YELLOW MEDIA LIMITED

ANNUAL INFORMATION FORM

FOR THE YEAR ENDED DECEMBER 31, 2012

March 20, 2013

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EXPLANATORY NOTES

The information in this Annual Information Form is stated as at December 31, 2012, unless otherwise indicated.

Unless otherwise indicated or the context otherwise requires, the “Corporation” refers to Yellow Media Limited and/or its subsidiaries. Where such references are after November 1, 2010, but prior to December 20, 2012, the “Corporation” refers to Yellow Media Inc. and/or its subsidiaries and where such references are prior to November 1, 2010, the “Corporation” refers to the Fund and/or its subsidiaries; “YPG” refers to Yellow Pages Group Corp. (previously named Yellow Pages Group Co., which was continued under the *Canadian Business Corporation Act* (the “CBCA”); “Fund” refers to Yellow Pages Income Fund, a predecessor of the Corporation; “Trust” refers to YPG Trust, previously a wholly-owned subsidiary of the Fund; “YPG GP” refers to YPG General Partner Inc., previously a wholly-owned subsidiary of the Fund; “Trader” refers to Trader Corporation; “Canpages” refers to Canpages Inc.; and “W2W” refers to Wall2Wall Media Inc. Unless otherwise indicated, all dollar amounts are expressed in Canadian dollars and references to “$” are to Canadian dollars.

Certain statements in this Annual Information Form may constitute “forward-looking” statements which involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Yellow Media Limited, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. When used in this Annual Information Form, such statements may be identified by such words 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 Annual Information Form. 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 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 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”; “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”; “A greater percentage of the Corporation’s workforce becoming unionized, 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; “The Corporation might be required to record additional impairment charges”; “The Corporation’s inability to realize some of the existing benefits under its commercial arrangements with the Telco Partners due to the potential erosion of their market position could have a material adverse effect on the Corporation, its business, results from operations and financial condition"; "The Corporation's inability to attract and retain key personnel could have a material adverse effect on the Corporation, its business, results from operations and financial condition"; "The failure to increase prices may have an adverse effect on the Corporation, its results of operation and financial condition"; "Changes in regulations could have a material adverse effect on the Corporation, its business, results from operations and financial condition"; "The Corporation's inability to enforce the non-competition agreements with the Telco Partners may impair the value of its business"; "The Corporation's business depends on the strength and visibility of the Corporation's brands. Failure to promote and reinforce consumer trust in these brands, or negative publicity regarding the Corporation, could impair the Corporation's ability to expand its business"; "Turnover among media consultants could materially adversely affect the Corporation, its business, results from operations and financial condition"; "The inability or unwillingness of Certified Market Representatives to carry on business with the Corporation could have a material adverse effect on the Corporation, its business, results from operations and financial condition"; and "Adverse outcome in lawsuits or investigations could have a material adverse effect on the Corporation, its business, results from operations and financial condition" of the "Risks and Uncertainties" section. 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 Annual Information Form 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 Annual Information Form, 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 legislation.

CORPORATE STRUCTURE

Name, Address and Incorporation

On December 20, 2012, the Corporation, the successor entity of YPG Financing Inc. (formerly known as Yellow Media Inc.), completed a recapitalization transaction (the "Recapitalization") in accordance with a court-approved plan of arrangement under the CBCA. Yellow Media Limited, a corporation incorporated under the CBCA, was formed for the purpose of effecting the Recapitalization. Pursuant to the Recapitalization which became effective on December 20, 2012, Yellow Media Limited became the parent company of Yellow Media Inc., which changed its name to YPG Financing Inc. See "Business of the Corporation – Recapitalization".

YPG Financing Inc. is a corporation amalgamated on November 1, 2010 under the CBCA, and results from the amalgamation of a predecessor entity also named Yellow Media Inc., YPG GP, Canadian Phone Directories Holdings Inc. and certain other corporations pursuant to a plan of arrangement. YPG Financing Inc. is the successor of Yellow Pages Income Fund, following the completion on November 1, 2010 of the reorganization of the Fund from an income trust structure to a corporate structure by way of a court-approved plan of arrangement (the "Conversion Arrangement") under the CBCA. As a result of the Conversion Arrangement, on November 1, 2010, the holders of units of the Fund became the holders of common shares of Yellow Media Inc., the units of the Fund were delisted from the Toronto Stock Exchange ("TSX") and trading of the common shares of Yellow Media Inc. on the TSX commenced under the symbol "YLO".

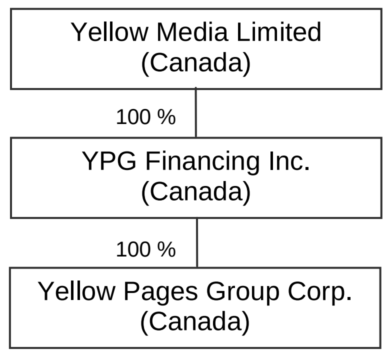
As part of the conversion, YPG LP was liquidated and dissolved and its assets and liabilities were distributed to and assumed by the Trust and YPG GP in indivision on a pro rata basis. The Trust was then liquidated and dissolved and its assets and liabilities were distributed to and assumed by the Fund. The Fund was then liquidated and dissolved and its assets and liabilities were distributed to and assumed by 7341261 Canada Inc. (a corporation incorporated under the CBCA for purposes of the Conversion Arrangement). Such corporation was then amalgamated with a predecessor entity named

Yellow Media Inc., YPG GP, Canadian Phone Directories Holdings Inc. and 7341296 Canada Inc. (a corporation incorporated under the CBCA for purposes of the Conversion Arrangement) to form Yellow Media Inc.

The Corporation's principal and head office is located at 16 Place du Commerce, Nuns' Island, Verdun, Québec, Canada, H3E 2A5.

Intercorporate Relationships

The following chart illustrates, on a simplified basis, the structure of the Corporation, including the jurisdiction of establishment/incorporation of the various entities as of March 20, 2013.



GENERAL DEVELOPMENT OF THE BUSINESS

History of Yellow Media Limited

The paragraphs that follow provide a description of the business of Yellow Media Limited, including how its business has evolved in the last three years, alongside the recently implemented Recapitalization.

YPG (through one of its predecessors) published its first print directory in 1908. The business was operated as a division of Bell Canada until 1971, when it was incorporated as a wholly owned subsidiary of Bell Canada. In November 2002, funds managed by Kohlberg Kravis Roberts & Co. and the Ontario Teachers' Pension Board acquired the business from affiliates of Bell Canada. In August 2003, the Corporation completed its Initial Public Offering as an income trust, and in mid-2004, Kohlberg Kravis Roberts & Co. completed the sale of its remaining interests of the business.

Since 2004, the Corporation has completed a number of acquisitions enabling it to expand its presence from Ontario and Québec to every province and territory across Canada giving the Corporation a national platform to offer its products and services.

On May 25, 2010, the Corporation acquired Canpages, an independent online and print directory publisher with mobile search technologies having operations in British Columbia, Alberta and Ontario. At the beginning of February, 2012, the Corporation integrated Canpages' operations into YPG and discontinued the publication of duplicate print directories.

In the first quarter of 2010, YPG acquired a number of digital properties that enabled it to develop online promotions and shopping tools through RedFlagDeals.com and acquire the 411.ca™ brand and domain. Other acquisitions and investments completed at the same time expanded the Corporation's license rights in a display advertising software platform, search engine solution and online advertising representation services.

Following these acquisitions, YPG launched Mediative in October 2010. Mediative is a digital advertising and marketing solutions provider for national agencies and advertisers.

Trader

On March 25, 2011, the Corporation reached a definitive agreement to sell Trader to funds advised by Apax Partners. Closing of the transaction occurred on July 28, 2011 for a purchase consideration of $702 million, net of expenses and estimated working capital, fees and other adjustments. The real estate and LesPAC.com businesses were excluded from the divestiture.

On November 14, 2011, the Corporation sold the assets of LesPAC Inc. to Mediagrif Interactive Technologies Inc. for a net purchase price of $71 million.

Corporate Restructuring

On July 23, 2012, the Corporation announced the proposed Recapitalization that aimed to significantly reduce the Corporation's debt and improve its maturity profile, with debt first coming due in 2018.

On September 6, 2012, the Corporation held debtholder and shareholder meetings to obtain approval of the plan of arrangement under the CBCA implementing the Recapitalization. The Recapitalization was approved by the requisite majority of its debtholders and shareholders at their respective meetings, with 70.39% of support received from the debtholders and 77.26% of support received from the shareholders.

The hearing on the final order (the "Final Order") of the Québec Superior Court (the "Court") approving the Recapitalization concluded on October 23, 2012. On December 10, 2012, the Corporation announced that it had reached a settlement with the lenders under the Credit Facility (as defined below) who were opposing the Recapitalization. In connection with the settlement, the Corporation and lenders under the Credit Facility entered into a termination and settlement agreement (the "Termination and Settlement Agreement") which set forth the terms and conditions pursuant to which the obligations under the Credit Facility would be terminated upon implementation of the Recapitalization. The Court issued its Final Order and approved the Recapitalization on December 14, 2012.

The Recapitalization was implemented on December 20, 2012 under section 192 of the CBCA and pursuant to the Termination and Settlement Agreement and became effective on that date (the "Effective Date"). See "Business of the Corporation – Recapitalization".

Prior to the Recapitalization, the Corporation had completed the Conversion Arrangement on November 1, 2010 whereby the Fund converted from an income trust structure into a corporate structure (YPG Financing Inc., previously named Yellow Media Inc.). See "Corporate Structure – Name, Address and Incorporation".

BUSINESS OF THE CORPORATION

Yellow Media Limited is a leading media and marketing solutions company offering services to small and medium enterprises ("SMEs") across Canada. The Corporation contributes to the success of these businesses by connecting them with local consumers in their communities. Through a nationwide sales force of approximately 1,100 media account consultants and support staff, the Corporation serves approximately 309,000 local Canadian businesses providing them with single-point access to a full suite of print and digital products and services. The Corporation is also a leader in national digital advertising through Mediative, a digital advertising and marketing solutions provider which offers extensive display, mobile and other location-based marketing solutions to the country's largest national agencies and advertisers. W2W, a subsidiary of the Corporation, manages activities, publications, and services related to the real estate market.

The Corporation publishes, markets and distributes advertisers' local business information via local search networks and a variety of owned and operated properties, including YellowPages.ca™, Pagesjaunes.ca™, Canada411.ca™, Canpages.ca™, RedFlagDeals.com™ and Yellow Pages print directories. Our online destinations reach approximately 9 million unique visitors monthly.

The Canada411.ca website is the number one directory site for residential listings in Canada, providing residential listings, including postal codes, through its "Find a Person" interface.

YellowPages.ca can also be accessed on mobile devices through its various mobile applications on BlackBerry™, Apple iPhone™ and iPad™, Windows Mobile™ and Android™. In 2012, the YellowPages.ca application was fully redesigned to include more user relevant content, including quick access to relevant groupings of business listings and neighbourhood deals pertaining to the user's search category. The Corporation owns and operates additional mobile search applications including Shopwise™, Urbanizer™ and RedFlagDeals™. The Shopwise mobile application was also enhanced in 2012 to include improved content and functionalities. Innovations included the integration of a product catalogue featuring more than seven million items, and a list of 600 local and national retailers. As of December 31, 2012, our mobile applications had been downloaded over 5 million times.

The Corporation's open application programming interface ("API") platform, YellowAPI, located at www.YellowAPI.com, was launched in September, 2010. It has become one of the largest databases in Canada, containing 1.5 million geo-coded, bilingual Canadian business listings and enhanced content on over 300,000 businesses. YellowAPI powers a variety of online functionalities for a wide range of online sites in Canada. YPG has entered into agreements with several Internet portals, search engines and individual websites to promote its digital directories and distribute its local data, such as AOL.ca, Yahoo! Canada, Sympatico.ca, Canada.com, Bell Aliant, MTS Allstream, CBC.ca, Telus Mobility, Google Canada, FourSquare, OpenTable, TripAdvisor and Twitter. In 2012, the Corporation and Yahoo! Canada announced they had expanded their partnership to provide Yahoo! Canada users with an enhanced local search experience due in large part to YellowAPI technology. Partnering with Yahoo! Canada enables Yellow Media Limited to extend its advertisers' reach on a platform that is outside its network of properties. These types of data integration and sharing agreements create significant value for advertisers by amplifying their visibility and reach as they become visible across a multitude of additional communications channels and land in the path of audiences previously beyond their reach. The YellowAPI team also engages the development community across the globe and now boasts over 2,500 developers on the platform.

The Corporation is Canada's largest telephone directories publisher and YPG is the official Canadian directories publisher of Bell Canada, Telus, Bell Aliant, MTS Allstream, and a number of other incumbent telephone companies that have a leading market share in their respective markets. YPG published more than 375 different print telephone directories in 2012 with a total circulation of approximately 18 million copies.

Mediative is one of Canada's largest integrated advertising and digital marketing companies. Mediative develops marketing solutions for national advertisers. It serves the marketing needs of clients across multiple industries and has one of Canada's leading ad display networks, managing the ad inventory of over 500 online properties and offering a network of over 20 mobile-enabled sites. Mediative's advertising network reaches approximately 16.5 million unique visitors per month.

W2W, which manages over 70 print publications and four websites, reaches approximately 5 million Canadians each year relating to the real estate market.

Products

The manner in which consumers search for, locate and digest information continues to change and rapidly evolve. Consumers are using their computers, smart phones and tablets to find rich, local information that will help them make smarter and more informed shopping decisions. Despite the rapid evolution and fragmentation of today's digital marketplace, the fundamental needs of SMEs remain unchanged: they need to connect with local consumers at the right time with the right message. The Corporation's comprehensive Yellow Pages™ 360º Solution offering is specifically designed to meet advertisers' marketing needs and help them generate valuable business leads. In 2012, the Corporation changed its market approach from a product focused offering to a needs and benefits-based approach, clarifying the offering to clients and the benefits to their business. The approach is now designed as follows:

i) *Going Digital*, through an offering of websites, internal business profiles on YellowPages.ca and High Definition video; ii) *Boosting Sales*, to generate qualified leads through online and mobile priority placement and print advertising on YellowPages digital and print properties; and iii) *Extending Online Reach*, through investment in Search Engine Optimization and Search Engine Marketing.

Furthermore, through the Yellow Pages Analytics performance reporting tool, advertisers are able to gain valuable information and insight about their campaigns through access to online statistics on visits, clicks and traffic trends.

As at December 31, 2012, the advertiser penetration of Yellow Pages' 360° Solution (defined as advertisers who subscribe to three product categories or more) was 16.5% compared to 5.5% at the end of the same period last year.

In an effort to better service the needs of its larger advertisers, the Corporation joined efforts with Mediative to launch Digital PowerPlay™. Launched in the third quarter of 2012, Digital PowerPlay establishes and optimizes a business' digital presence by determining the necessary steps to maximize qualified leads across various digital channels while offering a high level of service and support.

The Corporation also launched two new mobile products during the fourth quarter of 2012: Mobile Sponsored Placement Prestige and Mobile Placement Leader. Mobile Sponsored Placement Prestige secures maximum, exclusive visibility for business listings by offering larger display and ensuring listings appear in the top spot of mobile search results. Mobile Placement Leader positions business listings to appear in the top five search results. As at December 31, 2012, the Corporation had approximately 24,600 Canadian SMEs purchasing mobile products, representing approximately 46,600 mobile units.

To promote and demonstrate the relevance of the Corporation's digital tools, platforms and expertise in connecting consumers with businesses, YPG launched a new ad campaign in the fourth quarter of 2012. The campaign focuses on "Meet the New Neighbourhood", and communicates the Corporation's ability to address the societal, cultural, and technological trends that have changed the way consumers and local businesses find and interact with one another.

General

Canadian businesses are approached by a sales force comprised of approximately 1,100 media account consultants and sales support staff, and presented with a product mix based on the needs of the advertiser. The sales force collects the advertiser's information and provides it to the appropriate production staff within the Corporation who creates the requested product.

The selling and production cycle of digital products varies depending on the product purchased. The print directories selling and production cycle lasts approximately 12 months from the initial sales date. YPG print directories are distributed yearly by third party distributors to business and residential locations (free of charge to users) throughout the Corporation's markets.

