



# **The Data Group Income Fund**

**Annual Information Form  
for the year ended December 31, 2006**

**March 20, 2007**

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## EXPLANATORY NOTES

### General

The information in this Annual Information Form is stated as at December 31, 2006, unless otherwise indicated.

Unless otherwise indicated or the context otherwise requires, “Fund” refers to The Data Group Income Fund and “Partnership” or “Data Group” refers to The Data Group Limited Partnership.

For an explanation of the capitalized terms and expressions and certain defined terms, please refer to the “Glossary” at the end of this Annual Information Form.

### Currency, Fiscal Periods of the Partnership and Distributable Cash

Except as otherwise indicated, all dollar amounts in this Annual Information Form are expressed in Canadian dollars and references to “\$” are to Canadian dollars.

In this Annual Information Form, unless otherwise indicated, all references to fiscal years of the Partnership refer to the twelve months ended December 31.

References in this Annual Information Form to “distributable cash” are to cash available for distribution in accordance with the distribution policies described in this Annual Information Form. Distributable cash is not an earnings measure recognized by Canadian generally accepted accounting principles (“GAAP”) and does not have a standardized meaning prescribed by GAAP. The Fund’s method of calculating distributable cash may differ from other issuers and, accordingly, distributable cash may not be comparable to similar measures used by other issuers.

### Forward-Looking Statements

Certain statements in this Annual Information Form constitute “forward-looking” statements that involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Fund, the Partnership 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, words such as “may”, “would”, “could”, “will”, “expect”, “anticipate”, “estimate”, “believe”, “intend”, “plan”, and other similar expressions are intended to identify forward-looking statements. These statements reflect the Fund’s current views regarding future events and operating performance, are based on information currently available to the Fund, and speak only as of the date of this Annual Information Form. These forward-looking statements involve a number of risks, uncertainties and assumptions and should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such performance or results will be achieved. Many factors could cause the actual results, performance or achievements of the Fund and the Partnership to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements, including, among others, the Partnership’s ability to achieve operational efficiencies from restructuring and integrating the Relizon Canada business; the Partnership’s ability to successfully integrate that business and other acquisitions on a timely basis; business and economic conditions generally; competition from competitors supplying similar products and services; the Partnership’s ability to grow its sales or even maintain historical levels of its sales of printed business documents; increases in the costs of paper and other raw materials used by the Partnership; the Partnership’s ability to maintain relationships with its customers; and the other factors which are discussed under the heading “Risk Factors” in this Annual Information Form. Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results may vary materially from those described in this Annual Information Form as intended, planned, anticipated, believed, estimated or expected. Unless required by applicable securities law, the Fund does not intend, and does not assume any obligation, to update these forward-looking statements.

## CORPORATE INFORMATION

### Name and Organization

The Fund is an unincorporated, open-ended, limited purpose trust established under the laws of the Province of Ontario by a Declaration of Trust dated November 15, 2004. See “Description of the Fund”.

The Partnership is a limited partnership existing under the laws of the Province of Ontario pursuant to a limited partnership agreement (the “Limited Partnership Agreement”) between DBFL, as initial limited partner, and 2113994 Ontario Inc., as the general partner, dated as of September 22, 2006. All of the limited partnership interests in the Partnership are held by the Fund. All of the shares of DBFL, the successor by amalgamation to 2113994 Ontario Inc., are owned by the Fund. The Partnership holds the operating assets of the business that was carried on by DBFL prior to September 30, 2006. See “– Development of the Fund”. The activities of the Partnership are restricted to the conduct of the business of providing total document management solutions, including printed products (or other forms of document management and related businesses) and the ownership and operation of assets and property in connection with the operation of that business, including all activities ancillary or incidental thereto.

Additional information with respect to Data Partnership is set out under the heading “Information Concerning Data Partnership” at pages 23 through 24 of the Fund’s management information circular dated August 28, 2006, a copy of which has been filed with Canadian securities regulatory authorities and is available on SEDAR at [www.sedar.com](http://www.sedar.com), and is incorporated by reference in this Annual Information Form.

The head and registered offices of the Fund and the Partnership are located at 9195 Torbram Road, Brampton, Ontario, Canada L6S 6H2.

### **Development of the Fund**

On December 21, 2004, the Fund completed its initial public offering (the “Offering”) of 13,327,377 trust units (“Units”) at a price of \$10 per Unit. The Fund used the proceeds of the Offering to acquire from WFIH, Inc. all of the issued and outstanding common shares in the capital of Data Business Forms Limited, a predecessor of DBFL, pursuant to an acquisition agreement dated December 14, 2004 for an aggregate purchase price equal to the sum of \$115,129,700, U.S.\$11,724,618 and the amount, if any, (the “Refund Amount”) received by Data Business Forms Limited as a refund of tax under Part I of the Tax Act for its taxation year ending on the date immediately preceding the closing of the Offering (and any interest thereon) and comprised of: (i) \$101,160,050 million in cash, (ii) a promissory note of the Fund in the principal amount of \$13,969,650 (the “Over-Allotment Note”), (iii) a note of the Fund in the principal amount of U.S.\$11,724,618, and (iv) the right to receive the Refund Amount. The Refund Amount was subsequently determined to be \$373,782. On January 17, 2005, the underwriters of the Offering exercised in full their over-allotment option and purchased 1,486,133 additional Units at a price of \$10 per Unit. The Fund used the net proceeds from the exercise of the over-allotment option to repay the principal outstanding under the Over-Allotment Note.

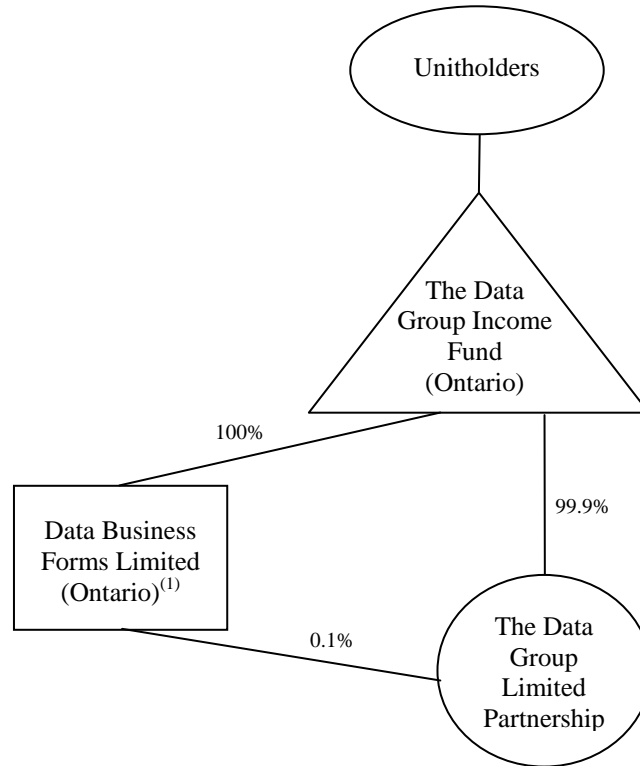
On August 31, 2006, the Fund completed the acquisition (the “Relizon Canada Acquisition”) of Relizon Canada Inc. (“Relizon Canada”), a provider of document outsourcing solutions in Canada, from The Relizon Company for an aggregate purchase price of) \$140.0 million (after giving effect to a working capital adjustment), consisting of \$111.0 million in cash and the delivery of 2,964,326 Units to The Relizon Company. See “Principal Agreements – Share purchase Agreement”. The Fund has filed on SEDAR a business acquisition report on Form 51-102F4 in respect of the Relizon Canada Acquisition. In connection with the Relizon Canada Acquisition, the Fund completed a public offering of securities, including the issuance of 5,650,000 Units in exchange for an equal number of subscription receipts. See “Principal Agreements – Underwriting Agreement”.

On August 31, 2006, Data Business Forms Limited, Relizon Canada and an affiliate of Relizon Canada amalgamated to form “Data Business Forms Limited”, a wholly-owned subsidiary of the Fund.

On September 30, 2006, the Fund completed a reorganization pursuant to a plan of arrangement (the “Arrangement”) under Section 182 of the *Business Corporations Act* (Ontario). The purpose of the Arrangement was to establish an organizational structure that enables the Fund to maximize cash available for distribution and provides a more flexible legal and operating structure in the form of a more customary income trust model, including for purposes of expansion opportunities. The Arrangement created a flow-through structure which results in distributions from the Partnership being taxed under the *Income Tax Act* (Canada) at the Unitholder level. Since the Arrangement, the business previously carried on by Data Business Forms Limited (including the Relizon Canada business) has been carried on by the Partnership. See “Structure of the Fund” for a chart illustrating the structure of the Fund after giving effect to the Arrangement.

## Structure of the Fund

The following chart illustrates the structure of the Fund and its subsidiaries, including the jurisdiction of establishment or incorporation:



Note:

(1) Data Business Forms Limited is the general partner of The Data Group Limited Partnership.

## BUSINESS OF THE DATA GROUP

### Overview

The Data Group is a leading provider of total document management solutions including printed products. The Partnership targets large businesses and organizations with major distribution networks throughout Canada. These customers outsource their document management and printing needs to the Data Group with a view to reducing costs and improving service levels. The Data Group provides its customers with a broad suite of customized printed products and related services, which include a comprehensive approach to helping customers better manage the total systemic costs of their documents, the production of products such as custom labels, security documents, sporting event and lottery tickets, business forms, direct mail, statement processing, annual reports, label production-on-demand, statement rendering and billing, marketing literature fulfillment, customer loyalty and acquisition programs, brand consistency and protection and document management stationery, and the provision of inventory and warehouse management and distribution services. The Partnership believes that it has a leading market share in the total document management services segment and significant market share within the segments in which it operates and is recognized as a leader in the Canadian printing and document management industries.

The Data Group has a well diversified client base of approximately 11,800 customers that includes Canada Post Corporation, Manulife Financial Corporation, Purolator Courier Ltd., Aeroplan Limited Partnership, Imperial Oil Limited, Bell Canada, Bank of Montreal, The Toronto-Dominion Bank, Shell Canada Limited, Petro-Canada, Shoppers Drug Mart Inc., Grand & Toy, Canadian Tire Corporation, Ontario Lottery and Gaming Corporation, the Ontario Government and British Columbia Lottery Corporation. Over half of the Partnership's revenues in fiscal 2006 were derived from long-term, managed customer relationships supported by service level agreements. The Partnership and its predecessors have enjoyed continuing relationships for more than 10 years with the majority of its 25 largest customers based on fiscal 2006 sales.

The Data Group operates manufacturing/warehousing facilities and ImageNet® digital print centres (including several located in customers' premises) throughout Canada, except for the Atlantic provinces. On March 1, 2007, the Fund announced certain restructuring activities related to the integration of the Relizon Canada business, which will include a reduction in work force of approximately 121 employees, the transfer of approximately 99 employees to other Data Group facilities and the closure of the Partnership's manufacturing/warehousing distribution facilities in Orangeville, Ontario, Dorval, Québec, Hemmingford, Québec and Medicine Hat, Alberta. Existing production at those facilities will be transferred to other Data Group facilities. After giving effect to the restructuring, the Data Group employed approximately 2,105 people as of March 1, 2007.

The Data Group's principal products and services consist of:

- **Document Management Services** — including print-related outsourcing management, customized fulfillment, variable imaging, database management, finishing, procuring, mailing and distribution, and warehousing and inventory management, all of which are integrally related to the Partnership's printed products business.
- **Printed Products** — including a wide array of printed products in the following categories:
  - Business Forms and Documents, including designing, manufacturing and delivering a broad range of business forms and documents, custom labels, print-related security documents, event and lottery tickets, print-related services, including print-on-demand and direct mail, custom point-of-sale ("POS") transaction rolls, prepaid card programs and custom pressure sensitive labels and bar code solutions.
  - Commercial Printing, including producing custom products such as corporate/promotional brochures, catalogues, annual reports, directories, calendars, posters, event tickets, point of purchase displays and other promotional products.
- **Fulfillment Services**—including kitting and delivery, warehousing printed materials and finishing services
- **Billing Services**—electronic bill presentment ("eBP") solutions include email notification, document presentation, bill payment and posting and network security; electronic print and mail includes complete analysis, programming and data processing capabilities, digital printing, letter shop, finishing and mailing

### **Document Management Services and Printed Products**

The Data Group's goal is to reduce its customers' costs and simplify business processes using the latest technology in its paper-based and electronic solutions. The Partnership's expertise and resources enable it to address any document requirement, from a simple mail-out to an enterprise-wide document management initiative. As a leading provider of document management and print services in Canada, the Partnership offers its customers the following products and services:

#### **Document Management Services:**

- document management software
- distribution, warehousing and inventory management
- laser imaging and mailing services

#### **Printed Products:**

- commercial printing
- business forms and documents
- networked digital print-on-demand services
- print-related security documents
- custom labels
- direct mail
- event and lottery tickets
- annual reports
- custom POS transaction rolls
- customer loyalty and acquisition programs
- custom pressure sensitive labels and bar code solutions

**Fulfillment Services**

- kitting and delivery
- warehousing
- finishing

**Billing Services**

- electronic bill presentment
- electronic print and mail

***Document Management Services***

*Document Management Software.* The Data Group offers a proprietary total document management system to its customers called DDM/INFORMA®. DDM/INFORMA® is an information and inventory management system that provides the Data Group's customers with end-to-end print and document management services via the Internet. This system is an easy to use, sophisticated e-commerce solution designed to allow the Partnership's customers to better manage print-related inventories and identify ways to more effectively and efficiently manage documents, all with a view to significantly reducing costs. Among other things, the system tracks and manages print service costs for analysis and provides online pricing and access to the Data Group's document warehouses. Users can view documents before ordering, track shipments and generate detailed reporting on inventory, usage and billing information. The Partnership believes that its proprietary DDM/INFORMA® is the Canadian document industry's leading document management system.

*Distribution, Warehousing and Inventory Management.* The Partnership offers warehousing, variable imaging, database management, finishing, inventory management, procurement, mailing and other print-related distribution services.

*Laser Imaging and Mailing Services.* The Partnership's integrated expertise in forms design, printing, laser imaging, folding, inserting and mailing services eliminates the need for its customers to seek out separate sources for fulfillment services. The Partnership can quickly and efficiently convert its customers' image tapes, cartridges or data transmissions into effective mailings.

***Printed Products***

*Commercial Printing.* The Partnership's commercial printing line, produced by its Sundog division, includes products such as corporate/promotional brochures, catalogues, directories, calendars, posters, point of purchase displays and promotional products. These products are designed and manufactured to customers' requirements.

*Business Forms and Documents.* The Partnership offers a complete line of custom and stock documents, such as invoices, purchase orders, money orders and bank drafts under the Data Business Forms® brand. These documents may be fan-folded, roll-fed, snap-apart or cut-sheet, and are manufactured to specification with respect to content, size, plies, paper and inks.

*Print-on-Demand.* The Partnership's print-on-demand services allow customers to have their materials printed immediately direct-from-file, thereby bypassing the usual pre-production steps of film and plates. Files can be accepted in a wide variety of formats and program platforms either on disk or through the Internet. This technology is designed for customers who need fast turnaround times and short print runs. Print-on-demand services are available through the Data Group's ImageNet® digital print centres, which are often incorporated into the customer's premises with the Data Group's staff on-site to provide the customer with convenient, ready-access to the Partnership's services.

*Print-Related Security Products.* The Partnership offers a line of exclusive security paper stocks for use with its printing processes that offers improved protection against fraud for sensitive documents such as money orders, cheques and gift certificates.

*Custom Labels.* The Partnership has the expertise to satisfy all custom tag and pressure sensitive label needs of its customers. The Partnership believes that the Data Group is one of Canada's leading pressure sensitive label manufacturers.

*Direct Mail.* The Partnership's direct mail services, marketed under the Data Focus® name, have the capability to handle the design, management and letter shop needs of individual direct mail projects and ongoing campaigns. The Partnership's capabilities include conventional and electronic pre-press, full web and sheet fed printing, data processing and laser printing and extensive bindery and letter shop services.

*Event and Lottery Tickets.* The Partnership develops and produces event and lottery tickets with security features aimed at deterring counterfeiting and fraud under its Datatickets® brand. The Partnership manufactures event tickets for a variety of Canadian and American professional sporting organizations, universities, and several provincial lottery corporations.

*Custom Pressure Sensitive Labels, Integrated Cards, RFID and Bar Code Solutions.* Labels, integrated form label combinations, and bar code systems that are used by clients for packaging, distribution and inventory control, as well as newer applications like integrated cards (such as pre-paid gift cards and cards used in loyalty programs).

*Direct Mail Promotional Printing.* High colour, high value printed products produced in large volumes for business to consumer mailing campaigns, typically with bundled data management and variable digital printing services.

