Management's Discussion and Analysis /

May 7, 2013

This management's discussion and analysis (MD&A) is intended to help the reader understand and assess trends and significant changes in the results of operations and financial condition of Yellow Media Limited and its subsidiaries for the three-month period ended March 31, 2013 and should be read in conjunction with our audited consolidated financial statements and management's discussion and analysis for the year ended December 31, 2012 as well as our unaudited interim condensed financial statements and accompanying notes for the period ended March 31, 2013. Quarterly reports, the annual report and supplementary information can be found under the "Financial Reports" section of our corporate web site: www.ypg.com. Additional information, including our annual information form (AIF), can be found on SEDAR at www.sedar.com.

In this MD&A, the words "we", "us", "our", "the Company", "the Corporation", "Yellow Media" and "YPG" refer to Yellow Media Limited and its subsidiaries (including YPG Financing Inc. (formerly Yellow Media Inc.), Yellow Pages Group Corp., Wall2Wall Media Inc. (Wall2Wall), YPG (USA) Holdings, Inc. and Yellow Pages Group, LLC (the latter two collectively YPG USA)).

Forward-looking information

Our reporting structure reflects how we manage our business and how we classify our operations for planning and for measuring our performance. This MD&A contains assertions about the objectives, strategies, financial condition, results of operations and businesses of YPG. These statements are considered "forward-looking" because they are based on current expectations of our business, on the markets we operate in, and on various estimates and assumptions.

Forward-looking information and statements are based on a number of assumptions which may prove to be incorrect. In making certain forward-looking statements, we have assumed that we will succeed in continuing to implement our business plan, that we will be able to attract and retain key personnel in key positions, that we will be able to introduce, sell and provision new products and services, that the directories, digital media and advertising industries into which we sell our products and services will demonstrate strong demand for our products and services, that the decline in print revenues will not accelerate beyond what is currently anticipated, that digital growth will not be slower than what is currently anticipated, that we will be able to acquire new advertisers at the anticipated rate, and that general economic conditions will not deteriorate beyond currently anticipated levels. Forward-looking information and statements are also based upon the assumption that none of the identified risk factors that could cause actual results to differ materially from the anticipated or expected results described in the forward-looking information and statements will occur.

When used in this MD&A, such forward-looking statements may be identified by words such as "aim", "anticipate", "believe", "could", "estimate", "expect", "goal", "intend", "objective", "may", "plan", "predict", "seek", "should", "strive", "target", "will", "would" and other similar terminology. These statements reflect current expectations regarding future events and operating performance and speak only as of the date of this MD&A. Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future results or performance, and will not necessarily be accurate indications of whether or not such results or performance will be achieved. A number of factors could cause actual results or performance to differ materially from the results or performance discussed in the forward-looking statements, including, but not limited to, the factors discussed under "Substantial competition could reduce the market share of the Corporation and could have a material adverse effect on the Corporation, its business, results from operations and financial condition", "A higher than anticipated rate of decline in print revenue resulting from changes in preferences and consumer habits could have a material adverse effect on the Corporation, its business, results from operations and financial condition", "The inability of the Corporation to successfully enhance and expand its offering of digital and new media products could have a material adverse effect on the Corporation, its business, results from operations and financial condition", "The inability of the Corporation to generate sufficient funds from operations, debt financings, equity financings or refinancing transactions could have a material adverse effect on the Corporation, its business, results from operations and financial condition", "The Corporation's substantial indebtedness could adversely affect its efforts to refinance or reduce its indebtedness and could have a material adverse effect on the Corporation, its business, results from operations and financial condition", "Incremental contributions by the Corporation to its pension plans could have a material adverse effect on the Corporation, its business, results from operations and financial condition", "Failure by either the Corporation or the Telco Partners to fulfill the obligations set forth in the agreements between the Corporation and the Telco Partners could result in a material adverse effect on the Corporation, its business, results from operations and financial condition", "Failure by the Corporation to adequately protect and maintain its brands and trade-marks, as well as third party infringement of such, could have a material adverse effect on the Corporation, its business, results from operations and financial condition", "Work stoppages and other labor disturbances could have a material adverse effect on the Corporation, its business, results from operations and financial condition", "Challenge by tax authorities of the Corporation's position on certain income tax matters could have a material adverse effect on the Corporation, its business, results from operations and financial condition", "The loss of key relationships or changes in the level or service provided by internet portals, search engines and individual websites could have a material adverse effect on the Corporation, its business, results from operations and financial condition", "The failure of the Corporation's computers and communications systems could have a material adverse effect on the Corporation, its business, results from operations and financial condition" and "The Corporation might be required to record additional impairment charges" of the "Risks and Uncertainties" section of this MD&A.

Additional risks and uncertainties not currently known to management or that are currently deemed to be immaterial may also have a material adverse effect on the Corporation's business, financial position or financial performance. Although the forward-looking statements contained in this MD&A are based upon what management of the Corporation believes are reasonable assumptions, the Corporation cannot assure investors that actual results will be consistent with these forward-looking statements and cautions readers not to place undue reliance on them. These forward-looking statements are made as of the date of this MD&A and the Corporation assumes no obligation to update or revise them to reflect new events or circumstances, except as may be required pursuant to securities laws.

Definitions relative to understanding our results

Income from Operations before Depreciation and Amortization, Impairment of Goodwill, Intangible Assets and Property, Plant and Equipment, Acquisition-related Costs and Restructuring and Special Charges (EBITDA)

We report on our EBITDA (Income from operations before depreciation and amortization, impairment of goodwill, intangible assets and property, plant and equipment, acquisition-related costs and restructuring and special charges). EBITDA is not a performance measure defined under IFRS and is not considered an alternative to income (loss) from operations or net earnings (loss) in the context of measuring YPG's performance. EBITDA does not have a standardized meaning and is therefore not likely to be comparable with similar measures used by other publicly traded companies. EBITDA should not be used as an exclusive measure of cash flow since it does not account for the impact of working capital changes, taxes, interest payments, capital expenditures, debt principal reductions and other sources and uses of cash, which are disclosed on page 15 of this MD&A.

Free cash flow

Free cash flow is a non-IFRS measure generally used as an indicator of financial performance. It should not be seen as a substitute for cash flow from operating activities. Free cash flow is defined as cash flow from operating activities, as reported in accordance with IFRS less an adjustment for capital expenditures.

