow Media Inc. between June 30, 2012 and June 30, 2017. The Preferred Shares Series 2 are also retractable for cash at the holder's option on or after June 30, 2017.
- ***Rate Reset Preferred Shares, Series 3 & 5 (3)***
  - The Preferred Shares Series 3 dividend rate will be reset on September 30, 2014 and every five years thereafter at a rate equal to the 5-year Government of Canada bond yield plus 4.17%. The Series 3 Preferred Shares will be redeemable by the issuer on or after September 30, 2014. Holders of the Series 3 Preferred Shares will have the right to convert their shares into cumulative floating rate preferred shares, Series 4, on September 30, 2014 and on September 30 every five years thereafter. Holders of the Series 4 Preferred Shares will be entitled to receive cumulative quarterly floating dividends at a rate equal to the three-month Government of Canada Treasury Bill yield plus 4.17%. The Series 3 & 5 shares are included in equity attributable to shareholders.
  - The Preferred Shares Series 5 dividend rate will be reset on June 30, 2015 and every five years thereafter at a rate equal to the 5-year Government of Canada bond yield plus 4.26%. The Series 5 Preferred Shares will be redeemable by the issuer on or after June 30, 2015. Holders of the Series 5 Preferred Shares will have the right to convert their shares into cumulative floating rate preferred shares, Series 6, on June 30, 2015 and on June 30 every five years thereafter. Holders of the Series 6 Preferred Shares will be entitled to receive cumulative quarterly floating dividends at a rate equal to the three-month Government of Canada Treasury Bill yield plus 4.26%. The Series 5 shares are included in equity attributable to shareholders.
- ***Cumulative Exchangeable Preferred Shares, Series 7 (3)***
  - On February 9, 2010, in connection with the acquisition of RedFlagDeals.com, Yellow Media Inc. issued 1,300,000 cumulative exchangeable first preferred shares, Series 7 at a price of $7.50 per share as payment to the vendors for the acquisition by way of a private placement. Holders of the Series 7 shares are entitled to receive fixed cumulative preferential cash dividends in an amount equal to $0.375 per Series 7 share per annum, yielding 5% per annum, payable quarterly. The Series 7 shares are exchangeable into shares of Yellow Media Inc. at the option of the holders of the Series 7 shares and at a ratio of one preferred share for one share or newly tradable security, regardless of the market price of such shares or newly tradable security of the successor company. On or after January 1, 2012, the 300,000 Series 7 shares held in escrow may be exchanged, subject to certain time-based and performance conditions. The Series 7 shares are included in equity attributable to shareholders.

(1) Date of retraction at the option of the holders.
(2) Please refer to note 16 of the Annual 2011 Financial Statements.
(3) Please refer to the Consolidated Statement of Changes in Equity of the Annual 2011 Financial Statements.

6. Credit Facilities & Liquidity Discussion

(in millions of Canadian dollars)

- As of February 9, 2012, Yellow Media Inc. had in place a senior unsecured credit facility totaling $430 million:

		Amount	Structure	Final Maturity	Use	Drawn Pricing
Credit Facility	Tranche 1	$250.0	Revolving Facility	Feb. 2013	General Corporate Purposes	BA + 3.5%
	Tranche 2	$180.0	Non-Revolving Facility	Feb. 2013	General Corporate Purposes	BA + 3.5%

- As of December 31, 2011, Yellow Media Inc. had total available liquidity of $334.2 million:

	Limit	Drawn	Available
Revolving Credit Facility[1]	$250.0	-	$250.0
Cash	-	-	84.2
TOTAL	**$250.0**	**$0.0**	**$334.2**

[1] As of February 9, 2012, $239 million was drawn on the revolving tranche of the principal credit facility.

7. Cash Interest Expense Obligations

(in thousands of Canadian dollars)

	December 31, 2011			
Debt Components	**Reported Basis**	**Notional Balances**	**Interest / Dividend Basis**	**Maturity Date**
Medium Term Notes (MTN) (1)			Fixed Rates	
4-year Notes maturing 2013 - Series 9	$130,000	$130,000	6.50%	July 10, 2013
4.5-year Notes maturing 2013 - Series 8	125,000	125,000	6.85%	December 3, 2013
10-year Notes maturing 2014 - Series 2	254,733	254,733	5.71%	April 21, 2014
5-year Notes maturing 2015 - Series 7	138,100	138,100	7.30%	February 2, 2015
10-year Notes maturing 2016 - Series 4	319,877	319,877	5.25%	February 15, 2016
15-year Notes maturing 2019 - Series 3	121,219	121,219	5.85%	November 18, 2019
10-year Notes maturing 2020 - Series 10	300,000	300,000	7.75%	March 2, 2020
30-year Notes maturing 2036 - Series 5	16,576	16,576	6.25%	February 15, 2036
Fair value adjustment of hedged item	7,964			
Deferred financing costs	(9,386)			
Convertible Debentures (2)	184,214	184,214	6.25%	October 1, 2017
Credit Facilities			BA + Margin	$250M Revolving February 18, 2013
	205,000	205,000	BA + Margin	$205M Non-Revolving February 18, 2013
Cash	(84,186)	(84,186)	Overnight/Banker's Acceptance	n.a.
Obligations Under Finance Leases	4,148	4,148		n.a.
Net Debt	**$ 1,713,259**	**$ 1,714,681**		

(1) Please refer to note 14 of the Annual 2011 Financial Statements.
(2) Value of the exchange option classified as equity on the balance sheet. Accretion not included in the cash interest expense.