Production and Components

With the exception of certain SEM and SEO products which are managed through third-party providers, the Corporation manages internally the production and components of all of its product offerings, including the production and hosting of Websites and High Definition ("HD") Videos (certain HD Videos may be produced through a third-party provider), the process of compiling the print and online directories together with listing information updates, sales contract and commission processing, advertisement design and creation, page layouts, and the transfer of completed pages to the online directories YellowPages.ca™, PagesJaunes.ca™, Canpages.ca and to YPG's printing suppliers for the print directories. YPG contracts with a third party supplier for the printing and binding of all its directories published in Canada. The principal raw material used in manufacturing a print directory is paper, the cost of which represents less than 3% of YPG's directories revenues. YPG contracts with third party vendors to distribute its directories to residences and businesses within the geographic area covered by the directory title. Additional copies of the directories are available for residential and business users upon request.

Under separate billing and collection agreements with each of Bell Canada, Telus, Bell Aliant and MTS Allstream (collectively, "Telco Partners") and other independent telephone companies, YPG's billing is included as a separate line item on customer's telephone bills. Telco Partners also provide collection services. See "Business of the Corporation – Long-Term Relationships with Telecommunication Companies".

Advertisers who do not use the incumbent telephone company as their telephone service provider, or who purchase products outside of their incumbent telephone company's territory are billed directly by YPG. Selling contractors and certified marketing representatives ("CMRs") are billed on an annual basis by YPG upon directory publication after which they bill their clients.

YPG recognizes revenue on a monthly basis over the estimated life of the print directory or online directory advertising, not exceeding twelve months, commencing with the delivery or display date, respectively. The amount billed to CMR's is deferred and recognized over the next 12 months.

Long-Term Relationships with Telecommunication Companies

YPG has entered into publishing agreements and is the official and exclusive publisher of telephone directories of Bell Canada, Telus, Bell Aliant and MTS Allstream YPG has entered into royalty-free, 30-year licenses which grant it the right to use the Bell (up to 2032), Telus (up to 2031), Bell Aliant (up to 2037) and MTS Allstream (up to 2036) trade-marks in connection with the publication of print and online telephone directories in any format (subject to certain exceptions). Pursuant to such agreements, Bell, Telus, Bell Aliant and MTS Allstream have agreed not to compete with YPG in the creation, publication, distribution or marketing of telephone directories (subject to certain exceptions) for a period of 30 years from the execution of their respective publication and trade-mark license agreements. Furthermore, YPG has entered into Billing and Collection agreements with Bell (up to 2016), Telus (up to 2031), Bell Aliant (up to 2037) and MTS Allstream Inc. (up to 2036), whereby each performs billing and collection services on behalf of YPG, including billing and collecting directory advertising fees from YPG advertisers who are also customers of the Telco Partners.

Competition

The Corporation faces competition in the local-based search media and the full-service solutions markets from national and regional players that offer advertising services targeted at reaching local businesses, such as digital (which includes internet and mobile) marketing, national and regional directory publishing companies, community newspapers, radio and television, direct mail, flyers and coupons as well as full-service web and digital advertising firms. With respect to the local-based search media market, the Corporation faces competition in the online, mobile and print products and services.

Within the digital local-based search media, competition is arising from online search engines google.ca, yahoo.ca and bing.ca. Yahoo.ca integrates the Corporation's YellowAPI local search information. In addition, the Corporation competes with Internet sites that provide classified directory information such as those of WebLocal.ca, a local search site operated by TC Media, owned by Transcontinental Inc., MapQuest.ca, indirectly wholly-owned by AOL Inc., reachlocal.com, a California based local search site ("ReachLocal"), Goldbook.ca, a local search site operated by Metroland Media Group, a wholly-owned subsidiary of Torstar Corporation, as well as with social networking organizations such as Facebook Inc., Twitter, Inc., Yelp! Inc. and Foursquare Labs, Inc.

Within the mobile local-based search media, the Corporation faces competition from Google Inc., which is currently the highest ranked mobile destination in Canada and provides local advertising on mobile through its Adwords platform. The Corporation also competes with location-based search application Poynt, which provides applications for a variety of smartphones and which currently integrates the Corporation's YellowAPI local search information in Canada, as well as with Yelp! Inc.

Within the print local-based search media, the Corporation faces competition from community newspapers and regionally focused independent publishers. In Québec, the Corporation faces competition from Les Annuaires G.B. Inc. which publishes approximately 30 community-based directories. In Ontario, the Corporation faces competition from Gold Book, a subsidiary of Metroland Media Group, a wholly-owned subsidiary of Torstar Corporation, which publishes approximately 40 directories. In Saskatchewan, the Corporation faces competition from DirectWest Corporation, a subsidiary of Saskatchewan Telecommunications Holding Corporation (SaskTel), the Saskatchewan-based provincial telecom operator, which publishes approximately ten directories in Saskatchewan. In Alberta, British Columbia and Ontario, the Corporation faces competition from Actionpages, an independent US publisher, which has recently extended its activities in Canada with 12 printed directories.

With respect to the full-service solutions market, the Corporation faces competition in the website provision, search engine marketing and search engine optimisation offerings. In the website provision offering, the Corporation competes with numerous providers, including Bell Canada and Telus, which both offer small and medium businesses web design, web site hosting, domain names, phone and Internet bundles and e-commerce solutions. In the search engine marketing and search engine optimisation offerings, the Corporation competes with ReachLocal, Rogers Communications Inc., as well as with Search Engine People Inc., an Internet marketing company.

Logos and Trade-marks

Management of the Corporation believes that its trade-marks are important to its competitive position. The Corporation owns more than 256 trade-marks in connection with its Canadian directories business including Yellow Pages, Pages Jaunes, Walking Fingers & Design™, Canada411™, YellowPages.ca and PagesJaunes.ca. In addition, YPG has entered into trade-mark license agreements with Bell Canada, Telus, Bell Aliant and MTS Allstream, giving YPG the exclusive right to use their trade-marks in connection with the publication of print and online directories. See "Business of the Corporation – Long-Term Relationship with Telecommunication Companies".

The Corporation devotes significant resources to the protection of its trade-marks and takes a proactive approach to protecting its brand exclusivity.

Regulatory Matters

The Canadian Radio Television Telecommunications Commission ("CRTC") does not regulate the provision of directory advertising by, or the operations of, YPG except as regards to the protection of the incumbent telephone company customer information and insofar as their respective regulatory obligations in respect of alphabetical and classified listing telephone directories affect the contractual requirements it places on the Corporation as a service provider to them. These requirements include the customer's entitlement to receive, free of charge, copies of the alphabetical directory in which the customer's telephone number is listed in all markets where the incumbent telephone company is the local telephone service provider.

Recapitalization

On October 25, 2011, the Corporation's Board of Directors established a committee composed of independent directors (the "Financing Committee") to provide advice and recommendations regarding the Corporation's capital structure and assets. The mandate of the Financing Committee was amended on February 8, 2012 to provide for advice and recommendations with respect to financing, refinancing alternatives and liquidity requirements of the Corporation. The Financing Committee was given the responsibility to, among other things, provide the Board of Directors and management with assistance, advice and recommendations on matters relating to the Corporation's capital structure, financing and refinancing alternatives and liquidity requirements as well as overseeing and implementing strategies and transactions to address such matters with the approval of the Board of Directors. On February 9, 2012, the Corporation announced that it had begun evaluating alternatives to refinance maturities in 2012 and beyond, with the objective of completing any transactions during the fiscal year.

On July 23, 2012, the Corporation announced the proposed Recapitalization that aimed to significantly reduce the Corporation's debt and improve its maturity profile, with new debt first maturing in 2018.

On September 6, 2012, the Corporation held debtholder and shareholder meetings to obtain approval of the plan of arrangement under the CBCA implementing the Recapitalization. The Recapitalization was approved by the requisite majority of its debtholders and shareholders at their respective meetings, with 70.39% of support received from the debtholders and 77.26% of support received from the shareholders.

The hearing on the Final Order of the Québec Superior Court approving the Recapitalization concluded on October 23, 2012. On December 10, 2012, the Corporation announced that it reached a settlement with the lenders under the Credit Facility who were opposing the Recapitalization.

In connection with the settlement, the Corporation and the lenders under the Credit Facility entered into a Termination and Settlement Agreement on December 14, 2012 which set forth the terms and conditions pursuant to which the obligations under the Credit Facility would be terminated upon implementation of the Recapitalization. Pursuant to the Termination and Settlement Agreement, the Corporation agreed to pay the lenders under the Credit Facility the $25 million mandatory repayment originally due October 1, 2012. Additionally, the Corporation granted the lenders the right to nominate one member of the Board of Directors, such member to be acceptable to the Board of Directors at the time of nomination. Lastly, the Recapitalization as it affected the Credit Facility was implemented through the Termination and Settlement Agreement rather than under Section 192 of the CBCA. The Court issued its Final Order and approved the Recapitalization on December 14, 2012.

On December 20, 2012, the Corporation completed the Recapitalization pursuant to which the former securities of YPG Financing Inc., the entity previously named Yellow Media Inc. and all entitlements relating thereto, were exchanged and cancelled for, as applicable, cash, common shares and warrants of the Corporation, and new senior secured notes and new senior subordinated exchangeable debentures of YPG Financing. YPG Financing is a wholly-owned subsidiary of the Corporation.

The Recapitalization reduced the Corporation's debt, including Preferred Shares, series 1 and Preferred Shares, series 2, by approximately $1.5 billion and provides the Corporation with the financial flexibility necessary to advance its business transformation to a digital media and marketing solutions company and enhance long-term value for stakeholders.

Upon completion of the Recapitalization, the Corporation's principal indebtedness consists of senior secured notes and senior subordinated exchangeable debentures. See "Capital Structure – Description of Senior Secured Notes" and "Capital Structure – Description of Exchangeable Debentures".

The following table presents what the lenders under the then existing Credit Facility, the holders of the Corporation's then existing medium term notes, the holders of 6.25% convertible unsecured subordinated debentures, and the holders of preferred shares and common shares received under the Recapitalization.

	Cash ($)	Senior Secured Notes ($)	Senior Sub. Exch. Debentures ($)	Common Shares ($)	Warrants ($)
Lenders	70,295,537	165,416,165	18,118,215	4,178,593	--
Noteholders	204,704,463	634,583,835	81,881,785	18,884,350	--
Convertible Debenture Holders	--	--	7,500,000	497,852	484,487
Preferred shareholders	--	--	--	1,829,635	1,045,506
Common shareholders	--	--	--	2,564,647	1,465,513
Total	275,000,000	800,000,000	107,500,000	27,955,077	2,995,506

Lenders

Prior to the Recapitalization, the Corporation had a senior unsecured credit facility with a syndicate of lenders (the "Credit Facility") consisting of a $250 million revolving tranche maturing in February 2013 and a $130 million non-revolving tranche maturing in February 2013. Pursuant to the Recapitalization**,** the Corporation's Credit Facility, of which $369 million was drawn, was exchanged for, in the aggregate, $165,416,165 of Senior Secured Notes (as defined below), $18,118,215 of Senior Subordinated Exchangeable Debentures (as defined below), 4,178,593 common shares of Yellow Media Limited (representing 14.95% of the issued and outstanding common shares) and $70,295,537 of cash, which included the $25 million mandatory repayment of October 1, 2012. In addition, the Corporation agreed to pay all accrued interest up to and excluding December 20, 2012, on the Credit Facility. The Credit Facility was cancelled on the Effective Date.

Holders of Medium Term Notes

Immediately prior to the Recapitalization, the Corporation had a total of $1,404.1 million of medium term notes outstanding under its medium term note program with varying maturity dates between 2013 and 2036. Pursuant to the Recapitalization**,** the medium term notes were exchanged for, in the aggregate, $634,583,835 of Senior Secured Notes, $81,881,785 of Senior Subordinated Exchangeable Debentures, 18,884,350 common shares of Yellow Media Limited (representing 67.55% of the issued and outstanding common shares) and $204,704,463 of cash. In addition, the Corporation agreed to pay all accrued interest up to and excluding December 20, 2012, to holders of the medium term notes. All of the outstanding medium term notes were cancelled on the Effective Date.

Convertible Debenture Holders

During 2012, $0.9 million of 6.25% convertible unsecured subordinated debentures (the "Convertible Debentures") were exchanged into 116,250 common shares. Immediately prior to the Recapitalization, the Corporation had a total of $199.1 million principal amount outstanding of Convertible Debentures. The Convertible Debentures had a maturity date of October 1, 2017 and were convertible, at the option of the holder, for common shares of YPG Financing Inc. at an exchange price of $8.00 per common share. Pursuant to the Recapitalization, the Convertible Debentures were exchanged for, in the aggregate, $7,500,000 of Senior Subordinated Exchangeable Debentures, 497,852 common shares of Yellow Media Limited (representing 1.8% of the issued and outstanding common shares) and 484,487 Warrants (as defined below) of Yellow Media Limited. The Corporation agreed to pay all interest accruing up to and excluding December 20, 2012 on the Convertible Debentures. All of the outstanding Convertible Debentures were cancelled on the Effective Date.

Preferred Shareholders

Preferred Shares, Series 1 and 2

Immediately prior to the Recapitalization, the Corporation had two series of cumulative redeemable first preferred shares outstanding, $251.1 million of Preferred Shares, Series 1 and $151.6 million of Preferred Shares, Series 2. Pursuant to the Recapitalization, the Preferred Shares, Series 1, were exchanged for, in the aggregate, 628,090 common shares of Yellow Media Limited (representing 2.2% of the issued and outstanding common shares) and 358,909 Warrants of Yellow Media Limited. The Preferred Shares, Series 2 were exchanged for, in the aggregate, 379,016 common shares of Yellow Media Limited (representing 1.4% of the issued and outstanding common shares) and 216,581 of Yellow Media Limited Warrants. The Recapitalization provided that no cumulative or unpaid dividends would be paid in respect of the Preferred Shares, Series 1 and Series 2. All of the outstanding Preferred Shares, Series 1 and 2 were cancelled on the Effective Date.

Preferred Shares, Series 3 and 5

Immediately prior to the Recapitalization, the Corporation had two series of cumulative rate reset first Preferred Shares outstanding, $203 million Preferred Shares, Series 3 and $123 million Preferred Shares, Series 5. Pursuant to the Recapitalization, the Preferred Shares, Series 3 were exchanged for, in the aggregate, 507,737 common shares of Yellow Media Limited (representing 1.8% of the issued and outstanding common shares) and 290,135 Warrants of Yellow Media Limited. The Preferred Shares, Series 5 were exchanged for, in the aggregate, 307,604 common shares of Yellow Media Limited (representing 1.1% of the issued and outstanding common shares) and 175,774 Warrants of Yellow Media Limited. The Recapitalization provided that no cumulative or unpaid dividends would be paid in respect of the Preferred Shares, Series 3 and Series 5. All of the outstanding Preferred Shares, Series 3 and Series 5 were cancelled on the Effective Date.

Series 7

Immediately prior to the Recapitalization, the Corporation had $2.9 million of cumulative exchangeable first Preferred Shares, Series 7 outstanding. Pursuant to the Recapitalization, the Preferred Shares, Series 7 were exchanged for, in the aggregate, 7,188 common shares of Yellow Media Limited (representing 0.03% of the issued and outstanding common shares) and 4,107 Warrants of Yellow Media Limited. The Recapitalization provided that no cumulative or unpaid dividends would be paid in respect of the Preferred Shares, Series 7. All of the outstanding Preferred Shares, Series 7 were cancelled on the Effective Date.

Common Shareholders

Pursuant to the Recapitalization, all of the outstanding common shares of YPG Financing Inc. were cancelled and exchanged for 2,564,647 common shares of Yellow Media Limited (representing 9.17% of the issued and outstanding common shares) and 1,465,513 Warrants of Yellow Media Limited. As of December 31, 2012 the Corporation had 27,955,077 Common Shares issued and outstanding.

Ratings

Since December 20, 2012, none of the Corporation’s outstanding securities have been assigned a rating by a credit rating agency.

Employees

The Corporation employs approximately 2,800 employees. The Corporation's nationwide sales force is comprised of approximately 1,100 media account consultants and support staff. Certain media account consultants ("MAC"), as well as certain office employees in Alberta, Manitoba, Ontario, British Columbia and Québec, together representing approximately 39% of YPG's workforce, are unionized. YPG's office employees based in the United States are not unionized.