This MD&A is divided into the following sections:

1. Our Business, Mission, Strategy and Capability to Deliver Results
2. Results
3. Liquidity and Capital Resources
4. Free Cash Flow
5. Critical Assumptions
6. Risks and Uncertainties
7. Controls and Procedures

1. Our Business, Mission, Strategy and Capability to Deliver Results /

Yellow Media is a leading media and marketing solutions company offering its services to small and medium enterprises (SMEs) across Canada. The Company offers businesses personalized marketing consulting services and exposure to marketing products, including print, online and mobile Yellow Pages, websites and search solutions. Our advertisers' local business information is published, marketed and distributed via a variety of both owned and operated properties, and through other local search networks. Yellow Media is also a leader in national digital advertising through Mediative. To review our business, mission, strategy and capability to deliver results, please refer to the corresponding sections in the MD&A for the year ended December 31, 2012.

2. Results /

This section provides an overview of our financial performance during the first quarter of 2013 compared to the same period in 2012. It is also important to note that in order to help investors better understand our performance, we rely on several metrics, some of which are not measures recognized by IFRS. Definitions of these financial metrics are provided on page 2 of this MD&A and are important aspects which should be considered when analyzing our performance.

Overall

- Revenues decreased by $35.8 million or 12.4% to $253.3 million compared to the first quarter of 2012. If we exclude the results of Canpages, revenues decreased by 10.2% compared to the same period last year.
- Income from operations before depreciation and amortization, impairment of goodwill and restructuring and special charges (EBITDA) decreased by $29.4 million or 20.3% to $115.5 million compared to the first quarter of 2012. If we exclude the results of Canpages, EBITDA decreased by 19.9% compared to the same period last year.

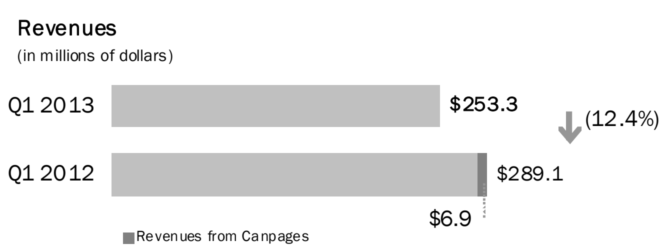
Highlights

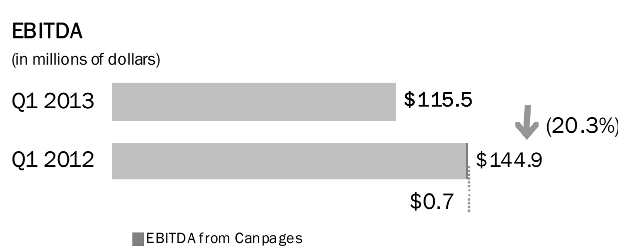
(in thousands of Canadian dollars– except share information)

	Three-month periods ended March 31,	
	2013	2012
Revenues	$ 253,277	$ 289,073
Income from operations before depreciation and amortization, impairment of goodwill and restructuring and special charges (EBITDA)	$ 115,478	$ 144,874
Net earnings (loss)	$ 53,465	$ (2,871,821)
Basic earnings (loss) per share attributable to common shareholders[1]	$ 1.91	$ (102.93)
Cash flows from operating activities	$ 86,588	$ 22,407
Free cash flow[2]	$ 67,678	$ 14,223

[1] Pursuant to the closing of the recapitalization transaction on December 20, 2012, the common shares of YPG Financing Inc. were exchanged for new common shares of Yellow Media Limited in accordance with the terms of the plan of arrangement implementing the recapitalization transaction. As a result, the weighted average number of shares outstanding for the prior period has been adjusted to reflect the recapitalization.

[2] Please refer to Section 4 for a reconciliation of free cash flow.





Performance Relative to Business Strategy

Right Value – having knowledgeable advisors provide marketing programs that will deliver superior value to our advertisers

The Yellow Pages 360º Solution is a key element of our digital transformation. This unique offering provides Canadian advertisers single-point access to a comprehensive suite of digital and traditional media products and services, alongside dedicated marketing support.

The Yellow Pages 360º Solution is designed to deliver value to Canadian advertisers by addressing the following key local performance marketing needs:

- Boosting Sales, by helping advertisers generate qualified leads through online and mobile priority placement and print advertising across YPG's network of properties;
- Going Digital, by helping advertisers put their business online with websites, business profiles on our digital properties and those of our partner networks, and video; and
- Extending Online Reach, through investment in search engine optimization (SEO) and search engine marketing (SEM).

As at March 31, 2013, the penetration of our 360º Solution offering amongst our advertiser base, which we define as advertisers who purchase three product categories or more, was 18.9%. This compares to 7.9% at the end of the same period last year.

Online and mobile placement products remain growing components of the Yellow Pages 360º Solution. Online placement penetration increased to 37% in the first quarter of 2013, as compared to 24% last year. As at March 31, 2013, mobile placement penetration reached 9% compared to 3% last year. During the quarter, our mobile placement product construct was integrated across all major mobile platforms, including ShopWise, further increasing the exposure of our advertisers' business listings across our network of mobile applications.

Advertiser adoption of digital services, which include website, SEM and SEO offerings, also saw improvements. For the first quarter of 2013, penetration of digital services amongst our advertiser base increased to 7% compared to 5% last year.

Advertiser Penetration[1]

	Three-month periods ended March 31,	
	2013	2012
Print	**94%**	96%
Owned and Operated Digital Media[2,3]	**61%**	62%
Online placement	37%	24%
Mobile placement	9%	3%
Digital Services[4]	**7%**	5%

1 Excludes Mediative, Canpages and Wall2Wall.

2 Percentage of YPG advertisers purchasing at least one online placement, mobile placement, legacy, content, and video products.

3 Decline in advertiser penetration within Owned and Operated Digital Media reflects the loss of advertisers purchasing online products as we migrate these advertisers from Directory Plus legacy products to other digital products.

4 Percentage of YPG advertisers purchasing at least one website, SEM, and/or SEO product.

Increased advertiser penetration across online placement products, mobile placement products and digital services is a result of continued migration of print revenues to digital products, the successful execution of the Yellow Pages 360º Solution sales approach across our sales channels, the launch of new mobile products in 2011 and 2012, and the launch of premium digital products throughout 2012.

During the first quarter of 2013, Google selected YPG as a Canadian Google AdWords™ Premier SMB Partner, further reinforcing YPG's reputation of driving value to its advertisers through the Google AdWords search engine marketing program. Partners in the Premier Google AdWords SMB Partner Program must not only meet the highest standards of excellence for qualification, training and customer service, but also hold strong knowledge of the local search marketing landscape and experience working with small and medium sized businesses in these areas.

