



Supplemental **Disclosure**

For the period ended June 30, 2015

As filed on Sedar on August 12, 2015 (www.sedar.com). This report is also available at www.corporate.yp.ca

Table of Contents

1. Financial Highlights	p. 2
2. Operational Key Performance Indicators	p. 3
3. Consolidated Capitalization and Credit Ratings	p. 4
4. Outlook	p. 5
5. Glossary	p. 6

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

1. Financial Highlights

In thousands of Canadian dollars, except % of Revenues ("% of Rev."), Earnings per Share and Share information

	Three-month periods ended June 30,				Six-month periods ended June 30,			
	2015	% of Rev.	2014	% of Rev.	2015	% of Rev.	2014	% of Rev.
Print Revenues	88,346	43.1%	112,226	50.9%	181,373	44.2%	231,477	52.2%
Digital Revenues	116,425	56.9%	108,353	49.1%	229,300	55.8%	212,305	47.8%
Total Revenues	204,771		220,579		410,673		443,782	
Cost of Sales	79,509		74,762		154,941		148,899	
General and Administrative	63,669		64,556		123,353		119,001	
Total Operating Costs	143,178		139,318		278,294		267,900	
EBITDA	61,593	30.1%	81,261	36.8%	132,379	32.2%	175,882	39.6%
Net Earnings	16,510		27,551		42,034		66,773	
Basic Earnings per Share	0.62		1.01		1.57		2.45	
Diluted Earnings per Share	0.54		0.87		1.36		2.09	
Cash Flows from Operating Activities	38,028		57,823		100,862		68,733	
Capital Expenditures, Net of Lease Inducements	20,649		15,740		38,591		29,948	
Free Cash Flow	17,379		42,083		62,271		38,785	

Outstanding Share Data

	August 12, 2015	June 30, 2015	December 31, 2014
Common Shares Outstanding	28,018,419	28,018,419	27,976,661
Exchangeable Debentures Outstanding ⁽¹⁾	5,624,422	5,624,422	5,624,422
Common Share Purchase Warrants Outstanding ⁽²⁾	2,995,498	2,995,498	2,995,506
Stock Options Outstanding ⁽³⁾	672,550	672,550	480,200

(1) As at August 12, 2015, Yellow Pages Limited had \$107.1 million principal amount of Exchangeable Debentures outstanding, which is exchangeable into 5,624,422 common shares of Yellow Pages Limited at an exchange price of \$19.04, subject to adjustment for specified transactions pursuant to the indenture governing the Exchangeable Debentures.

(2) Each Warrant entitles the holder to acquire, upon exercise, one Yellow Pages Limited common share at a price of \$28.16.

(3) Included in the stock options outstanding balance of 672,550 as at August 12, 2015 and June 30, 2015 are 123,500 stock options exercisable as at those same dates. There were no stock options exercisable as at December 31, 2014.

2. Operational Key Performance Indicators

	2015		2014				2013	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Digital Revenue Performance								
Digital Revenues (in millions of Canadian dollars)	116.4	112.9	116.9	113.6	108.4	104.0	107.4	101.6
Year-over-Year Digital Revenue Growth	7.4%	8.6%	8.9%	11.9%	10.1%	5.1%	7.7%	10.5%
Customer Metrics								
Customer Count	248,000	251,000	256,000	260,000	265,000	270,000	276,000	283,000
Customer Acquisition (Trailing Twelve Months)	24,800	23,700	22,100	20,200	18,400	16,500	15,200	14,800
Customer Renewal	85%	85%	84%	85%	85%	85%	85%	85%
<u>Customer Penetration</u>								
YP 360° Solution	38.3%	37.6%	36.6%	34.9%	32.9%	29.9%	27.1%	24.0%
Print	82%	84%	85%	87%	89%	90%	91%	92%
Owned and Operated Digital Media	64%	64%	63%	63%	62%	61%	61%	61%
Online Priority Placement	60%	58%	57%	55%	53%	50%	47%	43%
Mobile Priority Placement	26%	25%	24%	23%	21%	18%	15%	12%
Legacy	2%	3%	4%	6%	7%	10%	14%	18%
Digital Services	10%	10%	10%	10%	9%	9%	9%	8%
<u>Spending Dynamics Among Renewing Customers</u>								
Increase in Spending								
Customer Distribution	40%	35%	31%	27%	26%	26%	26%	30%
% of Revenues	31%	30%	30%	29%	29%	29%	29%	30%
Stable Spending								
Customer Distribution	42%	47%	51%	55%	55%	55%	55%	51%
% of Revenues	29%	30%	30%	29%	27%	27%	27%	25%
Decrease in Spending								
Customer Distribution	18%	18%	18%	18%	19%	19%	19%	19%
% of Revenues	40%	40%	40%	42%	44%	44%	44%	45%
Average Revenue per Customer (in Canadian dollars)	3,009	3,038	3,063	3,097	3,111	3,116	3,122	3,114
Consumer Metrics								
Total Digital Visits (in millions)	108.2	104.0	117.4	110.2	102.4	94.1	102.8	100.4