The following table provides a summary of the labour unions representing YPG's employees and the status of collective agreements in force:

Labour union	Bargaining Unit	Location	Expiry Date
Canadian Office and Professional Employees' Union	COPE Local 131	MAC based in Ontario, other than those based in the city of Thunder Bay	November 30, 2012
Communications, Energy and Paperworkers Union of Canada	Thunder Bay CEP Local 240-5	MAC based in the city of Thunder Bay	June 30, 2013
Communications, Energy and Paperworkers Union of Canada	CEP Local 6006	Office employees based in Ontario	December 31, 2017
Syndicat des employées et employés professionnels(les) et de bureau	SEPB Local 574	MAC and office employees based in Québec	December 31, 2013
International Brotherhood of Electrical Workers	IBEW Local 2228	MAC based in Alberta	January 31, 2013
International Brotherhood of Electrical Workers	IBEW Local 2228	Office employees based in Alberta	March 31, 2013
Communications, Energy and Paperworkers Union of Canada	CEP Local 7	MAC and office employees based in Manitoba	December 31, 2012
Canadian Office and Professional Employees Union	COPE Local 378	MAC based in British Columbia	June 30, 2012
International Brotherhood of Electrical Workers	IBEW Local 213	Certain employees of W2W in British Columbia (7 employees)	December 31, 2012

Collective bargaining in respect of a new collective agreement with COPE Local 131 is currently ongoing. The Corporation expects negotiations in respect of new collective agreements with IBEW Local 2228, CEP Local 7, COPE Local 378 and IBEW Local 213 to commence shortly. The Corporation considers its relations with its employees to be generally good and the Corporation strives to maintain a positive relationship with the unions.

Facilities

The Corporation's headquarters are located in leased premises at 16 Place du Commerce, Nuns' Island, Verdun (Québec). The lease runs for a period of 14 years commencing on January 1, 2004.

The Corporation also maintains offices in most of the provinces of Canada as well as two facilities in the United States, the most important of which are located in Scarborough (Ontario), Burnaby (British Columbia), Calgary (Alberta), Toronto (Ontario), Saint John (New Brunswick), Winnipeg (Manitoba), Blue Bell (Pennsylvania) and Indianapolis (Indiana).

Environment and Corporate Social Responsibility

The Corporation has reported no existing or potential environmental hazards at any of its leased facilities, nor has it received any inquiry or notice that has resulted, or may reasonably be expected to result in, actual or potential proceedings, claims, lawsuits or losses related to environmental liabilities.

For the past three years, the Corporation has been implementing the “Changing the World, One Step at a Time” program developed in collaboration with Équiterre, a leading environmental organization in Québec. At the end of 2012, the Corporation had completed 27 of the 31 initiatives in the Équiterre plan.

YPG significantly reduced its paper consumption by 29% from 2010 to 2011 and 60% over the past three years. The reduction results mainly from the cessation of automatic distribution of residential directories and proactive initiatives to streamline manufacturing and distribution. YPG also continues to support its print directory opt-out program, enabling Canadians to remove their address from the Yellow Pages print directory distribution list by completing the form located at www.ypg.com/delivery. In 2012, the Corporation continued to promote the program by including a clear opt-out telephone number on the cover of each directory, launching social media campaigns and seeking the collaboration of recycling and environmental organizations in Canada.

The print directories produced by YPG are made from waste wood chips from Canadian suppliers and include vegetable-based inks as well as hot-melt glue, rendering them entirely recyclable. Outdated print directories have among the highest material recycling rates, compared to other materials.

YPG evaluated the environmental impact of its printed directories and business activities. In addition, an assessment established that the average Yellow Pages directory had a lesser carbon footprint than many other household items. YPG reduced its carbon footprint by 21% between 2010 and 2011.

Internally, YPG continues to maintain systems for recycling waste, paper, plastic, glass, ink cartridges and batteries. Paper usage in YPG’s offices across Canada has also decreased significantly due to double sided printing policies and paperless workflows for many operations such as client advertising, creation and management. YPG also purchases 100% recycled and Forest Stewardship Council certified office paper for all its offices across Canada.

Corporate Governance

The Corporation is committed to high ethical standards in all operations and business practices. The Corporation has a Code of Ethics and Business Conduct which is reviewed yearly. Each Director and employee of the Corporation must confirm annually that they have both read and complied with the requirements of the Code of Ethics and Business Conduct. The Corporation has advertising terms and conditions for customers which are available on the Corporation’s website. Corporate governance practices are monitored and reviewed by the Corporate Governance and Nominating Committee of the Corporation.

Legal Proceedings

The Corporation is involved in various non-material, ordinary course legal proceedings, none of which are believed by management to have any material adverse effect on the financial and operating performance of the Corporation.

In connection with the Corporation seeking approval of the Recapitalization, both the ad hoc committee representing certain holders of Convertible Debentures and the lenders under the Corporation’s then existing Credit Facility contested the Recapitalization. However, upon reaching a settlement with the Corporation, both contestations were withdrawn on October 17, 2012 and December 10, 2012, respectively. See "Business of the Corporation – Recapitalization".

CAPITAL STRUCTURE

Description of Common Shares

Yellow Media Limited is authorized to issue an unlimited number of common shares. As of March 20, 2013, there were 27,955,077 common shares of the Corporation issued and outstanding.

The holders of the common shares of Yellow Media Limited are entitled to one vote per common share at all meetings of shareholders of the Corporation, other than meetings at which only the holders of another class or series of shares of the Corporation are entitled to vote separately as a class or series. The holders of the common shares of Yellow Media Limited are entitled to receive, subject to the rights, privileges, restrictions and conditions attached to any other classes of shares of the Corporation, any dividend declared by the Board of Directors of the Corporation on the common shares. See "Dividends and Distributions – Dividend Policy". In the event of the liquidation, dissolution or winding-up of Yellow Media Limited, whether voluntary or involuntary, the holders of the common shares of Yellow Media Limited are entitled to receive, after payment of all liabilities of Yellow Media Limited and subject to the preferential rights of any class of shares of Yellow Media Limited ranking in priority to the common shares of Yellow Media Limited, the remaining assets and property of Yellow Media Limited.

Stock Option Plan

As part of the completion of the Recapitalization on December 20, 2012, a new stock option plan (the "2012 Plan") was implemented. The 2012 Plan allows the Board of Directors to issue a maximum of 1,290,612 common shares to eligible employees. As at March 20, 2013, no options had been issued or were outstanding.

Description of Preferred Shares

Yellow Media Limited is authorized to issue an unlimited number of cumulative redeemable first preferred shares, issuable in series with such rights, privileges, restrictions and conditions as may be determined by the Board of Directors of the Corporation prior to the issuance thereof. As of March 20, 2013, no preferred shares of Yellow Media Limited had been issued or were outstanding. The preferred shares of each series will rank on a parity with the preferred shares of every other series and will be entitled to preference over the common shares and any other shares ranking junior to the preferred shares with respect to the payment of any dividends and distribution of assets in the event of liquidation, dissolution or winding-up of the Corporation and may also be given such other preferences over the common shares and any other shares ranking junior to the preferred shares as may be determined at the time of creation of such series. Holders of preferred shares, except as otherwise provided in the terms specific to a series of preferred shares or as required by law, will not be entitled to vote at meetings of holders of common shares.

Description of Senior Secured Notes

Upon the implementation of the Recapitalization on December 20, 2012, the Corporation, through its subsidiary YPG Financing Inc., issued $800 million of 9.25% Senior Secured Notes maturing November 30, 2018 (the "Senior Secured Notes"). Interest on the Senior Secured Notes is payable in cash quarterly in arrears in equal instalments at 9.25% per annum on the last day of February, May, August and November of each year to the holders of record at the close of business as of February 15, May 15, August 15 and November 15 immediately preceding the related interest payment date. Below is a summary of certain provisions of the Senior Secured Notes.

The Senior Secured Notes are unconditionally guaranteed on a senior secured basis by the Corporation and all of its Restricted Subsidiaries (defined in the indenture governing the Senior Secured Notes as any subsidiary of the Corporation other than a subsidiary that is designated by the Board of Directors as being an unrestricted subsidiary) and are secured by a first priority lien, subject to certain permitted liens, in the collateral, which consists of all of the property of the Corporation and the Restricted Subsidiaries, whether owned on the Effective Date or thereafter acquired, other than certain excluded property.

The indenture governing the Senior Secured Notes contains restrictive covenants, including restrictions on the incurrence of additional indebtedness, the payment of dividends and other payment restrictions, investments, the creation of liens, sale and leaseback transactions, mergers, consolidations and sales of assets, certain transactions with affiliates and its business activities. The indenture does not contain the obligation to maintain financial ratios. Financial ratio restrictions only apply upon incurrence of indebtedness and other transactions.

As at March 20, 2013, the Corporation 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 Corporation is required to use an amount equal to 75% of its consolidated Excess Cash Flow (as defined below) 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 Corporation maintaining a minimum cash balance of $75 million (subject to certain adjustments pursuant to the indenture governing the Senior Secured Notes that may reduce such minimum amount) 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 adjusted for, among other things, future payments relating to interest, taxes, long-term employee compensation plans, certain future pension plan contribution payments and the acquisitions of property, plant, equipment and intangible assets. Notwithstanding the Corporation's right to maintain a minimum cash balance of $75 million, the Corporation is required to make minimum annual aggregate mandatory redemption payments of (i) $100 million for the combined payments due on May 31, 2013 and November 30, 2013, (ii) $75 million for the combined payments due on May 31, 2014 and November 30, 2014, and (iii) $50 million for the combined payments due on May 31, 2015 and November 30, 2015. The Corporation will be required to make the minimum annual aggregate mandatory redemption payments described above even if the minimum cash balance of $75 million (or such reduced minimum cash balance in accordance with certain adjustments pursuant to the indenture governing the Senior Secured Notes) will not be maintained.

For purposes of determining the consolidated Excess Cash Flow, deductions for acquisitions of property, plant, equipment and intangible assets and information systems/information technology expenses are each subject to an annual deduction limit of $50 million.

Optional Redemption

The Corporation may redeem all or part of the Senior Secured Notes at its option, upon not less than 30 and not 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.

For further details regarding the Senior Secured Notes, please refer to the indenture governing the Senior Secured Notes which is available on SEDAR at www.sedar.com and the Section "Description of the

Senior Secured Notes” in the Corporation’s Management Proxy Circular dated July 30, 2012 relating to the meeting held on September 6, 2012 (the “Recapitalization Circular”), which section is hereby incorporated by reference into this Annual Information Form (“AIF”), subject to the description contained hereinabove. A copy of the Recapitalization Circular is available on SEDAR at www.sedar.com.

Description of Exchangeable Debentures

Upon the implementation of the Recapitalization on December 20, 2012, the Corporation, through its subsidiary YPG Financing Inc., issued $107.5 million of Senior Subordinated Exchangeable Debentures due November 30, 2022 (the “Exchangeable Debentures”). 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 Corporation 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 to the holders of record at the close of the business as of May 15 and November 15 immediately preceding the related interest payment date. The initial interest payment is payable on May 31, 2013, and will represent interest accrued from and including December 20, 2012, to, but excluding, May 31, 2013. Below is a summary of certain provisions of the Exchangeable Debentures.

The Exchangeable Debentures are senior subordinated and unsecured obligations of YPG Financing Inc. The Exchangeable Debentures are unconditionally guaranteed on a subordinated and unsecured basis by the Corporation and all of its Restricted Subsidiaries (defined in the indenture governing the Exchangeable Debentures as any subsidiary of the Corporation other than a subsidiary that is designated by the Board of Directors as being an unrestricted subsidiary).

The indenture governing the Exchangeable Debentures contains restrictive covenants, including restrictions on the incurrence of additional indebtedness, the payment of dividends and other payment restrictions, investments in unrestricted subsidiaries, the creation of liens, sale and leaseback transactions, mergers, consolidations and sales of assets and certain transactions with affiliates. The indenture does not contain the obligation to maintain financial ratios. Financial ratio restrictions only apply upon incurrence of indebtedness and other transactions.

As at March 20, 2013, the Corporation 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 of Yellow Media Limited at any time at an exchange price per common share equal to $19.04, subject to adjustment for specified capital transactions.

Optional Redemption

The Corporation 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 and not 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.

For further details regarding the Exchangeable Debentures, please refer to the indenture governing the Exchangeable Debentures which is available on SEDAR at www.sedar.com and the section “Description of the Senior Subordinated Exchangeable Debentures” in the Recapitalization Circular, which section is hereby incorporated by reference into this AIF, subject to the description contained hereinabove. A copy of the Recapitalization Circular is available on SEDAR at www.sedar.com.

Description of Warrants

Upon the implementation of the Recapitalization on December 20, 2012, the Corporation issued a total of 2,995,506 Warrants. Each Warrant is transferable and entitles the holder thereof to purchase one common share of Yellow Media Limited at an exercise price of $28.16 per Warrant payable in cash at any time on or prior to December 20, 2022.

Change of Control

In the event of a Change of Control (as such terms is defined in the indenture governing the Warrants) of the Corporation, the Corporation may elect, in its sole discretion, to acquire and cancel all of the outstanding Warrants in exchange for a payment in cash per Warrant (the "Redemption Price") in an amount as determined by reference to the table below. The Redemption Price shall be based on the remaining term of the Warrant measured from the date of the Change of Control to the Time of Expiry (as such terms is defined in the indenture governing the Warrants) of the Warrant (the "Remaining Term") and the total value of the consideration offered or payable per common share of Yellow Media Limited in the transaction constituting the Change of Control (the "Change of Control Price"), in accordance with the table below:

	Share Price									
Years to Expiry	**$5.00**	**$10.00**	**$15.00**	**$20.00**	**$25.00**	**$30.00**	**$35.00**	**$40.00**	**$45.00**	**$50.00**
	Redemption Price ($)									
10.00	0.51	2.35	5.13	8.51	12.29	16.35	20.60	25.00	29.51	34.11
9.00	0.40	2.03	4.64	7.89	11.57	15.56	19.77	24.14	28.63	33.21
8.00	0.30	1.72	4.12	7.22	10.80	14.72	18.88	23.21	27.67	32.24
7.00	0.21	1.39	3.58	6.51	9.97	13.80	17.91	22.20	26.65	31.20
6.00	0.13	1.08	3.02	5.75	9.07	12.81	16.85	21.11	25.53	30.08
5.00	0.07	0.77	2.42	4.93	8.08	11.71	15.69	19.92	24.33	28.87
4.00	0.03	0.49	1.81	4.03	6.98	10.49	14.40	18.60	23.01	27.56
3.00	0.01	0.24	1.19	3.05	5.75	9.11	12.95	17.13	21.56	26.15
2.00	0.00	0.07	0.60	1.98	4.32	7.48	11.27	15.47	19.96	24.63
1.00	-	0.00	0.12	0.81	2.55	5.44	9.22	13.58	18.25	23.09
0	-	-	-	-	-	1.84	6.84	11.84	16.84	21.84

For purposes of determining the Redemption Price, if the Change of Control Price and Remaining Term are not set forth on the table above, then:

(i) if the Change of Control Price is between two Share Prices on the table and/or the Remaining Term is between two Years to Expiry on the table, the Redemption Price will be determined by a straight-line interpolation between the amounts set forth on the table for the two Share Prices and the two Years to Expiry based on a 365-day year, as applicable;

(ii) if the Change of Control Price exceeds $50.00 per Common Share, subject to adjustment as provided for under the indenture governing the Warrants, the Share Price shall be deemed to be $50.00 and the amount by which the actual Share Price exceeds $50.00 shall be added to such amounts shown in the $50.00 column for purposes of determining the applicable Redemption Price; and

(iii) if the Change of Control Price is less than $5.00 per Common Share, subject to adjustment as provided for under the indenture governing the Warrants, the Redemption amount will be zero.

The Share Prices set forth in the heading of the table above will be adjusted in the same manner as any adjustment to the number of common shares of Yellow Media Limited made pursuant to the indenture governing the Warrants.

For further details regarding the Warrants, please refer to the indenture governing the Warrants which is available on SEDAR at www.sedar.com and the section "Description of Warrants" in the Recapitalization Circular, which section is hereby incorporated by reference into this AIF, subject to the description contained hereinabove. A copy of the Recapitalization Circular is available on SEDAR at www.sedar.com.

DIVIDENDS AND DISTRIBUTIONS

Dividend Policy

Past Three Years

On November 1, 2010, the Fund's income trust structure was converted into a publicly-traded corporation named Yellow Media Inc. See "Corporate Structure – Name, Address and Incorporation". Unitholders of the Fund received one common share of Yellow Media Inc. for each unit of the Fund held. On the same day, units of the Fund were delisted from the TSX and trading of common shares of Yellow Media Inc. on the TSX commenced, under the symbol "YLO".