Our Yellow Pages Analytics performance reporting tool remains a key component of the Yellow Pages 360º value proposition, allowing advertisers to gain insight on the return on investment (ROI) of their marketing campaigns through various digital statistics such as calls, visits, clicks and traffic trends. In 2013, we plan to focus on improving our Yellow Pages Analytics tool by developing an internal platform that will be designed to provide additional stability, agility and enhanced performance capabilities. In addition, we are planning to build a more user friendly interface and start incorporating the Yellow Pages Analytics performance reporting tool across all of our digital product and service offerings.

Right Products – offering our advertisers the optimal mix of ever evolving digital marketing products

In our effort to champion the new neighbourhood economy, it is important that we leverage our multiplatform media and marketing solutions and enhance the products and services we offer to advertisers.

In order to mitigate revenue risk and optimize revenue growth of our larger, high-spend advertisers, the Company has in place a differentiated product and servicing model known as PriorityPlus (previously called the High Priority Accounts management process). In 2012, a comprehensive profiling methodology was put in place to guide the evaluation of account needs and opportunities. The profiling includes a review of Yellow Pages Analytics results, website audits and competitive rankings, SEM estimates, and social media and Google Places reviews. The profiling is also followed by the definition of an appropriate strategy, which is determined by the sales representative, sales manager and performance marketing advisor.

PriorityPlus is now fully deployed across Canada and is made up of approximately 30 managers who serve our larger customers and work in tandem with a dedicated servicing support team that is responsible for managing the fulfillment, reporting and post-sale servicing of these larger advertisers. This dedicated team is comprised of a cross functional group including sales support, production, content management, creative design, quality assurance, results reporting and customer service.

In conjunction with PriorityPlus, the Company strives to meet the more complex needs of its larger advertisers by offering the following premium digital products:

- Digital PowerPlay, which establishes and optimizes a business' digital presence by determining the necessary steps to maximize qualified leads across various digital channels while offering the highest level of service and support;
- SEM TouchPoint, which provides a customized paid-search ad campaign inclusive of unique access to a dedicated SEM expert and in-depth performance reporting; and
- Web Prestige, a fully customizable and dedicated website service offering which includes enhanced features such as unlimited web pages, richer design and content and e-commerce capabilities.

The number of advertisers receiving the PriorityPlus service and purchasing high-end products has increased over the first quarter of 2013, with this trend expected to continue throughout 2013. These initiatives have also resulted in an improved customer experience and an abatement of the revenue pressure arising from our larger, high-spend advertisers.

Print continues to represent a widely adopted advertising medium within our suite of products and services. At the end of the first quarter of 2013, 94% of our advertisers were purchasing print products, as compared to 96% at the same period last year. As a result of recent feedback received on the usage and format of our Yellow Pages directory, the Company reduced its traditional 9" x 11" Yellow Pages directory to a 7" x 9" format on a rolling basis across Canada. This new format is in line with the needs of the modern user, thereby further enriching the user experience and promoting increased value for our advertisers.

Right Execution and Customer Experience – delivering flawless execution of our advertisers' marketing campaigns and an overall superior customer experience

One of Yellow Media's key assets remains its breadth and depth of local content. In order to maintain a strong positioning within Canada's competitive local search industry, it is critical we provide accurate and trustworthy data to advertisers, users and partners. With a focus on building and maintaining the best business-related content across the country, the Company has developed the Online Merchant Management (OMM) tool. Scheduled to be deployed in the second quarter of 2013, OMM will assign a unique and stable Merchant Identifier (MID) to every business in Canada. By implementing new technologies, reviewing processes and allocating resources to ensure that our current and prospective advertisers have accurate and rich content available via one single business profile, OMM will play a significant role in improving advertiser ROI and enhancing the user experience.

The Company continues to leverage new tools and technologies to ensure advertisers receive enhanced fulfillment of their marketing campaigns alongside an improved customer experience. To further promote the successful sales execution of our products and services and deliver value to our advertisers, the Company is currently developing an enhanced sales automation tool that recreates the sales and customer experience. The new toolset offers our sales representatives comprehensive and valuable business information to facilitate communications with existing and prospective advertisers. Via the new application downloaded onto their tablets, our sales force will soon be able to access industry and market data, client information, detailed product descriptions, analytics and performance reporting tools, content collection tools and digital order forms all in one place.

Right Consumer Audiences – enabling our advertisers to reach and target local qualified consumers

Attracting the right consumer audiences is key in promoting the success of our advertisers. Our online properties, which include YellowPages.ca, Canada411.ca, RedFlagDeals.com, and Canpages.ca, continue to be a trusted source of local business information for Canadian consumers. YPG's network of sites reached 8.5 million unduplicated unique visitors during the first quarter of 2013, representing 31% of Canada's online population.

As consumers increasingly turn to their smart phones as a source of local business information, continued improvement of the mobile user experience is key in proving value for our advertisers. During the first quarter of 2013 the Yellow Pages application was launched on the new BlackBerry 10 and Windows 8 platforms. The ShopWise application was also enhanced to deliver an improved experience for Android users. Further industry recognition was also received, with the ShopWise mobile application chosen by the Local Search Association as the New App Gold Award Winner at the 2013 Industry Excellence Awards. As at March 31, 2013, our mobile applications were downloaded more than 5.5 million times compared to 4 million times at the same period last year.

It is equally important that our advertisers' business information and content are made accessible to networks outside those of our own. Launched in September 2010, YellowAPI is one of the largest databases in the country with over 1.5 million Canadian business listings. The YellowAPI network currently enrols a community of over 2,750 developers who work to create various mobile applications using YPG's business information. YellowAPI also powers local search in Canada through partnerships with leading search engines and applications such as Yahoo! Canada on web and mobile, Poynt and Telus. In addition, YPG maintains a strategic relationship with Google to provide local listings and has agreements in place for data exchange with TripAdvisor and OpenTable.

In April 2013, the Company launched a second installment of its Meet the New Neighbourhood ad campaign through a television advertisement focusing on the YellowPages mobile application. The objective of the campaign is to highlight the YellowPages mobile application and its role in connecting mobile consumers with local businesses. The ad campaign is expected to run on television stations and local cinemas in major cities across Canada until June 2013.