*Customer Loyalty and Acquisition Programs.* Production of customer loyalty and pre-paid gift cards, typically designed to support strategic customer acquisition programs and usually bundled with online customer card ordering interfaces and card fulfillment services.

*Custom POS Transaction Rolls.* Small rolls of paper with a customer's logo preprinted on them. They are often used for point of sale cash register receipts, automatic teller machine receipts and other similar products, in a variety of sizes.

### ***Fulfillment Services***

*Kitting and Delivery.* The Data Group assembles and delivers packaged kits of documents, labels and other items for customers, as required by their businesses. Fulfillment services can be provided on demand (such as in the case where a customer signs up for a new bank account and is mailed a welcome kit the next day), or as part of a scheduled service (such as a monthly statement, bill or invoice mailing).

*Warehousing.* The Data Group stores, maintains and tracks customers' printed materials in a controlled warehouse environment. The Data Group reduces its clients' document costs by eliminating the need for them to maintain warehouses or document inventory, thus freeing up capital for more productive uses.

*Finishing.* The Data Group maintains expertise in certain services related to the post-production phase of a document's lifecycle, such as binding, cutting, folding and laminating services.

### ***Billing Services***

*Electronic Bill Presentment (eBP).* The Data Group's eBP solutions feature email notification, document presentation, bill payment and posting, and network security that enables customers to move from a paper-based to an electronic billing format. This allows its customers to integrate graphic-rich, customized marketing messages based on their clients' preferences and past transactions.

*Electronic Print and Mail (eP&M).* The Data Group combines its technology with complete analysis, programming and data processing capabilities, digital printing, letter shop, finishing and mailing to deliver relevant personalized communications to customers and prospects on an outsourced basis.

## **Operations**

### ***Organization***

The Partnership is organized as follows:

- *Data East and West.* The Data Group's Data East and West division (which includes the former operations of Relizon Canada) sells the Partnership's broad range of printed products and document management services directly to customers. The Data East and West division accounted for approximately 83% of the Partnership's revenues in fiscal 2006. This division maintains manufacturing/warehousing facilities in Brockville, Ontario, Brampton, Ontario, Drummondville, Québec, Granby, Québec, Regina, Saskatchewan, Edmonton, Alberta and Calgary, Alberta. In addition, the Data East and West division manages nine ImageNet® digital print centres, including several in the Partnership's customers' premises located across Canada, and four business service centres.

- *Multiple Pakfold®*. The Multiple Pakfold® division accounted for approximately 8% of the Partnership's revenues in fiscal 2006 and focuses on sales of forms and labels to independent brokers/resellers in Canada. The Multiple Pakfold® division maintains printing facilities in Mississauga, Ontario.
- *Sundog*. Sundog is the commercial printing division of the Data Group and is an integral part of its total document management and event ticket production capabilities. This division accounted for approximately 9% of the Partnership's fiscal 2006 revenues. The Sundog commercial print division operates a printing facility in Calgary, Alberta.

### ***Sales and Marketing***

The Partnership focuses on establishing long-term arrangements and service level agreements with its customers to provide both document management services and printed products. In order to achieve the Partnership's goal of developing value-added, cost efficient relationships with its customers, the Partnership forms consultative sales relationships with each client that involve interaction for every phase from design through implementation and into on-line re-ordering. The Partnership believes that building and maintaining long-term relationships by providing high value-added, customized customer solutions demands significant sales knowledge, expertise and a consultative selling methodology. The Partnership's entire direct sales force, customer service representatives and key operations, finance and administrative staff have been trained in consultative selling processes. Approximately 58% of the Partnership's revenue of \$287 million for fiscal 2006 was derived from these long-term, consultative arrangements.

### ***Manufacturing and Warehousing***

The Data Group leases or owns all of its manufacturing and warehousing facilities. In addition, the Data Group operates ImageNet® digital print centres throughout Canada, typically in customers' facilities. See "– Properties" below. The Data Group schedules production in its manufacturing facilities to meet the demand requirements of its customer base. The Data Group believes that its existing manufacturing facilities provide adequate production capacity to meet expected and anticipated demand.

Products purchased by the Data Group's customers are either shipped directly to customers or held in inventory and shipped as requisitioned by the customer. Products are transported to the Data Group's customers primarily by nationally recognized couriers and other short-haul, regional, contract and custom carriers.

### ***Raw Materials***

The Data Group purchases raw materials such as paper, carbon, stock ink, stock envelopes, adhesives, plates, film, chemicals and cartons from a variety of manufacturers and resellers. These materials are purchased job-by-job or under contracts with terms ranging from one to four years. Longer-term supply contracts generally specify services to be provided and may guarantee product availability and price. Historically, it has been the industry's and the Data Group's practice to pass along paper price increases to its customers. Generally, alternative sources of supply are readily available but the Data Group does maintain business interruption insurance that insures against, among other things, the inability to secure an adequate supply of paper. In fiscal 2006, expenditures on raw materials represented approximately 35.7% of the Data Group's related revenues.

### ***Competition***

The industry segments in which the Data Group competes are highly competitive. The Partnership views its principal competitors in the document management market to be the Canadian affiliate of R.R. Donnelly & Sons Co. (Moore Wallace, Inc.), Datamark Systems Inc. and technology companies that have attempted to leverage their capabilities to provide a total outsourcing solution. There are also many smaller regional and local companies that compete with the Partnership in the document management market. The Partnership's principal competitors in the commercial printing and direct mail markets include Transcontinental Inc., Quebecor World Inc., St. Joseph's Printing Limited and many other smaller, regional and local competitors. In the event ticket market, the Partnership considers its key competitors to be Mercury Graphics and Weldon, Williams & Lick, Inc. The Partnership believes that the key factors within each of the segments in which the Data Group competes are customer service (including meeting customers' savings and timing requirements), product quality, reliability, flexibility, technical capabilities and price.

The Data Group also has a number of specialty competitors, such as CGI Group Inc., Xerox Canada Inc., PLM Group Ltd., Symcor Inc., IKON Office Solutions, Inc. and St. Joseph Communications, and local and regional competitors such as Gilmour Printing Services Inc.

## Properties

The Partnership leases or owns 51<sup>(5)</sup> facilities throughout Canada for manufacturing/warehousing, ImageNet® digital print centres and sales/administrative offices. All leases are in good standing in all material respects. The following table lists the Data Group's premises:

<u>Location</u>	<u>Square Feet</u>	<u>Lease Expiry Date</u>
Brampton, Ontario <sup>(1)(2)</sup> .....	269,044	February, 2018
Drummondville, Quebec <sup>(1)</sup> .....	170,000	November, 2016
Edmonton, Alberta <sup>(1)(2)</sup> .....	145,887	December, 2016
Brampton, Ontario <sup>(1)</sup> .....	112,730	May, 2011
Granby, Québec <sup>(1)(2)</sup> .....	99,800	July, 2021
Brockville, Ontario <sup>(1)</sup> (Owned) .....	93,534	
Mississauga, Ontario <sup>(1)(2)(4)</sup> .....	84,672	June, 2011
Orangeville, Ontario <sup>(1)(5)</sup> (Owned) .....	84,240	
Calgary, Alberta <sup>(1)(2)</sup> .....	65,131	March, 2014
Anjou, Quebec <sup>(1)</sup> .....	61,223	December, 2016
Mississauga, Ontario <sup>(1)(2)</sup> .....	60,000	July, 2007
Calgary, Alberta <sup>(1)(2)</sup> .....	59,450	August, 2007
Calgary, Alberta <sup>(1)(2)(4)</sup> .....	44,885	February, 2016
Dorval, Québec <sup>(1)(2)(5)</sup> .....	42,457	July, 2021
Medicine Hat, Alberta <sup>(1)(5)</sup> (Owned) .....	38,520	
Hemmingford, Quebec <sup>(1)(5)</sup> (Owned) .....	36,085	
Regina, Saskatchewan <sup>(1)(2)</sup> .....	30,500	December, 2011
Boucherville, Quebec <sup>(2)</sup> .....	28,041	September, 2008
Delta, British Columbia <sup>(1)(2)(3)</sup> .....	20,743	January, 2008
London, Ontario <sup>(1)(2)(3)</sup> .....	17,300	December, 2007
Winnipeg, Manitoba <sup>(1)(2)(4)</sup> .....	11,548	July, 2010
Toronto, Ontario <sup>(3)</sup> .....	10,452	January, 2008
Winnipeg, Manitoba <sup>(1)(2)</sup> .....	10,122	August, 2008
Verdun, Québec <sup>(3)</sup> .....	8,570	April, 2007
Montréal, Québec <sup>(2)</sup> .....	6,408	April, 2009
St. Laurent, Québec <sup>(2)</sup> .....	5,500	April, 2009
Ottawa, Ontario <sup>(2)</sup> .....	4,088	January, 2010
Waterloo, Ontario <sup>(2)</sup> .....	3,687	April, 2007
Calgary, Alberta <sup>(3)</sup> .....	3,500	month to month
Calgary, Alberta <sup>(3)</sup> .....	3,000	month to month
Edmonton, Alberta <sup>(2)</sup> .....	2,476	October, 2007
Calgary, Alberta <sup>(3)</sup> .....	2,279	March, 2011
Burlington, Ontario <sup>(2)</sup> .....	1,698	October, 2007
London, Ontario <sup>(2)</sup> .....	1,630	September, 2008
Ottawa, Ontario <sup>(2)</sup> .....	1,500	April, 2010
Saskatoon, Saskatchewan <sup>(2)</sup> .....	1,500	May, 2008
Quebec City, Québec <sup>(2)</sup> .....	1,425	May, 2007
Vancouver, British Columbia <sup>(2)</sup> .....	1,381	November, 2008
Dartmouth, Nova Scotia <sup>(2)</sup> .....	1,041	month to month
Cambridge, Ontario <sup>(2)</sup> .....	1,000	month to month
Québec, Québec <sup>(2)</sup> .....	943	February, 2008
Windsor, Ontario <sup>(2)</sup> .....	780	June, 2008
Calgary, Alberta <sup>(3)</sup> .....	750	month to month
Moncton, New Brunswick <sup>(2)</sup> .....	700	February, 2011
Kingston, Ontario <sup>(2)</sup> .....	642	June, 2007
St. Catharines, Ontario <sup>(2)</sup> .....	600	June, 2009
Rimouski, Québec <sup>(2)</sup> .....	556	December, 2008
Drummondville, Québec <sup>(2)</sup> .....	500	month to month
Fredericton, New Brunswick <sup>(2)</sup> .....	458	March, 2007
North Bay, Ontario <sup>(2)</sup> .....	350	month to month
Chatham, Ontario <sup>(2)</sup> .....	218	March, 2007

## Notes:

- (1) Manufacturing/warehousing/distribution centre facility.
- (2) Sales/administrative office.
- (3) ImageNet® digital print centre.
- (4) Business services centres and distribution centres.
- (5) On March 1, 2007, the Fund announced the closure of this facility.

## Employees

As of March 1, 2007 (after giving effect to work force reductions in connection with the restructuring announced by the Fund on March 1, 2007), the Data Group had 2,105 employees, including 1,210 in production, 138 in warehousing, 452 in sales, marketing and customer service and 305 in support functions. As a general matter, the Data Group requires its sales representatives to enter into employment agreements with non-competition covenants. Approximately 18% of the Data Group's employees are represented by labour unions. The collective agreement with respect to the unionized employees at the Data Group's facility in Anjou, Québec expires on April 30, 2007.

## Information Technology

The Partnership connects its facilities over a wide area network using various technologies. Most of the Data Group's hardware is housed at its Brampton, Ontario data centre, which features a variety of Dell, Hewlett Packard and IBM equipment. The Data Group utilizes the proprietary FOMACS system for costing, general ledger, accounts payable and receivable and invoicing needs. Additionally, the Data Group utilizes proprietary FOMACS to monitor production and service quality control. Inventory control systems are run on INFORMA® Data Document Manager systems, which utilize print-on-demand, inventory management, shipping, warehousing and ordering modules. Management reporting and information systems are run based on the FOMACS and INFORMA® systems utilized at the operations level. The Data Group's information systems provide the basis of the Data Group's financial reporting as they provide data in respect of a wide variety of financial matters, including sales, distribution, purchasing and expenses. The Data Group's technology equipment and back-up systems are located in secure premises and the Data Group employs a nationwide disaster recovery system. All material data is backed up and safely stored on a daily basis to minimize any potential risk associated with system failure or disaster.

## Intellectual Property

The Data Group has 47 trademarks (including "Data Business Forms™", "Data Focus™", "Datatickets™", "ImageNet™", "INFORMA™" and "Multiple Pakfold™") and four patent registrations in Canada and five active patent applications. The Data Group also has five patent registrations and four active patent applications in the U.S. and has filed one Patent Cooperation Treaty application. The Data Group believes that its trademarks and other proprietary rights are material to the operations of its business. The Data Group does not believe that any of its trademarks, patents, software or other proprietary rights that are material to its business are being infringed by third parties, or that they infringe proprietary rights of third parties. The Data Group regularly adds to its portfolio of trademarks and takes a proactive approach to protecting its brand identities.

In connection with the Relizon Canada Acquisition, the Data Group was granted a non-exclusive, royalty-free license to use the name "RELIZON" and certain related intellectual property throughout Canada until the first anniversary of the closing of the Relizon Canada Acquisition.

## Environmental Regulations

The Data Group's operations and real property are subject to a complex and onerous legislative regime, including statutes, regulations, by-laws, the common law, guidelines and policies, as well as permits and other approvals relating to the protection of the environment and workers' health and safety, governing, among other things, air emissions, water discharges, non-hazardous and hazardous waste (including waste water), the storage, treatment, transportation and distribution of dangerous goods and hazardous materials, remediation of releases and the presence of hazardous materials, land use and zoning and employee health and safety (collectively, the "Environmental Health and Safety Requirements"). Certain of these Environmental Health and Safety Requirements may impose joint and several liability on lessees and owners or operators of facilities for the costs of investigation or remediation of contaminated properties, regardless of fault or the legality of the original disposal.

Environmental liability is an inherent risk of the Data Group's business, associated principally with past and present business operations involving the use, storage, handling and contracting for recycling or disposal of hazardous and non-

hazardous materials such as washes, inks, alcohol-based products, fountain solution, photographic fixer and developer solutions, machine and hydraulic oils, and solvents. The Partnership generates both hazardous and non-hazardous waste.

Limited environmental investigations have been conducted at certain of the Data Group's properties. Based on these investigations and all other available information, the Data Group believes that its current operations are in substantial compliance with Environmental Health and Safety Requirements. The Data Group is not aware of any liability under Environmental Health and Safety Requirements that it believes would have a material adverse effect on the Data Group's business, financial condition or results of operations. No assurance can be given, however, that all potential environmental liabilities have been identified or that future uses, conditions or legal requirements (including, without limitation, those that may result from future acts or omissions or changes in applicable Environmental Health and Safety Requirements) will not require material expenditures to maintain compliance or resolve potential liabilities.

## **PRINCIPAL AGREEMENTS**

### **Relizon Canada Acquisition - Share Purchase Agreement**

Pursuant to a share purchase agreement dated as of August 10, 2006 between the Fund and The Relizon Company, the Fund indirectly acquired all of the common shares of Relizon Canada for an aggregate purchase price of \$140.0 million, after giving effect to a working capital adjustment. The purchase price was paid in cash as to \$111.0 million and by the delivery to The Relizon Company of 2,964,326 Units of the Fund. The \$111.0 million cash portion of the purchase price was paid from the net proceeds of a concurrent public offering of equity and debt securities of the Fund described under "- Underwriting Agreement", advances under the Amended Credit Facilities and existing cash balances.

An amount equal to \$571,744 of the cash portion of the purchase price was deposited into escrow with a third party escrow agent to satisfy amounts that may become payable to certain executives of Relizon Canada pursuant to certain change in control agreements. Since the completion of the Relizon Canada acquisition, \$363,827 of those escrowed proceeds have been paid to the Partnership pursuant to the terms of that escrow arrangement.

The Share Purchase Agreement includes representations and warranties of The Relizon Company in favour of the Fund which are customary for a transaction of this nature, including with respect to corporate matters, financial matters, absence of changes, condition and sufficiency of assets, contracts and commitments, customers and suppliers, intellectual property, employees, benefit plans, taxes, realty, environmental, compliance with privacy laws, litigation, conduct of business, permits, insurance, brokers' and finders' fees, bank accounts and powers of attorney, status as WTO investor under the *Investment Canada Act* and its status as an accredited investor in connection with the Units to be received. The Relizon Company has also represented and warranted in favour of the Fund that the information in the short form prospectus filed in connection with the 2006 Offering (as defined below) relating to Relizon Canada was true and correct. The Share Purchase Agreement also contains representations and warranties of the Fund in favour of The Relizon Company, including with respect to certain corporate and securities matters.