The monthly dividend for the months of November and December 2010 was maintained at $0.0667 ($0.80 annually) per common share of Yellow Media Inc. November and December 2010 dividends were payable to holders of record of common shares on November 30, 2010 and December 31, 2010, respectively, and were paid on December 15, 2010 and January 17, 2011, respectively.

Starting January 2011, the Corporation began paying a monthly dividend of $0.0542 ($0.65 annually) per common share of Yellow Media Inc. The first monthly dividend was declared in January for the holders of record as of January 31, 2011 and was paid on February 15, 2011.

On August 4, 2011, the Board of Directors of the Corporation reduced the cash dividends to common shareholders from $0.65 to $0.15 annually. A dividend of $0.025 was paid on October 17, 2011 to shareholders of record on September 30, 2011. On September 28, 2011, the Board of Directors determined that it was in the best interest of the Corporation to eliminate future dividends on its common shares. This decision was made so as to comply with the terms of the Corporation's then existing Credit Facility which was entered into and announced on such same date.

On February 9, 2012, the Board of Directors determined, after careful consideration, that it was in the best interest of the Corporation to eliminate future dividends on the outstanding Preferred Shares, Series 1, Preferred Shares, Series 2, Preferred Shares, Series 3, Preferred Shares, Series 5 and Preferred Shares, Series 7.

Post Recapitalization

The Recapitalization provided that no cumulative or unpaid dividends would be paid in respect of the Preferred Shares, Series 1, Preferred Shares Series 2, Preferred Shares, Series 3, Preferred Shares, Series 5 and Preferred Shares, Series 7. All of the outstanding Preferred Shares, Series 1, Preferred Shares, Series 2, Preferred Shares, Series 3, Preferred Shares, Series 5 and Preferred Shares, Series 7 were cancelled upon the implementation of the Recapitalization on December 20, 2012. The Corporation does not expect that dividends will be declared on the common shares of Yellow Media Limited in the foreseeable future. Any future determination to pay dividends on the common shares will be at the discretion of the Board of Directors and will depend on, among other things, the Corporation's results of operations, cash requirements and surplus, financial condition, contractual restrictions and other factors that the Board of Directors may deem relevant.

The Corporation is subject to significant restrictions on the payment of dividends under the indenture governing the Senior Subordinated Notes and the indenture governing the Senior Subordinated Exchangeable Debentures. The Corporation and its subsidiaries (defined as subsidiaries other than certain unrestricted subsidiaries) cannot declare or pay any dividend or distribution to holders of the Corporation's or such subsidiaries' shares, other than dividends or distributions payable in common shares or certain non-redeemable preferred shares and dividends or distributions payable to the Corporation or any such subsidiary, and under the other circumstances provided for in the indenture governing the Senior Secured Notes and the indenture governing the Senior Subordinated Exchangeable Debentures. For a detailed description on the restrictions on the payment of dividends, please refer to the indentures governing the Senior Secured Notes and the indenture governing the Exchangeable Debentures, both of which are available on SEDAR at www.sedar.com.

Distributions History

Yellow Pages Income Fund Units (August 7, 2008 to November 1, 2010)

Date of Announcement of Increase/Decrease	Effective Payment Date (Date of First Distribution)	Amount of Distribution per Unit of the Fund (per month)
August 7, 2008	September 15, 2008	$0.0975[1]
May 7, 2009	June 15, 2009	$0.0667

(1) From January 1, 2008 to September 15, 2008, the amount of distribution per unit of the Fund was $0.09417 per month.

YPG Financing Inc. Common Shares (as of November 1, 2010)

Date of Announcement of Increase/Decrease	Effective Payment Date (Date of First Dividend)	Amount of Dividend per Common Share (per Month)
February 11, 2010	February 15, 2011	$0.0542
August 4, 2011	October 17, 2011	$0.0125
September 28, 2011	n/a	nil

Preferred Share Dividends

The Preferred Shares, Series 1 and the Preferred Shares, Series 2 were issued by one of YPG Financing Inc.'s predecessors on March 6, 2007 and June 8, 2007, respectively. Since their respective issuance dates, the Corporation declared and paid the following quarterly dividends per Preferred Shares, Series 1 and Preferred Shares, Series 2, respectively, in accordance with the terms and fixed dividend rates of such preferred shares:

	Q1 ($)		Q2 ($)		Q3 ($)		Q4 ($)	
	Series 1	**Series 2**	**Series 1**	**Series 2**	**Series 1**	**Series 2**	**Series 1**	**Series 2**
2012	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
2011	0.26563	0.31250	0.26563	0.31250	0.26563	0.31250	0.26563	0.31250
2010	0.26563	0.31250	0.26563	0.31250	0.26563	0.31250	0.26563	0.31250

The Preferred Shares, Series 3 and the Preferred Shares, Series 5 were issued by one of YPG Financing Inc.'s predecessors on September 23 and December 22, 2009, respectively. Since their respective issuance dates, the Corporation declared and paid the following quarterly dividends per Preferred Shares, Series 3 and Preferred Shares, Series 5, respectively, in accordance with the terms and fixed dividend rates of such preferred shares:

	Q1 ($)		Q2 ($)		Q3 ($)		Q4 ($)	
	Series 3	**Series 5**	**Series 3**	**Series 5**	**Series 3**	**Series 5**	**Series 3**	**Series 5**
2012	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
2011	0.42188	0.43125	0.42188	0.43125	0.42188	0.43125	0.42188	0.43125
2010	0.42188	0.45842	0.42188	0.43125	0.42188	0.43125	0.42188	0.43125

The Preferred Shares, Series 7 were issued by one of YPG Financing Inc.'s predecessors on February 9, 2010, respectively. Since their respective issuance dates, the Corporation declared and paid the following quarterly dividends per Preferred Shares, Series 7, in accordance with the terms and fixed dividend rates of such preferred shares:

	Q1 ($)	Q2 ($)	Q3 ($)	Q4 ($)
	Series 7	**Series 7**	**Series 7**	**Series 7**
2012	Nil	Nil	Nil	Nil
2011	0.09375	0.09375	0.09375	0.09375
2010	0.04945 (1)	0.09375	0.09375	0.09375

(1) The Preferred Shares Series 7, were issued on February 9, 2010 and as a result the $0.09375 dividend was pro-rated for the first quarter of 2010.

MARKET FOR SECURITIES

YPG Financing Inc.'s common shares, Preferred Shares Series 1, Preferred Shares Series 2, Preferred Shares Series 3, Preferred Shares Series 5 and Convertible Debentures were listed for trading on the TSX under the symbols "YLO", "YLO.PR.A", "YLO.PR.B", "YLO.PR.C", "YLO.PR.D" and "YLO.DB.A", respectively.

In connection with the implementation of the Recapitalization on December 20, 2012, (i) YPG Financing Inc.'s common shares, Preferred Shares Series 1, Preferred Shares Series 2, Preferred Shares Series 3, Preferred Shares Series 5 and Convertible Debentures were cancelled and concurrently delisted from the TSX, (ii) Yellow Media Limited's common shares and Warrants were listed for trading on the TSX under the symbols "Y" and "Y.WT" respectively, and (iii) YPG Financing Inc.'s Senior Subordinated

Exchangeable Debentures were listed for trading on the TSX under the symbol "YPG.DB". See "Business of the Corporation – Recapitalization".

Trading Price and Volume of YPG Financing Inc. Securities Prior to Implementation of the Recapitalization on December 20, 2012

The following tables show the monthly range of high and low prices per YPG Financing Inc. common share, Preferred Shares Series 1, Preferred Shares Series 2, Preferred Shares Series 3, Preferred Shares Series 5 and Convertible Debentures at the close of market (TSX), as well as total monthly volumes and average daily volumes of common shares, Preferred Shares Series 1, Preferred Shares Series 2, Preferred Shares Series 3, Preferred Shares Series 5 and Convertible Debentures traded on the TSX from January 1, 2012 to December 19, 2012 after which, all such securities were cancelled on December 20, 2012 in connection with the implementation of the Recapitalization.

Common Shares (YLO)

2012 Month	Price per Common Share ($) Monthly High	Price per Common Share ($) Monthly Low	Common Shares Total Monthly Volume	Common Shares Average Daily Volume
January	0.240	0.195	100,426,840	4,782,230
February	0.195	0.100	216,172,770	10,808,639
March	0.125	0.095	65,921,299	2,996,423
April	0.100	0.060	53,024,721	2,651,236
May	0.100	0.035	80,788,367	3,672,199
June	0.040	0.030	31,818,595	1,515,171
July	0.084	0.025	136,777,534	6,513,216
August	0.075	0.050	57,216,581	2,600,754
September	0.850	0.060	81,180,026	4,272,633
October	0.800	0.055	42,262,196	1,921,009
November	0.800	0.060	34,978,366	1,589,926
December 1 to December 19 [(1)]	0.070	0.055	56,480,351	4,344,642

(1) To December 19, 2012 inclusively. Concurrently with the implementation of the Recapitalization, all of the outstanding common shares of YPG Financing Inc. were cancelled.

Preferred Shares, Series 1

2012 Month	Price per Share ($) Monthly High	Price per Share ($) Monthly Low	Shares Total Monthly Volume	Shares Average Daily Volume
January	2.410	1.780	1,274,824	60,706
February	1.860	0.540	1,974,899	98,745
March	0.700	0.540	709,770	32,262
April	0.720	0.490	1,026,253	51,313
May	0.710	0.200	996,969	45,317
June	0.290	0.175	935,477	44,547

2012 Month	Price per Share ($) Monthly High	Price per Share ($) Monthly Low	Shares Total Monthly Volume	Shares Average Daily Volume
July	0.650	0.160	1,437,376	68,446
August	0.590	0.410	1,471,687	66,895
September	0.760	0.510	782,035	41,160
October	0.750	0.530	541,903	24,632
November	0.690	0.510	563,399	26,829
December 1 to December 19[(1)]	0.710	0.530	571,688	43,976

(1) To December 19, 2012 inclusively. Concurrently with the implementation of the Recapitalization, all of the outstanding Preferred Shares, Series 1 were cancelled.

Preferred Shares, Series 2

2012 Month	Price per Share ($) Monthly High	Price per Share ($) Monthly Low	Shares Total Monthly Volume	Shares Average Daily Volume
January	2.900	2.150	243,216	11,582
February	2.150	0.530	1,318,789	65,939
March	0.620	0.520	274,004	12,455
April	0.620	0.420	227,332	11,367
May	0.700	0.200	422,577	19,208
June	0.250	0.160	209,531	9,978
July	0.600	0.170	694,389	33,066
August	0.550	0.420	409,255	20,463
September	0.770	0.490	515,315	27,122
October	0.750	0.500	309,759	14,080
November	0.710	0.500	441,334	20,061
December 1 to December 19[(1)]	0.740	0.430	822,754	63,289

(1) To December 19, 2012 inclusively. Concurrently with the implementation of the Recapitalization, all of the outstanding Preferred Shares, Series 2 were cancelled.

Preferred Shares, Series 3

2012 Month	Price per Share ($) Monthly High	Price per Share ($) Monthly Low	Shares Total Monthly Volume	Shares Average Daily Volume
January	4.060	3.090	319,943	15,235
February	3.150	0.640	1,840,914	92,046
March	0.840	0.630	344,685	15,668
April	0.730	0.570	329,229	16,461
May	1.050	0.325	314,470	14,294

2012 Month	Price per Share ($) Monthly High	Price per Share ($) Monthly Low	Shares Total Monthly Volume	Shares Average Daily Volume
June	0.400	0.210	229,872	10,946
July	0.620	0.305	614,287	29,252
August	0.620	0.400	447,848	20,357
September	0.740	0.520	304,333	16,018
October	0.780	0.520	198,367	9,017
November	0.690	0.500	230,308	10,469
December 1 to December 19(1)	0.750	0.450	495,284	38,099

(1) To December 19, 2012 inclusively. Concurrently with the implementation of the Recapitalization, all of the outstanding Preferred Shares, Series 3 were cancelled.

Preferred Shares, Series 5

2012 Month	Price per Share ($) Monthly High	Price per Share ($) Monthly Low	Shares Total Monthly Volume	Shares Average Daily Volume
January	4.200	3.150	213,182	10,152
February	3.250	0.610	929,975	46,499
March	0.930	0.600	189,892	8,631
April	0.800	0.600	131,166	6,558
May	0.930	0.355	176,989	8,428
June	0.400	0.205	168,500	8,868
July	0.630	0.350	281,794	14,831
August	0.790	0.425	212,035	9,638
September	0.750	0.510	441,218	23,222
October	0.730	0.520	187,829	8,944
November	0.750	0.500	185,318	8,424
December 1 to December 19(1)	0.710	0.450	381,080	29,314

(1) To December 19, 2012 inclusively. Concurrently with the implementation of the Recapitalization, all of the outstanding Preferred Shares, Series 5 were cancelled.

Convertible Debentures

2012 Month	Price per Debenture ($) Monthly High	Price per Debenture ($) Monthly Low	Debentures Total Monthly Volume	Debentures Average Daily Volume
January	28.000	23.610	1,798,000	85,619
February	24.000	11.700	8,589,000	429,450
March	13.000	11.500	3,104,000	147,810
April	17.750	12.750	5,764,200	288,210
May	17.000	6.350	4,191,700	190,532
June	7.000	5.050	2,882,000	144,100
July	10.250	4.150	7,915,450	395,773
August	5.500	3.100	7,718,000	385,900
September	5.000	1.600	2,362,000	131,222
October	3.900	2.600	9,386,800	446,990
November	3.350	2.300	2,772,000	154,000
December 1 to December 19(1)	5.250	2.040	7,232,000	602,667

(1) To December 19, 2012 inclusively. Concurrently with the implementation of the Recapitalization, all of the outstanding Convertible Debentures were cancelled.

Trading Price and Value of Yellow Media Limited and YPG Financing Inc. Securities Following the Implementation of the Recapitalization on December 20, 2012.

The following tables show the monthly range of high and low prices per Yellow Media Limited common share and Warrant and YPG Financing Inc. Exchangeable Debenture at the close of market (TSX), as well as total monthly volumes and average daily volumes of common shares, Warrants and Exchangeable Debentures traded on the TSX from December 20, 2012 to December 31, 2012.

Common Shares (Y)

2012 Month	Price per Common Share ($) Monthly High	Price per Common Share ($) Monthly Low	Common Shares Total Monthly Volume	Common Shares Average Daily Volume
December 20 to December 31	6.860	5.750	847,250	141,208

Warrants

2012 Month	Price per Warrant ($) Monthly High	Price per Warrant ($) Monthly Low	Warrant Total Monthly Volume	Warrant Average Daily Volume
December 20 to December 31	2.500	1.350	104,964	17,494

Exchangeable Debentures

2012 Month	Price per Debenture ($) Monthly High	Price per Debenture ($) Monthly Low	Debenture Total Monthly Volume	Debenture Average Daily Volume
December 20 to December 31	80.010	78.000	2,326,776	465,355

RISKS AND UNCERTAINTIES

Careful consideration should be given to the following risk factors which could have a material adverse effect on the Corporation, its business, results of operation and financial condition:

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

The Corporation competes with other directory, advertising media and classified advertising businesses and across various media and platforms. This includes the internet, newspapers, television, radio, mobile telecommunication devices, magazines, billboards and direct mail advertising. In particular, the directories business faces substantial competition due to increased online penetration, through the use of online search engines and social networking organizations. The Corporation may not be able to compete effectively with these online competitors, some of which may have greater resources. The Corporation's internet strategy and its directories business may be adversely affected if major search engines build local sales forces or otherwise begin to more effectively reach local businesses for local commercial search services. These competitors may reduce their prices to increase their market share or may be able to offer their services at lower costs than the Corporation can.

The Corporation may be forced to reduce its prices or offer and perform other services in order to remain competitive. The Corporation's failure to compete effectively with its current or future competitors could have a number of impacts such as a reduction in its advertiser base, lower rates and increased costs. This could have a material adverse effect on the Corporation, its business, results of 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 Corporation could be materially adversely affected if the usage of print telephone directories declines at a rate higher than anticipated. The development of new technologies and the widespread use of internet is causing changes in preferences and consumer habits. The usage of internet-based directory products has increased rapidly. The internet has become increasingly accessible as an advertising medium for businesses of all sizes. Further, the use of the internet, including as a means to transact commerce through wireless devices, has resulted in new technologies and services that compete with traditional advertising mediums. In particular, this has a significant influence on print products, and the decrease in usage gradually leads to lower advertising revenues. References to print business directories may continue to decline as users increasingly turn to digital and interactive media delivery devices for local commercial search information.