Consolidated Operating and Financial Results

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

	Three month periods ended March 31, 2013	2012[1]
Revenues	$ 253,277	$ 289,073
Operating costs	137,799	144,199
Income from operations before depreciation and amortization, impairment of goodwill and restructuring and special charges	115,478	144,874
Depreciation and amortization	13,690	30,081
Impairment of goodwill	–	2,967,847
Restructuring and special charges	6,193	–
Income (loss) from operations	95,595	(2,853,054)
Financial charges, net	23,823	34,340
Earnings (loss) before dividends on Preferred shares, series 1 and 2, income taxes and earnings from investments in associates	71,772	(2,887,394)
Dividends on Preferred shares, series 1 and 2	–	4,563
Earnings (loss) before income taxes and earnings from investments in associates	71,772	(2,891,957)
Provision for (recovery of) income taxes	18,417	(18,524)
Earnings from investments in associates	(110)	(1,612)
Net earnings (loss)	$ 53,465	$ (2,871,821)
Basic earnings (loss) per share attributable to common shareholders[2]	$ 1.91	$ (102.93)
Diluted earnings (loss) per share attributable to common shareholders[2]	$ 1.64	$ (102.93)
Total assets	$ 1,790,388	$ 2,291,427
Long-term debt (including short-term portion, excluding convertible debt instruments)	$ 801,577	$ 1,826,685
Convertible debt instruments	$ 86,987	$ 184,758
Preferred Shares, Series 1 and 2 (including short-term portion)	$ –	$ 399,335

1 Revised to reflect the adoption of IAS 19 (Revised).

2 Pursuant to the closing of the recapitalization transaction on December 20, 2012, the common shares of YPG Financing Inc were exchanged for new common shares of Yellow Media Limited in accordance with the terms of the plan of arrangement implementing the recapitalization transaction. As a result, the weighted average number of shares outstanding for the prior period has been adjusted to reflect the recapitalization.

Analysis of Consolidated Operating and Financial Results

Revenues

Revenues decreased to $253.3 million during the first quarter of 2013 compared with $289.1 million for the same period last year. On a comparable basis, excluding the results of Canpages, revenues decreased by 10.2% during the first quarter. The decrease for the three-month period ended March 31, 2013 is due primarily to lower print revenues.

Digital revenues reached $98.9 million in the first quarter of 2013, representing a growth of 15.2%. Excluding the impact of Canpages, digital revenues increased by 20.1% during the first quarter of 2013 when compared to the same period last year. Growth in digital revenues is due to the successful execution of the Yellow Pages 360º Solution sales approach across our sales channels, the launch of new mobile products in 2011 and 2012, and the launch of premium digital products throughout 2012. These factors also led to an improvement in Revenue Generating Units[1] (RGU) per advertiser from 1.69 in the first quarter of 2012 to 1.75 in the first quarter of 2013.

At this time, print revenue decline is not being offset by digital revenue growth. This is primarily due to a decrease in spending amongst our larger advertisers, and a decline in the acquisition of advertisers.

The Company experienced challenges in migrating print revenues towards digital products and services, particularly amongst its larger clients. 19% of renewing advertisers[2] experienced a decrease in spending over the last twelve months. The introduction of premium digital products alongside a differentiated service model for high-end customers has resulted in an improved customer experience and an abatement of the revenue pressure arising from our larger advertisers.

As at March 31, 2013, the number of advertisers was 300,000 compared to 333,000, as at March 31, 2012. During the last 12 months, YPG acquired approximately 14,700 new advertisers compared to approximately 23,000 new advertisers for the same period last year. We are currently developing dedicated acquisition channels to acquire valuable customers.

Spending Dynamics Amongst Renewing Advertisers[2]

	Three-month periods ended March 31,	
	2013	2012
Increase in spending[3]		
Advertiser distribution	**43%**	45%
% of revenues	**37%**	39%
Stable spending[4]		
Advertiser distribution	**38%**	37%
% of revenues	**20%**	15%
Decrease in spending[5]		
Advertiser distribution	**19%**	18%
% of revenues	**43%**	46%

[1] Revenue Generating Units measures the number of product groups selected by advertisers.
[2] Renewing advertisers exclude Mediative, Canpages and Wall2Wall advertisers.
[3] Renewing YPG advertisers experiencing an increase in spending over 5%, on a year over year basis.
[4] Renewing YPG advertisers experiencing an increase in spending between 0% and 5%, on a year over year basis.
[5] Renewing YPG advertisers experiencing a decrease in spending on a year over year basis.

Operational Indicators

	Three-month periods ended March 31,	
	2013	2012
Advertiser count[1]	**300,000**	333,000
Client renewal rate[1]	**86%**	87%
Yellow Pages 360° Solution Penetration[1,2]	**18.9%**	7.9%
RGU per advertiser[1]	**1.75**	1.69
ARPA[1]	**3,259**	3,367
Digital only advertisers[1,2]	**19,000**	15,000
Digital revenues (in thousands of Canadian dollars)	**$98,937**	$85,877

[1] Excludes the contribution of Canpages and Wall2Wall.

[2] Excludes the contribution of Mediative.

EBITDA

EBITDA decreased by $29.4 million to $115.5 million during the first quarter of 2013 compared with $144.9 million for the same period in 2012. The decrease in EBITDA is due principally to print revenue pressure, as revenue growth from our digital products are not compensating for the loss in print revenues. Our EBITDA margin for the first quarter of 2013 was 45.6% compared to 50.1% for the same period in 2012. Change in product mix and investments in the transformation contributed to the decrease in EBITDA margin.

Cost of sales decreased by $6 million to $78.9 million during the first quarter of 2012 compared with $84.9 million for the same period in 2012. The decrease for the quarter results mainly from lower sales costs associated with lower print revenues and the migration of the Canpages business within YPG. Savings in our manufacturing costs associated with lower print revenues and reduced rates following the renegotiation of supply chain contracts were offset by an increase in provisioning costs of our digital services.

Gross profit margin decreased to 68.8% for the first quarter of 2013 compared to 70.6% for the same period last year. The decrease is due to a change in product mix, which includes lower margins associated with some of our digital service offerings, such as websites, SEO and SEM.

General and administrative expenses decreased by $0.5 million to $58.9 million during the first quarter of 2013 compared with $59.3 million for the same period in 2012. The decrease for the quarter ended March 31, 2013 is attributable to lower bad debts as well as a non-cash benefit resulting from the amendment to our employees' pension and post-retirement benefits. These savings were partly offset by an investment in branding as we launched our Meet the New Neighborhood ad campaign and a sales tax assessment.

Depreciation and amortization

Depreciation and amortization decreased to $13.7 million in the first quarter of 2013 from $30.1 million during the first quarter of 2012. The decrease is mainly attributable to lower amortization of certain intangible assets related to the acquisition of Canpages in 2010. These intangibles resulted in a higher amortization expense in 2012 and were fully written off during the previous year. In addition, property, plant and equipment and intangible assets had a lower cost base due to the impairment recorded in the fourth quarter of 2012.

Impairment of goodwill

During the first quarter of 2012, management concluded that indicators that the Company's assets may be impaired existed, requiring the Company to perform an impairment test. As a result of the impairment test, we recorded a goodwill impairment charge of $2,967.8 million in the first quarter of 2012. No such charge was recorded in 2013.