### **Underwriting Agreement**

In connection with the Relizon Canada Acquisition, the Fund entered into an agreement with a syndicate of underwriters (the "Underwriting Agreement") on August 10, 2006 pursuant to which the Fund agreed to issue (the "2006 Offering") (i) 5,650,000 subscription receipts (the "Subscription Receipts"), with each Subscription Receipt entitling the holder thereof to receive one Unit of the Fund for no additional consideration upon the closing of the Relizon Canada Acquisition, and (ii) \$35 million aggregate principal amount of 6.75% extendible convertible unsecured subordinated debentures (the "Debentures"). Each \$1,000 principal amount of Debentures is convertible into Units at the option of the holder into 88.889 Units, subject to adjustment in certain circumstances. The net proceeds of the 2006 Offering were used to fund a part of the cash portion of the purchase price payable by the Fund for the Relizon Canada Acquisition. Upon the closing of the Relizon Canada Acquisition, the Fund issued 5,650,000 Units in exchange for the Subscription Receipts. Under the terms of the Underwriting Agreement, the underwriters may be entitled to indemnification by the Fund against certain liabilities, including liabilities for misrepresentations in the short form prospectus of the Fund dated August 24, 2006 related to the 2006 Offering.

### **Credit Facility**

Prior to the closing of the 2006 Offering, the Data Group increased its credit facilities (the "Amended Credit Facilities") which consist of a committed revolving credit facility in the maximum principal amount of \$90.0 million maturing on August 31, 2009, the proceeds of which are or were used for ongoing operating and working requirements, for general

corporate purposes, for funding revolving loans of approximately \$40.0 million which were outstanding on the date that the Amended Credit Facilities were established, and to fund part of the cash portion of the purchase price for the Relizon Canada Acquisition. As a result of the Arrangement, the Amended Credit Facilities were further amended to cause the Partnership to assume the obligations of DBFL thereunder and to release DBFL from its obligations thereunder. In addition, the Partnership granted security over its assets and the Fund and DBFL granted security over the limited partnership interests in the Partnership held by the Fund and DBFL, as general partner of the Partnership, respectively. The Amended Credit Facilities are subject to customary terms, conditions and covenants, including negative covenants with respect to incurring additional indebtedness and/or granting security or encumbrances over assets without the prior written consent of the lenders.

The following is a summary of the material terms and conditions contained in the amended and restated credit agreement (the “Amended and Restated Credit Agreement”) between the Data Group and affiliates of the Data Group (collectively, the “Borrowers”) and the Lenders. The summary is qualified in its entirety by the provisions of the Amended and Restated Credit Agreement, which contain a complete statement of the terms and conditions. The Credit Facilities have replaced the previous credit facilities of the Data Group established immediately prior to the Fund’s Offering in December 2004 to fund ongoing operating requirements, working capital requirements, general corporate purposes and for certain acquisitions and investments (the “Previous Credit Facilities”).

The Amended Credit Facilities continue the restrictive covenants contained in the Previous Credit Facilities which limit the discretion of management with respect to certain business matters. These covenants place restrictions on, among other things, the ability of the Borrowers to incur additional indebtedness, other than the issuance of the Debentures, to create liens or other encumbrances, to pay distributions or make certain other payments investments, loans and guarantees and to sell or otherwise dispose of assets and merge or consolidate with another entity. A failure to comply with the obligations in the Amended and Restated Credit Agreement in respect of the Amended Credit Facilities could result in an event of default which, if not cured or waived, could permit acceleration of the indebtedness. The Amended and Restated Credit Agreement contains usual reporting requirements. The Amended Credit Facilities are secured by conventional security charging all the property and assets of each of the Borrowers and the Fund. Conditions to drawdown contain standard provisions. Any renewal of the Amended Credit Facilities will be at the discretion of the Lenders. Interest is payable on the Amended Credit Facilities on a floating rate basis based on market rates.

Other financial covenants include a maximum ratio of total debt to EBITDA and a minimum ratio of EBITDA to fixed charges. The Borrowers are required to make certain mandatory repayments, including prepayment of 100% of the net cash proceeds from the sale of assets of the Borrowers in excess of an aggregate of \$2.0 million per annum (other than inventory sales in the normal course of business) unless reinvested in like assets within an agreed upon period.

### **Trust Indenture**

Pursuant to a trust indenture (the “Trust Indenture”), dated as of August 31, 2006, between the Fund and Computershare Trust Company of Canada (the “Debenture Trustee”) the Fund issued the Debentures (the “Debentures”). For a description of the terms of the Indenture, a copy of which has been filed with the Canadian securities regulatory authorities and is available on SEDAR at [www.sedar.com](http://www.sedar.com), refer to the information set out under the heading “Description of the Debentures” at pages 33 through 38 of the short form prospectus of the Fund dated August 24, 2006, which information is incorporated by reference in this Annual Information Form. A copy of that short form prospectus has been filed with Canadian securities regulatory authorities and is available on SEDAR at [www.sedar.com](http://www.sedar.com).

## **DESCRIPTION OF THE FUND**

### **Declaration of Trust**

The Fund is an unincorporated, open-ended, limited purpose trust established under the laws of the Province of Ontario pursuant to the Declaration of Trust. It is intended that the Fund will qualify as a “unit trust” and “mutual fund trust” for the purposes of the Tax Act, although the Fund will not be a mutual fund under applicable securities laws. The following is a summary of the material attributes and characteristics of the Units and certain provisions of the Declaration of Trust, which does not purport to be complete. Reference is made to the Declaration of Trust for a complete description of the Units and the full text of its provisions, a copy of which is on SEDAR at [www.sedar.com](http://www.sedar.com).

On September 27, 2006, Unitholders approved amendments to the Declaration of Trust which provided for, among other things:

- the automatic consolidation of the outstanding Units (including the additional Units distributed to Unitholders pursuant to the Arrangement) such that the total number of Units outstanding upon completion of the Arrangement will be equal to the total number of Units outstanding immediately prior to the Arrangement;
- the issuance of fractions of Units, if any, pursuant to the Arrangement;
- the redemption right that will, in certain circumstances, allow Unitholders to receive Redemption Notes (as defined below) pursuant to a redemption of Units as described more fully under the heading “- Redemption Right” below;
- the replacement of references to DBFL and related provisions with references to Data Partnership and related provisions;
- the replacement of references to the shares of DBFL and related provisions with references to the LP Units and related provisions; and
- the deletion of references to the unsecured subordinated notes of DBFL and related note indenture dated December 21, 2004 between DBFL and Computershare Trust Company of Canada, as trustee, and related provisions.

### **Activities of the Fund**

The Declaration of Trust provides that the Fund is a limited purpose trust and its activities are restricted to:

- acquiring, investing in, transferring, disposing of and otherwise dealing with securities of the Partnership and its subsidiaries and other corporations, partnerships, trusts or other persons involved, directly or indirectly, in the Data Group’s business;
- temporarily holding cash in interest bearing accounts, short-term government debt or short-term investment grade corporate debt for the purposes of paying the expenses and liabilities of the Fund, paying amounts owing by the Fund in connection with the redemption of any Units or other securities of the Fund and making distributions to Unitholders;
- issuing Units, and other securities of the Fund (including securities convertible into or exchangeable for Units or other securities of the Fund, or warrants, options or other rights to acquire Units or other securities of the Fund), including for the purposes of: (i) obtaining cash to conduct the activities described above, including raising funds for further acquisitions, (ii) implementing Unitholder rights plans, distribution reinvestment plans and Unit purchase plans, incentive option plans or other compensation plans, if any, established by the Fund, the Partnership or any of their subsidiaries, (iii) making non-cash distributions to Unitholders as contemplated by the Declaration of Trust, including pursuant to distribution reinvestment plans, if any, established by the Fund, or (iv) in satisfaction of any indebtedness of or borrowing by the Fund;
- issuing debt securities (including debt securities convertible into or exchangeable for Units or other securities of the Fund) or otherwise borrowing and mortgaging, pledging, charging, granting a security interest in or otherwise encumbering any of its assets as security;
- guaranteeing (as guarantor, surety or co-principal obligor) the payment of any indebtedness, liability or obligation of the Partnership or any of its subsidiaries or the performance of any obligation of any of them, and mortgaging, pledging, granting a security interest in or otherwise encumbering all or any part of the assets of the Fund, including securities issued by the Partnership or any of its subsidiaries, as the case may be, as security for such guarantee, and subordinating its rights under the Notes to other indebtedness;
- issuing or redeeming rights and Units pursuant to any incentive plan or Unitholder rights plan adopted by the Fund;
- disposing of all or any part of the Fund’s assets;

- repurchasing securities issued by the Fund, including Units, subject to the provisions of the Declaration of Trust and applicable law;
- satisfying the obligations, liabilities or indebtedness of the Fund;
- entering into and performing its obligations under the Acquisition Agreement, the credit documents contemplated by the Credit Facility and such other agreements as are ancillary thereto; and
- undertaking such other activities, or taking such other actions as are approved by the trustees from time to time, or as are contemplated by, related to or in connection with the Declaration of Trust or the Offering;

provided that the Fund must not undertake any activity, take any action, fail to take any action, or make any investment which would result in the Fund not being considered a “unit trust” or “mutual fund trust” for purposes of the Tax Act.

## Units

The beneficial interests in the Fund are described and designated as “Units”. An unlimited number of Units are issuable pursuant to the Declaration of Trust. As at March 20, 2007, the Fund had 23,475,659 Units issued and outstanding.

Each Unit is transferable and represents an equal undivided beneficial interest in any distributions from the Fund whether of net income, net realized capital gains or other amounts and in the net assets of the Fund in the event of a termination or winding-up of the Fund. The issued and outstanding Units are not subject to future calls or assessments and entitle the holder thereof to one vote for each whole Unit held at all meetings of Unitholders. Except as set out under “Redemption Right” below, the Units have no conversion, retraction, redemption or pre-emptive rights.

Issued and outstanding Units may be subdivided or consolidated from time to time by the trustees without the approval of Unitholders.

**The Units are not “deposits” within the meaning of the *Canada Deposit Insurance Corporation Act (Canada)* and are not insured under the provisions of such act or any other legislation. Furthermore, the Fund is not a trust Partnership and, accordingly, is not registered under any trust and loan Partnership legislation as it does not carry on or intend to carry on the business of a trust Partnership.**

## Issuance of Units

The Fund may issue Units or rights to acquire Units at those times, to those persons, for that consideration and on the terms and conditions that the trustees determine, including pursuant to any Unitholder rights plan or any incentive option or other compensation plan established by the Fund. Units may be issued in satisfaction of any non-cash distributions of the Fund to Unitholders on a pro rata basis to the extent that the Fund does not have available cash to fund such distribution. The Declaration of Trust provides that, unless the Trustees determine otherwise, immediately after any pro rata distribution of Units to all Unitholders in satisfaction of any non-cash distribution, the number of outstanding Units will be consolidated such that each Unitholder will hold after the consolidation the same number of Units (of the same class of Units) as the Unitholder held before the non-cash distribution (except where tax was required to be withheld in respect of the Unitholder’s share of the distribution as described below). In this case, each certificate representing a number of Units prior to the non-cash distribution will be deemed to represent the same number of Units after the non-cash distribution and the consolidation. Where amounts so distributed represent income, non-resident Unitholders will be subject to withholding tax and the consolidation will not result in such non-resident Unitholder holding the same number of Units. Such non-resident Unitholders will be required to surrender the certificates (if any) representing their original Units in exchange for a certificate representing their post-consolidation Units.

## Trustees

The Fund must have a minimum of three trustees and may have a maximum of ten trustees, a majority of whom must be residents of Canada (within the meaning of the Tax Act). The trustees are to supervise the activities and manage the affairs of the Fund. At least a majority of trustees must be “independent” within the meaning of applicable securities laws, as such laws may be amended or replaced from time to time.

The trustees of the Fund, who are also directors of the General Partner, are David M. Odell, Derek Ridout, John H. Greenhough, Thomas R. Spencer and Ron Fotheringham. See “Management, Trustees and Directors — Trustees, Directors and Officers” for the principal occupations of the trustees.

Trustees are appointed at each annual meeting of Unitholders to hold office for a term expiring at the close of the next annual meeting. A quorum of trustees, being a majority of trustees then holding office, may fill a vacancy in trustees, except a vacancy resulting from an increase in the number of trustees (other than as provided below) or from a failure of the Unitholders to elect the required number of trustees at a meeting of the Unitholders called for such purpose. In the absence of a quorum of trustees, or if the vacancy has arisen from a failure of the Unitholders to elect the required number of trustees at a meeting of the Unitholders called for such purpose, the trustees must forthwith call a special meeting of the Unitholders to fill the vacancy. If the trustees fail to call such meeting or if there are not trustees then in office, any Unitholder may call the meeting. The trustees may, prior to the first annual meeting of Unitholders or between annual meetings of Unitholders, appoint one or more additional trustees to serve until the next annual meeting of Unitholders, but the number of additional trustees so appointed may not at any time exceed one-third of the number of trustees who held office at the later of the closing of the Offering and the expiration of the immediately preceding annual meeting of Unitholders.

A trustee may resign upon written notice to the Fund and may be removed by a resolution passed by a majority of the Unitholders. A vacancy created by such resignation or removal may be filled at the same meeting, failing which it may be filled by the remaining trustees.

The Declaration of Trust provides that, subject to its terms and conditions, the trustees have full, absolute and exclusive power, control and authority over the assets of the Fund and over the affairs of the Fund to the same extent as if the trustees were the sole and absolute legal and beneficial owners of the assets of the Fund, and may, in respect of the assets of the Fund, exercise any and all rights, powers and privileges that could be exercised by a legal and beneficial owner thereof. Subject to such terms and conditions, the trustees are responsible for, among other things: (i) supervising the activities and managing the investments and the affairs of the Fund; (ii) maintaining records and providing reports to Unitholders; (iii) effecting payments of distributable cash from the Fund to Unitholders; (iv) acting for, voting on behalf of and representing the Fund as a holder of securities of the Partnership and a holder of Notes; and (v) voting in favour of the Fund’s nominees to serve as directors of the Partnership.

The Declaration of Trust provides that the trustees must act honestly and in good faith with a view to the best interests of the Fund and in connection therewith must exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. The Declaration of Trust provides that each trustee and officer of the Fund, as well as former trustees and officers, and their respective heirs and legal representatives, will be entitled to indemnification from the assets of the Fund in respect of the exercise of that person’s powers, and the discharge of that person’s duties, provided that the person acted honestly and in good faith with a view to the best interest of the Fund and, in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, where the person had reasonable grounds for believing that his or her conduct was lawful.

### **Cash Distributions**

The Fund intends to make monthly cash distributions of its distributable cash to the maximum extent possible to the Unitholders. For a description of the Fund’s distribution policy, see “Distributions – Distribution Policy of the Fund”.

The Fund may make additional distributions in excess of the aforementioned monthly distributions during the year, as the trustees of the Fund may determine. The distribution declared in respect of the month ending December 31 in each year will include such amount in respect of the taxable income and net realized capital gains, if any, of the Fund for such year as is necessary to ensure that the Fund will not be liable for ordinary income taxes under the Tax Act in such year.

Any income of the Fund that is unavailable for cash distribution will, to the extent necessary to ensure that the Fund does not have any income tax liability under Part I of the Tax Act, be distributed to Unitholders in the form of additional Units. Such additional Units will be issued pursuant to applicable exemptions under applicable securities laws, discretionary exemptions granted by applicable securities regulatory authorities or a prospectus or similar filing.

The Fund intends to make monthly cash distributions to Unitholders of record on the last business day of each month, and the distributions will be paid within 15 days following each month end.

Unitholders who are non-residents of Canada will be required to pay all withholding taxes payable in respect of any distributions of income by the Fund, whether such distributions are in the form of cash or additional Units. Non-residents should consult their own tax advisors regarding the tax consequences of investing in the Units.

### **Redemption Right**

Units are redeemable at any time on demand by the holders thereof upon delivery to the Fund of a duly completed and properly executed notice requesting redemption in a form approved by the trustees specifying the number of Units to be redeemed. As the Units are issued in book-entry form, a Unitholder who wishes to exercise the redemption right is required to obtain a redemption notice form from the Unitholder's investment dealer. As of the close of business on the date the Units are surrendered for redemption, all rights to and under the Units tendered for redemption shall (subject to the following) be surrendered and the holder thereof will be entitled to receive a price per Unit (the "Redemption Price") equal to the lesser of:

- 90% of the Market Price of the Units on the principal stock exchange on which the Units are listed (or, if the Units are not listed on any stock exchange, on the principal market on which the Units are quoted for trading) during the period of the last 10 trading days during which the Units traded on such stock exchange or market ending immediately prior to the date on which the Units were tendered for redemption; and
- 100% of the Closing Market Price of the Units on the date on which the Units were tendered for redemption on the principal stock exchange on which Units are listed (or, if Units are not listed on any stock exchange, on the principal market on which the Units are quoted for trading).