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 ability of the Corporation to make scheduled payments under its indebtedness will depend on, among other things, its future operating performance. There can be no assurance that the Corporation will be able to generate sufficient cash from its operations to pay its debt obligations. Each of these factors is, to a large extent, subject to economic, financial, competitive, operational and other factors, many of which are beyond the Corporation's control.

There can be no assurance that the Corporation will continue to be able to obtain on a timely basis sufficient funds on terms acceptable to the Corporation to provide adequate liquidity and to finance the operating and capital expenditures necessary to overcome the challenges associated with the transformation of its business and support its business strategy if cash flows from operations and cash on hand are insufficient.

Failure to generate sufficient funds, whether from operations or debt or equity financings or refinancing transactions, could require the Corporation to delay or abandon some of its anticipated expenditures or to modify its business strategy and could have a material adverse effect on the Corporation, its business, results from operations and financial condition. Furthermore, competitors with greater liquidity or their ability to raise money more easily and on less onerous terms could create a competitive disadvantage for the Corporation.

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 transition from print to online causes uncertainties surrounding whether and when new product introductions will compensate for the declining trend in print revenues. If revenue from the Corporation's online products does not increase significantly, the Corporation's cash flow, results of operations and financial condition will be materially adversely affected.

The Corporation expects to derive a greater portion of its total revenue from its internet and other new media products, as directory usage continues to shift from print directories to internet and other new media products.

The Corporation's transformational expansion towards internet and new media products is subject to a variety of challenges and risks, including the following:

- the Corporation may not continue to grow internet usage on its own sites at the same rate as other providers or may grow at a slower rate than currently anticipated;

- internet usage as a source of information and a medium for advertising may not continue to grow, or may grow at a slower rate than currently anticipated, as a result of factors that the Corporation cannot predict or control;

- the Corporation may incur substantial additional costs and expenses related to investments in its information technology, modifications to existing products and development of new products and this may reduce profit margins in the future;

- the Corporation may be unable to develop and market new products in a timely and efficient manner, as the Corporation's markets are characterised by rapidly changing technology, introductions and enhancements to existing products and shifting advertising customer and end-user demands, including technology preferences;

- the Corporation may be unable to improve its information technology systems so as to efficiently manage increased levels of traffic on the Corporation's websites and provide new services and products;

- the Corporation's focus on its internet and new media products may distract or deter advertising customers from pursuing advertising opportunities in the Corporation's print products;

- the Corporation may be unable to keep apprised of changes to search engines' terms of service or algorithms, which could cause the Corporation's websites, or its advertising customers' websites, to be excluded from or ranked lower in search results or make it more difficult or more expensive for the Corporation to provide search engine marketing and search engine optimisation solutions to its advertising customers;

- the Corporation's advertising customers may be unwilling to pay for internet advertising at the same rates as they had paid for printed directory advertising; and

- the Corporation may be unable to increase the prices of its products and services in the future.

If any of the above-mentioned risks were to occur, the Corporation's internet revenue, as well as its business, results from operations and financial condition could be materially adversely affected.

Furthermore, given this transition from print to digital and uncertainties surrounding whether and when new product introductions will compensate form the declining trend in print revenues, if revenue from our digital products does not increase significantly, our cash flow, results of operations and financial condition may be adversely affected.

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

The Corporation's substantial amount of debt could have material adverse effects on the Corporation, its business, results from operations and financial condition. For example, it could:

- increase the Corporation's vulnerability to adverse economic and industry conditions;

- require the Corporation to dedicate a substantial portion of its cash flows from operations to make payments on its debt, thereby reducing funds available for operations, future business opportunities or other purposes;

- limit the Corporation's flexibility in planning for, or reacting to, changes in its business and its industry;

- place the Corporation at a competitive disadvantage compared to its competitors that have less debt; and

- limit the Corporation's ability to obtain additional financing, if needed, for working capital, capital expenditures, acquisitions, debt service requirements or other purposes.

In addition, the indenture governing the Senior Secured Notes and the indenture governing the Exchangeable Debentures contain a number of restrictive covenants, including restrictions on the incurrence of additional indebtedness, the payment of dividends and other payment restrictions, investments in unrestricted subsidiaries, the creation of liens, sale and leaseback transactions, mergers, consolidations and sales of assets and certain transactions with affiliates. A failure to comply with such obligations could result in a default which, if not cured or waived, could permit acceleration of the relevant indebtedness. If the indebtedness under the indenture governing the Senior Secured Notes or the indenture governing the Exchangeable Debentures, as the case may be, were to be accelerated, there can be no assurance that the Corporation would have sufficient liquidity to repay in full that indebtedness.

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

The Corporation is currently making incremental contributions to its pensions plans to reduce their actuarial solvency deficits and may be required to make additional incremental contributions to its pension plans in the future depending on various factors including future returns on pension plan assets, long-term interest rates and changes in pension regulations, which may have a negative effect on the Corporation's liquidity and results from operations.

The funding requirements of the Corporation's pension plans, resulting from valuations of its pension plan assets and liabilities, depend on a number of factors, including actual returns on pension plan assets, long-term interest rates, plan demographic and pension regulations. Changes in these factors could cause actual future contributions to significantly differ from the Corporation's current estimates and could require the Corporation to make incremental contributions to its pension plans in the future and, therefore, could have a negative effect on the Corporation's liquidity, business, results from operations and financial condition.

There is no assurance that the Corporation's pension plans will be able to earn their assumed rate of return. A material portion of the Corporation's pension plans' assets is invested in public equity securities. As a result, the ability of the Corporation's pension plans to earn the rate of return that management has assumed depends significantly on the performance of capital markets. The market conditions also impact the discount rate used to calculate the Corporation's solvency obligations and thereby could also significantly affect the Corporation's cash funding requirements.

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

YPG has a Billing and Collection Services Agreement with Bell Canada (up to 2016), with TELUS (up to 2031), with MTS Allstream (up to 2036) and with Bell Aliant (up to 2037). Through these agreements, YPG's billing is included as a separate line item on the telephone bills of the customers of Bell, TELUS, MTS Allstream and Bell Aliant (the "Telco Partners") customers who use the Corporation's services, respectively. The Telco Partners contract with third parties to conduct monthly billing of customers who use them as their local telephone service providers. In addition, the Telco Partners provide collection services for YPG with those advertisers who are also their customers. Additionally, YPG has entered into publishing agreements with each Telco Partner. If YPG fails to perform its obligations under these agreements and the agreements are consequently terminated by such Telco Partner, other agreements with such Telco Partners may also be terminated, including the Bell Canada Trade-Mark License Agreement, the TELUS Trademark License Agreement, the MTS Allstream Branding and Trade-Mark Agreement and the Bell Aliant Branding and Trademark Agreement, as well as non-competition covenants YPG benefits from with such Telco Partners.

The Corporation and its affiliates also have agreements with outside service suppliers to print and distribute their directories and publications. These agreements are for services that are integral to the business of the Corporation.

The failure of the Telco Partners or any of the other suppliers to fulfill their contractual obligations under these agreements (including in the event that any of them seek protection under Canadian bankruptcy laws), could result in a material adverse effect on the business of the Corporation unless and until the Corporation is able to secure a replacement supplier for those services. See "Business of the Corporation – Long-Term Relationships with Telecommunication Companies".

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

The Corporation relies heavily on its existing brands and trade-marks for a significant portion of its revenues. Failure to adequately maintain the strength and integrity of these brands and trade-marks, or to develop new brands and trade-marks, could adversely affect the results from operations and the financial condition of the Corporation.

It is possible that third parties could infringe upon, misappropriate or challenge the validity of the Corporation's trade-marks or its other intellectual property rights. This could have a material adverse effect on the business of the Corporation, its financial condition and its operating results. The actions that the Corporation takes to protect its trade-marks and other proprietary rights may not be adequate. Litigation may be necessary to enforce or protect the Corporation's intellectual property rights, its trade secrets or to determine the validity and scope of the proprietary rights of others. The Corporation cannot ensure that it will be able to prevent infringement of its intellectual property rights or the misappropriation of the Corporation's proprietary information.

Any such infringement or misappropriation could harm any competitive advantage the Corporation currently derives, or may derive, from its proprietary rights. Third parties may assert infringement claims against the Corporation. Any such claims and any resulting litigation could subject the Corporation to significant liability for damages. An adverse judgment arising from any infringement litigation could require the Corporation to design around a third party's patent or to license alternative technology from another party. In addition, litigation may be time-consuming and expensive to defend against and could result in the diversion of the Corporation's time and resources. Any claims from third parties may also result in limitations on the Corporation's ability to use the intellectual property subject to these claims.

A greater percentage of the Corporation's workforce becoming unionized, work stoppages and other labor disturbances could have a material adverse effect on the Corporation, its business, results from operations and financial condition

Certain non-management employees of the Corporation are unionized. Current union agreements range from one to five years in duration and are subject to expiration at various dates in the future. Five of these agreements have expired and are under re-negotiation. If the Corporation is unable to renew these agreements as they come up for renegotiation from time to time, it could result in work stoppages and other labour disturbances which could have a material adverse effect on the business of the Corporation. Additionally, if a greater percentage of the Corporation's workforce becomes unionized, this could have a material adverse effect on 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

In the normal course of the Corporation's activities, the tax authorities are carrying out ongoing reviews. In that respect, the Corporation is of the view that all expenses claimed by the different entities of the group are reasonable and deductible and that the cost amount and capital cost allowance claims of such entities' depreciable properties have been correctly determined. There is no assurance that the tax authorities may not challenge these positions. Such challenge, if successful, could have a material adverse effect on the Corporation, its business, results of 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 Corporation has entered into agreements with several internet portals, search engines and individual websites to promote its online directories. These agreements make the Corporation's content and customer advertising more easily accessible by these portals, search engines and individual websites. These agreements allow the Corporation to generate a higher volume of traffic than it would on its own as well as generate business leads for its advertisers, while retaining the client relationship. In return, the portals, search engines and individual websites obtain business through the Corporation from advertisers who would not otherwise transact with them. Loss of key relationships or changes in the level of service provided by these internet portals, search engines and individual websites could impact performance of the Corporation's internet marketing solutions. In addition, internet marketing services are provided by many other competitors within the markets the Corporation serves and its clients could choose to work with other, sometimes larger providers of these services, or with other search engines directly.

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

The Corporation's business activities rely significantly on the efficient and uninterrupted operation of computers and communications systems as well as those of third parties. The Corporation's sales and advertising processing, data storage, production, billing, collection and day-to-day operations could be adversely impaired by the failure of such technology, which could in turn have a material adverse effect on the Corporation, its business, results from operations and financial condition.

In addition, the Corporation's computer and IT systems are vulnerable to damage or interruption from a variety of sources and its disaster recovery systems may be deemed ineffective. Any failure of these systems could impair the Corporation's business. This could have a material adverse effect on the Corporation, its business, results from operations and financial condition.

The Corporation might be required to record additional impairment charges

In the third quarter of 2011, the Corporation recorded a $2.9 billion goodwill and intangible assets impairment charge. In the first quarter of 2012, the Corporation recorded an additional $2.9 billion goodwill and intangible assets impairment charge. In the fourth quarter of 2012, the Corporation recorded an additional $300 million impairment charge related to certain of its intangible assets and property, plant and equipment. The Corporation may be subject to another impairment loss that would reduce its reported assets and earnings. Economic, legal, regulatory, competitive, contractual and other factors may affect the value of the Corporation's assets. If any of these factors impair the value of these assets, accounting rules would require the Corporation to reduce their carrying value and recognize an additional charge, which would reduce the reported assets and earnings of the Corporation in the year the impairment charge is recognized.

The Corporation's inability to realize some of the existing benefits under its commercial arrangements with the Telco Partners due to the potential erosion of their market position could have a material adverse effect on the Corporation, its business, results from operations and financial condition

Advances in communications technologies such as wireless devices and voice over internet protocol and demographic factors (such as potential shifts in younger generations away from wireline telephone communications towards wireless or other communications technologies) may further erode the market position of telephone utilities, including Telco Partners. As a result, it is possible that Telco Partners will not remain the primary local telephone service provider in any particular local service area, that the Corporation's licenses to be the exclusive publisher in those markets and to use their brand names on its directories in those markets may not be as valuable as presently anticipated, and that the Corporation may not realize some of the existing benefits under its commercial arrangements with Telco Partners.

The Corporation's inability to attract and retain key personnel could have a material adverse effect on the Corporation, its business, results from operations and financial condition

The success of the Corporation depends on the abilities, experience and personal efforts of senior management of the Corporation, including their ability to retain and attract skilled employees.

The Corporation is also dependent on the number and experience of its sales representatives. The loss of the services of such key personnel could have a material adverse effect on the Corporation, its results from operations and financial condition.

The failure to increase prices may have an adverse effect on the Corporation, its results of operation and financial condition

From time to time, the Corporation increases prices for its products and services. There can be no assurance that the Corporation will continue to be able to increase prices in the future. The failure to increase prices may have an adverse effect on the Corporation, its results of operation and financial condition.

A prolonged economic downturn in principal markets of the Corporation could have a material adverse effect on the Corporation, its business, results from operations and financial condition

The Corporation derives revenues principally from the sale of advertising in Yellow Pages™ print and online directories across Canada. The Corporation’s advertising revenues, as well as those of directories publishers in general, typically do not fluctuate widely with economic cycles. However, a prolonged recession that affects the Corporation’s markets, including the current global economic slowdown if prolonged, could have a material adverse effect on the Corporation’s business. The adverse effects of a recession on the Corporation, including the current global economic slowdown, could be compounded by the fact that the majority of the Corporation’s customers are small and medium enterprises. Such businesses have fewer financial resources and higher rates of failure than larger businesses, and may be more vulnerable to prolonged economic downturns. Therefore, these small and medium enterprises may be more likely to reduce or discontinue advertising with the Corporation, which could have a material adverse effect on the Corporation, its results of operations and financial condition.

A prolonged economic downturn or recession could result in:

- further declines in demand for print directories advertising;
- decreases in advertising prices;
- increased bad debts as a result of advertising customers experiencing financial difficulty;
- the loss of advertising customers;
- changers relating to the impairment of assets; and/or
- higher operating costs;

any of which could have a material adverse effect on the Corporation, its business, results from operations and financial condition.

Changes in regulations could have a material adverse effect on the Corporation, its business, results from operations and financial condition

The Corporation’s business operations are not currently regulated by any regulatory authority. However, the Corporation provides services to telephone companies which operate in a highly regulated industry. The Corporation may be adversely affected if it, or the directories publishing business in general, becomes subject to regulation.

In addition, as the local search industry develops, the provision of internet services and the commercial use of internet and internet-related applications may become subject to greater regulation. Regulation of the internet and internet-related services is still developing. If the Corporation’s regulatory environment becomes more restrictive, including by increased internet regulation, the Corporation's profitability could decrease, which in turn could have a material adverse effect on the Corporation, its business, results from operations and financial condition.

The imposition of new environmental laws or the new interpretation of environmental laws could have a material adverse effect on the Corporation, its business, results from operations and financial condition

The Corporation is subject to laws and regulations relating to environmental protection. The imposition of new environmental laws, including in relation to waste disposal, or new interpretations of existing laws and regulations or enforcement by governmental agencies, could result in increased unforeseen expenditures, which in turn could have a material adverse effect on the Corporation, its business, results from operations and financial condition.

The Corporation's inability to enforce the non-competition agreements with the Telco Partners may impair the value of its business

The Corporation has entered into non-competition agreements with each Telco Partner pursuant to which Telco Partners generally agreed not to publish tangible or digital (excluding internet) media directories consisting principally of wireline listings and classified advertisements of subscribers in the markets in which it is the incumbent local exchange carrier that are directed primarily at clients in these markets. However, under applicable law, a covenant not to compete is only enforceable:

- to the extent it is necessary to protect a legitimate business interest of the party seeking enforcement;
- if it does not unreasonably restrain the party against whom enforcement is sought; and
- if it is not contrary to the public interest.

Enforceability of a non-competition covenant is determined by a court based on all of the facts and circumstances of the specific case at the time enforcement is sought. For this reason, it is not possible to predict whether, or to what extent, a court would enforce the Telco Partners' covenants not to compete against the Corporation during the terms of the non-competition agreements. If a court were to determine that the non-competition agreements were unenforceable, the Telco Partners could compete directly against the Corporation in the previously restricted markets. For instance, Telus and Bell are both players in the 360° solutions market and the Corporation's business could therefore suffer from their direct competition in that market. The Corporation's inability to enforce non-competition agreements with the Telco Partners could have a material adverse effect on the Corporation, its business, results from operations and financial condition.

