

**“By Electronic Mail”**

**“Without prejudice”**

Montréal, September 4<sup>th</sup>, 2012

Mr. Glen Bradford

**Re: Yellow Media Inc.**  
**Our file : DCT-1228-01/00**

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Sir,

I am writing to you in my capacity as in-house counsel to the Autorité des Marchés Financiers (the “AMF”), the securities regulator in the province of Québec, where the head offices of Yellow Media are located.

It has come to the AMF’s attention that you have been disseminating, through various media, a form entitled “Yellow Media Shareholder Meeting”, wherein you indicate that your goal is “to have 5% of the common shareholders fill out this form so that I can call a shareholder meeting with the sole purpose of ensuring that there is a management team in place that understands what fiduciary responsibility is and understands who owns the company”. You further indicate that, “by filling out this form, you agree to oppose the recapitalization plan and believe that it is a breach of fiduciary responsibility”. A copy of the form (hereinafter the “Shareholder Meeting Form”) is attached as Appendix A.

Based on the above-quoted excerpts of the Shareholder Meeting Form, it is the AMF’s understanding that your primary objective in circulating/publishing the document is to requisition the directors of Yellow Media, of which you are a shareholder, to call a meeting of shareholders pursuant to section 143 of the *Canada Business Corporations Act* (the “C.B.C.A.”). As to the purpose of the meeting of shareholders, we understand that you take issue with management’s proposed recapitalization plan, which you believe constitutes a breach of fiduciary duty. We note that the approval of the recapitalization plan is already the subject of a shareholders’ meeting scheduled for September 6, 2012.

That being said, we note that the Shareholder Meeting Form also contains the following statement: “If you fill out this form and do not attend the meeting in person, I, Glen Bradford, will assume responsibility for your shares and vote according to my perception of what is best for common shareholders”.

We draw your attention in this regard to *Regulation 51-102 Respecting Continuous Disclosure Obligations* (hereinafter “Regulation 51-102”), which contains, at Part 9 (“Proxy Solicitation and Information Circulars”), the rules applicable to proxy solicitations in Canada, including Québec.

We draw your attention in particular to the definitions of “proxy” and “solicit”, the relevant excerpts of which are reproduced, below, for your ease of reference :

*“proxy” means a completed and executed form of proxy by which a securityholder has appointed a person as the securityholder’s nominee to attend and act for the securityholder and on the securityholder’s behalf at a meeting of securityholders;*

*“solicit”, in connection with a proxy, includes*

*(a) requesting a proxy whether or not the request is accompanied by or included in a form of proxy;*

*(b) requesting a securityholder to execute or not to execute a form of proxy or to revoke a proxy;*

*(c) sending a form of proxy or other communication to a securityholder under circumstances that to a reasonable person will likely result in the giving, withholding or revocation of a proxy; [...]*

*but does not include*

*[...]*

*(i) publicly announcing, by a securityholder, how the securityholder intends to vote and the reasons for that decision, if that public announcement is made by*

*(i) a speech in a public forum; or*

*(ii) a press release, an opinion, a statement or an advertisement provided through a broadcast medium or by a telephonic, electronic or other communication facility, or appearing in a newspaper, a magazine or other publication generally available to the public;*

*(j) communicating for the purposes of obtaining the number of securities required for a securityholder proposal under the laws under which the reporting issuer is incorporated, organized or continued or under the reporting issuer’s constating or establishing documents; [...]*

A complete copy of these definitions is attached as Appendix B.

You will note in particular that communicating with shareholders (i.e. securityholders) for the purpose of obtaining the support required to requisition a shareholder meeting under section 143 of the C.B.C.A. does not constitute “soliciting in connection with a proxy” pursuant to exception “j”. However, indicating in that same document that you will assume responsibility for a shareholder’s shares and vote in that shareholder’s stead goes beyond what is contemplated by the exception. In the circumstances therefore, the AMF is of the view that the dissemination of the Shareholder Meeting Form constitutes a form of proxy solicitation, which is subject to the proxy solicitation rules found in Part 9 of Regulation 51-102.

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These rules prescribe the form and content of the disclosure required of a party soliciting proxies. Generally, section 9.1 (2) (b) provides that a person soliciting a proxy must, “concurrently with or before the solicitation, send an information circular to each registered securityholder whose proxy is solicited”. Pursuant to 9.2 (4) of Regulation 51-102, a person soliciting proxies publicly (through broadcast, speech or publication) may be exempt from sending an information circular. However, the person must respect certain conditions in this regard, including the filing of certain information normally provided in an information circular, which conditions have not been respected in your case. We invite you to review Part 9 of Regulation 51-102, a copy of which is attached as Appendix C for your ease of reference.

In light of these circumstances, the AMF is of the view that the dissemination of the Shareholder Meeting Form in the absence of an information circular constitutes a breach of Canadian securities legislation. Accordingly, you are hereby formally put on notice to immediately withdraw any copies of the Shareholder Meeting Form from publication and circulation, pending the preparation and filing of the information and/or documentation required pursuant to Part 9 of Regulation 51-102.

Please note that the current version of the Shareholder Meeting Form would not constitute a valid proxy in any event because it is not compliant with the rules governing the content of proxy forms.

Finally, please be advised that should you fail to comply with the foregoing and continue to violate the herein-described proxy solicitation rules, the AMF will have no alternative than to take the appropriate measure to ensure compliance with said rules, the whole without prejudice to the AMF's rights and recourses in respect of your past non-compliance with Canadian securities legislation.

Should you have any questions with regard to the content of this letter or should you wish to inform the AMF of any additional facts or circumstances, I invite you to contact the undersigned at the co-ordinates below.

**DO GOVERN YOURSELF ACCORDINGLY.**



**Stéphanie Jolin, legal counsel**

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SJ/mjr

Encl.

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