For the purposes of determining the Redemption Price, "Market Price" will be the amount equal to the weighted average of the trading prices of the Units on the applicable market or exchange for each of the trading days on which there was a trade during the specified trading day period; provided that if there was trading on the applicable exchange or market for fewer than five of the trading days during the specified trading day period, "Market Price" will be the average of the following prices established for each of the trading days during the specified trading day period: the average of the last bid and ask prices for each trading day on which there was no trading and the weighted average trading prices of the Units for each trading day on which there was trading. For the purposes of determining the Redemption Price, "Closing Market Price" will be: (i) an amount equal to the closing price of the Units on the applicable market or exchange if there was a trade on the specified date and the applicable market or exchange provides a closing price; (ii) an amount equal to the average of the highest and lowest prices of Units on the applicable market or exchange if there was trading on the specified date and the applicable market or exchange provides only the highest and lowest trading prices of Units traded on a particular day; or (iii) the average of the last bid and ask prices on the applicable market or exchange if there was no trading on the specified date.

The aggregate Redemption Price payable by the Fund in respect of any Units surrendered for redemption during any calendar month will be satisfied by way of a cash payment by the Fund no later than the last day of the calendar month following the calendar month in which the Units were tendered for redemption, provided that the entitlement of the Unitholders to receive cash upon the redemption of their Units is subject to the limitations that:

- the total amount payable in cash by the Fund in respect of such Units and all other Units tendered for redemption in the same calendar month may not exceed \$50,000 (the "Monthly Limit"), provided that the trustees of the Fund may, in their sole discretion, waive such limitation in respect of all Units tendered for redemption in any calendar month;
- at the time such Units are tendered for redemption, the outstanding Units must be listed for trading on a stock exchange or traded or quoted on another market that, in the sole discretion of trustees, provides a representative fair market value price for the Units;
- the normal trading of Units must not be suspended or halted on any stock exchange on which the Units are listed (or, if not listed on a stock exchange, on any market on which the Units are quoted for trading) on the date that the Units are tendered for redemption or for more than five trading days during the 10 trading day period prior to the date on which the Units are tendered for redemption; and
- the Partnership must not be in default, or after such redemption would not be in default, of its credit facilities (an "Event of Default").

If a Unitholder is not entitled to receive cash upon the redemption of Units as a result of the Monthly Limit or an Event of Default then the Redemption Price for each Unit tendered for redemption will, subject to any applicable regulatory approvals, be paid and satisfied by way of a pro-rata distribution of the Monthly Limit, if applicable, and the balance will be satisfied by a distribution in specie of the assets of the Fund. If a Unitholder is not entitled to receive cash upon the redemption of Units as a result of the other specified limitations, then each redeeming Unitholder will be entitled to receive a price per Unit (the “In Specie Redemption Price”) equal to the fair market value thereof as determined by the trustees, which may be satisfied by way of a distribution in specie of the assets of the Fund. In each such case, a proportionate amount of securities of the Partnership held by the Fund having an aggregate value equal to the Redemption Price (or, as applicable, the In Specie Redemption Price) will be distributed to the redeeming Unitholder in full satisfaction of the Redemption Price (or, as applicable, the In Specie Redemption Price). No fractional securities or Notes in principal amounts of less than \$100 will be distributed and, where the number of securities of the Partnership to be received by a Unitholder includes a fraction or a multiple of less than \$100, that number will be rounded to the next lowest whole number or integral multiple of \$100. The Fund will be entitled to all interest paid on Notes, if any, and distributions paid on securities or before the date of the distribution in specie. Where the Fund makes a distribution in specie of securities of the Partnership on the redemption of Units, the Fund currently intends to designate to the redeeming Unitholder any capital gain or income realized by the Fund as a result of the distribution of those securities to the Unitholder on the redemption of such Units.

It is anticipated that the redemption right described above will not be the primary mechanism for Unitholders to dispose of their Units. The assets of the Fund that may be distributed in specie to Unitholders in connection with a redemption (including the securities of the Partnership) will not be listed on any stock exchange, no market is expected to develop in such securities and such securities may be subject to an indefinite “hold period” or other resale restrictions under applicable securities laws. Securities so distributed may not be qualified investments for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans and registered education savings plans.

### **Repurchase of Units**

The Fund is allowed, from time to time, to purchase Units for cancellation in accordance with applicable securities laws and the rules prescribed under applicable stock exchange or regulatory policies. Any such repurchase will constitute an “issuer bid” under Canadian provincial securities legislation and must be conducted in accordance with the applicable requirements thereof.

### **Meetings of Unitholders**

The Declaration of Trust provides that meetings of Unitholders must be called and held annually, including for the purpose of: (i) the election of trustees, (ii) the appointment of auditors of the Fund for the ensuing year, (iii) generally, any other matter that requires a resolution of Unitholders, and (iv) transacting such other business as the trustees may determine or as may be properly brought before the meeting. The Declaration of Trust provides that the Unitholders are entitled to pass resolutions that will bind the Fund only with respect to:

- the election or removal of the trustees of the Fund;
- any amalgamation, arrangement, other merger or capital reorganization of the Fund or the Partnership or any of their respective subsidiaries with any other entity, except in conjunction with an internal reorganization or the acquisition by the Partnership of the securities or assets of another entity;
- the appointment or removal of the auditors of the Fund;
- the appointment of an inspector to investigate the performance by the trustees in respect of their respective responsibilities and duties in respect of the Fund;
- the approval of amendments to the Declaration of Trust (as described under “Description of the Fund — Amendments to the Declaration of Trust”);
- the sale of all or substantially all of the assets of the Fund;
- the exercise of certain voting rights attached to the securities of the Partnership held directly or indirectly by the Fund;

- except filling casual vacancies, the election of nominees of the Fund other than the Trustees to act as directors of the Partnership (or the removal thereof);
- the ratification of any Unitholder rights plan, distribution reinvestment plan and Unit purchase plan, Unit option plan or other compensation plan contemplated by the Declaration of Trust requiring Unitholder approval;
- the dissolution of the Fund prior to the end of its term; and
- such other business as the trustees may determine or as may properly be brought before the meeting, including without limitation any other matters required by securities law, stock exchange rules or other laws or regulations to be submitted to Unitholders for their approval.

No other action taken by Unitholders or any other resolution of the Unitholders at any meeting will in any way bind the trustees.

Resolutions (i) electing or removing the trustees, (ii) electing or removing nominees other than the trustees to serve as directors of the general partner of the Partnership, (iii) appointing the auditors of the Fund, (iv) with respect to the exercise of certain voting rights attached to the securities of the Partnership held, directly or indirectly, by the Fund, (v) ratifying any Unitholder rights plan, distribution reinvestment plan, Unit purchase plan, Unit option plan or other compensation plan contemplated by the Declaration of Trust requiring Unitholder approval, and (vi) where applicable, matters required by securities law, stock exchange rules or other laws or regulations to be submitted to Unitholders, must be passed by a simple majority of the votes cast by Unitholders. The balance of the foregoing matters must be passed by a resolution of the Unitholders passed by not less than 66 2/3% of the votes cast, either in person or by proxy, at a meeting of Unitholders called for the purpose of approving such resolution, or approved in writing by the holders of not less than 66 2/3% of the Units entitled to vote on such resolution (a "Special Resolution").

Subject to the foregoing limitations, a meeting of Unitholders may be convened at any time and for any purpose by the trustees and must be convened if requisitioned in writing by the holders of not less than 5% of the Units then outstanding. A requisition must state in reasonable detail the business proposed to be transacted at the meeting.

Unitholders may attend and vote at all meetings of the Unitholders either in person or by proxy and a proxyholder need not be a Unitholder. Two persons present in person and either holding personally or representing by proxy in the aggregate at least 10% of the votes attached to all outstanding Units will constitute a quorum for the transaction of business at all such meetings. At any meeting at which a quorum is not present within one-half hour after the time fixed for the holding of such meeting, the meeting, if convened upon the request of the Unitholders, will be terminated (not adjourned), but in any other case, the meeting will stand adjourned to a day not less than 14 days later and to a place and time as chosen by the chair of the meeting, and if at such adjourned meeting a quorum is not present, the Unitholders present either in person or by proxy will be deemed to constitute a quorum.

The Declaration of Trust contains provisions as to the notice required and other procedures with respect to the calling and holding of meetings of Unitholders.

### **Limitation on Non-Resident Ownership**

In order for the Fund to qualify as a mutual fund trust under the Tax Act, the Fund cannot reasonably be considered to be established or maintained primarily for the benefit of non-resident persons. Accordingly, the Declaration of Trust provides that at no time may non-residents of Canada be the beneficial owners of more than 40% of all Units outstanding. This 40% limitation will be applied with respect to the issued and outstanding Units of the Fund on both a non-diluted basis and a fully-diluted basis. The trustees may require declarations as to the jurisdictions in which beneficial owners of Units are resident. If the trustees become aware that the beneficial owners of 40% of all Units outstanding (either on a non-diluted or fully-diluted basis) are, or may be, non-residents of Canada or that such a situation is imminent, trustees or the transfer agent will make a public announcement thereof and thereafter the transfer agent and registrar will not accept a subscription for Units from or issue or register a transfer of Units to any person unless the person provides a declaration that he or she is not a non-resident of Canada within the meaning of the Tax Act. If, notwithstanding the foregoing, the trustees determine that 40% of all Units outstanding (either on a non-diluted or fully-diluted basis) are held by non-residents of Canada, the trustees may direct the transfer agent and registrar of the Units to send a notice to non-resident Unitholders, chosen in inverse order to the order of acquisition or registration or in any other manner the trustees consider equitable and practicable, requiring them to sell their Units or a portion thereof within a specified period of not less than 60 days. If the Unitholders receiving such notice have not sold the specified

number of Units or provided the trustees with satisfactory evidence that they are not non-residents of Canada within the meaning of the Tax Act within such period, the trustees may, on behalf of such persons, sell such Units and, in the interim, the voting and distribution rights attached to such Units shall be suspended. Upon such a sale, the affected holders shall cease to be holders of the Units and their rights shall be limited to receiving the net proceeds of such sale.

As part of the 2004 Budget Proposals, the Minister of Finance (Canada) released draft amendments to the Tax Act relating to the circumstances under which the ownership of units of a trust by non-resident persons and partnerships, other than Canadian partnerships, would cause the trust to lose its status as a mutual fund trust. Under the draft amendments, a trust would lose its status as a mutual fund trust if the aggregate fair market value of all units issued by the trust held by one or more non-resident persons or partnerships that are not Canadian partnerships is more than 50% of the aggregate fair market value of all of the units issued by the trust. A partnership will only qualify as a Canadian partnership at a particular time if all of its members at that time are resident in Canada. The draft amendments did not provide any means of rectifying a loss of mutual fund trust status such that if, at any time, the Fund were to lose its mutual fund trust status as a result of the application of the draft amendments, the Fund would permanently cease to be a mutual fund trust. On December 6, 2004, the Minister of Finance (Canada) tabled a Notice of Ways and Means Motion which did not include these draft amendments, and it is counsel's understanding that further discussions will take place with the private sector before a decision is made concerning whether the draft amendments will be enacted. The issue of ownership of units of a trust by non-resident persons and partnerships other than Canadian partnerships was not addressed in subsequent federal budgets. Depending on the final form of the draft amendments, if enacted, it may be necessary to amend the Declaration of Trust to take into account these new restrictions so that the Fund maintains its status as a mutual fund trust under the Tax Act. This amendment may be made without Unitholder approval.

### **Amendments to the Declaration of Trust**

The Declaration of Trust may be amended or altered from time to time with the consent of the Unitholders by a Special Resolution.

The trustees may at any time and from time to time, at their discretion and without the approval of the Unitholders, make certain amendments to the Declaration of Trust, including amendments: (i) for the purpose of ensuring continuing compliance and conformity of the Declaration of Trust with applicable laws, regulations, requirements or policies of any governmental authority having jurisdiction over the trustees or the Fund, (ii) which, in the opinion of counsel to the trustees, provide additional protection or added benefits for Unitholders, (iii) to remove any conflicts or inconsistencies in the Declaration of Trust or to make minor changes or corrections that, in the opinion of the trustees, are necessary or desirable and not prejudicial to the Unitholders, (iv) which, in the opinion of the trustees, are necessary or desirable as a result of changes in taxation laws or policies of any governmental authority having jurisdiction over the trustees or the Fund, (v) for the purpose of ensuring that the Fund continues to qualify as a "mutual fund trust" and that the Units do not constitute "foreign property", each within the meaning of the Tax Act, or (vi) to create one or more additional classes of units solely to provide voting rights to holders of Exchangeable Securities entitling the holder thereof to a number of votes not exceeding the number of Units into which the Exchangeable Securities are exchangeable or convertible but that do not otherwise entitle the holder thereof to any rights with respect to the Fund's property or other income other than a return of capital.

Notwithstanding the previous sentence, the trustees may not amend the Declaration of Trust in a manner which would result in (i) the Fund failing to qualify as a mutual fund trust under the Tax Act, or (ii) the Units being treated as "foreign property" for the purposes of the Tax Act.

### **Term of the Fund**

The Fund has been established for a term ending 21 years after the date of death of the last surviving issue of Her Majesty, Queen Elizabeth II, alive on November 15, 2004. On a date selected by the trustees which is not more than two years prior to the expiry of the term of the Fund, the trustees are obligated to commence to wind-up the affairs of the Fund so that it will terminate on the expiration of the term. In addition, at any time prior to the expiry of the term of the Fund, the Unitholders may by a Special Resolution require the trustees to commence the termination, liquidation or wind-up of the affairs of the Fund.

The Declaration of Trust provides that, upon being required to commence the termination, liquidation or winding-up of the affairs of the Fund, the trustees will give notice thereof to the Unitholders, which notice will designate the time or times at which Unitholders must surrender their Units for cancellation and the date at which the register of Units will be closed. After the date the register is closed, the trustees will proceed to wind up the affairs of the Fund as soon as may be reasonably practicable and for such purpose will, subject to any direction to the contrary given in respect of a termination authorized by a resolution of the Unitholders, sell and convert into money securities of the Partnership and all other assets comprising the Fund in one

transaction or in a series of transactions at public or private sales and do all other acts appropriate to liquidate the Fund. After paying, retiring, discharging or making provision for the payment, retirement or discharge of all known liabilities and obligations of the Fund and providing for indemnity against any other outstanding liabilities and obligations, the trustees, subject to obtaining all necessary regulatory approvals, will distribute the remaining part of the proceeds of the sale of securities of the Partnership and other assets comprising the Fund together with any cash forming part of the assets of the Fund among the Unitholders in accordance with their pro rata interests. If the trustees are unable to sell all or any of the securities of the Partnership or other assets which comprise part of the Fund by the date set for termination, the trustees may distribute the remaining securities of the Partnership or other assets in specie directly to the Unitholders in accordance with their pro rata interests subject to obtaining all required regulatory approvals.

### **Take-over Bids**

The Declaration of Trust contains provisions to the effect that if a take-over bid is made for the Units and not less than 90% of the Units on a fully diluted basis (including the Units issuable upon the exchange of all securities exchangeable, directly or indirectly, for Units (“Exchangeable Securities”) but not including any Units or Exchangeable Securities held at the date of the take-over bid by or on behalf of the offeror or associates or affiliates of the offeror) are taken up and paid for by the offeror, the offeror will be entitled to acquire the Units and Exchangeable Securities held by holders who did not accept the take-over bid, on the same terms on which the offeror acquired Units pursuant to the take-over bid.

### **Restrictions on Exercise of Certain Voting Rights Attached to Securities of the Partnership**

The Declaration of Trust provides that the Fund will not vote securities of the Partnership that it holds, to authorize any transaction that is adverse to the Unitholders, including, among other things:

- any sale, lease or other disposition of all or substantially all of the direct or indirect assets of the Partnership or any of its subsidiaries except (i) in conjunction with an internal reorganization, or (ii) pursuant to a good faith charge, pledge, mortgage, lien, security interest or other encumbrance granted by the Partnership over any assets of the Partnership in the ordinary course of business, or (iii) pursuant to any guarantee of any obligation of the Partnership or any of its subsidiaries;
- any amalgamation, arrangement, other merger or capital reorganization of the Partnership with any other entity, except in conjunction with an internal reorganization or the acquisition by the Partnership of the securities or assets of another entity;
- the winding-up or dissolution of the Partnership or any of its subsidiaries prior to the end of the term of the Fund, except in connection with an internal reorganization;
- any material amendment to the Note Indenture, other than in contemplation of a further issue of Notes; or
- any material amendment to the constating documents of the Partnership or any of its subsidiaries that may be prejudicial to the Unitholders;

without the authorization of the Unitholders by a Special Resolution.