8. Taxes

(in millions of Canadian dollars)

- The following table presents key income tax assumptions applicable to Yellow Media Inc.

	2012E	2013E
Cash Outflows Expected from Income Taxes	$125	$140
Effective Tax Rate Assumptions		~26%

Note: Yellow Media Inc. is subject to taxation in numerous jurisdictions. Significant judgement is required in determining the consolidated provision for taxation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Yellow Media Inc. maintains provisions for uncertain tax positions that it believes appropriately reflect its risk with respect to tax matters under active discussion, audit, dispute or appeal with tax authorities, or which are otherwise considered to involve uncertainty. These provisions for uncertain tax positions are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. Yellow Media Inc. reviews the adequacy of these provisions at each statement of financial position date. However, it is possible that at some future date an additional liability could result from audits by tax authorities. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

9. Adjusted Earnings from Continuing Operations

(in thousands of Canadian dollars - except share information)

	For the three-month periods ended December 31,		For the years ended December 31,	
	2011	**2010**	**2011**	**2010**
Net earnings (loss) from continuing operations	48,222	($7,151)	($2,708,122)	$231,786
Attributable to non-controlling interest	49	151	490	164
Dividends to preferred shareholders	(5,584)	(5,577)	(22,539)	(22,834)
Net earnings (loss) from continuing operations, available to common shareholders of Yellow Media Inc.	**42,687**	**($12,577)**	**($2,730,171)**	**$209,116**
Add:				
Amortization of Intangible Assets (1)	14,421	68,802	116,707	133,696
Impairment of Goodwill and Intangible Assets (2)	0	0	2,880,677	0
Acquisition - Related Costs (1)	151	3,551	5,582	21,433
Restructuring and Special Charges (1)	10,277	4,366	18,848	22,005
Financial Charges (1)	25,699	32,293	94,150	104,054
Interest Paid	(21,001)	(27,682)	(141,555)	(137,871)
Gain on Disposal of Subsidiary (1)	(4,478)	0	(4,478)	0
Impairment of Investment in Associate (3)	13,879	0	50,271	0
Non-Cash Income Taxes	(8,958)	13,514	(18,054)	68,747
Adjusted Earnings from Continuing Operations	**$72,677**	**$82,267**	**$271,977**	**$421,180**
Adjusted Earnings per Common Share from Continuing Operations	$0.14	$0.16	$0.53	$0.84
Weighted Average Number of Common Shares Outstanding (in Millions)	512.3	502.5	511.8	503.1

Note: The financial information presented herein has been prepared on the basis of International Financial Reporting Standards (IFRS). The amounts in this table for the three-month period and year ended December 31, 2010 have been restated to reflect our adoption of IFRS, effective from January 1, 2010. Please refer to Note 31 of the accompanying consolidated financial statements for a summary of the differences between our consolidated financial statements previously prepared under Canadian GAAP and those under IFRS for the year ended December 31, 2010.

(1) Items are net of income taxes, using the combined statutory Provincial and Federal tax rate of 27.9% (29.9% for 2010). See additional disclosure on the various adjustments in the Adjusted Earnings from Continuing Operations section in our February 9, 2012 Management's Discussion and Analysis.

(2) Net of income taxes of $19.3M.

(3) Net of income taxes of $0.2M.

10. Depreciation and Amortization

(in millions of Canadian dollars)

Over the next two years, depreciation and amortization expenses are expected to be as follows:

	2012E	2013E
Depreciation	$12	$12
Amortization	$72	$45
Depreciation and Amortization	**$84**	**$57**

11. Consensus Estimates

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

	2011 Actual	Consensus Estimates 2012			% Var Avg. '12 / Act. '11	Consensus Estimates 2013		
		Low	Average	High		Low	Average	High
Revenues	$1,328.9	$1,176.3	$1,226.5	$1,272.0	(7.7%)	$1,082.1	$1,164.0	$1,227.0
EBITDA	$679.7	$558.0	$608.5	$642.0	(10.5%)	$511.0	$554.3	$585.0
Adjusted Earnings per Share	$0.53	$0.35	$0.51	$0.62	(4.0%)	$0.46	$0.48	$0.49