Restructuring and special charges

During the first quarter of 2013, we recorded restructuring and special charges of $6.2 million. The majority of this amount relates to the Company's President and Chief Executive Officer's departure (CEO). As announced on March 21, 2013, Marc P. Tellier will be stepping down as CEO no later than August 15, 2013 and is entitled to remuneration in accordance with his employment agreement entered into in 2002.

Financial charges

Financial charges decreased by $10.5 million to $23.8 million during the first quarter of 2013 compared with $34.3 million for the same period in 2012. This decrease is mainly attributable to a lower level of indebtedness and the elimination of deferred financing costs as a result of the December 2012 recapitalization transaction. As at March 31, 2013, the effective average interest rate on our debt portfolio was 9.1% as a result of the implementation of the recapitalization on December 20, 2012 compared to 6.2% as at March 31, 2012.

Dividends on preferred shares, Series 1 and 2

Dividends on the two series of redeemable preferred shares amounted to $4.6 million during the first quarter of 2012. Pursuant to the December 2012 recapitalization transaction, these preferred shares were cancelled.

Provision for income taxes

The combined statutory provincial and federal tax rate was 26.3% and 26.2% for the three-month periods ended March 31, 2013 and 2012, respectively. The Company recorded an expense of 25.7% of earnings for the three-month period ended March 31, 2013. The difference between the effective and the statutory rates in the first quarter of 2013 is due to the deductibility of certain payments for tax purposes.

The Company recorded a recovery of 0.6% on the loss for the three-month period ended March 31, 2012. The difference between the effective and the statutory rates in 2012 was due to the impairment of goodwill which was not fully deductible for tax purposes.

Earnings from investments in associates

During the first quarter of 2013, we recorded earnings from our investment in an associate in the amount of $0.1 million compared with $1.6 million for the same period in 2012. Effective January 1, 2012, we no longer account for the Acquisio investment using the equity method and we recorded a gain of $2.1 million in the first quarter of 2012 on the revaluation of this investment. Our earnings from investments in associates include the amortization of intangible assets in connection with these equity investments.

Net earnings (loss)

Net earnings increased to $53.5 million in the first quarter of 2013 compared with a net loss $2,871.8 million in first the quarter of 2012. The increase for the quarter is mainly due to the impairment of goodwill of $2,967.8 million recorded in the first quarter of 2012 partly offset by lower EBITDA.

Summary of Consolidated Quarterly Results

Quarterly Results

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

	2013				2012[1]			2011[1]
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenues	$ 253,277	$ 264,447	$ 267,711	$ 286,484	$ 289,073	$ 313,315	$ 323,441	$ 342,738
Operating costs	137,799	122,770	129,821	141,545	144,199	169,435	156,490	165,310
Income from operations before depreciation and amortization, impairment of goodwill, intangible assets and property, plant and equipment, acquisition-related costs and restructuring and special charges (EBITDA)	115,478	141,677	137,890	144,939	144,874	143,880	166,951	177,428
EBITDA margin	45.6%	53.6%	51.5%	50.6%	50.1%	45.9%	51.6%	51.8%
Depreciation and amortization	13,690	23,395	26,597	24,220	30,081	23,003	37,800	47,735
Impairment of goodwill, intangible assets and property, plant and equipment	–	300,000	–	–	2,967,847	–	2,900,000	–
Acquisition-related costs	–	–	–	–	–	210	497	6,233
Restructuring and special charges	6,193	18,111	26,812	–	–	14,254	–	11,888
Income (loss) from operations	95,595	(199,829)	84,481	120,719	(2,853,054)	106,413	(2,771,346)	111,572
Gain on settlement of debt	–	(994,894)	10,818	5,487	–	–	–	–
Net earnings (loss)	53,465	821,850	22,236	65,681	(2,871,821)	40,972	(2,825,618)	(14,418)
Basic earnings (loss) per share attributable to common shareholders[2]	$ 1.91	$ 29.24	$ 0.59	$ 2.15	$ (102.93)	$ 1.37	$ (100.58)	$ (0.94)
Diluted earnings (loss) per share attributable to common shareholders[2]	$ 1.64	$ 28.49	$ 0.59	$ 2.15	$ (102.93)	$ 1.37	$ (100.58)	$ (0.94)

1 Revised to reflect the adoption of IAS 19 (Revised).

2 Pursuant to the closing of the recapitalization transaction on December 20, 2012, the common shares of YPG Financing Inc. were exchanged for new common shares of Yellow Media Limited in accordance with the terms of the plan of arrangement implementing the recapitalization transaction. As a result, the weighted average number of shares outstanding for the prior period has been adjusted to reflect the recapitalization.

Revenues decreased throughout the quarters, as a result of a continued decline of revenues from our print products, partially offset by an increase in revenues of our digital products.

Our EBITDA margin decreased progressively throughout the quarters of 2011, reflecting the decline in print revenues and lower margins associated with Canpages and Mediative. During the fourth quarter of 2011, we incurred a non-recurring expense of approximately $6 million as a result of a sales tax assessment. Our EBITDA margin remained relatively stable in the first and second quarter of 2012 but increased in the third quarter of 2012 as we benefited from reduced rates from our supply chain contracts which were renegotiated during the quarter. In the fourth quarter of 2012, we recorded a non-cash benefit of $13.3 million related to the amendments in our pension and post-retirement benefit plans. For the first quarter of 2013 our EBITDA margin decreased to 45.6% reflecting the loss of margin from a change in product mix and investments made to accelerate our transformation.

Internal reorganizations and cost containment initiatives resulted in restructuring and special charges impacting some of our quarterly results in 2011 and 2012 as well as the first quarter of 2013. Net earnings for 2011 were affected by depreciation and amortization of intangible assets related to the acquisition of Canpages. The decrease in 2013 is a result of a lower cost base of assets to depreciate and amortize following the $300 million impairment recorded in the fourth quarter of 2012.

We recorded an impairment of our investment in Ziplocal, LLC. in the second quarter of 2011. In addition, during the third quarter of 2011, the first quarter of 2012 and the fourth quarter of 2012, we recorded impairment charges of $2,900 million, $2,967.8 million and $300 million, respectively, related to the goodwill, certain of our intangible assets and property, plant and equipment.

Upon closing of the recapitalization transaction in the fourth quarter of 2012, $5.5 million and $10.8 million of recapitalization costs recorded in the second and third quarters of 2012, respectively, were reclassified to gain on settlement of debt. The change in presentation of recapitalization costs and income from operations were made in the prior periods to conform to the December 31, 2012 presentation.