### **Book-Entry Only System**

Except as otherwise provided below, the Units are issued in “book-entry only” form and must be purchased or transferred through a participant in the CDS depository service (a “CDS Participant”), which include securities brokers and dealers, banks and trust companies. At the closing of the Offering, the Fund caused a global certificate or certificates representing the Units to be delivered to, and registered in the name of, CDS or its nominee. Except as described below, no Unitholder is entitled to a certificate or other instrument from the Fund or CDS evidencing that Unitholder’s ownership thereof, and no Unitholder is shown on the records maintained by CDS except through a book-entry account of a CDS Participant acting on behalf of such Unitholder. Upon the purchase of Units, each Unitholder receives a customer confirmation of purchase from the registered dealer from which the Unit is purchased in accordance with the practices and procedures of that registered dealer. The practices of registered dealers may vary, but generally customer confirmations are issued promptly after execution of a customer order. CDS will be responsible for establishing and maintaining book-entry accounts for its CDS Participants having interests in the Units.

If (i) the Fund determines that CDS is no longer willing or able to discharge properly its responsibilities as depository with respect to the Units and the Fund is unable to locate a qualified successor, or (ii) the Fund at its option elects, or is required by law, to terminate the book-entry system, or (iii) Unitholders determine that the continuation of the book-entry system is no longer in the best interests of the Unitholders, then Units will be issued in fully registered form to Unitholders or their nominees.

### **Transfer of Units**

Transfers of ownership in the Units will be effected only through records maintained by CDS or its nominee for such Units with respect to interests of CDS Participants, and on the records of CDS Participants with respect to interests of persons other than CDS Participants. Unitholders who are not CDS Participants, but who desire to purchase, sell or otherwise transfer ownership of or other interest in the Units, may do so only through CDS Participants.

The ability of a Unitholder to pledge a Unit or otherwise take action with respect to such Unitholder's interest in a Unit (other than through a CDS Participant) may be limited due to the lack of a physical certificate.

### **Payments of Distributions**

Payments of distributions on each Unit are made by the Fund to CDS or its nominee, as the case may be, as the registered holder of the Units and the Fund understands that such payments are forwarded by CDS or its nominee, as the case may be, to CDS Participants. As long as CDS or its nominee is the registered owner of the Units, CDS or its nominee, as the case may be, is considered the sole owner of the Units for the purposes of receiving payments on the Units. The responsibility and liability of the Fund in respect of the Units is limited to making payment of any distribution in respect of the Units to CDS or its nominee.

## **DISTRIBUTIONS**

### **Distribution Policy of the Fund**

The Fund intends to continue to make monthly cash distributions of its distributable cash to the maximum extent possible to the Unitholders. The amount of the cash available for distribution will be equal to the distributions (if any) on or in respect of limited partnership interests of the Partnership owned by the Fund less:

- administrative expenses and other obligations of the Fund;
- amounts which may be paid by the Fund in connection with any cash redemptions or repurchases of Units;
- satisfaction of debt service obligations of the Fund on account of both principal and interest; and
- any amount that the trustees of the Fund may reasonably consider to be necessary to provide for the payment of any costs or expenses, including any tax liability of the Fund, that have been or are reasonably expected to be incurred in the activities and operations of the Fund (to the extent that such costs or expenses have not otherwise been taken into account in the calculation of the available distributable cash of the Fund).

### **Distribution Policy of the Partnership**

The Partnership intends to make monthly cash distributions of all of its available cash. The amount of cash to be distributed monthly per limited partnership interest to the Fund (as the holder of all of the limited partnership interests of the Partnership) will be equal to a *pro rata* share of distributions on or in respect of the operations of the Partnership's business and all other amounts, if any, from any other investments from time to time held by the Partnership received in such period, less amounts which are paid, payable, incurred or provided for in such period in connection with:

- satisfaction of its debt service obligations, if any;
- satisfaction of its expense obligations (including pension liabilities);
- retaining amounts for capital expenditures;

- retaining such reasonable working capital as may be considered appropriate; and
- satisfaction of its obligations under the Partnership's long-term incentive plan.

### Distributions

The following table sets forth the per Unit amount of monthly cash distributions declared and/or paid by the Fund during the period between December 31, 2005 and December 31, 2006.

<u>Record Date</u>	<u>Payment Date</u>	<u>Amount of Distribution/Unit</u>
January 31, 2006	February 15, 2006	\$0.9656
February 28, 2006	March 15, 2006	\$0.9656
March 31, 2006	April 13, 2006	\$0.9656
April 28, 2006	May 15, 2006	\$0.9656
May 31, 2006	June 15, 2006	\$0.9656
June 30, 2006	July 14, 2006	\$0.9656
July 31, 2006	August 15, 2006	\$0.9656
August 31, 2006	September 15, 2006	\$0.9656
September 29, 2006	October 13, 2006	\$0.9656
October 31, 2006	November 15, 2006	\$0.9656
November 30, 2006	December 15, 2006	\$0.9656
December 29, 2006	January 15, 2007	\$0.9656

### MARKET FOR SECURITIES

The Fund's Units are listed on the Toronto Stock Exchange (the "TSX") under the symbol "DGL.UN".

### Trading Data

The following table shows the range of high and low prices per Unit as at the close of market (TSX) and total monthly volumes of Units traded on the TSX during the year ended December 31, 2006.

<u>Month</u>	<u>Price per Unit (\$)</u>		<u>Total Volume (Units)</u>
	<u>High</u>	<u>Low</u>	
January 2006	10.25	9.87	637,772
February 2006	10.49	9.60	789,007
March 2006	10.40	10.18	778,128

April 2006	10.50	9.69	702,943
May 2006	10.20	9.40	435,589
June 2006	9.90	9.04	339,969
July 2006	9.59	9.21	490,862
August 2006	10.00	9.44	890,774
September 2006	10.48	9.50	1,236,144
October 2006	10.70	10.17	942,581
November 2006	9.31	7.83	1,141,639
December 2006	8.64	7.34	4,026,305

## MANAGEMENT OF THE FUND AND THE PARTNERSHIP

### Trustees, Directors and Officers

The trustees of the Fund are David M. Odell, Ron Fotheringham, John H. Greenhough, Derek Ridout and Thomas R. Spencer.

The following sets out, for each of the trustees of the Fund and the executive officers and directors of the Partnership and the General Partner, respectively, the person's name, municipality of residence, position with Fund and/or the Partnership and principal occupation. The term of office for each of the trustees of the Fund and the directors of the General Partner will expire at the time of the next annual meeting of Unitholders of the Fund. As at March 7, 2007, the trustees of the Fund and the executive officers and directors of the Partnership and the General Partner, respectively, as a group beneficially owned, directly or indirectly, 109,553 Units representing 0.47% of the issued and outstanding Units.

<u>Name and Municipality of Residence</u>	<u>Position</u>	<u>Principal Occupation</u>
<b><u>Trustees</u></b>		
RON FOTHERINGHAM <sup>(1)(2)(3)</sup> ..... Woodview, Ontario, Canada	Trustee of the Fund; Director of the General Partner	Corporate Director
JOHN H. GREENHOUGH <sup>(3)</sup> ..... Aurora, Ontario, Canada	Trustee of the Fund; Director of the General Partner	Corporate Director
DAVID M. ODELL ..... Richmond Hill, Ontario, Canada	Trustee of the Fund; Director of the General Partner; President and Chief Executive Officer of the General Partner	President and Chief Executive Officer of the Partnership
DEREK RIDOUT <sup>(1)(2)</sup> ..... Toronto, Ontario, Canada	Trustee of the Fund; Director of the General Partner	Corporate Director
THOMAS R. SPENCER <sup>(1)(2)(3)</sup> ..... Toronto, Ontario, Canada	Trustee of the Fund; Director of the General Partner	Corporate Director

Notes:

(1) Member of the Governance Committee.

(2) Member of the Compensation Committee

(3) Member of the Audit Committee.

**Executive Officers (in addition to**

*David M. Odell)*

RICK BARRON..... Edmonton, Alberta, Canada	Vice-President, Sales, Data West	Vice-President, Sales Data West
TOM COCHRANE..... Brampton, Ontario, Canada	Vice-President & General Manager, Multiple Pakfold®	Vice-President & General Manager, Multiple Pakfold®
ELAINE DERAMO..... Woodbridge, Ontario, Canada	Vice-President, Human Resources	Vice-President, Human Resources
STEVE GALARNEAU..... Edmonton, Alberta, Canada	President, Western Operations	President, Western Operations
BRADLEY D. HAINS..... Caledon East, Ontario, Canada	Vice-President, Sales & Marketing, Ontario Region	Vice-President, Sales & Marketing, Ontario Region
PAUL O'SHEA..... Brampton, Ontario, Canada	Chief Financial Officer and Corporate Secretary	Chief Financial Officer of the Partnership
DIANE SCHWIND..... Caledon East, Ontario, Canada	Vice-President, Operations, Data East	Vice-President, Operations, Data East
MICHAEL SUKSI..... Mississauga, Ontario, Canada	President, Data East	President, Data East
ROSS VAN PATTTER..... Calgary, Alberta, Canada	Vice-President and General Manager of Sundog	Vice-President and General Manager of Sundog

Each of the executive officers of the Partnership has held his or her current position or another position with the Partnership during the past five years, except as noted below.

*Tom Cochrane.* Mr. Cochrane joined Multiple Pakfold® as Vice President and General Manager in February 2005. From 2000 to 2001 he was Director of Logistics for The Imperial Home Décor Group, the world's largest wallpaper manufacturer. From 2001 to 2004 he was Vice President of the book manufacturer Webcom. Prior to joining Multiple Pakfold®, Mr. Cochrane was President of his own performance management company, Tomick Enterprises Inc., from 2004 to 2005.

*Michael Suksi.* Mr. Suksi joined the Partnership in November 2006 as President of its DATA East division. From November 2004 to November 2006 Mr. Suksi was Vice President, Sales at Transcontinental Inc., one of Canada's largest print and media organizations. From August 2003 to November 2004 Mr. Suksi was Vice President, Sales and Marketing of a predecessor of the Partnership. Mr. Suksi originally joined the Data Group in 1985 with a B.A. from the University of Toronto.

The principal occupation of each member of the Board of Trustees and the Board of Directors for the past five years preceding the date hereof and additional biographical information is described below:

*David M. Odell.* Mr. Odell has been a trustee of the Fund since November 15, 2004. Mr. Odell joined the Partnership in April 1998 as President of its Data East division. In May of 2000, he was appointed President and Chief Executive Officer of a predecessor of the General Partner. Prior to joining the Data Group, Mr. Odell was President of a number of divisions within Maclean Hunter Limited and Southam Inc., which were major communications organizations headquartered in Canada. Mr. Odell's experience also includes managing promotion and advertising companies.

*Ron Fotheringham.* Mr. Fotheringham has been a trustee of the Fund since December 14, 2004. Since retirement in 2001, Mr. Fotheringham has continued his strategic planning consulting work in his personal Partnership, Stoney Lake Management Consulting. Prior to retirement, Mr. Fotheringham was a partner with Tandem International, one of Canada's leading management consulting firms, specializing in the marketing and sales disciplines. During his 28 years with the firm, his responsibilities included serving as Managing Partner of the firm's marketing practice and as Chairman of Tandem, prior to the firm's merger with Towers Perrin in 1998. Before joining Tandem, Mr. Fotheringham worked for 11 years at Procter & Gamble in the Research and Development and Marketing departments. Mr. Fotheringham has a Bachelors Degree in Honours Chemistry and a Masters Degree in Business Administration, both from McMaster University. Mr. Fotheringham currently serves on the Board of Directors of the Ontario Lottery & Gaming Corporation, Five Counties Children's Centre, and the Board of Directors of The Peterborough Festival of Lights.

*John H. Greenhough.* Mr. Greenhough has been a trustee of the Fund since November 15, 2004. Mr. Greenhough has extensive experience in the printing industry. From 1972 to 1980, he was Vice President and General Manager of the Data Group, and served as President and Chief Executive Officer of a predecessor of the General Partner from 1981 to 1997, and as managing director from 1997 until May 2000. Mr. Greenhough also held a number of positions within Maclean Hunter Limited, including service on the Management Committee and Group President of Printing. Mr. Greenhough has served on the boards of directors of a number of printing industry companies in both Canada and the United States, including Davis + Henderson, Jasper Printing and General Business Forms, the Yorkville Group of Companies, Label Art and Transkrit Corporation. Throughout his career, Mr. Greenhough has also served in several major printing industry associations in Canada, Europe and the United States. Mr. Greenhough graduated in 1962 from Wilfrid Laurier University with a Bachelor of Arts degree in English & Economics.

*Derek Ridout.* Mr. Ridout has been a trustee of the Fund since November 15, 2004. Mr. Ridout is a director of Shoppers Drug Mart Corporation and Saxon Financial Inc. Mr. Ridout is also trustee of Richards Packaging Income Fund and a director of its wholly-owned subsidiary, Richards Packaging Inc., a company that operates a rigid packaging distribution and manufacturing business in North America. Mr. Ridout was the Chairman of Minacs Worldwide Inc. between May 2003 and May 2004 and was a director of that company from 1999 to 2003. Prior to that, Mr. Ridout was the Chief Executive Officer of Perigee Investment Counsel Inc. from 2001 to 2003, President and Chief Executive Officer of Silcorp Limited from 1992 to 1999 and its Chief Operating Officer from 1990 to 1992. He was the President of Mac's Convenience Stores Division from 1983 to 1989 and President of Seven-Up Canada Limited from 1980 to 1983. Mr. Ridout holds an Honours degree in Business Administration from the University of Western Ontario.

*Thomas R. Spencer.* Mr. Spencer has been a trustee of the Fund since December 14, 2004. Mr. Spencer has been a corporate director since 2003, when he retired from a 27 year career with the TD Bank Financial Group. Starting in commercial lending and corporate finance in Toronto and New York, Mr. Spencer's leadership roles included Vice President, Corporate & Investment Banking Group, Toronto; and Vice President, Merchant Banking Services, New York. Mr. Spencer moved to the risk management area in 1994 as Senior Vice President, Risk Management Policy Group. From 1998 to 2002 he served as the Bank's Executive Vice President, Risk Management and during 2002-2003 was Vice Chair, Risk Management. He is currently a member of the Board of Directors of Kruger Inc., Parmalat Holdings Limited and Vismand Exploration Inc. and remains a member of the Advisory Committees of TD Capital Private Equity Investors I, II and III and TD Capital Mezzanine Partners. Mr. Spencer holds an M.B.A. and a B.A. in Economics, both from York University in Toronto.

### **Committees of the Board of Trustees of the Fund and the Board of Directors of DBFL**

The board of trustees of the Fund has established an Audit Committee and a Governance Committee. The board of directors of DBFL has established a Compensation Committee. For a description of the responsibilities of the Governance Committee and the Compensation Committee, respectively, refer to the Fund's Management Proxy Circular, a copy of which has been filed with Canadian securities regulatory authorities and may be found at [www.sedar.com](http://www.sedar.com).

#### ***Audit Committee***

##### *Charter of the Audit Committee*

The Charter of the Audit Committee, as approved on March 15, 2005, is set out in Schedule A to this Annual Information Form.

##### *Composition of the Audit Committee*

The Audit Committee is composed of three trustees: Thomas R. Spencer (Chair), Ron Fotheringham and John H. Greenhough. Each member of the Audit Committee is independent and financially literate as defined under Multilateral Instrument 52-110 – *Audit Committees*.

##### *Relevant Education and Experience of the Audit Committee Members*

In addition to each member's general business experience, the education and experience of each Audit Committee member that is relevant to the performance of his responsibilities as an Audit Committee member is set forth in their respective biographies above under "– Trustees, Directors and Officers".

*Audit Fees*

During the years ended December 31, 2006 and 2005, the Fund or the Data Group retained the Fund's principal accountant, PricewaterhouseCoopers LLP, to provide services in the categories and for the approximate amounts that follow:

	<u>2006</u>	<u>2005</u>
• Audit fees .....	355,000	\$280,000
• Audit-related fees .....	275,021	\$8,250
• Tax fees .....	180,800	\$97,997
• All other fees .....	41,000	\$27,000

The nature of the category and description of fees is summarized below.

Audit fees. For the years ended December 31, 2006 and 2005, the fees disclosed in the table above under the item "Audit fees" represent fees paid for audit and review services performed in connection with the Fund's consolidated financial statements.

Audit-related fees. Audit-related fees were paid for assurance and related services that are reasonably related to the performance of the audit or review of the annual financial statements and are not reported under the audit fees item above. For the years ended December 31, 2006 and 2005, these services consisted of other assurance services.

Tax fees. Tax fees were paid for tax compliance services and tax advice and planning. For the year ended December 31, 2006, these fees consisted of \$94,000 for tax compliance services, and tax advice and planning and \$86,800 for assistance with and review of various matters in connection with structuring of the 2006 Offering and the Relizon Canada Acquisition, including assistance with questions regarding tax audits, long term incentive plans, capital structure and corporate transactions. For the year ended December 31, 2005, these fees consisted of \$97,997 for tax compliance services, and tax advice and planning.

