

EVENT: THE DATA GROUP INCOME FUND Q1 RESULTS  
CONFERENCE CALL  
TIME: 11:00 E.T.  
REFERENCE: DATA GROUP INCOME FUND-CC-051007  
LENGTH: APPROXIMATELY 15 MINUTES  
DATE: MAY 10, 2007

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OPERATOR: Good morning, ladies and gentlemen. Thank you for standing by. Welcome to The DATA Group Income Fund first quarter 2007 results conference call. At this time, all participants are in a listen-only mode. If anyone has any difficulties hearing the conference, please press \* followed by 0 for operator assistance at any time.

I would like to remind everyone that this conference is being recorded today, Thursday, May 10<sup>th</sup>, 2007 at 11:00 a.m. Eastern time.

I will now turn the conference over to Mr. David Odell, President and Chief Executive Officer. Please go ahead, sir.

DAVID ODELL (President and Chief Executive Officer, The DATA Group Income Fund): Good morning, everyone, and thank you very much for taking the time to join us this morning to review our financial results for the first quarter of 2007.

Paul O'Shea, our CFO, is with me and we will be discussing the Fund's performance by division for the first quarter of the year.

Before we begin, I'll remind you that our remarks and our answers to your questions today may contain forward-looking information about future events on the Fund's performance. This information, by its very nature, is subject to risk and uncertainties that may cause actual results or events or results to differ materially. Also in today's conference call, all references to

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The DATA Group will mean the Fund together with its various business divisions and affiliated entities.

During the quarter, we continued to take steps to achieve our objective of realizing 7 million per year in pre-tax operating synergies and cost savings as a result of the Relizon acquisition on October 31<sup>st</sup> of 06. We're making great progress on this. I'm quite pleased with it and in fact, we will be raising the bar in terms of our own expectations in what's to be achieved there.

As you know, on March 1<sup>st</sup>, we announced a restructuring plan resulting in the closure of four plants, the elimination of 121 jobs and the transfer of 99 other jobs to different facilities. This restructuring, combined with our initiatives that we've completed to reduce general management, sales and administrative expenses, are expected to result in the achievement of these synergies and cost savings.

Revenue for the quarter ended March 31<sup>st</sup> was 104 million, an increase of 85.2 per cent compared to the same period in 2006. Net income for the quarter was 3.8 million, or \$0.16 per basic unit.

Adjusted EBITDA, earnings before interest, taxes, depreciation and amortization in the quarter was 10 million, or 9.6 per cent of revenue compared to 6.9 million, or 12.2 per cent of revenue in the same period.

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This is as we expected it to be, given the fact that as you may recall, Relizon's margins were lower than DATA Group's.

Our objective continues to be provide unitholders with steady, dependable and growing distributions. In our first quarter of 07, the Fund had total cash available for distribution of 7.4 million, or 0.314 per unit. Our distributions to unitholders was 6.8 million, or 2.90 per unit for a payout ratio of 92.4 per cent.

Of course, the first quarter includes 1.1 million in integration costs for the closure of DATA facilities, adjusting for the integration costs with increased cash available for distribution to 1.6 million and reduce the payout ratio to 80.8 per cent.

I'll now ask Paul to provide further details on the Fund's financial performance by division.

PAUL O'SHEA (Chief Financial Officer, The DATA Group Income Fund): Thanks, David.

David provided highlights for the quarter for the Fund. I'll provide some highlights by division and finish up with a summary of the balance sheet.

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I will start with the DATA East and West segment. Please note that this segment includes the operations of the Relizon Canada business for the quarter ended March 31, 2007.

In the current quarter, revenue at our DATA East and West segment increased 49.6 million, or 113.6 per cent to 93.2 million from 43.7 million from the same period in the prior year.

The increase in revenue in the quarter was due to a number of factors. The principal factor for the increase was the acquisition of Relizon Canada in August of 2006. The other factors which affected revenue in the first quarter of 2007 were increased sales of variable imaging and lottery slips and laser cut sheets offset by declines in direct mail and traditional business forms.