3. Liquidity and Capital Resources /

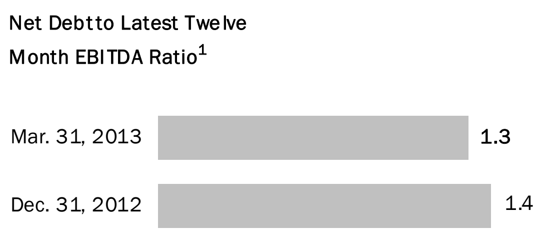
This section examines the Company's capital structure, sources of liquidity and various financial instruments including its debt instruments.

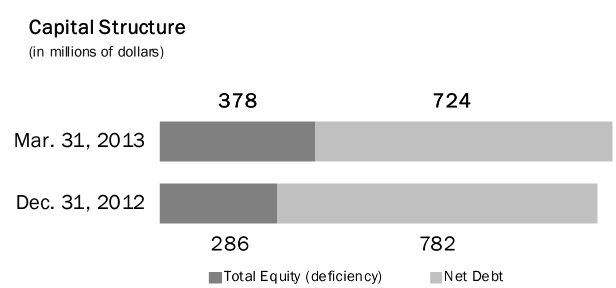
Financial Position

Capital Structure

(in thousands of Canadian dollars)

	As at March 31, 2013	As at December 31, 2012
Cash and cash equivalents	$ 164,658	$ 106,807
Senior secured notes	800,000	800,000
Obligations under finance leases	1,577	1,831
Exchangeable debentures	86,987	86,667
Net debt (net of cash and cash equivalents)	$ 723,906	$ 781,691
Equity attributable to the shareholders	377,695	285,749
Non-controlling interests	581	411
Total capitalization	$ 1,102,182	$ 1,067,851
Net debt to total capitalization	65.7%	73.2%





Senior Secured Notes

On December 20, 2012 (the Effective Date), the Company, through its subsidiary YPG Financing Inc., issued $800 million of 9.25% senior secured notes (Senior Secured Notes) maturing November 30, 2018.

Interest on the Senior Secured Notes is payable in cash, quarterly in arrears, in equal instalments on the last day of February, May, August and November of each year.

1 Latest twelve month income from operations before depreciation and amortization, impairment of goodwill, intangible assets and property, plant and equipment, and restructuring and special charges (Latest Twelve Month EBITDA). Latest twelve month EBITDA is a non-IFRS measure and may not be comparable with similar measures used by other publicly traded companies. Please refer to page 2 for a definition of EBITDA.

As at March 31, 2013, the Company was in compliance with all covenants under the indenture governing the Senior Secured Notes.

Mandatory Redemption

Pursuant to the indenture governing the Senior Secured Notes, the Company is required to use an amount equal to 75% of its consolidated Excess Cash Flow for the immediately preceding six-month period ending March 31 or September 30, as applicable, to redeem on a semi-annual basis on the last day of May and November of each year, commencing on May 31, 2013, the Senior Secured Notes at a redemption price equal to 100% of the principal amount thereof from holders on a pro rata basis, subject to the Company maintaining a minimum cash balance of $75 million immediately following the mandatory redemption payment. Excess Cash Flow, as defined in the indenture governing the Senior Secured Notes, means the aggregate cash flow from operating activities less capital expenditures adjusted for, among other things, future payments relating to interest, taxes, long-term employee compensation plans and certain pension plan contribution payments. The Company is required to make minimum annual aggregate mandatory redemption payments of (i) $100 million in 2013, (ii) $75 million in, 2014, and (iii) $50 million in 2015.

For purposes of determining the consolidated Excess Cash Flow, deductions for capital expenditures and information systems/information technology expenses are each subject to an annual deduction limit of $50 million.

The Company anticipates making a mandatory redemption payment of approximately $26 million on May 31, 2013, and has sufficient financial liquidity to meet the minimum annual aggregate mandatory redemption payment of $100 million in 2013.

Optional Redemption

The Company may redeem all or part of the Senior Secured Notes at its option, upon not less than 30 nor more than 60 days prior notice, at a redemption price equal to:

- In the case of a redemption occurring prior to May 31, 2017, 105% of the principal amount thereof, plus accrued and unpaid interest, if any, to the redemption date; or
- In the case of a redemption occurring after May 31, 2017, 100% of the principal amount thereof, plus accrued and unpaid interest, if any, to the redemption date.

Exchangeable Debentures

On December 20, 2012, the Company, through its subsidiary YPG Financing Inc., issued $107.5 million of exchangeable debentures (Exchangeable Debentures) due November 30, 2022.

Interest on the Exchangeable Debentures accrues at a rate of 8% per annum if, for the applicable interest period, it is paid in cash or 12% per annum if the Company makes a Payment in Kind (PIK) election to pay interest in respect of all or any part of the then outstanding Exchangeable Debentures in additional Exchangeable Debentures. Interest on the Exchangeable Debentures is payable semi-annually in arrears in equal instalments on the last day of May and November of each year.

As at March 31, 2013, the Company was in compliance with all covenants under the indenture governing the Exchangeable Debentures.

Exchange Option

The Exchangeable Debentures are exchangeable, at the holder's option, into common shares at any time at an exchange price per common share equal to $19.04, subject to adjustment for specified capital transactions.

Optional Redemption

The Company may, at any time on or after the date on which all of the Senior Secured Notes have been paid in full, redeem all or part of the Exchangeable Debentures at its option, upon, not less than 30 nor more than 60 days' prior notice, at a redemption price equal to:

- In the case of a redemption occurring prior to May 31, 2021, 110% of the principal amount thereof, plus accrued and unpaid interest, if any, to the redemption date; or
- In the case of a redemption occurring on or after May 31, 2021, 100% of the principal amount thereof, plus accrued and unpaid interest, if any, to the redemption date.

Credit Ratings

Standard and Poor's Rating Services
B/Corporate credit rating – stable outlook
B+/credit rating for senior secured notes
CCC+/exchangeable debentures rating

The Standard & Poor's (S&P) ratings range from 'AAA' to 'D' and may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories.

The "B+" and "B" ratings are the fourteenth and fifteenth, respectively, of twenty-two ratings used by S&P. The financial instruments that are rated in the "B" category by S&P means for S&P that the issuer is more vulnerable than the obligors rated "BB", but currently has the capacity to meet its financial commitments. Further, this rating signifies that, in the opinion of S&P, adverse business, financial, or economic conditions will likely impair the issuer's capacity or willingness to meet its financial commitments.

The "CCC+" rating is the seventeenth of twenty-two ratings used by S&P. Debt instruments that are rated in the "CCC" category by S&P means for S&P that the issuer is currently vulnerable and is dependent upon favorable business, financial, and economic conditions to meet its financial commitments.