All other fees. For the year ended December 31, 2006, the Partnership paid an aggregate of \$41,000 in fees for review of the Fund's management information circular and specified procedures on Relizon Canada's working capital in connection with the Relizon Canada Acquisition. The Partnership paid an aggregate of \$27,000 in fees for diligence services rendered during 2005 in connection with the consideration of a potential business acquisition.

*Pre-approval Policies and Procedures*

The Audit Committee has adopted a policy to deal with the engagement of external auditors. The policy provides that the Audit Committee may delegate pre-approval authority to engage external auditors for audit and non-audit services to any two of its members. Members who exercise this authority are required to report any pre-approval decisions to the Audit Committee at its next scheduled meeting. The external auditor is prohibited from providing certain services, such as bookkeeping or other services related to the accounting records or financial statements of the Data Group, financial information systems design and implementation, appraisal valuation services or fairness opinions, actuarial services or internal audit outsourcing services. The Chief Financial Officer will report to the Audit Committee at each regularly scheduled meeting as to the total fees paid to the external auditor by service type as well as any items approved under delegated discretion during the quarter.

*Compensation Committee*

The board of directors of DBFL has established a Compensation Committee that is comprised entirely of "independent" directors, namely Ron Fotheringham (Chair), Thomas R. Spencer and Derek Ridout. The Compensation Committee is responsible for reviewing and recommending to the board of directors of the Partnership the compensation of the President and Chief Executive Officer, Chief Financial Officer and other members of senior management of the Data Group.

## **RISK FACTORS**

*An investment in the Units involves risks. In addition to the other information contained in this Annual Information Form, investors should carefully consider the risks described below before investing in Units. The risks described below are not the only ones facing the Fund and/or the Partnership. Additional risks not currently known to the Fund and/or the Partnership or that the Fund and/or the Partnership currently believe are immaterial may also impair the business, results of operations, financial condition and liquidity of the Partnership and the ability of the Fund to make distributions on the Units.*

### **Risks Related to the Business**

#### ***Integration of Relizon Canada into the Data Group***

The operations of the Data Group and Relizon Canada were conducted as separate and distinct businesses prior to the Relizon Canada Acquisition, each with its own management team, sales force and operations. On March 1, 2007, the Fund announced a restructuring plan in connection with the integration of the Data Group and Relizon Canada businesses. Under the restructuring plan, the Partnership will reduce its workforce, relocate certain employees to other Data Group facilities and close plants in Québec, Ontario and Alberta. There can be no assurance that problems will not arise in the future in connection with the integration. The Data Group could face contractual and other restrictions on its ability to implement expected cost reductions. The Data Group may not be able to realize anticipated cost savings and efficiencies from that restructuring initiative and other efforts to integrate the two businesses. There can be no assurance that unforeseen costs and expenses, including those related to compensation costs, or other factors will not offset, in whole or in part, the expected cost savings or other components of the respective operating plans. In particular, the Data Group has assumed that its assumptions regarding average compensation costs and average years of service for those employees affected by its restructuring plan are materially correct and that the restructuring is executed in a timely manner. Further, the transfer and integration of employees from one facility to another may require substantial attention from, and place substantial demands upon, senior management of the Data Group, as well as require the cooperation of employees. Failure to successfully complete the integration of the operations of the Data Group and Relizon Canada could have a material adverse effect on the Data Group's business, financial condition, liquidity and results of operations.

#### ***Potential Undisclosed Liabilities Associated with the Relizon Canada Acquisition***

There may be liabilities and contingencies that the Fund did not discover in its due diligence prior to consummation of the Relizon Canada Acquisition and the Fund may not be indemnified for some or all of these liabilities and contingencies. The discovery of any material liabilities or contingencies could have a material adverse effect on the Fund's business, financial condition, liquidity and results of operations.

#### ***Inability to Sustain and Manage Organic Growth***

A principal component of the Data Group's strategy is to continue its internal growth. The Data Group may not be successful in growing its business or in managing its organic growth and a failure to do so could have a material adverse effect on its business, financial condition, liquidity and results of operations and the amount of cash available for distribution to Unitholders. The Data Group's growth depends on its ability to accomplish a number of things, including, successfully introducing new products; identifying and developing new geographic markets; developing new products and gaining market acceptance for them; establishing and maintaining favourable relationships with customers in new markets and market segments and maintaining these relationships in existing markets; and successfully managing expansion and obtaining the required financing. Any growth the Data Group achieves may require additional employees and an increase in the scope of both its operation and financial systems and the geographic area of its operations.

#### ***Competition from Competitors Supplying Similar Products and Services***

Some of the Data Group's competitors have economic resources greater than those of the Data Group and are well-established suppliers. If consolidation in the document management or printing industry occurs, some competitors may become larger and pose an additional competitive threat to the business of the Data Group. A competitor may reduce the price of its products or services in an attempt to gain increased sales, and the corresponding pricing pressure placed on the Data Group may result in reduced profit margins or cash flow. A loss of business may occur if the Data Group does not meet competitive prices that fall below its profitability targets. Several of the Data Group's products and services are sold into select market segments and there can be no assurance that these segments will not attract additional competitors that could have greater financial, technological, manufacturing and marketing resources than the Data Group.

### ***Limited Growth in the Printing of Traditional Business Forms***

The overall printing industry is highly competitive and has not grown over the last several years and, accordingly, it may be difficult for the Data Group to grow its sales or even maintain historical levels of its sales of printed business documents. The Data Group has depended heavily on sales of printed business forms, which accounted for approximately 26% of the Data Group's revenues in fiscal 2006. However, the overall printed forms industry has not grown in the last few years due to technological advancements resulting in the decline in the use of traditional paper-based forms. In addition, the printed document industry historically has been affected by general economic and industry cycles that have materially and adversely affected print distributors and print manufacturers. Accordingly, for the Data Group to continue to experience growth in printed document sales, the Data Group must increase its market share and individual customer share and respond to changes in demand in this segment of the industry. The Data Group also faces competition from alternative sources of communication and information transfer, such as facsimile machines, electronic mail, and the Internet. These sources of communication and advertising may adversely impact printed product sales in the future.

### ***Increases in the Cost of Paper or Other Raw Materials***

In fiscal 2006, the cost of paper, carbon and other raw materials represented approximately 35.7% of the Data Group's related revenues. Increases in paper costs could have a material adverse effect on the Data Group's business, financial condition, liquidity and results of operations. The Data Group cannot be certain that the Data Group will be able to pass on future increases in the cost of paper to its customers consistent with industry practice. Moreover, rising paper costs and their consequent impact on the Data Group's pricing could lead to a decrease in the volume of products sold. The overall paper market is beyond the Data Group's control, and as a result, the Data Group cannot be certain that future paper price increases will not result in decreased volumes and decreased cash flow and profitability.

Due to the significance of paper in the manufacture of most of the Data Group's products, the Data Group is dependent upon the availability of paper. During periods of tight paper supply, many paper producers allocate shipments of paper based on the historical purchase levels of customers. Unforeseen developments in world paper markets coupled with shortages of raw paper could result in a decrease in supply, which would cause a decrease in the volume of product the Data Group could produce and sell, and could have a material adverse effect on the Data Group's business, financial condition, liquidity and results of operations.

Additionally, the Data Group utilizes a number of raw materials, including carbon, ink, film, offset plates, chemicals and solvents, glue, wire and subcontracted components, that are subject to price fluctuations beyond its control. There has generally been a lag time before those increases could be passed on to the Data Group's customers. There can be no assurance that the price of the Data Group's raw materials will not increase in the future or that the Data Group will be able to pass on those increases to its customers consistent with industry practice. A significant increase in the price of raw materials that cannot be passed on to customers could have a material adverse effect on the Data Group's business, financial condition, liquidity and results of operations. The Data Group cannot be certain that a shortage of any of these raw materials will not occur in the future or what effect, if any, such a shortage would have on the Data Group's cash flow and profitability.

### ***Customer Relationships***

The Data Group typically does not enter into long-term, written agreements with customers. As a result, there is a risk that customers may, without notice or penalty, terminate their relationship with the Data Group at any time. In addition, even if customers should decide to continue their relationship with the Data Group, there can be no guarantee that customers will purchase the same amount as in the past, or that purchases will be on similar terms. A loss of several customers, a substantial decrease in order volumes from several customers, a loss of a significant customer or a change in the terms of the relationship with a significant customer could have an adverse impact on the Data Group's financial performance.

### ***Seasonality***

Sales of some of the Data Group's products are subject to predictable marginal seasonal fluctuations in demand. The gift card business acquired by the Partnership in connection with the Relizon Canada Acquisition and the buying pattern of a major customer appear to indicate that the fourth quarter of the Partnership's fiscal year may have higher revenues and profit than the other three quarters. While certain variable costs can be managed to match seasonal patterns, a significant portion of costs, including rent, are fixed and cannot be adjusted for seasonality.

### ***Failure to Develop Product and Service Options***

The Data Group's ability to continue to generate comparable net income is based, in part, on the addition of new products and services which could be sold to existing and prospective customers. There can be no assurance that the Data Group will develop new products or services that will receive market acceptance or that those new products or services will yield favourable margins. The failure to develop and successfully market new products and services at favourable margins could have a material adverse effect on the Data Group's business, financial condition, liquidity and results of operations.

### ***Expansion Through Acquisitions***

The acquisition and development of existing businesses to be operated by the Data Group will be dependent on the ability of the Data Group to identify, acquire and develop suitable acquisition targets in both new and existing markets. While it is intended that the Data Group will be careful in selecting businesses to acquire, acquisitions involve a number of risks, including the possibility that the Data Group pays more than the acquired assets are worth; the additional expense associated with completing an acquisition and amortizing any acquired intangible assets; the difficulty of assimilating the operations and personnel of the acquired business; the challenge of implementing uniform standards, controls procedures and policies throughout the acquired business; the inability to integrate, train, retain and motivate key personnel of the acquired business; the potential disruption of the Data Group's ongoing business and the distraction of management from its day-to-day operations; the inability to incorporate acquired businesses successfully into the Data Group's operations; and the potential impairment of relationships with the Data Group's employees, customers and strategic partners. Such risks, if they materialize, could have a material adverse effect on the Data Group's business, financial condition, liquidity and results of operations.

In addition, the Data Group may not be able to maintain the levels of operating efficiency that any acquired companies had achieved or might have achieved separately. Successful integration of each of the acquired company's operations would depend upon the Data Group's ability to manage those operations and to eliminate redundant and excess costs. As a result of difficulties associated with combining operations, the Data Group may not be able to achieve the cost savings and other benefits that it would hope to achieve with these acquisitions. Any difficulties in this process could disrupt the Data Group's ongoing business, distract its management, result in the loss of key personnel or customers, increase its expenses and otherwise materially adversely affect its business, financial condition, liquidity and results of operations.

In the event of any future acquisitions, the Fund could issue additional Units, which would dilute its existing Unitholders' interests, incur debt or assume liabilities. The Fund cannot assure investors that this will not have a material adverse effect on the Data Group's business, financial condition, liquidity and operating results. Additional indebtedness would make the Data Group more vulnerable to economic downturns and may limit its ability to withstand competitive pressures. The terms of any additional indebtedness may include restrictive financial and operating covenants, which would limit the Data Group's ability to compete and expand.

### ***Operating Hazards***

The Data Group's revenues are dependent on the continued operation of its facilities. The operation of the Data Group's facilities involves a number of risks, including the failure or substandard performance of equipment, natural disasters, suspension of operations and new governmental statutes, regulations, guidelines and policies. The Data Group may also have exposure to future claims with respect to workplace exposure, workers' compensation and other matters. There can be no assurance as to the actual amount or the timing of these liabilities. The occurrence of material operational problems, including but not limited to the above events, may have a material adverse effect on the Data Group's business, financial condition, liquidity and results of operations and the amount of cash available for distribution to Unitholders.

### ***Negotiation of Collective Agreements***

Current union agreements are typically three years in duration and are subject to expiration at various times in the future. The collective agreement with respect to the unionized employees at the Data Group's facility in Anjou, Québec expires on April 30, 2007. If the Data Group is unable to renew union agreements as they become subject to renegotiation from time to time, it could result in work stoppages and other labour disturbances that could have a material adverse effect on the Data Group's business, financial condition, liquidity and results of operations.

### ***An Adverse Change in Labour Relations***

As of March 1, 2007 (after giving effect to workforce reductions in connection with the restructuring announced by the Fund on March 1, 2007) the Data Group employed approximately 2,105 employees, of whom approximately 18% are members of various local labour unions. If unionized employees were to engage in a concerted strike or other work stoppage, or if other employees were to become unionized, the Data Group could experience a disruption of operations, higher labour costs or both. A lengthy strike could have a material adverse effect on the Data Group's business, financial condition, liquidity and results of operations.

### ***Pension Liabilities and Unfunded Benefit Plans***

Applicable pension legislation requires that the funded status of the Data Group's registered defined benefit pension plans be determined periodically on both a going concern basis (i.e., essentially assuming indefinite plan continuation) and a solvency basis (i.e., essentially assuming immediate plan termination).

Where an actuarial valuation reveals a solvency deficit, current regulations require it to be funded by equal payments over a maximum period of five years from the date of valuation. The solvency liability is influenced primarily by long-term interest rates and by the investment return on plan assets and also by certain statutory benefit enhancements that may apply on a plan termination. The interest rate used to calculate benefit obligations for solvency purposes is a prescribed rate derived from the interest rates on long-term Government of Canada bonds. In the current low interest rate environment, the calculation results in a higher present value of the pension obligations, leading to a larger unfunded solvency position.

Following the closing of the Relizon Canada Acquisition, the Data Group made a \$4.0 million payment in respect of certain underfunded pension liabilities of Relizon Canada. Even with such payment and the five year amortization period for solvency funding, the Data Group may have to make substantial annual or one-time cash contributions to the pension plans of the Data Group, including, without limitation, in connection with any reduction of support services or integration of facilities, and the level of those contributions will increase in the event of poor pension fund investment performance and/or further declines in long-term Government of Canada bond rates:

Certain senior executives of Relizon Canada participated in a Supplementary Executive Retirement Plan ("SERP"), which provides for pension benefits payable as a single life annuity with a five year guarantee. Upon completion of the Relizon Canada Acquisition and related transactions, the SERP became an obligation of the Data Group. The SERP is unfunded and will be paid out of the general revenues of the Data Group.

Certain employees of Relizon Canada were provided with post-employment and post-retirement benefits, including health care and life insurance benefits on retirement and unfunded long-term disability benefits to certain former or inactive employees, their beneficiaries and covered dependents. These post-employment and post-retirement benefits are funded on a pay-as-you-go basis.

### ***Proprietary Rights May Not be Adequately Protected***

The Data Group's success and ability to compete depends in part upon its proprietary technology, trademarks and copyrights. The Data Group regards the software underlying its DDM/INFORMA® system as proprietary, and relies primarily on trade secrets, copyright and trademark law to protect these proprietary rights. The Data Group, including Relizon Canada, have registered some of their trademarks and patents. Existing trade secrets and copyright laws afford only limited protection. Unauthorized parties may attempt to copy aspects of the Data Group's software or to obtain and use information that the Partnership regards as proprietary. Policing unauthorized use of the Data Group's software is difficult. The Data Group generally enters into confidentiality and assignment agreements with the Data Group's employees and generally controls access to and distribution of the Data Group's software, documentation and other proprietary information. Despite these precautions, it may be possible for a third party to copy or otherwise obtain and use the Data Group's services or technology without authorization, or to develop similar services or technology independently. The Data Group is not aware that any of its owned software, trademarks or other proprietary rights that are material to the operations of its business infringe the proprietary rights of third parties. However, there can be no assurance that third parties will not assert infringement claims against the Data Group in the future. Any such claims, with or without merit, can be time consuming and expensive to defend and may require the Data Group to enter into royalty or licensing agreements or cease the alleged infringing activities.

### ***Uninsured and Underinsured Losses and Insurance Costs***

The Data Group will use its discretion in determining amounts, coverage limits and deductibility provisions of insurance, with a view to maintaining appropriate insurance coverage on its assets at a commercially reasonable cost and on suitable terms. This may result in insurance coverage that, in the event of a substantial loss, would not be sufficient to pay the full current market value or current replacement cost of its assets. A substantial loss without adequate insurance coverage could have a material adverse effect on the Data Group's business, financial condition, liquidity and results of operations.