The Corporation's business depends on the strength and visibility of the Corporation's brands. Failure to promote and reinforce consumer trust in these brands, or negative publicity regarding the Corporation, could impair the Corporation's ability to expand its business

To increase usage of its products and expand its visibility to potential advertising customers, the Corporation intends to continue to pursue a strategy of promoting its brands. To date, the Corporation has made significant investments in establishing and positioning its brands, and it expects to continue to make investments and devote resources to marketing and advertising campaigns. The Corporation may not be able to successfully increase consumer awareness of its brands and/or such advertising may not prove to be cost-effective. There can be no assurance that consumer awareness levels will lead to a measurable increase in advertising customers, traffic to the Corporation's websites, overall revenue, margins or profitability. In addition, the Corporation is currently experiencing budget constraints with respect to brand promotion due to its financial condition such that it may suffer a competitive disadvantage in that respect.

Negative publicity could also damage the value of the Corporation's brands. The Corporation could be the target of negative publicity as a result of various factors, including poor performance, disruptions to the operations of the Corporation's websites or security breaches or misuse of personal and financial data provided by consumers. If any of these events were to occur, advertising customers and consumers could lose confidence in the Corporation's brands, traffic to the Corporation's websites could decline and use of the Corporation's print directories could decline, any of which could have a material adverse effect on the Corporation's business, financial condition and results from operations.

Turnover among media consultants could materially adversely affect the Corporation, its business, results from operations and financial condition

The loss of a significant number of experienced media consultants would likely result in fewer sales and could materially adversely affect the Corporation's business. The turnover rate of the Corporation's media consultants is higher than for its employees generally. A majority of the attrition of the Corporation's media consultants occurs with employees with less than two years experience. The Corporation expends substantial resources and management time on identifying and training its media consultants. The ability to attract and retain qualified sales personnel depends on numerous factors outside of the Corporation's control, including conditions in the local employment markets in which it operates. The Corporation is currently experiencing an increased turnover among media consultants. A substantial decrease in the number of media consultants could have a material adverse effect on the Corporation, its business, results from operations and financial condition.

The inability or unwillingness of Certified Market Representatives to carry on business with the Corporation could have a material adverse effect on the Corporation, its business, results from operations and financial condition

Approximately 7% of the Corporation's directories revenues for 2012 were derived from the sale of advertising to national or large regional chains that purchase advertising in several of the directories that the Corporation publishes. In order to sell advertising to these accounts, the Corporation contracts with CMRs which are independent third parties that act as agents for national advertisers and design their advertisements, arrange for the placement of those advertisements in directories and provide billing services. As a result, the Corporation's relationships with these national advertisers depend significantly on the performance of these third party CMRs which the Corporation does not control. In particular, the Corporation relies heavily on five of its CMRs which accounted for approximately 6% of the Corporation's directories revenues for 2012. Although the Corporation believes that its relationship with such CMRs is mutually beneficial and that other CMRs with whom the Corporation has existing relationships or other third parties could service the Corporation's needs if certain CMRs were unable or unwilling to provide their services to the Corporation on acceptable terms or at all, such inability or unwillingness could materially adversely affect the Corporation's business. In addition, any decline in the performance of such CMRs could harm the Corporation's ability to generate revenue from its national accounts and could materially adversely affect the Corporation, its business, results from operations and financial conditions.

Adverse outcome in lawsuits or investigations could have a material adverse effect on the Corporation, its business, results from operations and financial condition

From time to time, the Corporation is party to litigation and regulatory and other proceedings with governmental authorities and administrative agencies. Adverse outcomes in lawsuits or investigations could result in significant monetary damages or injunctive relief that could adversely affect the Corporation's operating results or financial condition as well as its ability to conduct its businesses as they are presently being conducted.

TRANSFER AGENT AND REGISTRAR

Canadian Stock Transfer Company Inc., as administrative agent for CIBC Mellon Trust Company, acts as transfer agent and registrar of the Corporation. The register of transfers of the securities of the Corporation is located at the principal transfer office in Montreal of Canadian Stock Transfer Company Inc., as administrative agent for CIBC Mellon Trust Company.

DIRECTORS AND OFFICERS OF YELLOW MEDIA LIMITED

Directors

The following table sets out, for each of the current directors of Yellow Media Limited, the person's name, province or state, and country of residence, positions with Yellow Media Limited, membership to various board committees as applicable, principal occupation, period of service as a director of Yellow Media Limited or its predecessor entities and number of common shares of Yellow Media Limited beneficially owned, or controlled or directed, directly or indirectly, by him as of December 31, 2012. The term of office for each of the directors will expire at the time of the next annual meeting of shareholders of Yellow Media Limited or at such time as his successor is otherwise elected.

Name and Province or State of Residence	Principal Occupation	Director Since	Number of Common Shares Beneficially Owned
Craig Forman(4) California, USA	Executive Chairman of the Board, Appia, Inc.	January 2012	Nil
David A. Lazzarato(2) Ontario, Canada	Corporate Director	December 2012	Nil
David G. Leith(2)(4) Ontario, Canada	Corporate Director	February 2012	Nil
Robert F. MacLellan(1)(2) Ontario, Canada	Chairman, Northleaf Capital Partners	December 2012	Nil
Judith A. McHale(3)(4) New York, USA	President and Chief Executive Officer, Cane Investments, LLC	December 2012	Nil
Donald H. Morrison(5) Ontario, Canada	Corporate Director	March 2013	Nil
Martin Nisenholtz(3) New York, USA	Senior Advisor, The New York Times Company	May 2006	250
Kalpana Raina(3) New York, USA	Managing Partner, 252 Solutions, LLC	December 2012	Nil
Michael G. Sifton(3) Ontario, Canada	Managing Partner, Beringer Capital	December 2012	Nil
Marc P. Tellier(6) Québec, Canada	President and Chief Executive Officer, Yellow Media Limited	November 2002	3,126

(1) Chairman of the Board.
(2) Member of Audit Committee.
(3) Member of Human Resources and Compensation Committee.
(4) Member of Corporate Governance and Nominating Committee.
(5) Donald H. Morrison was appointed to the Board on March 20, 2013 in accordance with the Termination and Settlement Agreement.
(6) On March 20, 2013, the Corporation entered into a separation agreement with Marc P. Tellier pursuant to which the parties agreed that Mr. Tellier will cease to be President and Chief Executive Officer of the Corporation (and will cease to

be an employee and officer of the Corporation's subsidiaries) effective on the earlier of (i) the date a new President and Chief Executive Officer is appointed by the Board and (ii) August 15, 2013. Mr. Tellier will continue to serve as a member of the Board until the earlier of his termination date and May 7, 2013, the date of the upcoming annual general meeting of shareholders. As a result, Mr. Tellier will not be standing for re-election to the Board at this year's annual general meeting of shareholders. The Board of Directors has appointed a search committee of the Board, chaired by the Chairman of the Board, Robert F. MacLellan, to undertake the search for a new Chief Executive Officer. It is contemplated that the new Chief Executive Officer will be appointed to the Board upon the date of his or her employment by the Corporation.

Biographies

The following are brief profiles of the current directors of Yellow Media Limited.

Craig Forman has been Executive Chairman of the Board of Appia, Inc. since August 2011 after serving during 2010 and 2011 as executive chairman of WHERE, Inc., a location-based media company which was acquired by eBay. Previously, from 2006 to 2009, he served as Executive Vice President and President, Access and Audience and Chief Product Officer at EarthLink, Inc., an Atlanta-based Internet services provider. Mr. Forman is a technology executive with over 20 years of experience in the internet, media and communications industries. He has served as a senior executive at Yahoo! Inc., Time Warner Inc. and Dow Jones & Co. Mr. Forman has an undergraduate degree in Public and International Affairs from the Woodrow Wilson School of Public and International Affairs of Princeton University and a Master's degree in law from Yale Law School. Mr. Forman has completed the Directors' Consortium executive education program from Stanford University. Mr. Forman is a member of the Corporate Governance and Nominating Committee.

David A. Lazzarato is a media/broadcast industry consultant who assists companies in the areas of strategy development, mergers and acquisitions and financing. Mr. Lazzarato was Chief Executive Officer of Craig Wireless Systems in 2008. Prior to joining Craig Wireless Systems, Mr. Lazzarato served as Executive Vice President and Chief Financial Officer of Alliance Atlantis Communications Inc. and Chairman of Motion Picture Distribution from 2005 to 2007. From 1999 to 2004, Mr. Lazzarato served as Executive Vice President and Chief Financial Officer of Allstream Inc. (formerly, AT&T Canada Inc.) and was Chief Corporate Officer of MTS Allstream Inc. in 2004. Mr. Lazzarato is Vice-Chair of each of the McMaster University Board of Governors, the Council of Chairs of Ontario Universities, the Trillium Health Center Foundation and a Director of LED Railway Lighting Ltd. Mr. Lazzarato earned a Bachelor of Commerce degree from McMaster University and is a Chartered Accountant, having received the FCA designation from the Ontario Institute of Chartered Accountants in 2006. Mr. Lazzarato received the ICD.D certification from the Institute of Corporate Directors in 2008 and has also completed the Senior Executives Program at the Massachusetts Institute of Technology. Mr. Lazzarato is the Chair of the Audit Committee.

David G. Leith is Chair of Manitoba Telecom Services Inc. and certain of its subsidiaries. Prior to this, Mr. Leith acquired over 25 years of equity, debt, government finance and mergers and acquisition experience with CIBC World Markets and its predecessors and last served until February 2009 as Deputy Chairman of CIBC World Markets and Managing Director and Head of CIBC World Markets' Investment, Corporate and Merchant Banking activities. Mr. Leith is a Director of Hudson's Bay Company, the Chair of its Pension Committee, and a member of the Audit and of the Corporate Governance and Nomination Committees. Mr. Leith is also a Director of the Ontario Infrastructure and Lands Corporation (Infrastructure Ontario) and a Director of Bridgepoint Health Foundation. Mr. Leith holds a Bachelor of Arts degree from the University of Toronto and a Master of Arts degree from Cambridge University. Mr. Leith is the Chair of the Corporate Governance and Nominating Committee and a member of the Audit Committee.

Robert F. MacLellan is the Chairman of Northleaf Capital Partners, Canada's leading independent global private equity and infrastructure fund manager and advisor since November 2009. From 2003 to November 2009, Mr. MacLellan served as Chief Investment Officer of TD Bank Financial Group where he was responsible for overseeing the management of investments for The Toronto Dominion Bank, its

Employee Pension Fund, TD Mutual Funds, and TD Capital Group. Mr. MacLellan has been an independent director of T. Rowe Price since 2010 and serves on the Executive Compensation Committee and the Audit Committee. Mr. MacLellan is the Board Chair of Right to Play and also serves on the advisory committee of Birch Hill Equity Partners, a private equity partnership. Mr. MacLellan holds an MBA from Harvard University, a Bachelor of Commerce from Carleton University and is a Chartered Accountant. Mr. MacLellan is Chairman of the Board and a member of the Audit Committee.

Judith A. McHale served as the Under Secretary of State for Public Diplomacy and Public Affairs for the U.S. Department of State from 2009 to 2011. In 2006, Ms. McHale worked in partnership with the Global Environment Fund, a private equity firm, to launch the GEF/Africa Growth Fund, an investment vehicle intending to focus on supplying expansion capital to small and medium-sized enterprises that provide consumer goods and services in emerging African markets. From 2004 to 2006, Ms. McHale served as the President and Chief Executive Officer of Discovery Communications, Inc., the parent company of Discovery Channel and served as its President and Chief Operating Officer from 1995 to 2004. Ms. McHale serves on the Board of Directors of Ralph Lauren Corp. She has also served on the Boards of Directors of John Hancock Financial Services Corp, Potomac Power and Electric Company ("PEPCO"), Host Hotels and Resorts, Inc. and Digital Globe, Inc. Ms. McHale is a graduate of the University of Nottingham (UK) and Fordham University Law School (New York), and has received honorary degrees from the University of Maryland, American University, University of Miami and Colby College. Ms. McHale is a member of the Corporate Governance and Nominating Committee and of the Human Resources and Compensation Committee.

Donald H. Morrison retired in July 2011 from Research in Motion Limited ("RIM") where he had served since September 2000 as Chief Operating Officer with a mandate to strengthen RIM's international operations and help build a world-class service organization. Since that time, RIM expanded to more than 175 countries around the world and RIM's fiscal year revenues grew from approximately $200 million to nearly $20 billion. Before joining RIM, Mr. Morrison held a number of senior leadership positions in Canada, Europe and the United States with AT&T and Bell Canada. Mr. Morrison holds an MBA and Bachelor of Arts degrees from the University of Toronto, and also participated in the Executive Program at the University of Virginia, Darden Business School.

Martin Nisenholtz is currently a senior advisor for the New York Times Company and a Fellow at the Shorenstein Center at Harvard University. In December 2011, Mr. Nisenholtz retired from his full-time role at the New York Times Company where he had served since February 2005 as Senior Vice President, Digital Operations and was responsible for the strategy development, operations and management of its digital properties, including About.com. Prior to that, and since 1999, Mr. Nisenholtz was Chief Executive Officer of New York Times Digital. In June 2001, Mr. Nisenholtz founded the Online Publishers Association ("OPA"), an industry trade organization that represents the interests of high-quality online publishers. Mr. Nisenholtz currently serves on the Board of Directors of Jostens Inc., Exelate, LLC, Real Match, LLC and Sulia, Inc. Mr. Nisenholtz holds a Bachelor in Psychology degree from the University of Pennsylvania and a Master's degree in Communications from the University of Pennsylvania Annenberg School of Communication. Mr. Nisenholtz is a member of the Human Resources and Compensation Committee.

Kalpana Raina is Managing Partner of 252 Solutions, LLC, a consulting firm. Ms. Raina was formerly with The Bank of New York (the "Bank") from 1988 to 2006, where she last served as Executive Vice President. Ms. Raina's client portfolio at the Bank included clients in the Media and Telecommunications industry, Healthcare, Retailing, and Hotels and Leisure. Throughout her tenure, she served on numerous committees including the Bank's Credit and Risk and Planning committees. Ms. Raina currently serves on the Board of Directors, the Audit Committee and is Chair of the Nominating and Corporate Governance Committee of RealNetworks, Inc., an internet media company, and on the Board of Directors of John Wiley & Sons, Inc., a provider of content and content-enabled digital services to customers worldwide. She also is on the Board of Directors of Information Services Group, Inc., a leading technology insight, market intelligence and advisory services company. Previously, she was on the Board of Directors of the Center for Communications in New York, an independent media forum created to foster dialog between media companies and educational institutions. Ms. Raina holds a Master's degree in English Literature from McMaster University and undergraduate and graduate degrees from Panjab University, India. Ms. Raina is the Chair of the Human Resources and Compensation Committee.

Michael G. Sifton is a Managing Partner at Beringer Capital since September 2009. Mr. Sifton spent his career around the media business, with over 20 years of direct experience in the Canadian newspaper industry. Prior to joining Beringer, he was President and Chief Executive Officer of Sun Media, Canada's largest newspaper publisher by household penetration and reach. Mr. Sifton led the formation of Osprey Media Group in 2001 which was acquired by Sun Media in 2007. Prior to forming Osprey, Mr. Sifton was President of Hollinger Canadian Newspapers G.P. and President and Chief Executive Officer of family-owned Armadale Communications. Mr. Sifton is a former Chairman of The Canadian Press and a former Director of the Canadian Newspaper Association and the Newspaper Audience Databank. Mr. Sifton is the Chairman of the Board of Governors of St. Andrew's College in Aurora, Ontario. Mr. Sifton holds a Bachelor of Commerce (Honours) from Queen's University. Mr. Sifton is a member of the Human Resources and Compensation Committee.

Officers

The following table sets out, for each of the current officers of Yellow Media Limited, the person's name, province or state, and country of residence, position with the Corporation and number of common shares of Yellow Media Limited beneficially owned or controlled or directed, directly or indirectly, by him or her as of December 31, 2012.