Refer to Section 5 (Glossary) for definitions of the metrics listed above.

3. Consolidated Capitalization and Credit Ratings

In millions of Canadian dollars, unless otherwise noted

	June 30, 2015	March 31, 2015	December 31, 2014	September 30, 2014	June 30, 2014
9.25% Senior Secured Notes due November 30, 2018 ⁽¹⁾	473	507	507	573	573
Obligations Under Finance Leases	1	1	1	0	1
8% Exchangeable Debentures due November 30, 2022 ⁽²⁾	90	89	89	89	88
Total Debt	563	597	597	662	662
Cash and Cash Equivalents, Excluding Restricted Cash	74	142	103	184	146
Total Net Debt	489	455	494	478	516
Equity	734	705	684	579	582
Total Capitalization	1,223	1,160	1,178	1,058	1,097
Net Debt / EBITDA ⁽³⁾	1.8x	1.6x	1.6x	1.4x	1.4x
Average Interest Rate on Debt at Period End	9.0%	9.0%	9.0%	9.1%	9.1%

Credit Ratings

	DBRS Limited	Standard and Poor's Rating Services
Issuer Rating / Corporate Credit Rating	B (low) - Positive Trend	B - Stable Outlook
Rating for Senior Secured Notes	B (low)	BB-
Rating for Exchangeable Debentures	CCC	CCC+

(1) Please refer to note 5 of the interim condensed consolidated financial statements for the three and six month periods ended June 30, 2015. 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 6 of the interim condensed consolidated financial statements for the three and six month periods ended June 30, 2015. 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 is payable semi-annually in arrears in equal installments on the last day of May and November of each year.

(3) EBITDA represents latest twelve month income from operations before depreciation and amortization and restructuring and special charges.

4. Outlook

In millions of Canadian dollars

	2015E	2016E
Cash (Inflows) Outflows Expected from Income Taxes and Tax Assessments	(35)	10
Total Pension Cash Funding	47	47
Cash Funding of the Pension Solvency Deficit	32	32
Capital Expenditures	70 to 75	55 to 60

The information presented above is considered forward-looking because it is based on current expectations about our business and on various estimates, assumptions and regulations. Our actual results could be materially different from our expectations as known or unknown risks affect our business or if estimates and assumptions turn out to be inaccurate. As a result, we cannot guarantee that the information above will materialize.

5. Glossary

All definitions account for YP Core only - exclude the contribution of Mediative, 411 Local Search Corp. and Yellow Pages Homes Limited

Customer Metrics

Customer Count	Number of customers advertising through one of our product groups as at the end of the reporting period.
Customer Acquisition	Number of customers acquired over the last twelve months.
Customer Renewal	Percentage of customers who advertised with YP in the previous period and have renewed their advertising in the current period.

Customer Penetration

YP 360° Solution	Percentage of customers purchasing three product categories or more.
Owned and Operated Digital Media	Percentage of customers purchasing at least one Online Priority Placement, Mobile Priority Placement, Virtual Business Profile, HD Video and/or Legacy product.
Digital Services	Percentage of customers purchasing at least one Website, SEO, SEM, Facebook Solution and/or Smart Digital Display product.

Spending Dynamics Among Renewing Customers

Increase in Spending	Renewing customers experiencing an increase in spending of over 5%, on a year-over-year basis.
Stable Spending	Renewing customers experiencing an increase in spending between 0% and 5%, on a year-over-year basis.
Decrease in Spending	Renewing customers experiencing a decrease in spending, on a year-over-year basis.
Average Revenue Per Customer	Revenue of the last twelve months divided by the average customer base during the last twelve months.

Consumer Metrics

Total Digital Visits	Number of visits made across the YP, YP Shopwise, YP Dine, RedFlagDeals, Canada411, Bookenda and dine.TO online and mobile properties during the reporting period.
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