

# SUPPLEMENTAL DISCLOSURE

PERIOD ENDED DECEMBER 31, 2014

## Table of Contents

1. Financial Highlights .....	2
2. Operational Key Performance Indicators .....	3
3. Operating Cost and Capital Expenditure Details .....	5
4. Consolidated Capitalization .....	6
5. Cash Interest Expense Obligations .....	7
6. Taxes - Outlook .....	8
7. Pension - Outlook .....	9
8. Capital Expenditures - Outlook .....	10

This Supplemental Disclosure contains forward-looking statements about the objectives, strategies, financial condition, results of operations and businesses of Yellow Pages Limited, formerly Yellow Media Limited. 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 12, 2015 Management's Discussion and Analysis. This Supplemental Disclosure should be read in conjunction with the February 12, 2015 Management's Discussion and Analysis.

## 1. Financial Highlights

(in thousands of Canadian dollars - except share and per share information)

	For the three-month periods ended December 31,		For the twelve-month periods ended December 31,	
	2014	2013	2014	2013
Revenues	<b>\$215,319</b>	\$237,951	<b>\$877,528</b>	\$971,761
Operating costs	<b>150,487</b>	146,698	<b>561,552</b>	555,649
EBITDA <sup>(1)</sup>	<b>64,832</b>	91,253	<b>315,976</b>	416,112
% Margin	30.1%	38.3%	36.0%	42.8%
Net earnings	<b>95,225</b>	30,964	<b>188,540</b>	176,530
Basic earnings per share attributable to common shareholders	<b>3.53</b>	1.11	<b>6.95</b>	6.34
Diluted earnings per share attributable to common shareholders	<b>2.88</b>	0.97	<b>5.81</b>	5.46
Cash flow from operating activities	<b>\$30,566</b>	\$88,444	<b>\$156,507</b>	\$340,680
Free cash flow <sup>(2)</sup>	<b>(3,869)</b>	74,150	<b>72,557</b>	274,551
Weighted average shares outstanding used in computing earnings per share				
Basic	<b>26,956,786</b>	27,619,358	<b>27,128,062</b>	27,797,170
Diluted	<b>33,650,515</b>	33,657,821	<b>33,709,338</b>	33,615,709

(1) Income from operations before depreciation and amortization and restructuring and special charges.

(2) Free cash flow is defined as cash flow from operating activities less capital expenditures, net of lease inducements.

## 2. Operational Key Performance Indicators

### Customer Count

*Number of unique customers advertising through one of our product groups as at the end of the reporting period. Figures exclude 411 Local Search Corp. ("411") and Yellow Pages Homes Limited ("YP Next Home").*

(in thousands)	Q1	Q2	Q3	Q4
<b>2014</b>	270	265	260	<b>256</b>
<b>2013</b>	300	291	283	276

### Total Digital Visits

*Total digital visits represents the number of visits made across our YP, RedFlagDeals, YP Shopwise and Canada411 online and mobile properties during the reporting period.*

(in millions)	Q1	Q2	Q3	Q4
<b>2014</b>	94.1	102.4	110.2	<b>117.4</b>
<b>2013</b>	93.8	100.1	100.4	102.8

### Digital Revenues

*Digital revenues are presented on a consolidated basis.*

(in millions)	Q1	Q2	Q3	Q4
<b>2014</b>	\$104.0	\$108.4	\$113.6	<b>\$116.9</b>
<b>2013</b>	\$98.9	\$98.4	\$101.6	\$107.4

### Customer Renewal & Acquisition

*Customer renewal represents the percentage of customers who advertised with YP in the previous period and have renewed their advertising in the current period. Acquisition represents the number of YP customers acquired over the last twelve months. Figures exclude Mediative, 411 and YP Next Home.*

		Q1	Q2	Q3	Q4
<b>2014</b>	Renewal	85%	85%	85%	<b>84%</b>
	Acquisition	16,500	18,400	20,200	<b>22,100</b>
<b>2013</b>	Renewal	86%	85%	85%	85%
	Acquisition	16,400	15,300	14,800	15,200

### Revenue Generating Units ("RGU") per Customer and YP 360° Solution Penetration

*RGU represents the number of product groups selected by YP customers as at the end of the reporting period. YP 360° Solution Penetration represents the percentage of YP customers purchasing three product categories or more. Figures exclude Mediative, 411 and YP Next Home.*

		Q1	Q2	Q3	Q4
<b>2014</b>	RGU	1.83	1.85	1.86	<b>1.87</b>
	360° Penetration	29.9%	32.9%	34.9%	<b>36.6%</b>
<b>2013</b>	RGU	1.75	1.76	1.78	1.81
	360° Penetration	18.9%	21.1%	24.0%	27.1%