Gross profit in the quarter increased 11.5 million to 24.3 million from 12.7 million in the same period of 2006. The gross profit as a percentage of revenue declined to 26 per cent from 29.2 per cent for the same period in 2006.

As David mentioned earlier, this is expected and the decline in gross profit percentage was due to the lower margins in the Relizon Canada business.

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As part of the Fund's restructuring plan announced on March 1<sup>st</sup>, 2007 the Fund will close three of its plants located in Hemmingford, Quebec, Orangeville, Ontario, and Medicine Hat, Alberta. These plant closures are designed to reduce excess production capacity within the DATA East and West segment following the combination of the former Relizon Canada and DBFL businesses.

Revenues at the Sun Dog division declined \$500,000 from 7.5 million in the first quarter of 2006 to 6.9 million in 2007. The decrease in revenue was due to a general softness for commercial printing in the Alberta market in the first quarter of 2007 and decreases in some quantities of annual reports.

For the quarter ended March 31, 2007 gross profit decreased 8.8 per cent to 2.5 million from 2.7 million in 2006. Gross profit as a percentage of revenue decreased to 35.7 per cent from 36.3 per cent in the comparable period of 2006. The decline in gross profit was due to the reasons outlined previously with respect to the decrease in revenue which resulted in lower press utilization.

Revenue at our Multiple Pakfold segment decreased 900,000 to 5.3 million in the first quarter of 2007 from 6.2 million in the same period of 2006. The decrease in revenue in the quarter was due to disruption in the

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operations at the Dorval facility as a result of the announcement on March 1, 2007 of the closure of the facility.

In addition, the segment continues to experience sales declines in traditional business forms. For the quarter ended March 31, 2007 gross profit decreased by 200,000 to 900,000 for the same period in 2006. The gross profit margin was 16.2 per cent compared to 18.3 per cent in 2006. The decline was due to the reasons stated earlier.

In terms of capex, we spent 1.1 million in the quarter. As we have said previously, we'll continue to fund necessary maintenance capital expenditures with cash flow from operations.

Some highlights from the balance sheet as at March 31, 2007. Cash and cash equivalents were 1.4 million; total current assets were 103.6 million, total assets were 383.8 million; total current liabilities were 56.2 million; term credit facility, future income tax and pension obligations were 118.1 million; and total unitholder equity was 209.5 million.

I'll now turn it back to David for some closing remarks.

DAVID ODELL: Thanks, Paul. In closing, I'd like to say that we're very excited at this point in time with how we see the business. We're confident that we'll continue to meet our objectives, thanks to the support of our customers, the dedication of our employees, the excellent job our

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management team is doing in putting our integration... executing our integration plan and of course, our continued focus on our fundamental strategies.

So thank you very much for joining us. I'd like to turn it back to the operator and take any questions you may have.

OPERATOR: Thank you. Ladies and gentlemen, we will now conduct the question-and-answer session. Your questions will be polled in the order they are received. Please ensure you lift the handset if you are using a speakerphone before pressing any keys. One moment, please, for your first question.

Your first question comes from Sophia Taylor, of TD Newcrest. Please go ahead.

SOPHIA TAYLOR: Good morning.

DAVID ODELL: Good morning, Sophia.

SOPHIA TAYLOR: A couple of questions. I was wondering, in terms of the DATA East and West segment, do you or can you break out, I guess, the performance of Relizon Canada versus the existing or what was existing at the DATA East and West segment prior to the acquisition?

PAUL O'SHEA: No. We're not able to do that any longer as there's been a... we've taken a lot of steps to move business between plants so

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that as time has gone on, it's been very difficult to segregate the two businesses. And that's part of our integration plan is to be able to move things around, you know, orders around between plants.

SOPHIA TAYLOR: Okay.

DAVID ODELL: And let me just elaborate on that for a sec, for you, Sophia.

You know, in the business that Relizon had in the west, you know, in terms of manufacturing capability and footprint in the west, it was quite small. So there was considerable business of their western business that was sold in the west and produced the east and, of course, we made the appropriate changes to produce it in the most efficient plant from a cost and from a distribution standpoint.