Liquidity

The Company's principal source of liquidity is cash generated from operations and cash on hand. The Company expects to generate sufficient liquidity to fund capital expenditures, working capital requirements and current obligations, including the mandatory repayments on the Senior Secured Notes. The Company had approximately $182 million of cash and cash equivalents as at May 6, 2013.

Share data

As at May 7, 2013, outstanding share data was as follows:

Outstanding Share Data	As at May 7, 2013	As at March 31, 2013	As at December 31, 2012
Common shares outstanding	27,955,077	27,955,077	27,955,077
Warrants outstanding	2,995,506	2,995,506	2,995,506

Exchangeable Debentures

As at May 7, 2013, the Company had a total of $107.5 million of Exchangeable Debentures outstanding.

Sources and Uses of Cash

Consistent with other directories and media companies, the Company has relatively minimal capital spending requirements combined with relatively low operating costs.

Sources and Uses of Cash

(in thousands of Canadian dollars)

	Three-month periods ended March 31,			
		2013		2012
Cash flows from operating activities				
Cash flows from operations	$	74,388	$	65,143
Change in operating assets and liabilities		12,200		(42,736)
	$	86,588	$	22,407
Cash flows used in investing activities				
Acquisition of intangible assets	$	(14,827)	$	(7,259)
Acquisition of property, plant and equipment		(4,083)		(1,108)
Other		161		183
	$	(18,749)	$	(8,184)
Cash flows (used in) from financing activities				
Deferred consideration	$	(5,624)	$	(1,800)
Recapitalization costs		(4,223)		–
Repayment of long-term debt		(141)		(25,345)
Issuance of long-term debt		–		239,000
Other		–		(116)
	$	(9,988)	$	211,739

Cash flows from operating activities

Cash flows from operating activities increased by $64.2 million from $22.4 million for the three-month period ended March 31, 2012 to $86.6 million in the first quarter of 2013, due to lower interest paid of $19 million, lower income taxes paid of $13.8 million and a lower funding of pension plans of $10 million offset by lower EBITDA of $29.4 million. In addition, the change in operating assets and liabilities for the three-month period ended March 31, 2013 generated an inflow of $12.2 million compared with an outflow of $42.7 million in the same period last year. The variance in the change in operating assets and liabilities is due principally to a payment of a sales tax assessment in 2012.

Cash flows used in investing activities

Cash used in investing activities amounted to $18.7 million during the three-month period ended March 31, 2013 compared with $8.2 million during the same period last year. During the first three months of 2013, we invested in software development and equipment for $14.8 million and $4.1 million, respectively, which was more than the corresponding amounts of $7.3 million and $1.1 million spent during the same period last year. The increase is associated with our investments to transform our business.

Acquisition of property, plant, equipment and intangible assets, net of lease inducements

(in thousands of Canadian dollars)

	Three-month periods ended March 31,			
		2013		2012
Sustaining	$	7,476	$	4,401
Growth		9,934		4,488
Total	$	17,410	$	8,889
Adjustment to reflect expenditures on a cash basis		715		(705)
Acquisition of property, plant, equipment and intangible assets, net of lease inducements	$	18,125	$	8,184

Sustaining capital expenditures amounted to $7.5 million for the three-month period ended March 31, 2013 compared to $4.4 million for the same period in the previous year. Leasehold Improvements were higher by $1.4 million in the first quarter of 2012 as we re-engineered some premises to accommodate our growing digital fulfillment teams.

Growth capital expenditures relate to the development and implementation of new technology and software aimed at new initiatives as we continue our transformation to a leading performance media and marketing solutions company. During the first quarter of 2013, these amounted to $9.9 million compared to $4.5 million for the same period in the previous year.

Total capital expenditures for the first quarter of 2013 amounted to $17.4 million. As part of our digital transformation, we invested in our new OMM which is scheduled to be deployed in the second quarter of 2013. We also invested in our new Yellow Analytics infrastructure and platform as well as improving our search engine.

The investment for 2013 is expected to be approximately $55 million.

Cash flows (used in) from financing activities

Cash flows used in financing activities amounted to $10 million during the three-month period ended March 31, 2013 while $211.7 million of cash was generated from financing activities for the same period last year. During the first quarter of 2013, we paid $4.2 million of costs associated with our recapitalization and $5.6 million relative to deferred payment obligations arising from acquisitions made in 2010 when we created Mediative. In the first quarter of 2012, we drew $239 million on the revolving tranche of the credit facility. The credit facility was cancelled pursuant to the recapitalization transaction on December 20, 2012.

Financial and Other Instruments

(See Note 24 of the Consolidated Financial Statements of the Company for the year ended December 31, 2012).

The Company's financial instruments consist of cash and cash equivalents, trade and other receivables, investments, trade and other payables, short-term and long-term debt and exchangeable debentures.

Derivative Instruments

We currently have an agreement to purchase the remaining shares of an investment in an associate at a pre-determined multiple. This option qualifies as a derivative liability.

There is no carrying value of embedded derivatives as at March 31, 2013. The carrying value is calculated, as is customary in the industry, using discounted cash flows with quarter-end market rates.

4. Free Cash Flow /

Free cash flow

(in thousands of Canadian dollars)

	Three-month periods ended March 31,	
	2013	2012
Cash flow from operating activities	**$ 86,588**	$ 22,407
Capital expenditures, net of lease inducements	**18,910**	8,184
Free cash flow	**$ 67,678**	$ 14,223

5. Critical Assumptions /

When we prepare our financial statements in accordance with IFRS, we must make certain estimates and assumptions about our business. These estimates and assumptions in turn affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities in the financial statements.

Our critical assumptions and accounting estimates have not changed since the release of our MD&A for the year ended December 31, 2012. These critical assumptions and estimates relate to intangible assets and goodwill, employee future benefits and income taxes. Please refer to Section 5 – Critical Assumptions of our December 31, 2012 annual MD&A.

New Accounting Standards

IAS 19 (Revised) — *Employee Benefits*

Yellow Media Limited has applied the amendments to IAS 19 (Revised) — *Employee Benefits* effective for financial years beginning on or after January 1, 2013. Under the amendments, the main changes of this revised version are the elimination of the corridor approach and acceleration of past service costs recognition, with all changes to the defined benefit obligation and plan assets recognized when they occur. These amendments did not impact the Company's financial results. Furthermore, the interest cost and expected return on plan assets used in the previous version of IAS 19 are replaced with the net interest amount which is calculated by applying the discount rate to the net defined benefit liability or asset and administration fees are now included in service costs. Please refer to Note 2 of the accompanying interim condensed financial statements for the three-month period ended March 31, 2013 for a summary of the differences between our financial statements previously prepared and those under IAS 19 (Revised).