### Average Revenue Per Customer

*Revenue of the last twelve months divided by the average customer base during the last twelve months. Figures exclude 411 and YP Next Home.*

	Q1	Q2	Q3	Q4
<b>2014</b>	\$3,244	\$3,239	\$3,226	<b>\$3,189</b>
<b>2013</b>	\$3,259	\$3,257	\$3,256	\$3,259

## 2. Operational Key Performance Indicators (Cont'd)

### Customer Penetration

Figures Exclude Mediative, 411 and YP Next Home

*Owned and Operated Digital Media: Percentage of YP customers purchasing at least one Online Priority Placement, Mobile Priority Placement, Virtual Business Profile, HD Video and/or Legacy product.*

*Digital Services: Percentage of YP customers purchasing at least one Website, SEO, SEM, Facebook Solution and/or Smart Digital Display product.*

		Q1	Q2	Q3	Q4
<b>2014</b>	<b>Print</b>	90%	89%	87%	<b>85%</b>
	<b>Owned and Operated Digital Media</b>	61%	62%	63%	<b>63%</b>
	<i>Online Priority Placement</i>	50%	53%	55%	<b>57%</b>
	<i>Mobile Priority Placement</i>	18%	21%	23%	<b>24%</b>
	<i>Legacy</i>	10%	7%	6%	<b>4%</b>
	<b>Digital Services</b>	9%	9%	10%	<b>10%</b>
<b>2013</b>	<b>Print</b>	94%	93%	92%	91%
	<b>Owned and Operated Digital Media</b>	61%	60%	61%	61%
	<i>Online Priority Placement</i>	37%	40%	43%	47%
	<i>Mobile Priority Placement</i>	9%	10%	12%	15%
	<i>Legacy</i>	25%	21%	18%	14%
	<b>Digital Services</b>	7%	8%	8%	9%

### Spending Dynamics Amongst Renewing Customers

Figures Exclude Mediative, 411 and YP Next Home

*Increase in Spending: Renewing YP customers experiencing an increase in spending of over 5%, on a year-over-year basis.*

*Stable Spending: Renewing YP customers experiencing an increase in spending between 0% and 5%, on a year-over-year basis.*

*Decrease in Spending: Renewing YP customers experiencing a decrease in spending, on a year-over-year basis.*

		Q1	Q2	Q3	Q4
<b>2014</b>	<b>Increase in Spending</b>				
	Customer Distribution	26%	26%	27%	<b>31%</b>
	% of Revenues	29%	29%	29%	<b>30%</b>
	<b>Stable Spending</b>				
	Customer Distribution	55%	55%	55%	<b>51%</b>
	% of Revenues	27%	27%	29%	<b>30%</b>
	<b>Decrease in Spending</b>				
	Customer Distribution	19%	19%	18%	<b>18%</b>
	% of Revenues	44%	44%	42%	<b>40%</b>
<b>2013</b>	<b>Increase in Spending</b>				
	Customer Distribution	43%	36%	30%	26%
	% of Revenues	37%	32%	30%	29%
	<b>Stable Spending</b>				
	Customer Distribution	38%	45%	51%	55%
	% of Revenues	20%	23%	25%	27%
	<b>Decrease in Spending</b>				
	Customer Distribution	19%	19%	19%	19%
	% of Revenues	43%	45%	45%	44%

### 3. Operating Cost and Capital Expenditure Details

(in thousands of Canadian dollars)

	For the three-month periods ended December 31,				For the twelve-month periods ended December 31,			
	2014		2013		2014		2013	
Revenues	<b>\$215,319</b>		\$237,951		<b>\$877,528</b>		\$971,761	
Expenses								
Cost of Sales	<b>79,512</b>	36.9%	80,693	33.9%	<b>306,882</b>	35.0%	317,552	32.7%
General and Administrative	<b>70,975</b>	33.0%	66,005	27.7%	<b>254,670</b>	29.0%	238,097	24.5%
EBITDA	<b>\$64,832</b>		\$91,253		<b>\$315,976</b>		\$416,112	
<b>Acquisition of Property, Plant, Equipment and Intangible Assets, Net of Lease Inducements</b>								
Sustaining Capital Expenditures <sup>(1)</sup>	<b>7,399</b>		1,778		<b>17,084</b>		15,973	
Growth Capital Expenditures <sup>(2)</sup>	<b>26,892</b>		11,247		<b>68,489</b>		44,562	
<b>Total</b>	<b>\$34,291</b>		\$13,025		<b>\$85,573</b>		\$60,535	
Adjustment to Reflect Expenditures on a Cash Basis	<b>144</b>		1,269		<b>(1,623)</b>		4,907	
Acquisition of Property, Plant, Equipment and Intangible Assets, Net of Lease Inducements	<b>\$34,435</b>		\$14,294		<b>\$83,950</b>		\$65,442	

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

(2) Growth capital expenditures relate to the development and implementation of new technology and software aimed at new initiatives as we continue our digital transformation.

