



Supplemental **Disclosure**

For the period ended December 31, 2015

As filed on Sedar on February 11, 2016 (www.sedar.com). This report is also available at www.corporate.yip.ca

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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 February 11, 2016 Management's Discussion and Analysis. This Supplemental Disclosure should be read in conjunction with the February 11, 2016 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 December 31,				Twelve-month periods ended December 31,			
	2015	% of Rev.	2014	% of Rev.	2015	% of Rev.	2014	% of Rev.
Print Revenues	79,272	38.0%	98,411	45.7%	343,425	41.4%	434,698	49.5%
Digital Revenues	129,233	62.0%	116,908	54.3%	486,346	58.6%	442,830	50.5%
Total Revenues	208,505		215,319		829,771		877,528	
Cost of Sales	82,077		79,512		319,765		306,882	
General and Administrative	61,930		70,975		249,319		254,670	
Total Operating Costs	144,007		150,487		569,084		561,552	
Adjusted EBITDA	64,498	30.9%	64,832	30.1%	260,687	31.4%	315,976	36.0%
Net Earnings	5,866		95,225		61,055		188,540	
Basic Earnings per Share	0.22		3.53		2.29		6.95	
Diluted Earnings per Share	0.21		2.88		2.05		5.81	
Cash Flow from Operating Activities	42,417		30,566		197,566		156,507	
Capital Expenditures, Net of Related Lease Incentives	17,168		34,435		75,421		83,950	
Free Cash Flow	25,249		(3,869)		122,145		72,557	

Outstanding Share Data

	February 11, 2016	December 31, 2015	December 31, 2014
Common Shares Outstanding	28,063,919	28,063,919	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⁾	522,950	522,950	480,200

(1) As at February 11, 2016, Yellow Pages Limited had \$107.1 million principal amount of Exchangeable Debentures outstanding, which amount 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 522,950 as at February 11, 2016 and December 31, 2015 are 117,000 and 78,000 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			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Digital Revenue Performance								
Digital Revenues (in millions of Canadian dollars)	129.2	127.8	116.4	112.9	116.9	113.6	108.4	104.0
Year-over-Year Digital Revenue Growth	10.5%	12.5%	7.4%	8.6%	8.9%	11.9%	10.1%	5.1%
Customer Metrics								
Customer Count	245,000	246,000	248,000	251,000	256,000	260,000	265,000	270,000
Customer Acquisition (Trailing Twelve Months)	30,800	27,200	24,800	23,700	22,100	20,200	18,400	16,500
Customer Renewal	85%	85%	85%	85%	84%	85%	85%	85%
Customer Penetration								
YP 360° Solution	38%	38.4%	38.3%	37.6%	36.6%	34.9%	32.9%	29.9%
Print	78%	80%	82%	84%	85%	87%	89%	90%
Owned and Operated Digital Media	66%	65%	64%	64%	63%	63%	62%	61%
Online Priority Placement	61%	60%	60%	58%	57%	55%	53%	50%
Mobile Priority Placement	27%	27%	26%	25%	24%	23%	21%	18%
Legacy	1%	1%	2%	3%	4%	6%	7%	10%
Digital Services	10%	10%	10%	10%	10%	10%	9%	9%
Spending Dynamics Among Renewing Customers								
Increase in Spending								
Customer Distribution	44%	44%	40%	35%	31%	27%	26%	26%
% of Revenues	32%	32%	31%	30%	30%	29%	29%	29%
Stable Spending								
Customer Distribution	39%	38%	42%	47%	51%	55%	55%	55%
% of Revenues	27%	28%	29%	30%	30%	29%	27%	27%
Decrease in Spending								
Customer Distribution	17%	18%	18%	18%	18%	18%	19%	19%
% of Revenues	41%	40%	40%	40%	40%	42%	44%	44%
Average Revenue per Customer (in Canadian dollars)	2,930	2,970	3,009	3,038	3,063	3,097	3,111	3,116
Consumer Metrics								
Total Digital Visits (in millions) ^(1,2)	118.2	124.1	116.4	105.3	117.4	110.2	102.4	94.1

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

(1) 2015 figures restated to account for the full inclusion of visits made across the properties of Yellow Pages Limited's application syndication partners.

(2) Excludes the impact of the acquisition of the ComFree/DuProprio Network. Total Digital Visits executed on the ComFree/DuProprio Network in Q3 2015 and Q4 2015 totaled 19.2 million and 16.5 million, respectively.

3. Consolidated Capitalization and Credit Ratings

In millions of Canadian dollars, unless otherwise noted

	December 31, 2015	September 30, 2015	June 30, 2015	March 31, 2015	December 31, 2014
9.25% Senior Secured Notes due November 30, 2018 ⁽¹⁾	407	473	473	507	507
Obligations Under Finance Leases	1	1	1	1	1
8% Exchangeable Debentures due November 30, 2022 ⁽²⁾	90	90	90	89	89
Total Debt	498	564	563	597	597
Cash	67	108	74	142	103
Total Net Debt	431	456	489	455	494
Equity	760	752	734	705	684
Total Capitalization	1,190	1,207	1,223	1,160	1,178
Net Debt / Adjusted EBITDA⁽³⁾	1.7x	1.7x	1.8x	1.6x	1.6x
Average Interest Rate on Debt at Period End	9.0%	9.0%	9.0%	9.0%	9.0%

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 12 of the consolidated financial statements for the year ended December 31, 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 13 of the consolidated financial statements for the year ended December 31, 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

	2016E	2017E
Cash Outflows Expected from Income Taxes and Tax Assessments	2	5
Cash Funding of the Pension Solvency Deficit	26	27
Capital Expenditures, Net of Related Lease Incentives	60	50

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, as well as visits made across the properties of Yellow Pages Limited's application syndication partners.
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