IFRS 7 (Revised) — *Financial Instruments: Disclosures*

On December 16, 2011, the International Accounting Standards Board (IASB) and Financial Accounting Standards Board (FASB) issued common disclosure requirements that are intended to help investors and other users to better assess the effect or potential effect of offsetting arrangements on a company's financial position. The new requirements are set out in *Disclosures-Offsetting Financial Assets and Financial Liabilities* (Amendments to IFRS 7). The IFRS 7 amendments are effective for annual reporting periods beginning on or after January 1, 2013. The standard has been adopted and its adoption has not had any impact on the disclosures made in these financial statements.

IFRS 10 — *Consolidated Financial Statements*

IFRS 10 replaces the consolidation requirements in IAS 27 — *Consolidated and Separate Financial Statements*, and SIC-12 — *Consolidation - Special Purpose Entities*. IFRS 10 establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. It is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted provided IFRS 11 — *Joint Arrangements*, and IFRS 12 — *Disclosure of Interests in Other Entities* and the related amendments to IAS 27 — *Consolidated and Separate Statements* and IAS 28 — *Investments in Associates* (the "package of five") are adopted at the same time. Yellow Media Limited reviewed its investments in associates and concluded the adoption of IFRS 10 did not have an impact on the financial statements.

IFRS 11 — *Joint Arrangements*

IFRS 11 supersedes IAS 31 — *Interests in Joint Ventures*, and SIC-13 — *Jointly Controlled Entities - Non-Monetary Contributions by Venturers*. IFRS 11 requires a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations arising from the arrangement. The standard also requires the use of a single method to account for interests in joint ventures, namely the equity method. IFRS 11 is applicable at the same time as IFRS 10. The standard has been adopted and its adoption has not had any impact on the disclosures made in these financial statements.

IFRS 12 — *Disclosure of Interests in Other Entities*

IFRS 12 is a new standard on disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities. IFRS 12 is applicable at the same time as IFRS 10. In June 2012, the IASB issued amendments to IFRS 10 – *Consolidated Financial Statements*, IFRS 11 – *Joint Arrangements*, and IFRS 12 — *Disclosure of Interests in Other Entities* which will also be effective for the Company at the time of adoption of these standards for the fiscal year beginning on January 1, 2013. The standard has been adopted and its adoption has not had any impact on the disclosures made in these financial statements.

IFRS 13 — *Fair Value Measurement*

IFRS 13 is a new standard that defines fair value and requires disclosures about fair value measurements. IFRS 13 is effective for fiscal years beginning on or after January 1, 2013. Earlier application is permitted. It applies prospectively from the beginning of the annual period in which it is adopted. The standard has been adopted and its adoption has not had any impact on the disclosures made in these financial statements.

IAS 16 — *Property Plant and Equipment*, IAS 32 — Financial Instruments and IAS 34 — *Interim Financial Reporting*

In May 2012, the IASB also issued amendments to IAS 16 – *Property, Plant and Equipment*, IAS 32 – *Financial Instruments: Presentation* and IAS 34 – *Interim Financial Reporting* which are effective for annual periods beginning on or after January 1, 2013, with early application permitted. These amendments clarify various requirements. The standard has been adopted and its adoption has not had any impact on the disclosures made in these financial statements

IAS 32 — *Financial Instruments: Presentation in respect of Offsetting*

On December 16, 2011, the IASB and FASB issued common disclosure requirements that are intended to help investors and other users to better assess the effect or potential effect of offsetting arrangements on a company's financial position.

As part of this project the IASB clarified aspects of IAS 32 – *Financial Instruments: Presentation*. The amendments to IAS 32 address inconsistencies in current practice when applying the requirements. The amendments are effective for annual periods beginning on or after January 1, 2014 and are required to be applied retrospectively. Yellow Media has not early adopted this standard and has not fully assessed the impact of adopting IAS 32.

IFRS 9 — *Financial Instruments*

IFRS 9 is the first phase of the IASB's three phase project to replace IAS 39 – *Financial Instruments: Recognition and Measurement*. IFRS 9, issued in November 2009, introduces new requirements for the classification and measurement of financial assets. IFRS 9, amended in October 2010, includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of IFRS 9 are described as follows:

- IFRS 9 requires all recognized financial assets that are within the scope of IAS 39 – *Financial Instruments: Recognition and Measurement* to be subsequently measured at amortized cost or fair value.
- The most significant effect of IFRS 9 regarding the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability and the elimination of the cost exemption for derivative liabilities to be settled by delivery of unquoted equity instruments.

IFRS 9 will be applied prospectively with transitional arrangements depending on the date of application. The Standard is not applicable until annual periods beginning on or after January 1, 2015, however is available for early adoption. Yellow Media Limited has not early adopted this standard and has not fully assessed the impact of adopting IFRS 9.

6. Risks and Uncertainties /

The following section examines the major risks and uncertainties that could materially affect YPG's future business results.

Understanding and managing risks are important parts of YPG's strategic planning process. The Board requires that our senior management identify and properly manage the principal risks related to our business operations. To understand and manage risks at YPG, our Board and senior management analyze risks in three major categories:

1. Strategic risks - which are primarily external to the business;
2. Financial risks - generally related to matters addressed in the Financial Risk Management Policy and in the Pension Statement of Investment Policy and Procedures; and,
3. Operational risks - related principally to risks across key functional areas of the organization.

YPG has put in place certain guidelines in order to seek to manage the risks to which it may be exposed. Please refer to the Risks and Uncertainties section of our MD&A for the year ended December 31, 2012 and our Annual Information Form for a complete description of these risk factors, including, for example, "Substantial competition could reduce the market share of the Corporation and could have a material adverse effect on the Corporation, its business, results from operations and financial condition", "A higher than anticipated rate of decline in print revenue resulting from changes in preferences and consumer habits could have a material adverse effect on the Corporation, its business, results from operations and financial condition" and "The inability of the Corporation to generate sufficient funds from operations, debt financings, equity financings or refinancing transactions could have a material adverse effect on the Corporation, its business, results from operations and financial condition". Despite these guidelines, the Company cannot provide assurances that any such efforts will be successful. Our risks and uncertainties have not changed since the release of our MD&A for the year ended December 31, 2012. For more information, please refer to the corresponding section in our MD&A for the year ended December 31, 2012.

7. Controls and Procedures /

There were no changes to the Corporation's internal controls over financial reporting that occurred during the period beginning on January 1, 2013 and ended on March 31, 2013 that have materially affected or are reasonably likely to materially affect the Corporation's internal controls over financial reporting.