



Supplemental **Disclosure**

For the period ended September 30, 2015

As filed on Sedar on November 11, 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 November 11, 2015 Management's Discussion and Analysis. This Supplemental Disclosure should be read in conjunction with the November 11, 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 September 30,				Nine-month periods ended September 30,			
	2015	% of Rev.	2014	% of Rev.	2015	% of Rev.	2014	% of Rev.
Print Revenues	82,780	39.3%	104,810	48.0%	264,153	42.5%	336,287	50.8%
Digital Revenues	127,813	60.7%	113,617	52.0%	357,113	57.5%	325,922	49.2%
Total Revenues	210,593		218,427		621,266		662,209	
Cost of Sales	82,747		78,471		237,688		227,370	
General and Administrative	64,036		64,694		187,389		183,695	
Total Operating Costs	146,783		143,165		425,077		411,065	
Adjusted EBITDA	63,810	30.3%	75,262	34.5%	196,189	31.6%	251,144	37.9%
Net Earnings	13,155		26,542		55,189		93,315	
Basic Earnings per Share	0.49		0.98		2.07		3.43	
Diluted Earnings per Share	0.44		0.84		1.80		2.93	
Cash Flows from Operating Activities	54,287		57,208		155,149		125,941	
Capital Expenditures, Net of Lease Inducements	19,662		19,567		58,253		49,515	
Free Cash Flow	34,625		37,641		96,896		76,426	

Outstanding Share Data

	November 11, 2015	September 30, 2015	December 31, 2014
Common Shares Outstanding	28,052,544	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⁾	534,325	568,450	480,200

(1) As at November 11, 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 common share purchase 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 534,325 as at November 11, 2015 and 568,450 as at September 30, 2015 are 89,375 and 123,500 stock options exercisable as at those same dates, respectively. There were no stock options exercisable as at December 31, 2014.

2. Operational Key Performance Indicators

	Q3	2015 Q2	Q1	Q4	2014 Q3	Q2	Q1	2013 Q4
Digital Revenue Performance								
Digital Revenues (in millions of Canadian dollars)	127.8	116.4	112.9	116.9	113.6	108.4	104.0	107.4
Year-over-Year Digital Revenue Growth	12.5%	7.4%	8.6%	8.9%	11.9%	10.1%	5.1%	7.7%
Customer Metrics								
Customer Count	246,000	248,000	251,000	256,000	260,000	265,000	270,000	276,000
Customer Acquisition (Trailing Twelve Months)	27,200	24,800	23,700	22,100	20,200	18,400	16,500	15,200
Customer Renewal	85%	85%	85%	84%	85%	85%	85%	85%
Customer Penetration								
YP 360° Solution	38.4%	38.3%	37.6%	36.6%	34.9%	32.9%	29.9%	27.1%
Print	80%	82%	84%	85%	87%	89%	90%	91%
Owned and Operated Digital Media	65%	64%	64%	63%	63%	62%	61%	61%
Online Priority Placement	60%	60%	58%	57%	55%	53%	50%	47%
Mobile Priority Placement	27%	26%	25%	24%	23%	21%	18%	15%
Legacy	1%	2%	3%	4%	6%	7%	10%	14%
Digital Services	10%	10%	10%	10%	10%	9%	9%	9%
Spending Dynamics Among Renewing Customers								
Increase in Spending								
Customer Distribution	44%	40%	35%	31%	27%	26%	26%	26%
% of Revenues	32%	31%	30%	30%	29%	29%	29%	29%
Stable Spending								
Customer Distribution	38%	42%	47%	51%	55%	55%	55%	55%
% of Revenues	28%	29%	30%	30%	29%	27%	27%	27%
Decrease in Spending								
Customer Distribution	18%	18%	18%	18%	18%	19%	19%	19%
% of Revenues	40%	40%	40%	40%	42%	44%	44%	44%
Average Revenue per Customer (in Canadian dollars)	2,970	3,009	3,038	3,063	3,097	3,111	3,116	3,122
Consumer Metrics								
Total Digital Visits (in millions) ⁽¹⁾	123.1	108.2	104.0	117.4	110.2	102.4	94.1	102.8

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

(1) Excludes the impact of the acquisition of the ComFree/DuProprio Network. Total Digital Visits executed on the ComFree/DuProprio Network in Q3 2015 totaled 19.2 million.

3. Consolidated Capitalization and Credit Ratings

In millions of Canadian dollars, unless otherwise noted

	September 30, 2015	June 30, 2015	March 31, 2015	December 31, 2014	September 30, 2014
9.25% Senior Secured Notes due November 30, 2018 ⁽¹⁾	473	473	507	507	573
Obligations Under Finance Leases	1	1	1	1	0
8% Exchangeable Debentures due November 30, 2022 ⁽²⁾	90	90	89	89	89
Total Debt	564	563	597	597	662
Cash and Cash Equivalents	108	74	142	103	184
Total Net Debt	456	489	455	494	478
Equity	752	734	705	684	579
Total Capitalization	1,207	1,223	1,160	1,178	1,058
Net Debt / Adjusted EBITDA⁽³⁾	1.7x	1.8x	1.6x	1.6x	1.4x
Average Interest Rate on Debt at Period End	9.0%	9.0%	9.0%	9.0%	9.1%

Credit Ratings

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

(1) Please refer to note 5 of the interim condensed consolidated financial statements for the three and nine-month periods ended September 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 nine-month periods ended September 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) Adjusted 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	(40)	nil
Total Pension Cash Funding	47	37
Cash Funding of the Pension Solvency Deficit	32	24
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., Yellow Pages Homes Limited and the ComFree/DuProprio Network.

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, Presence Essential/PresencePro, Virtual Business Profile, HD Video and/or Legacy product.
Digital Services	Percentage of customers purchasing at least one Presence Extended, 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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