SOPHIA TAYLOR: Okay. That makes sense to me. Okay, great. In terms of the synergies you expect to be had from the integration of Relizon Canada...

DAVID ODELL: Um-hmm.

SOPHIA TAYLOR: ... it sounds like everything is on track that way. I would wondering if you could comment though, perhaps before we get to that point, how you feel operations I guess are today, I guess leading up to it? I mean, is it all being very well received and that sort of...?

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DAVID ODELL: Sure. It's being very well received and I just can't say strongly enough how pleased I am with the job the team is doing, the new, combined team in putting it together.

You know, what needs to be kept in perspective here and going back a bit in history for your benefit, Relizon as a standalone, you know, produced in the 7, 8, 9 per cent EBITDA range whereas you'll recall DATA was north of 11. On a gross margin basis, that was say 25 to 26 in Relizon and 28 to 29 in DATA.

And so of course our objective is to bring those operations up to and above the former standard that we enjoy. To achieve that, you know, we have to get through the integration of the actual closure of the plants and the combination of the facilities and what have you. It's sort of, you know, a fundamental.

Second of all, there's some disciplines that we're installing in terms of estimating and pricing principles that were, I'll say, less than ideal on the other side.

So it takes some effort to, you know, get to that point in time. But we're ahead of schedule in terms of the plans that we have. And as I said in my opening remarks, you know, I'm raising the bar in terms of our expectations for synergies.

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SOPHIA TAYLOR: And that's helpful. Is there a number attached to raising that bar?

DAVID ODELL: Pardon me?

SOPHIA TAYLOR: Is there a number attached to raising that bar?

DAVID ODELL: No, I'm not going to give any guidance on that; but if you spend a moment and think about, you know, what we've done so far, you know, you'll I think conclude that we have delivered and that there's more to be done.

SOPHIA TAYLOR: Okay, great. And just to confirm, that 7 million number that you've disclosed, that is an estimate for 2008?

PAUL O'SHEA: Correct.

DAVID ODELL: That's right.

SOPHIA TAYLOR: Perfect.

DAVID ODELL: You'll remember, we said that in 07, the synergies we'd actually achieve this year would offset the cost of achieving them.

SOPHIA TAYLOR: Right. Right. Okay, great. And then last question is I guess a bit of a housekeeping question. I was wondering if I could please get an update on the incremental pension plan payments? They seem to surprise, I guess they were lower than expected for us this quarter?

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PAUL O'SHEA: Yes, we expect that for this year, based on the assumptions that we have right now, that this will be our run rate for the pension this year in the distributable cash table.

It's partly a factor of our funding strategy that we adapted, as you're aware, late last year to try and be neutral. So the positive steps we took on the former Relizon plan are impacting our overall numbers.

SOPHIA TAYLOR: So we have you at virtually nothing then in this quarter.

PAUL O'SHEA: We should continue. You know, given that assumptions remain the same for the rest of the year, that being interest rates and market returns.

SOPHIA TAYLOR: Right.

PAUL O'SHEA: We expect to be neutral this year.

SOPHIA TAYLOR: Okay, great. And is that something that is just a short-term outlook or...?

PAUL O'SHEA: Well, of course it's dependent on what happens with interest rates and market returns.

SOPHIA TAYLOR: Makes sense.

PAUL O'SHEA: But that's where we are.

SOPHIA TAYLOR: That's it.

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PAUL O'SHEA: That's where we see it today.

SOPHIA TAYLOR: Great. Thank you very much.

DAVID ODELL: Thank you.

OPERATOR: Ladies and gentlemen, if there are any additional questions at this time, you may queue up now. Mr. Odell, there are no further questions at this time.

DAVID ODELL: Thank you very much. We look forward to reporting our progress to you after the next quarter. Have a good day.

OPERATOR: Ladies and gentlemen, this concludes the conference call for today. Thank you for participating. Please disconnect your lines.

DAVID ODELL: Thanks.

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