Name and Province of Residence	Position and Principal Occupation	Number of Common Shares Beneficially Owned
Marc P. Tellier(1) Québec, Canada	President and Chief Executive Officer	3,126
Ginette Maillé Québec, Canada	Chief Financial Officer	237
Douglas A. Clarke Ontario, Canada	Senior Vice President, Sales	53
Nicolas Gaudreau Québec, Canada	Chief Marketing Officer	140
Lise Lavoie Québec, Canada	Chief Talent Officer	59
René Poirier Québec, Canada	Chief Information Officer	Nil
François D. Ramsay Québec, Canada	Senior Vice President, General Counsel and Secretary	601
D. Lorne Richmond Ontario, Canada	Vice President, Print Operations and Sales Support	582
Paul T. Ryan Québec, Canada	Chief Technology Officer	Nil
Stephen Port Québec, Canada	Vice President, Corporate Performance	57
Jacky Hill Ontario, Canada	Vice President, Wall2Wall Media	95
Jeff Knisley British Columbia, Canada	Vice President, Sales, Western Region	Nil

Name and Province of Residence	Position and Principal Occupation	Number of Common Shares Beneficially Owned
Marie-Josée Lapierre Québec, Canada	Assistant Secretary	10
Patrick Lauzon Québec, Canada	Vice President and General Manager, National Markets – President, Mediative	242
Chris Long Ontario, Canada	Vice President, Sales, Central Region	Nil
Gregory S. Shearer Pennsylvania, USA	Vice President, Business Solutions	Nil
Dominique Vallée Québec, Canada	Vice President, Sales, Advantage Group and Call Centres Initiative	121
Daniel Verret Québec, Canada	Vice President and Principal Accounting Officer	171
Pierre Van Gheluwe Québec, Canada	Treasurer	Nil

(1) On March 20, 2013, the Corporation entered into a separation agreement with Marc P. Tellier pursuant to which the parties agreed that Mr. Tellier will cease to be President and Chief Executive Officer of the Corporation (and will cease to be an employee and officer of the Corporation's subsidiaries) effective on the earlier of (i) the date a new President and Chief Executive Officer is appointed by the Board and (ii) August 15, 2013. Mr. Tellier will continue to serve as a member of the Board until the earlier of his termination date and May 7, 2013, the date of the upcoming annual general meeting of shareholders. As a result, Mr. Tellier will not be standing for re-election to the Board at this year's annual general meeting of shareholders. The Board of Directors has appointed a search committee of the Board, chaired by the Chairman of the Board, Robert F. MacLellan, to undertake the search for a new Chief Executive Officer. It is contemplated that the new Chief Executive Officer will be appointed to the Board upon the date of his or her employment by the Corporation.

All of the officers of the Corporation have held their present positions or other executive positions with the Corporation or with related or affiliated corporations during the past five years or more, except for Nicolas Gaudreau who, from 2008 to 2009, was Vice President, General Manager of Nurun, Patrick Lauzon who, from 2008 to January 2010, was Executive Vice President, Online and New Business Initiatives of Sun Media, Chris Long who, from 2009 to 2010, was Senior Executive of METCO Networks and, from 2004 to 2009, was Vice President Sales, Central Canada of MTS Allstream, René Poirier who, from 2010 to 2011, was Senior Vice President, Technology of Transcontinental Inc. and, from 2004 to 2010, was Senior Vice President and General Manager of Tecsys, Pierre Van Gheluwe who, from 2009 to 2011, was Director, Real Estate Financing of SITQ Inc. and, from 2008 to 2009, was Treasurer of Cadim, a division of Caisse de Dépot et Placement du Québec, and Paul Ryan who, from 2011 to 2012, was Chief Technology Officer of Leads 360, from 2009 to 2011, was Chief Technology Officer of OCP, LLC and, from 2004 to 2009, was Chief Executive Officer of DoneRight!

Ownership in the Corporation

As of December 31, 2012, the directors and officers of the Corporation, as a group, beneficially owned or exercised control or direction over, directly or indirectly, 5,744 common shares of the Corporation, which represents approximately 0.02% of the outstanding common shares of the Corporation.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

To the knowledge of the Corporation, (a) no director or executive officer of the Corporation is, at the date of this Annual Information Form, or has been, in the ten (10) years prior to the date of this Annual Information Form, a director, chief executive officer or chief financial officer of any company, that while the director or executive officer was acting in that capacity, (i) was the subject of a cease trade or similar order or an order that denied the company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days, or (ii) after the director or executive officer ceased to act in that capacity, was the subject of a cease trade or similar order or an order that denied the company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days because of an event which occurred while the director or executive officer was acting in that capacity, or (b) no director or executive officer of the Corporation, or a shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation is, at the date of this Annual Information Form, or has been, in the ten (10) years prior to the date of this Annual Information Form, a director or an executive officer of any company, that while that person was acting in that capacity, or in the year after that person ceased to act in that capacity, became bankrupt, made a proposal under any bankruptcy or insolvency legislation, was subject to any proceedings, arrangement or compromise with creditors or instituted any proceedings against the same, or had a receiver, receiver-manager or trustee appointed to hold its assets, or (c) no director or executive officer of the Corporation, or a shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation, in the ten (10) years prior to the date of this Annual Information Form, became bankrupt, made a proposal under any bankruptcy or insolvency legislation, was subject to any proceedings, arrangement or compromise with creditors or instituted any proceedings against the same, or had a receiver, receiver-manager or trustee appointed to hold his or her assets, except for:

- Messrs. Craig Forman, David G. Leith, Martin Nisenholtz and Marc P. Tellier who were directors of Yellow Media Inc. for varying periods of time immediately prior to the announcement of the Recapitalization on July 23, 2012 and its implementation on December 20, 2012; and

- Mr. David A. Lazzarato, who was Executive Vice President and Chief Financial Officer of AT&T Canada Inc. when AT&T Canada Inc. voluntarily filed an application for creditor protection under the *Companies Creditor Arrangement Act (Canada)* on October 12, 2002. On April 1, 2003, AT&T Canada implemented a consolidated plan of arrangement and reorganization, and emerged from creditor protection under the name AT&T Canada Limited.

Conflicts of Interests

No director or senior officer of Yellow Media Limited or other insider of Yellow Media Limited, nor any associate or affiliate of the foregoing persons has any existing or potential material conflict of interest with the Corporation or any of its subsidiaries.

AUDIT COMMITTEE INFORMATION

The following information is provided in accordance with Form 52-110F1 under National Instrument 52-110 – *Audit Committees* ("NI 52-110").

Audit Committee Charter

The Audit Committee Charter is attached as Schedule A to this Annual Information Form.

Composition of the Audit Committee

Until the implementation of the Recapitalization on December 20, 2012, the Audit Committee was composed of: Michael T. Boychuk (Chairman), Paul Gobeil (who resigned on February 9, 2012), David G. Leith (who replaced Paul Gobeil on February 9, 2012), Michael R. Lambert, Anthony Miller, Martin Nisenholtz and Bruce K. Robertson. Upon the implementation of the Recapitalization on December 20, 2012, and as of the date hereof, the Audit Committee is composed of David A. Lazzarato (Chairman), David G. Leith, and Robert F. Maclellan.

Relevant Education and Experience

Each member of the committee is considered “independent” and “financially literate” as such terms are defined in NI 52-110, which means that they have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity that can reasonably be expected to be raised by the Corporation’s financial statements. The Board believes that the Audit Committee has the knowledge and background required to oversee the financial reporting and disclosure controls and procedures, accounting systems and internal controls over financial reporting of the Corporation. The table below sets out the Audit Committee members’ experience.

Committee Member	Financial Literacy	Experience Acquired through Role
David A. Lazzarato, FCA, ICD.D	Yes	Mr. Lazzarato has acquired extensive accounting, corporate finance and mergers and acquisition experience through his roles as Senior Vice President of Bell Canada, Chief Executive Officer of Craig Wireless Systems Ltd., Chief Financial Officer of Alliance Atlantis Communications Inc., Chief Corporate Officer of MTS Allstream Inc., Executive Vice President and Chief Financial Officer of Allstream (formerly AT&T Canada), Senior Vice President and Chief Financial Officer of BCE Mobile Communications Inc., Vice President and Comptroller of BCE Inc. and Senior Vice President, Finance and Administration of CAE Electronics Ltd. Mr. Lazzarato is a Fellow Chartered Accountant, holds a Bachelor of Commerce Degree and completed the Director’s Education Program of the Institute of Corporate Directors.
David G. Leith	Yes	Mr. Leith acquired over 25 years of equity, debt, government finance and mergers and acquisition experience with CIBC World Markets and its predecessors and last served as Deputy Chairman of CIBC World Markets and Managing Director and Head of CIBC World Markets’ Investment, Corporate and Merchant Banking activities. Having worked in the investment banking, capital markets and corporate banking areas, Mr. Leith has extensive experience of working with, evaluating and analyzing financial statements. As Chairman of the Board of Directors of Manitoba Telecom Services Inc., he is ex-officio a member of all its Committees, including its Audit Committee, on which he also served prior to being appointed Chair. Mr. Leith serves on the Audit Committee of Hudson’s Bay Company and also served as trustee and member of the Investment Committee of TransGlobe Apartment Real Estate Investment Trust.
Robert F. MacLellan, CA	Yes	Mr. MacLellan has extensive experience in accounting, pension matters, fund management and investment banking having served as Executive Vice President and Chief Investment Officer of TD Bank Financial Group, Head of Merchant Banking Group of Lancaster Financial Holdings and Vice President and Director of McLeod Young Weir (Scotia McLeod). During his tenure at TD Bank Financial Group, he was responsible for overseeing the management of investments and its Employee Pension Fund. Mr. MacLellan also serves on the Audit Committee of T. Rowe Price. Mr. MacLellan is a Chartered Accountant and holds an M.B.A. from Harvard University and a Bachelor of Commerce from Carleton University.

In addition to each member’s general business experience as detailed in the above table, the education and past experience of each Audit Committee member relevant to the performance of his responsibilities as an Audit Committee member is set forth in the biography of the respective director. See “Directors and Officers of Yellow Media Limited – Directors - Biographies”.

Audit Committee Oversight

At no time since the commencement of the financial year ended December 31, 2012 has a recommendation of the Audit Committee to nominate or compensate an external auditor not been adopted by the Board of Directors of the Corporation.

Principal Auditor

During the 2012 and 2011 fiscal years, the Corporation retained Deloitte LLP ("Deloitte") as its principal auditor.

Approval Policies

The Audit Committee of Yellow Media Limited has adopted a policy regarding the engagement of Deloitte for non-audit services. Deloitte provides audit services to Yellow Media Limited and is also authorized to provide specific audit-related services as well as tax services. Deloitte may also provide other services provided, however, that all such services are pre-approved by the Chairman of the Audit Committee and that such engagement is confirmed by the Audit Committee at its following meeting. The policy also specifically prohibits the provision of certain services by Deloitte in order to maintain its independence.

External Auditor Service Fees

A summary of the fees paid to Deloitte to provide services in the categories and for the approximate amounts for the years ended 2012 and 2011 is included below:

Category of Fees	**2012 ($)**	**2011 ($)**
Audit fees	1,954,000	1,087,000
Audit-related fees	491,000	815,000
Tax fees	1,736,000	521,000
All other fees	-	-
TOTAL	4,181,000	2,423,000

Audit fees. These amounts represent fees paid for the audit of the Corporation's annual consolidated financial statements and the review of its quarterly financial statements. These consist of fees also related to services that an independent auditor would customarily provide in connection with statutory requirements, regulatory filings, and similar engagements for the fiscal year, such as comfort letters, consents, and assistance with review of documents filed with securities regulatory authorities.

Audit-related fees. Audit-related fees were paid for assurance and related services that are performed by Deloitte and are not reported under the audit fee item above. They attest services not required by statute or regulations. These services consisted primarily of consulting services with respect to accounting and financial disclosure standards, employee pension plan audits and other special purpose mandates approved by the Audit Committee.

Tax fees. These fees consist generally of (i) tax compliance, and (ii) tax planning and advice. They include the review of tax returns, assistance with tax audits, capital structure, corporate transactions, due diligence related to acquisitions and other special purpose mandates approved by the Audit Committee.

The Audit Committee has determined that Deloitte's provision of non-audit services was compatible with maintaining Deloitte's independence.

INTEREST OF EXPERTS

Deloitte are the independent auditors of Yellow Media Limited We are advised that, as at the date hereof, the members of Deloitte are independent in accordance with the Rules of the Code of Ethics of the *Ordre des comptables agréés du Québec*.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

To the knowledge of the Corporation, none of the directors or executive officers of the Corporation, nor any of their associates or affiliates, has or has had any material interest, direct or indirect, in any transaction within the three most recently completed financial years or during the current financial year that has materially affected or will materially affect the Corporation, or any of its subsidiaries.

MATERIAL CONTRACTS

Except for those contracts entered into in the ordinary course of business of Yellow Media Limited, Yellow Media Limited, as the case may be, has entered into the following material contracts within the year ended December 31, 2012 or before such year but which are still in effect:

- the support agreement dated as of July 23, 2012 entered into in connection with the Recapitalization between the Corporation, YPG Financing Inc., certain of the Corporation's subsidiaries and certain holders of the Corporation's then existing medium term notes (see "Support Agreement" in the Recapitalization Circular, which section is hereby incorporated by reference into this AIF);
- the arrangement agreement dated as of July 23, 2012, as amended on December 14, 2012 entered into in connection with the Recapitalization between the Corporation, YPG Financing Inc. and YPG (see "Arrangement Agreement" in the Recapitalization Circular, which section is hereby incorporated by reference into this AIF);
- the termination and settlement agreement dated as of December 14, 2012 entered into in connection with the Recapitalization between the Corporation, YPG Financing Inc., YPG, W2W, YPG (USA) Holdings Inc., Yellow Pages Group, LLC, Bank of Nova Scotia, Bank of Montreal, Caisse Centrale Desjardins, Canadian Imperial Bank of Commerce, National Bank of Canada, Royal Bank of Canada and Toronto-Dominion Bank, providing for the termination of the Credit Facility (see "Business of the Corporation - Recapitalization");
- the warrant indenture dated as of December 20, 2012 entered into in connection with the Recapitalization between the Corporation and CIBC Mellon Trust Company, providing for the issuance of 2,995,506 warrants, which are exercisable at $28.16 per warrant at any time on or prior to December 20, 2022 (see "Capital Structure – Description of Warrants");
- the trust indenture dated as of December 20, 2012 entered into in connection with the Recapitalization between YPG Financing Inc., the Corporation, YPG, W2W, YPG (USA) Holdings Inc., Yellow Pages Group, LLC, BNY Trust Company of Canada, Bank of New York Mellon, providing for the issue of Senior Subordinated Exchangeable Debentures (see "Capital Structure – Description of Exchangeable Debentures");
- the trust indenture dated as of December 20, 2012 entered into in connection with the Recapitalization between YPG Financing Inc., the Corporation, YPG, W2W, YPG (USA) Holdings, Inc., Yellow Pages Group, LLC, BNY Trust Company of Canada, Bank of New York Mellon and each of the Guarantors, providing for the issue of 9.25% Senior Secured Notes (see "Capital Structure – Description of Senior Secured Notes"); and

- the exchange agreement dated as of December 20, 2012 entered into in connection with the Recapitalization between the Corporation, YPG Financing Inc. and BNY Trust Company of Canada (the “Exchange Agreement”), providing for, among other things, the issuance by the Corporation of common shares of the Corporation upon the exchange of Exchangeable Debentures in accordance with the terms and conditions of the indenture governing the Exchangeable Debentures.

A copy of all of the material contracts listed above, including the Recapitalization Circular, is available on SEDAR at www.sedar.com.

ADDITIONAL INFORMATION

Additional information relating to Yellow Media Limited may be found on SEDAR at www.sedar.com.

Additional information, including directors’ and officers’ remuneration and indebtedness, principal holders of Yellow Media Limited’s securities and securities authorized for issuance under equity compensation plans is contained in the Corporation’s information circular for its most recent annual meeting of shareholders of Yellow Media Limited. Additional financial information is provided in the Corporation’s financial statements and management’s discussion and analysis for the year ended December 31, 2012.

Yellow Media Limited will, upon request to the Secretary of the Corporation, 16 Place du Commerce, Nuns’ Island, Verdun, Québec, H3E 2A5, provide to any person or company, the documents specified below:

(a) when the Corporation is in the course of a distribution of its securities under a short form prospectus, or has filed a preliminary short form prospectus in respect of a proposed distribution of its securities:

   i. one copy of its latest Annual Information Form, together with one copy of any document or the pertinent pages of any document, incorporated therein by reference;

   ii. one copy of its comparative Consolidated Financial Statements for the most recently completed financial year for which financial statements have been filed, together with the Auditors’ Report thereon, and one copy of any interim financial statements of the Corporation for any period after its most recently completed financial year;

   iii. one copy of the information circular of the Corporation in respect of its most recent annual meeting of shareholders that involved the election of directors or one copy of any annual filing prepared instead of that information circular, as appropriate; and

   iv. one copy of any other documents that are incorporated by reference into the preliminary short form prospectus or the short form prospectus and are not required to be provided under subparagraphs (i) to (iv) ; or

(b) at any other time, the Corporation shall provide to any person or company one copy of any of the documents referred to in subparagraphs (a) (i), (ii) and (iii) above, provided that the Corporation may require the payment of a reasonable charge if the request is made by a person or company who is not a holder of the Corporation’s securities.