The Data Group's cost of maintaining professional errors and omissions insurance and director and officer liability insurance is significant. The Data Group could experience higher insurance premiums as a result of adverse claims experience or because of general increases in premiums by insurance carriers for reasons unrelated to its own claims experience. Generally, the Data Group's insurance policies must be renewed annually. The Data Group's ability to continue to obtain insurance at affordable premiums also depends upon its ability to continue to operate with an acceptable claims record. A significant increase in the number of claims against the Data Group, the assertion of one or more claims in excess of its policy limits or the inability to obtain adequate insurance coverage at acceptable rates, or at all, could have a material adverse effect on the business, financial condition and results of operations of the Data Group and the ability of the Fund to make distributions on the Units.

### ***Environment, Health and Safety Requirements***

The Data Group's operations are subject to a complex and onerous legislative regime, including laws, statutes, regulations, by-laws, guidelines and policies as well as permits and other approvals relating to the protection of the environment and workers' health and safety, governing, among other things, air emissions, water discharges, non-hazardous and hazardous waste (including waste water), the storage, handling, transportation and distribution of dangerous goods and hazardous materials, remediation of releases and the presence of hazardous materials, land use and zoning and employee health and safety (the "Environment, Health and Safety Requirements"). As a result of the Data Group's operations, it is or may be subject from time to time to orders, fines, penalties, civil claims, administrative and judicial proceedings and inquiries relating to Environment, Health and Safety Requirements. Any such incident could have a material adverse effect on the Data Group's business, financial condition, liquidity and/or results of operations.

In addition, changes to existing Environment, Health and Safety Requirements or the adoption of new Environment, Health and Safety Requirements in the future, changes to the enforcement of Environment, Health and Safety Requirements, as well as the discovery of additional or unknown conditions at facilities owned, operated or used by the Data Group, could require expenditures which might materially affect the business, financial condition, liquidity and/or results of operations.

### ***Dependence on Key Personnel***

The success of the Data Group depends upon the personal efforts of a small group of senior management. Although the Data Group believes it will be able to replace its key employees within a reasonable time should the need arise, the loss of key personnel could have a material adverse effect on the Data Group's business, financial condition, liquidity and results of operations.

### ***Credit Facility is Subject to Floating Interest Rates***

The Amended Credit Facility will be subject to floating interest rates and, therefore, is subject to fluctuations in interest rates. Interest rate fluctuations are beyond the Data Group's control and there can be no assurance that interest rate fluctuations will not have a significant adverse effect on the Data Group's financial performance.

### ***Risk of Future Legal Proceedings***

The Data Group is threatened from time to time with, or is named as a defendant in, various legal proceedings, including lawsuits based upon product liability, personal injury, breach of contract and lost profits or other consequential damage claims in the ordinary course of conducting its business. A significant judgment against the Company, or the imposition of a significant fine or penalty, as a result of a finding that the Data Group has failed to comply with laws or regulations. The result of these proceedings cannot be predicted with certainty. There can be no assurance that these matters will not have a material adverse effect on the Data Group's results of operations in any future period, and a substantial judgment could have a material adverse impact on the Data Group's business, financial condition, liquidity and results of operations.

The Data Group has received a letter on behalf of a former executive of Relizon Canada asserting certain entitlements arising from the termination of the former executive's employment following the completion of the Relizon Canada Acquisition. The letter indicates that the former executive may commence legal proceedings in respect of this matter. To date, no such proceedings have, to the knowledge of the Fund, been commenced. The amount claimed by the former executive is not currently determinable. Although the Data Group intends to defend this claim vigorously, there can be no assurance that the Data Group will be successful in doing so, or that this dispute with the former executive will not have a material adverse impact on the Data Group.

### ***Limited Recourse Against The Relizon Company***

Unitholders do not have a direct statutory right or any other rights against The Relizon Company or any of its shareholders. The sole remedy of the Fund against The Relizon Company or any of its shareholders will be the Fund exercising its rights under the Share Purchase Agreement to claim indemnification in respect of a breach of the representations and warranties in that agreement by The Relizon Company. The Relizon Company has represented and warranted in favour of the Fund that the information in the short form prospectus filed with securities regulatory authorities relating to Relizon Canada is true and correct. However, The Relizon Company has made no representation or warranty that the information pertaining to The Relizon Company in such short form prospectus constitutes full, true and plain disclosure.

### **Risks Related to the Structure of the Fund**

#### ***Income Tax Matters***

Although the Fund and the Partnership are of the view that all expenses to be claimed by them in the determination of their respective incomes under the Tax Act will be reasonable and deductible in accordance with the applicable provisions of the Tax Act, there can be no assurance that the Tax Act or the interpretation of the Tax Act will not change, or that CRA will agree with the expenses claimed. If CRA successfully challenges the deductibility of expenses, the Partnership's taxable income and losses and indirectly that of the Fund or the Unitholders, will increase or change.

There can be no assurance that Canadian federal income tax law or the interpretation thereof, respecting the treatment of mutual fund trusts will not be changed in a manner which adversely affects the holders of Units. If the Fund ceases to qualify as a "mutual fund trust" under the Tax Act, the income tax consequences of holding Units could change materially and adversely in certain respects.

The Declaration of Trust provides that an amount equal to the taxable income of the Fund will be payable each year to Unitholders in order to reduce the Fund's taxable income to zero. Where in a particular year, the Fund does not have sufficient distributable cash to distribute such an amount to Unitholders, the Declaration of Trust provides that additional Units must be distributed to Unitholders in lieu of cash payments. Unitholders will generally be required to include an amount equal to the fair market value of those Units in their taxable income, notwithstanding that they do not directly receive a cash payment.

On October 31, 2003 the Department of Finance released, for public comment, proposed amendments to the Tax Act that relate to the deductibility of interest and other expenses for income tax purposes for taxation years commencing after 2004. In general, the proposed amendments may deny the realization of losses in respect of a business if there is no reasonable expectation that the business will produce a cumulative profit over the period that the business can reasonably be expected to be carried on. Management believes that it is reasonable to expect the business of the Partnership to produce a cumulative profit over the expected period that the business will be carried on by the Partnership. In the February 23, 2005 Federal Budget, (the "2005 Budget") the Minister of Finance indicated that a revised legislative proposal will be released at an early opportunity for public comment.

Currently, a trust will not be considered to be a mutual fund trust if it is established or maintained primarily for the benefit of non-residents unless all or substantially all of its property is property other than taxable Canadian property as defined in the Tax Act. On September 16, 2004, the Minister of Finance (Canada) released draft amendments to the Tax Act (the "September 16 Proposals"), under which a trust would lose its status as a mutual fund trust if the aggregate fair market value of all units issued by the trust held by one or more non-resident persons or partnerships that are not Canadian partnerships (or any combination thereof) is more than 50% of the aggregate fair market value of all the units issued by the trust, where more than 10% (based on fair market value) of the trust's property is taxable Canadian property or certain other types of property. If the September 16 Proposals are enacted as proposed, and if, at any time, more than 50% of the aggregate fair market value of Units of the Trust were held by non-residents and partnerships other than Canadian partnerships (or any combination thereof), the Trust would thereafter cease to be a mutual fund trust. The September 16 Proposals do not currently provide any means of

rectifying a loss of mutual fund trust status. On December 6, 2004, the Minister of Finance indicated that the September 16 Proposals are being further considered.

On September 8, 2005, the Department of Finance (Canada) released a consultation paper on tax and other issues related to publicly listed flow-through entities such as income trusts and limited partnerships and invited interested parties to make submissions prior to December 31, 2005. In addition, on September 19, 2005, the Minister of Finance (Canada) announced that he had requested that the CRA postpone providing advanced income tax rulings respecting flow-through entities effective immediately, that the Department of Finance (Canada) was closely monitoring developments in the flow-through entity market with a view to proposing measures in relation to the consultations and that consideration would be given to what, if any, transitional measures were appropriate. On November 23, 2005, the Minister of Finance (Canada) announced the end of this consultation process and no legislative amendments were proposed to change the taxation of income trusts or to impose tax on holdings of “restricted investment properties”. Instead the Minister of Finance (Canada) has tabled a Notice of Ways and Means Motion that will enhance the dividend gross-up and tax credit mechanism applicable to dividends paid by certain corporations after 2005. In addition, the CRA will resume providing advance income tax rulings in respect of flow-through entities.

On October 31, 2006, the Canadian Government announced a “Tax Fairness Plan” that would, among other things, create a new tax regime for publicly traded income trusts including the Fund. Under the proposed rules, the taxable portion of an income trust’s distributions would be subject to taxation in a manner similar to the treatment of taxable income within a corporation. For existing income trusts, the new rules would not become applicable until 2011 provided they limit their expansion to “normal growth” prior to that year. On December 15, 2006 the Government issued guidelines with respect to what it would consider “normal growth” for existing income trusts that wish to ensure that they don’t become subject to the proposed tax rules until 2011. Under these guidelines, the amount of equity units that an income trust can issue to finance growth up to 2011 may not exceed the value of its publicly traded equity units on October 31, 2006 (subject to annual limits). The guidelines do not explicitly limit the amount of debt that an income trust can issue to fund growth, although as a practical matter this will be constrained by credit considerations and/or financial covenants.

On December 21, 2006, the Government released draft legislation for comment. Considerable uncertainty still exists as the draft legislation does not fully address all aspects of the tax regime introduced in the Tax Fairness Plan (including the “normal growth guidelines”). Further, the proposed legislation is now subject to review by a Parliamentary committee through an expedited public hearing process. Timing for enactment of the legislation by Parliament remains uncertain.

If enacted in their present form, the proposed tax changes would, all other things being equal, likely result in a reduction of cash available for distribution from the Fund commencing in 2011. With respect to the proposed limitations on equity unit issuances, the Data Group believes that the Fund should be able to fund its currently identified growth plan. However, with the current uncertainty in the capital markets resulting from the proposed tax changes, there can be no assurance that sufficient capital will be available to fund further acquisitions or expansion projects. The Data Group, with input from external legal and financial advisors, is closely monitoring legislative developments and carefully assessing the impact of the proposed legislation on the business and financial outlook of the Fund and its broader effect on the income trust sector as a whole, all with a view to adopting a strategy that will maximize value to unitholders going forward once legislative framework is finalized.

### ***Dependence of the Fund on the Data Group***

The cash distributions to the Unitholders are entirely dependent on the ability of the Data Group to pay its interest obligations under the Notes, and dividends or other distributions on its common shares. Distributions to the Unitholders are entirely dependent on the ability of the Fund to pay its operating expenses and to pay distributions. In the conduct of the business of the Data Group, it pays expenses and incurs debt and obligations to third parties. These expenses, debts and obligations could impact the ability of the Data Group to produce positive operating results. The Fund’s ability to pay distributions is also subject to the risks encountered by the Data Group in the operation of its business and the results of operations and financial condition of the Data Group.

### ***Credit Facility and Restrictive Covenants***

The Data Group had third party debt service obligations under the Previous Credit Facility and will continue to have third party debt obligations under the Amended Credit Facility. The degree to which the Data Group is leveraged could have important consequences to the holders of the Units, including: (i) a portion of the Data Group’s cash flow from operations is dedicated to the payment of the principal of and interest on its indebtedness, thereby reducing funds available for distribution to the Fund; and (ii) certain of the Data Group’s borrowings are at variable rates of interest, which exposes the Data Group to the

risk of increased interest rates. The Data Group's ability to make scheduled payments of principal and interest on, or to refinance, its indebtedness depends on its future operating performance and cash flow, which are subject to prevailing economic conditions, prevailing interest rate levels, and financial, competitive, business and other factors, many of which are beyond its control.

The Amended Credit Facility contains numerous restrictive covenants that limit the Data Group with respect to certain business matters. These covenants place restrictions on, among other things, the ability of the Data Group to incur additional indebtedness, to create liens or other encumbrances, to pay distributions or make certain other payments, investments, loans and guarantees and to sell or otherwise dispose of assets and merge or consolidate with another entity. A failure to comply with the obligations in the agreements in respect of the Amended Credit Facility could result in an event of default which, if not cured or waived, could permit acceleration of the relevant indebtedness. If the indebtedness under the Amended Credit Facility were to be accelerated, there can be no assurance that the Data Group's assets would be sufficient to repay in full that indebtedness.

### ***Amended Credit Facilities***

The Amended Credit Facilities have a three-year term. The Data Group may need to refinance the Amended Credit Facilities at the conclusion of its term, and there can be no assurance that the Data Group will be able to do so or able to do so on terms as favourable as the Amended Credit Facilities. If the Data Group is unable to refinance the Amended Credit Facilities or is only able to refinance the Amended Credit Facilities on less favourable and/or more restrictive terms, this may have a material adverse effect on the Data Group's financial position, which may result in a reduction or suspension of cash distributions to Unitholders. In addition, the terms of any new credit facilities may be less favourable or more restrictive than the terms of the Amended Credit Facilities, which may indirectly limit or negatively impact the ability of the Fund to pay cash distributions to Unitholders.

### ***Cash Distributions are Not Guaranteed and Will Fluctuate with the Data Group's Performance***

Although the Fund intends to distribute the income earned by the Fund less expenses of the Fund and amounts, if any, paid by the Fund in connection with the redemption Units, there can be no assurance regarding the amounts of income to be generated by the Fund or the Data Group. The actual amount distributed in respect of the Units depends upon numerous factors, including profitability, fluctuations in working capital, obligations under applicable credit facilities, the sustainability of margins, capital expenditures and payment of distributions by the Data Group. The market value of the Units may deteriorate if the Fund is unable to meet its distribution targets in the future and that deterioration may be material. In addition, the composition of cash distributions for tax purposes may change over time and may affect the after-tax return for investors.

### ***Nature of Units***

Securities such as the Units share certain attributes common to both equity securities and debt instruments. The Units do not represent a direct investment in the Data Group and should not be viewed by investors as units in the Data Group or Relizon Canada. As holders of Units, Unitholders will not have the statutory rights normally associated with ownership of shares of a corporation including, for example, the right to bring "oppression" or "derivative" actions. The Units represent a fractional interest in the Fund. The Fund's only assets will be securities of the Data Group and Relizon Canada. The price per Unit is a function of anticipated distributable cash of the Fund. The Units are not "deposits" within the meaning of the *Canadian Deposit Insurance Act* and are not insured under the provisions of that Act or any other legislation. Furthermore, the Fund is not a trust company and, accordingly, is not registered under any trust and loan company legislation as it does not carry on the business of a trust company.

### ***Possible Unitholder Liability***

The Declaration of Trust provides that no Unitholder shall be subject to any liability whatsoever to any person in connection with a holding of Units. However, in jurisdictions outside the Provinces of Ontario, Quebec and Alberta, there remains a risk, which is considered by the Fund to be remote in the circumstances, that a Unitholder could be held personally liable, despite such statement in the Declaration of Trust, for the obligations of the Fund to the extent that claims are not satisfied out of the assets of the Fund. The affairs of the Fund will be conducted to seek to minimize such risk.

### ***Restrictions on Potential Growth***

The payout by the Data Group of substantially all of its operating cash flow will make additional capital and operating expenditures dependent on increased cash flow or additional financing in the future. Lack of such funds could limit the future growth of the Data Group and the related cash flow to the Fund.

### ***Structural Subordination of the Units***

In the event of a bankruptcy, liquidation or reorganization of the Data Group, holders of certain of their indebtedness and certain trade creditors will generally be entitled to payment of their claims from the assets of the Data Group before any assets are made available for distribution to the Fund. The Units will be effectively subordinated to most of the indebtedness and other liabilities of the Data Group. Except for restrictions under the Data Group's credit facility, the Data Group is not limited in its ability to incur secured or unsecured indebtedness.

### ***Distribution of Securities on Redemption or Termination of the Fund***

It is anticipated that the redemption right will not be the primary mechanism for Unitholders to liquidate their investments. Upon a redemption of Units or termination of the Fund, Trustees may distribute securities of the Data Group directly to the Unitholders, subject to obtaining all required regulatory approvals. There is currently no market for the securities of the Partnership. In addition, securities of the Partnership are not freely tradable and are not currently listed on any stock exchange and no established market is expected to develop in such securities or Notes. Securities of the Partnership so distributed may not be qualified investments for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans and registered education savings plans, depending upon the circumstances at the time.

### ***The Fund May Issue Additional Units Diluting Existing Unitholders' Interests***

The Declaration of Trust authorizes the Fund to issue an unlimited number of Units for such consideration and on such terms and conditions as shall be established by Trustees without the approval of any Unitholders. The Unitholders will have no pre-emptive rights in connection with such further issues.

### ***Effect of Market Interest Rates on Price of Units***

One of the factors that may influence the price of the Units in public trading markets will be the annual cash-on-cash return from distributions by the Fund on the Units as compared to cash-on-cash returns on other financial instruments. Thus, an increase in market interest rates will result in higher cash-on-cash returns on other financial instruments, which could adversely affect the market price of the Units.

### ***Investment Eligibility***

There can be no assurance that the Units will continue to be qualified investments for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans and registered education savings plans under the Tax Act. The Tax Act imposes penalties for the acquisition or holding of non-qualified or ineligible investments.