## 4. Consolidated Capitalization

(in millions of Canadian dollars)

<b>Reported Basis</b>	<b>December 31, 2014</b>	<b>September 30, 2014</b>	<b>June 30, 2014</b>	<b>March 31, 2014</b>	<b>December 31, 2013</b>
Senior Secured Notes <sup>(1)</sup>	507	573	573	647	647
Obligations Under Finance Leases	1	0	1	1	1
Exchangeable Debentures <sup>(1)</sup>	89	89	88	88	88
<b>Total Debt</b>	<b>\$597</b>	<b>\$662</b>	<b>\$662</b>	<b>\$736</b>	<b>\$735</b>
Cash and Cash Equivalents	103	184	146	194	202
<b>Total Net Debt</b>	<b>\$494</b>	<b>\$478</b>	<b>\$516</b>	<b>\$541</b>	<b>\$533</b>
Equity Attributable to the Shareholders	684	579	582	566	544
<b>Total Capitalization</b>	<b>\$1,178</b>	<b>\$1,058</b>	<b>\$1,097</b>	<b>\$1,107</b>	<b>\$1,078</b>
Average Interest Rate on Debt at Period End	9.0%	9.1%	9.1%	9.1%	9.1%
EBITDA / Annualized Interest Charges <sup>(2)</sup>	5.8x	5.7x	6.1x	5.9x	6.3x
Net Debt / EBITDA <sup>(2)</sup>	1.6x	1.4x	1.4x	1.4x	1.3x

(1) Refer to Cash Interest Expense Obligations schedule.

(2) Latest Twelve Month EBITDA represents latest twelve month income from operations before depreciation and amortization, and restructuring and special charges.

## 5. Cash Interest Expense Obligations

(in thousands of Canadian dollars)

Debt Components	December 31, 2014		Interest	Maturity Date
	Reported Basis	Notional Balances		
Senior Secured Notes <sup>(1)</sup>	\$507,014	\$507,014	9.25%	November 30, 2018
Exchangeable Debentures <sup>(2)</sup>	88,959	107,089	8.00%	November 30, 2022
Cash and Cash Equivalents	(102,776)	(102,776)	Bankers' acceptances, term deposits and treasury bills	n.a.
Obligations Under Finance Leases	897	897		n.a.
<b>Net Debt</b>	<b>\$494,094</b>	<b>\$512,224</b>		

(1) Please refer to note 12 of the Consolidated Financial Statements for the year ended December 31, 2014. Interest on the Senior Secured Notes is payable in cash quarterly in arrears in equal installments at 9.25% per annum on the last day of February, May, August and November of each year.

(2) Please refer to note 13 of the Consolidated Financial Statements for the year ended December 31, 2014. Interest on the Exchangeable Debentures is payable in cash at 8% or in additional debentures at 12% in the event that Yellow Pages Limited makes a Payment in Kind election to pay any interest in additional senior subordinated unsecured exchangeable debentures. Interest on the Exchangeable Debentures will be payable semi-annually in arrears in equal installments on the last day of May and November of each year.



## 6. Taxes - Outlook

(in millions of Canadian dollars)

The following table presents key income tax assumptions applicable to Yellow Pages Limited

	2015E	2016E
Cash (Inflows) Outflows Expected from Income Taxes and Tax Assessments	(\$35) <sup>(1)</sup>	\$25

*Combined Statutory Provincial and Federal Tax Rate Assumption: ~26%*

Note: Yellow Pages Limited is subject to taxation in numerous jurisdictions. Various estimates are 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 Pages Limited 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 Pages Limited 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.

(1) Includes the contribution of a \$47.8 million income tax receivable related to the settlement of tax assessments.

## 7. Pension - Outlook

(in millions of Canadian dollars)

The following table presents key pension funding assumptions applicable to Yellow Pages Limited

	2015E	2016E
Cash Funding of the Solvency Deficit	\$32	\$32
<b>Total Cash Funding</b>	<b>\$47</b>	<b>\$47</b>

## 8. Capital Expenditures - Outlook

(in millions of Canadian dollars)

The following table presents key capital expenditure assumptions applicable to Yellow Pages Limited

	2015E	2016E
<b>Capital Expenditures</b>	<b>\$70 - \$75</b>	<b>\$55 - \$60</b>