SCHEDULE A

CHARTER of the AUDIT COMMITTEE
(the “Committee”)

of the BOARD OF DIRECTORS of YELLOW MEDIA LIMITED

AUTHORITY

The primary responsibility for the financial reporting and disclosure controls and procedures, accounting systems and internal controls over financial reporting of Yellow Media Limited (the “Corporation”) is vested in senior management and is overseen by the board of directors (the “Board”). The Committee is a standing committee of the Board established to assist the Board in fulfilling its responsibilities in this regard.

The Committee shall have unrestricted access to the Corporation's personnel, documents and external auditors and will be provided with the resources necessary to carry out its responsibilities. In carrying out its mandate, the Committee's review of the various activities of the Corporation shall include such investigation, analysis and approval of such activities as it may consider necessary. The Committee may engage outside advisors at the expense of the Corporation in order to assist the Committee in the performance of its duties and set and pay the compensation for such advisors.

Nothing contained in this Charter is intended to expand applicable standards of liability under statutory or regulatory requirements for the directors of the Corporation or the members of the Committee. Even though the Committee has a specific mandate, it does not have the obligation to act as auditors or to perform audits, or to determine that the Corporation's financial statements are complete and accurate.

Members of the Committee are entitled to rely, absent knowledge to the contrary, on (i) the integrity of the persons and organizations from whom they receive information, (ii) the accuracy and completeness of the information provided, and (iii) representations made by management as to the non-audit services provided to the Corporation by the external auditors. The Committee's oversight responsibilities are not established to provide an independent basis to determine that (i) management has maintained appropriate accounting and financial reporting principles or appropriate internal controls and procedures, or (ii) the Corporation's financial statements have been prepared in accordance with generally accepted accounting principles and, if applicable, audited in accordance with generally accepted accounting standards.

STRUCTURE

1. The Committee shall be composed, as required under National Instrument 52-110 – *Audit Committees*, as it may be amended or replaced from time to time (“NI 52-110”), of at least three directors of the Corporation, all of whom (except to the extent permitted by NI 52-110) are independent (as defined by NI 52-110). Membership on the Committee shall be automatically terminated as such time as a member ceases to be independent.

2. Each member must (except to the extent permitted by NI 52-110) be financially literate (which is defined in NI 52-110 as the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation’s financial statements).

3. No member of the Committee may serve on the Audit Committee of more than three public companies, including the Corporation, unless the Board determines that such simultaneous service would not impair the ability of such member to effectively serve on the Committee.

4. No member of the Committee shall receive compensation in his or her personal capacity other than director's fees for service as a director of the Corporation, including reasonable compensation for serving on the Committee and regular benefits that other directors receive in that capacity.

5. The chairperson of the Committee (the "Chairperson") and the members of the Committee shall be appointed and removed by resolution of the Board, having considered the recommendation of the Corporate Governance and Nominating Committee, to hold office from the time of their appointment until the next annual general meeting of shareholders or until their successors are so appointed. The Chairperson must be appointed among the members of the Committee. The Secretary of the Corporation shall be the Secretary of the Committee. Members of the Committee may be reappointed to serve consecutive terms.

6. Vacancies at any time occurring in a Committee shall be filled by resolution of the Board, having considered the recommendation of the Corporate Governance and Nominating Committee, in accordance with the terms of its mandate.

7. The Chairperson of the Committee has the following responsibilities

   7.1 presiding at meetings of the Committee;

   7.2 ensuring the efficiency of the Committee and that members work as a team, in an effective and productive manner;

   7.3 ensuring that the Committee has the administrative support necessary to perform its work and carry out its duties; and

   7.4 acting as liaison between the Committee and the Board.

8. If the Chairperson and/or the Secretary of the Committee, as the case may be, is unable to act as such at a meeting, the Committee shall select one of the members to act as Chairperson and/or as Secretary, as the case may be, for that meeting only.

9. The Committee shall meet not less than once each quarter and may meet more often if required. Meetings of the Committee may be convened at the request of any member of the Committee, the Chairperson, Chief Executive Officer or Chief Financial Officer of the Corporation. Such meetings can be held by telephone or by any other means which enables all participants to communicate with each other simultaneously.

10. At each quarterly meeting, the Committee shall meet privately and in separate, in camera sessions with (i) the management, (ii) the internal auditor; (iii) the external auditors; and (iv) with any other internal personnel or outside advisors, as needed or appropriate. At every other meeting, the Committee shall hold an in camera session.

11. Officers may attend meetings of the Committee upon invitation to assist in the discussion and examination of the matters under consideration by the Committee.

12. A quorum at meetings of the Committee shall consist of a majority of its members. All decisions and recommendations made by the Committee shall be made by a majority vote of the members present at the meeting. Each member, including the Chairperson, shall only be entitled to one vote. The Chairperson shall not have a casting vote.

13. The provision of the Articles and By-laws of the Corporation that regulate meetings and proceedings shall govern Committees meetings.

14. The Chairperson shall approve the agenda for the meetings and ensure that supporting materials are properly prepared and circulated to members with sufficient time for study by Committee members prior to the meeting.

15. The minutes of the Committee meetings shall accurately record the significant discussions of and decisions made by the Committee, including all recommendations to be made by the Committee to the Board and shall be distributed to Committee members as well as to all Directors of the Corporation, with copies to the Chief Executive Officer, the Chief Financial Officer of the Corporation and the external auditors.

RESPONSIBILITIES

The Committee shall perform the duties set out in this Charter and shall perform such other duties as may be necessary or appropriate under applicable law or stock exchange rules, or as may be delegated to the Committee by the Board from time to time.

Annual Financial Information

1. Review the Corporation’s annual audited and consolidated financial statements and accompanying notes, the external auditor’s report thereon as well as related MD&A and press release and recommend their approval to the Board before they are publicly disclosed, after discussing and making inquiries into matters such as the selection of accounting policies, major accounting judgments, accruals and estimates with management and the external auditors. The Committee shall seek confirmation from management that such financial statements or financial information, together with the other financial information included in the Corporations’ annual filings, fairly present in all material respects the financial condition, results of operations and cash flows of the Corporation as of the relevant date and for the relevant periods.

2. Review with management and the external auditors the Corporation's accounting policies, proposed material changes in securities policies or regulations, along with any changes that are proposed to be made thereto, including all critical accounting policies and practices used, any alternative treatments of financial information that have been discussed with management, the ramification of their use and the external auditors' preferred treatment and any other material communications with management with respect thereto, and the disclosure and impact of contingencies and the reasonableness of the provisions, reserves and estimates that may have a material impact on financial reporting.

3. Review the planning and results of the external audit including:

    3.1 the auditor's engagement letter;

    3.2 the scope of the audit, including materiality, audit reports required, areas of audit risk, timetable and deadlines;

    3.3 the post-audit management letter, if any, together with management's response thereto; and

    3.4 the form of the audit report.

Interim Financial Statements

In conjunction with regular Board meetings:

1. Review the Corporation’s quarterly consolidated financial statements and accompanying notes and related MD&A and press release and recommend their approval to the Board before they are publicly disclosed, after discussing and making inquiries to management and the external auditors on the preparation of such statements. The Committee shall seek confirmation from management that such financial statements or financial information, together with the other financial information included in

the Corporations' interim filings, fairly present in all material respects the financial condition, results of operations and cash flows of the Corporation as of the relevant date and for the relevant periods.

2. Review the selection of new accounting policies and major accounting judgements that arise during the quarter.

External Auditors

1. Approve all audit services provided by the external auditors engaged for the purpose of preparing or issuing an auditor's report or related work.

2. The Committee has the authority to communicate directly with the external auditors.

3. Directly overseeing the external auditors and discussing with them the quality and not just the acceptability of the Corporation's accounting principles, including (i) all critical accounting policies and practices used, (ii) any alternative treatments of financial information that have been discussed with management, the ramification of their use and the treatment preferred by the external auditors, as well as (iii) any other material written communications between the Corporation and the external auditors (including any disagreement between the external auditors and management regarding financial reporting and the resolution thereof).

4. Recommend the auditors for appointment by the Corporation and review their qualifications, performance and independence.

5. Establish the list of non-audit services that the external auditor can provide and the list of non-audit services that the external auditors are prohibited from performing. All non-audit services must be pre-approved by the Committee or, when it is not possible or practical, by the Chairman of the Committee, and the mandates entrusted are confirmed by the Committee at its first scheduled meeting thereafter.

6. Approve the basis and amount of external auditors' compensation and recommend same to the Board.

7. Ensure that the external auditors are always accountable directly to the Committee and the Board.

8. Review, at least annually, the qualifications, performance and independence of the external auditors. In conducting its review and evaluation, the Committee should:

    8.1 obtain and review (subject to client confidentiality guidelines) a report by the Corporation's external auditors describing (i) the external auditors' internal quality-control procedures; (ii) any material issues raised by the most recent internal quality-control review, or peer review, of the external auditors, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the external auditors, and any steps taken to deal with any such issues; and (iii) any information allowing to assess the auditor's independence, and all relationships between the external auditor and the Corporation's management or employees;

    8.2 ensure the rotation of the lead audit partner in accordance with rules of practice and other requirements applicable to the external auditors; and

    8.3 confirm with any independent external auditor retained to provide audit services for any fiscal year that the lead (or coordinating) audit partner (having primary responsibility for the audit), or the audit partner responsible for reviewing the audit, has not performed audit services for the Corporation for more than the five previous fiscal years of the Corporation.

9. Set clear hiring policies for partners, employees and former partners and employees of the external auditors of the Corporation and review. No registered public accounting firm may provide audit services to the Corporation if the Chief Executive Officer, Chief Financial Officer, chief accounting officer, controller or equivalent officer was employed by the registered public accounting firm and participated in the audit of the Corporation within one year of the initiation of the current audit.

10. Review with the external auditors any audit problems or difficulties and management's response thereto and resolve any disagreement between management and the external auditors regarding financial reporting.

Other Public Financial Information

1. Review the financial information contained in the Annual Information Form, Annual Report, Management Proxy Circular, prospectuses, press releases and other documents containing similar financial information and recommend their approval to the Board before their public disclosure or filing with Canadian or other applicable securities regulatory authorities.

2. From discussions with management, satisfy themselves as to the process for ensuring the reliability of other public disclosure documents that contain audited and unaudited financial information.

3. Implement adequate procedures for the review of the Corporation's public disclosure of financial information extracted or derived from the financial statements and periodically assess the adequacy of those procedures.

Management Information Systems and Internal Controls

1. From discussions with and/or reports from management and reports from the internal and external auditors, review, monitor and evaluate the reliability, quality and integrity of the Corporation's management information systems and internal controls.

2. Review the process relative to the periodic certifications by the Chief Executive Officer and the Chief Financial Officer of the Corporation in respect of financial disclosures, the existence of any significant deficiencies in the design or operation of internal controls which could adversely affect the ability to record, process, summarize and report financial data and any significant changes in internal controls or changes to the environment in which the internal controls operate, including corrections of material deficiencies and weaknesses.

3. Request the undertaking of any specific audit or any special examinations (*e.g.*, review compliance with conflict of interest policies).

4. Review, as required, the effect of regulatory and accounting pronouncements and any other transactions which could alter, impact or otherwise materially affect the Corporation's financial or corporate structure, including off-balance sheet items.

5. Review control weaknesses identified by the external auditors, together with management's response thereto.

6. Review at least annually and ensure that reasonable measures are in place to ensure the monitoring of the Corporation's risk assessment and management policies, including hedging policies through the use of financial derivative transactions.

7. Establish procedures for the receipt, retention and treatment of complaints or concerns received by the Corporation regarding accounting, internal accounting controls or auditing matters, including ensuring the confidential and anonymous submission by employees of concerns respecting questionable accounting or auditing matters.

Internal Auditor

1. Review and approve the appointment of the internal auditor and his/her status of independence.

2. Oversee the general functions, responsibilities and performance of the internal auditor.

3. Review and approve the budget, compensation and resources for the internal auditor.

4. Review reports prepared by the internal auditor and the internal audit plan.

5. Review and discuss with management any relevant significant recommendations that the internal auditor may have presented in its reports to the Committee and receive follow-up reports on action taken with respect to the recommendations.

6. The Committee has the authority to communicate directly with the internal auditor.

Compliance Reporting

1. Report to the Board at least annually regarding the oversight and receipt of certificates from management confirming compliance with:

    1.1 debt covenants;

    1.2 all required withholding, deductions and remittances;

    1.3 corporate business conduct standards;

    1.4 laws, regulations and rules of all Canadian securities commissions or other applicable similar regulatory authorities, as well as the laws, regulations and rules of all exchanges where the Corporation's securities are listed; and

    1.5 laws and regulations covering the operation of the Corporation.

Pension Matters

1. Oversee the general administration and operation of the Yellow Pages Group Corp. Pension Plan (the "Pension Plan") and related fund (the "Fund") on behalf of the Board of Directors of Yellow Pages Group Corp. (the "Company Board"), having regard to the recommendations of the Pension Committee as the case may be.

2. Appoint members to a management-level committee (the "Pension Committee") and delegate to such Pension Committee any responsibilities determined by the members of the Committee to be of an operational nature with respect to the administration and investment of the Pension Plan and the Fund, including the authority for all operational matters contemplated by the agreements related to the Pension Plan and the Fund.

3. Review changes and amendments to the Pension Plan and provide comments and/or make recommendations to the Company Board.

4. Annually review the Pension Plan' funding objectives and provide comments and/or make recommendations to the Company Board.

5. Review actuarial valuations prepared by the actuary in relation to the Pension Plan and Fund and provide comments and/or make recommendations to the Company Board.

6. Review reports prepared by the Pension Committee, including but not limited to reports regarding the day-to-day administration of the Pension Plan, the Fund and related supervision and monitoring procedures (the "Control System"), and the investment of the Fund and provide comments and/or make recommendations to the Company Board.

7. At least annually, review the Statement of Investment Policies and Procedures (the "Investment Policy") of the Fund and provide comments and/or make recommendations to the Company Board.

8. Review all financial statements of the Fund and make recommendations to the Company Board in this regard.

9. Review the governance structure of the Pension Plan and Fund from time to time and provide comments and/or make recommendations to the Company Board.

10. Provide comments on and/or recommend the appointment (including the terms thereof and any changes thereto) and removal of any person providing services relating to the Pension Plan and Fund, including, benefit administration agents, funding agents, the actuary, the auditor of the Fund, investment managers) (including a change to the allocation of assets managed by each such investment manager) and all other advisors.

11. On a periodic basis, as determined by the Committee, obtain assurance from the Pension Committee that (i) the Pension Plan and the Fund are administered and invested in compliance with the Pension Plan text, applicable contractual arrangements, the applicable Investment Policy and applicable law; and (ii) the Control System is adhered to and that no material non-compliance has been detected.

12. Report to the Company Board at least quarterly on the administration of the Pension Plan and Fund and the activities of the Pension Committee and the Committee relating to the Pension Plan and Fund.

Other Responsibilities

1. Review the adequacy of insurance coverage.

2. Review the adequacy of the Corporation's financing, including terms and conditions.

3. Oversee the investigation of fraud, illegal acts or conflicts of interest and the reporting of concerns mechanism provided in the Policy on Reporting of Concerns.

4. Discuss with corporate counsel the status of any material pending or threatened litigation, claim or other contingency and the appropriateness of the disclosure thereof.

5. Review any material related party transactions.

6. Prepare and review the public disclosure regarding the Committee required from time to time by NI 52-110.

Reporting

1. Report, through the Chairperson, to the Board following each meeting on the significant discussions of and decisions made by the Committee; in this respect, the minutes of the Committee shall be made available and distributed to the other members of the Board.

2. Review and assess the Committee's mandate annually and recommend changes to the Board as appropriate. The Committee shall ensure that processes are in place to annually evaluate the performance and effectiveness of the Committee in accordance with the process developed by the Board’s Corporate Governance and Nominating Committee as approved by the Board.

Approved by the Board of the Corporation on December 20, 2012.