## **MATERIAL CONTRACTS**

The only material contracts entered into by any of the Fund or the Partnership prior to or during the year ended December 31, 2006, other than in the ordinary course of business, are as follows:

- the Share Purchase Agreement;
- the Trust Indenture;
- the Amended and Restated Credit Agreement; and
- the Underwriting Agreement.

Each of the foregoing documents is on SEDAR at [www.sedar.com](http://www.sedar.com).

## **LEGAL PROCEEDINGS**

The Data Group is threatened from time to time with, or is named as a defendant in, various legal proceedings, including lawsuits based upon product liability, personal injury, breach of contract and lost profits or other consequential damages claims in the ordinary course of conducting its business. A significant judgment against the Company, or the imposition of a significant fine or penalty, as a result of a finding that the Data Group has failed to comply with laws or regulations. The result of these proceedings cannot be predicted with certainty. There can be no assurance that these matters will not have a material adverse effect on the Data Group's results of operations in any future period, and a substantial judgment could have a material adverse impact on the Data Group's business, financial condition, liquidity and results operations.

The Data Group has received a letter on behalf of a former executive of Relizon Canada asserting certain entitlements arising from the termination of the former executive's employment following the completion of the Relizon Canada Acquisition. The letter indicates that the former executive may commence legal proceedings in respect of this matter. To date, no such proceedings have, to the knowledge of the Fund, been commenced. The amount claimed by the former executive is not currently determinable.

## **PROMOTER**

The Data Group was considered to be a promoter of the Fund in connection with the Offering. See "Corporate Information" and "Business of the Partnership".

## **TRANSFER AGENT AND REGISTRAR**

The transfer agent and registrar for the Units is Computershare Investor Services Inc. at its principal transfer office in Toronto.

## **AUDITORS**

The auditors of the Fund are PricewaterhouseCoopers LLP, Chartered Accountants, Toronto, Ontario. The auditors of the Fund were first appointed on November 15, 2004, pursuant to the provisions of the Declaration of Trust.

## **INTEREST OF EXPERTS**

PricewaterhouseCoopers LLP are the auditors of the Fund. The partners of PricewaterhouseCoopers LLP beneficially own, directly or indirectly, less than 1% of any class of securities issued by the Fund.

## **ADDITIONAL INFORMATION**

Additional information relating to the Fund may be found on SEDAR at [www.sedar.com](http://www.sedar.com).

Additional information, including trustees', directors' and officers' remuneration and indebtedness, principal holders of securities and securities authorized for issuance under equity compensation plans, if applicable, is contained in the Fund's information circular for its most recent annual meeting of unitholders that involved the election of trustees.

Additional financial information is provided in the Fund's financial statements and management's discussion and analysis for the year ended December 31, 2006.

## GLOSSARY

“**2006 Offering**” has the meaning given to it under “Principal Agreement—Underwriting Agreement”.

“**Acquisition**” has the meaning given to it under “Corporate Information – Development of the Fund”.

“**Acquisition Agreement**” means the agreement between the Fund, WF Holdings, Inc., the Partnership and WFIH, Inc. pursuant to which, among other things, the Fund purchased all of the issued and outstanding common shares in the capital of the Partnership from WFIH, Inc. See “Corporate Information – Development of the Fund”.

“**affiliate**” has the same meaning as “**affiliated entity**” as set out in Ontario Securities Commission Rule 45-501, as in effect on the date hereof.

“**Amended Credit Facilities**” has the meaning given to that term under “Principal Agreements—Credit Facility”

“**Audit Committee**” means the audit committee of the board of trustees of the Fund.

“**CRA**” means the Canada Revenue Agency.

“**CDS**” means The Canadian Depository for Securities Limited.

“**CDS Participant**” means a participant in the CDS depository service.

“**Closing Market Price**” has the meaning given to that term under “Description of the Fund — Redemption Right”.

“**Partnership**” and “**Data Group**” means Data Business Forms Limited.

“**Compensation Committee**” means the compensation committee of the board of directors of the Partnership.

“**Credit Facility**” has the meaning given to that term under “Principal Agreements – Credit Facility”.

“**DBFL**” means Data Business Forms Limited.

“**Declaration of Trust**” means the declaration of trust dated November 15, 2004 pursuant to which the Fund was established, as amended and restated on December 14, 2004 and September 30, 2006 and as the same may be further amended, supplemented or restated from time to time.

“**Environmental Laws**” means Canadian federal, provincial and local environmental laws and regulations, including those governing the use, storage, treatment, transportation and disposal of solid and hazardous materials, the emission or discharge of such materials into the environment, and the remediation of contamination associated with such disposal or emissions.

“**Exchangeable Securities**” means any securities that are exchangeable, directly or indirectly, for Units.

“**Fund**” means The Data Group Income Fund, an unincorporated, open-ended, limited purpose trust established under the laws of the Province of Ontario.

“**GAAP**” means Canadian generally accepted accounting principles.

“**General Partner**” means Data Business Forms Limited, as general partner of the Partnership.

“**Governance Committee**” means the governance committee of the board of trustees of the Fund.

“**In Specie Redemption Price**” has the meaning given to that term under “Description of the Fund — Redemption Right”.

“**Market Price**” has the meaning given to that term under “Description of the Fund — Redemption Right”.

“**Maturity Date**” has the meaning given to that term under “Principal Agreements—Indenture”.

“**Monthly Limit**” has the meaning given to that term under “Description of the Fund — Redemption Right”.

“**Non-resident**” means a non-resident of Canada within the meaning of the Tax Act.

“**Offering**” has the meaning given to it under “Corporate Information – Development of the Fund”.

“**Partnership**” means The Data Group Limited Partnership.

“**Person**” means a natural person, partnership, limited partnership, limited liability partnership, corporation, joint stock Partnership, trust, unincorporated association, limited liability Partnership, joint venture or other entity or governmental or regulatory authority or entity.

“**Previous Credit Facility**” has the meaning given to that term under “Principal Agreements—Credit Facility”.

“**Redemption Price**” has the meaning given to that term under “Description of the Fund — Redemption Right”.

“**Special Resolution**” means a resolution of the Unitholders passed by not less than 66 2/3% of the votes cast, either in person or by proxy, at a meeting of Unitholders called for the purpose of approving such resolution, or approved in writing by the holders of not less than 66 2/3% of the Units entitled to vote on such resolution

“**subsidiary**” has the same meaning as “subsidiary entity” as set out in Ontario Securities Commission Rule 45-501, as in effect on the date hereof.

“**Tax Act**” means the *Income Tax Act* (Canada) and regulations thereunder, as amended.

“**Trust Indenture**” has the meaning given to it under “Principal Agreements – Trust Indenture”.

“**TSX**” means the Toronto Stock Exchange.

“**Underwriters**” means, collectively, CIBC World Markets Inc., TD Securities Inc., BMO Nesbitt Burns Inc., National Bank Financial Inc. and Scotia Capital Inc.

“**Underwriting Agreement**” means the underwriting agreement dated December 14, 2004 between the Fund, the Partnership, the Underwriters and WF Holdings, Inc. pursuant to which the Offering was completed.

“**Unit**” means a unit of the Fund, each such unit representing an equal undivided beneficial interest therein.

“**Unitholders**” means, at the relevant time, the holders of the Units.

## SCHEDULE A

### THE DATA GROUP INCOME FUND

#### AUDIT COMMITTEE CHARTER

- A. Name**
- B. Purpose**
- C. Composition of Committee, Constitution and Frequency of Meetings**
- D. Responsibilities**

**A. Name**

There will be an Audit Committee (“Audit Committee”) of the board of trustees (the “Board”) of The Data Group Income Fund (the “Fund”).

**B. Purpose**

The purpose of the Audit Committee, as delegated by the Board, is to provide oversight and make recommendations to the Board with respect to the Fund’s compliance with all financial disclosure and legal and regulatory requirements relating thereto and provide oversight of accounting systems and internal controls, the quality and integrity of the financial reports and the independence, qualification and performance of the Fund’s external auditors (“External Auditors”).

In exercise of its oversight, it is not the duty or responsibility of the Audit Committee or its members to: (1) plan or conduct audits; or (2) determine that the financial statements are complete and accurate and are in accordance with generally accepted accounting principles.

Management (“Management”) of The Data Group Limited Partnership is responsible for: (1) the preparation, presentation and integrity of the Fund’s financial statements; (2) maintaining appropriate accounting and financial reporting principles and policies and systems of risk assessment and internal controls and procedures designed to provide reasonable assurance that assets are safeguarded and transactions are properly authorized, recorded and reported in accordance with accounting standards and applicable laws and regulations.

**C. Composition of Committee, Constitution and Frequency of Meetings**

The Audit Committee will consist of three members, one of whom is the Chair, all as determined by the Board. At an Audit Committee meeting a quorum will be not less than a majority of its members. New Audit Committee members will participate in such training and orientation as may be deemed by the Board or the Governance Committee to be necessary or appropriate in the circumstances.

The Audit Committee members will satisfy the independence and financial literacy requirements of applicable legislation and stock exchange rules.

At least one member of the Audit Committee must have accounting or related financial expertise, which must involve: (1) an understanding of the accounting principles used by the Fund to prepare its financial statements; (2) the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves; (3) experience in the preparation, auditing, analyzing or evaluating financial statements that present a breadth and complexity of issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Fund’s financial statements, or experience actively supervising one or more persons engaged in such activities; (4) an understanding of internal controls and procedures for financial reporting; and (5) an understanding of audit committee functions.

The Audit Committee will meet at least quarterly and more frequently as the Audit Committee, in its discretion, deems desirable. The Audit Committee can, in its discretion, invite others to attend its meetings. The Audit Committee will

meet separately with Management and the External Auditors periodically, as it deems necessary, but not less than annually.

The Audit Committee will have the authority to: (1) engage independent counsel and other advisors, as it determines necessary to carry out its duties; and (2) set and pay the compensation for any advisors employed by the Audit Committee.

The Chair of the Audit Committee will, on behalf of the Audit Committee, report to the Board on matters considered by the Audit Committee, its activities and compliance with this Charter.

At least annually the Audit Committee will perform a self-evaluation to: (1) determine the Committee's effectiveness; (2) evaluate Committee succession plans related to Committee membership; and (3) review and assess the adequacy of this Charter and, if required, recommend changes to the Board.

## **D. Responsibilities**

### **1. Duties with Respect to the Appointment and Work of the External Auditors**

- The External Auditors will both report to, and be ultimately accountable to, the Audit Committee and the Board as the representatives of the unitholders and be responsible for planning and carrying out the audit of the annual financial statements of the Fund.
- The Audit Committee will recommend to the Board: (1) the External Auditors to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Fund; and (2) the compensation of the External Auditor.
- The Audit Committee will be directly responsible for the oversight of the work of the External Auditors which will include the following:
  - (i) review of the mandate of the External Auditors;
  - (ii) review of the independence of the External Auditors including the rotation of the partners assigned in accordance with applicable laws and professional standards, the internal quality control findings of the External Auditors' firm and peer reviews, and both the nature of and amount of non-audit fees;
  - (iii) review of the performance of the External Auditors including the relationship between the External Auditors and Management and the evaluation of the lead partner of the External Auditors, taking into account the opinions of Management;
  - (iv) removal of the External Auditors if circumstances warrant, after due inquiry and discussion with the External Auditor;
  - (v) review analyses prepared by Management or the External Auditors setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements;
  - (vi) resolution of any disagreements with Management; and
  - (vii) review of any audit problems or difficulties with Management's response.
- The Audit Committee will discuss with the External Auditors the critical accounting policies and practices and be advised of alternative accounting treatments of financial information and the treatment preferred by the External Auditor.

- The Audit Committee will also receive all material written communications between the External Auditors and Management including the Management letter and schedule of unadjusted differences.
- The Audit Committee will discuss with the External Auditors and then approve the audit plan, scope, responsibilities, budget, staffing, the objectives, coordination, reliance upon Management, general audit approach, audit and related fees, the responsibilities of Management, and the External Auditors and timing.
- The Audit Committee will pre-approve all review or attest engagements and non-audit services, which the External Auditors may perform for the Fund or its subsidiaries in each case including fees. The Audit Committee may delegate to one of its members the approval of such services. In such instances, the items approved will be reported to the Audit Committee at its next scheduled meeting following such pre-approval.
- The Audit Committee will review the practices related to the hiring of partners, employees or former partners and employees of the present and former External Auditors to ensure compliance with the rules of any applicable regulatory authority or stock exchange.

## **2. Financial Reporting and Compliance**

- The Audit Committee will review and discuss with Management and the External Auditors where appropriate, the following financial documents and reports prior to public disclosure:
  - (i) annual audited financial statements including the report of the External Auditors to unitholders of the Fund and quarterly financial statements, including disclosures made in Management's Discussion and Analysis of Financial Condition and Results of Operations;
  - (ii) all press releases discussing earning results or prospective earnings results, including pro forma or adjusted non-GAAP information;
  - (iii) all certifications that may be made by the Chief Executive Officer and the Chief Financial Officer of The Data Group Limited Partnership on the annual or quarterly financial results, disclosure controls and procedures and internal controls over financial reporting;
  - (iv) any legal, tax or regulatory matters that may have a material impact on the Fund's or its subsidiaries' operations and financial statements; and
  - (v) any financial information contained in any prospectus, information circular or other disclosure documents or regulatory filings containing financial information of the Fund or its subsidiaries.
- The Audit Committee will ensure that adequate procedures are in place for the review of the Fund's public disclosure of financial information extracted or derived from the Fund's financial statements and will periodically assess the adequacy of those procedures.
- The Audit Committee will oversee any auditing or accounting reviews or similar procedures or investigations.
- The Audit Committee will review, as appropriate, any report required by the appropriate regulatory authority to be included in the annual management information circular related to the matters covered by this Charter including the disclosure of the External Auditors' services and fees, Audit Committee members and their qualifications and activities of the Audit Committee.
- The Audit Committee will, if necessary launch special investigations with full access to books, records, facilities and personnel of the Fund and its subsidiaries.

- The Audit Committee will review and approve any report to unitholders and others required by applicable laws or regulations or stock exchange requirements stating whether it has:
  - (i) reviewed and discussed the audited financial statements with Management and the External Auditors, as appropriate;
  - (ii) received from the public accountants all reports and disclosures required under legal, listing and regulatory requirements and this Charter and have discussed such reports with the External Auditors, including reports with respect to the independence of the External Auditors; and
  - (iii) based on the reviews and discussions referred to in clauses (i) and (ii) above, recommend to the Board that the audited financial statements be included in the annual report.

### **3. Financial Reporting Processes, Accounting Policies and Standards**

- The Audit Committee will review with Management major issues regarding accounting principles and financial statement presentations, including any significant changes in the selection or application of accounting principles and use of material estimates and judgement in preparing the financial statements. This will also include a review of analyses prepared by Management setting forth the impact of alternative GAAP methods and their impact on the financial statements.
- The Audit Committee will review all related party transactions entered into by the Fund or its subsidiaries.
- The Audit Committee will also review the use of material special purpose entities and the business purpose and economic effect of material off balance sheet transactions, arrangements, obligations, guarantees and other relationships of the Fund and its subsidiaries; the treatment for financial reporting purposes of any significant transactions which are not a normal part of operations, including any material off-balance sheet financing; legal including unasserted claims, tax or regulatory matters that may have a material impact on the operations and financial statements including the use of any “pro forma” or “adjusted” information not in accordance with generally accepted accounting principles.

### **4. Internal Controls**

- Management is responsible for designing an effective system of internal control. The Audit Committee will oversee the activities of Management in implementing policies and procedures that ensure the risks are identified and that controls are adequate, in place and functioning properly.
- The Audit Committee will review any major issues regarding the adequacy of the internal controls and the actions being taken in light of any material control deficiencies. This will include a review of internal control findings made by Management and the External Auditors. The Audit Committee will also discuss with the External Auditors the major accounting risk exposures and the steps Management has undertaken to control them.
- Management is responsible for reviewing, subject to Audit Committee oversight, the adequacy and effectiveness of the system of internal controls.
- The Audit Committee will participate in the appointment, promotion or dismissal of the Chief Financial Officer and/or Controller and help determine his or her qualifications, access and compensation.

**5. Other**

- The Audit Committee will have procedures for the receipt, retention and treatment of complaints received by the Fund or its subsidiaries regarding accounting, internal accounting controls or auditing matters and for the confidential, anonymous submission by employees of the Fund or its subsidiaries of concerns regarding questionable accounting or auditing matters.
- Management will report to the Audit Committee on a timely basis all discovered incidents of fraud within the Fund or its subsidiaries, regardless of monetary value.
- The Audit Committee will at least annually provide oversight of the Fund's and its subsidiaries' risk management policies including environmental risks, disaster recovery and business continuity plans, investment policies and insurance coverage.