

EVENT: THE DATA GROUP INCOME FUND  
SECOND QUARTER RESULTS CONFERENCE CALL  
TIME: 11H00 E.T.  
REFERENCE: CNW GROUP  
LENGTH: APPROXIMATELY 14 MINUTES  
DATE: AUGUST 7, 2009

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OPERATOR: Good morning ladies and gentlemen and thank you for standing by. Welcome to The Data Group Income Fund Second Quarter 2009 Results conference call. At this time, all participants are in a listen-only mode. Following the presentation, we will conduct a question and answer session for analysts and portfolio managers only. If anyone has any difficulties hearing the conference, please press star, followed by zero for Operator assistance at any time. I would like to remind everyone that this conference call is being recorded on Friday, August 7th, 2009 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 Income Fund): Good morning everyone and thank you for taking the time to join us to review The Data Group Income Fund's financial results for our second quarter of '09 and year-to-date ended June 30<sup>th</sup>. Paul O'Shea, our CFO, is with me and we will be discussing the fund's performance by division for the second quarter of '09 and year-to-date ended June 30<sup>th</sup>.

Before we begin, I'll remind you that our remarks and our answers to your questions today may contain forward-looking information. This information by its very nature is subject to risk and uncertainties that may

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cause actual events or results to differ materially from any conclusion, forecast or projection contained in our remarks or answers. Certain material factors or assumptions were applied in drawing the conclusions, forecasts or projections, including our remarks and answers and additional information about the applicable risk factors and assumptions are contained in the funds annual and quarterly continuous disclosure filings available on SEDAR.

Also, in today's conference call, all references we make to The Data Group will mean the fund together with its various business divisions and affiliated entities.

Many, or perhaps I should say most, of our customers have been impacted by the current economic environment and as a result, have reduced spending. Those factors have negatively affected the fund's revenues for the first six months of 2009. This decline in revenue has resulted in lower cash available for distribution and a payout ratio in excess of 100 percent for the first and second quarters of '09.

In response to this environment, we have initiated workforce reductions, changes to our pension plan and employee group benefit plans, and other measures to reduce costs. These measures are expected to lower The Data Group's operating expenses by approximately

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15 million on an annual basis. In addition, over the last month, we have secured new business which is expected to generate approximately 15 million in revenues over the next 12 months. Based upon The Data Group's current projected cash flow from operations, including expected revenues from new business wins, lower anticipated operating expenses as a result of recent cost reductions and the current strength in terms of liquidity and existing cash resources, we intend to maintain our monthly distributions on units at current levels for the foreseeable future. The fund's Board of Trustees will continue to closely monitor the fund's monthly distribution level in light of the fund's cash available for distribution and cash resources.

In terms of highlights for the quarter, the most significant challenge faced in the six months was the current domestic and global economic environment which weakened significantly since fall of 2008 and negatively impacted the fund's revenues over that period. Revenues for the quarter ended June 30<sup>th</sup> were \$84.3 million, a decrease of 10.1 percent compared to the same period in 2008. Net income for the second quarter of 2009 was 0.7 million or 0.03 per basic unit, adjusted EBITDA; that's earnings before interest, taxes, depreciation, amortization, gains on cancellation of convertible ventures and other changes in the quarter, were 7.4 million or

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8.8 percent of revenues compared to 10.7 million or 11.4 percent of revenues in the same period of 2008.

In our second quarter of 2009, the fund had total cash available for distribution of 5.8 million or 0.249 per unit. Our total distributions to unit holders during the quarter were 6.8 million or 0.290 per unit for a payout ratio of 116.5 percent compared to a pay ratio of 83.2 percent for the same period in 2008.

Turning to calendar year-to-date. Revenues were 174.7 million versus 194.8 million, a decrease of 10.3 percent. Net income for the six months ended June 30<sup>th</sup>, 2009 was 3.6 million or \$0.15 per basic unit compared to a net income of 9.6 million or 41 per basic unit for the same period in 2008. Adjusted EBITDA was 16.5 million or 9.5 percent of revenues compared to 22.9 million or 11.7 percent of revenues in 2008. Cash available for distribution for year-to-date June 30<sup>th</sup> '09 was 12 million or 0.513 per unit for a payout ratio of 113.1 percent.

I'll now ask Paul O'Shea to provide further detail on the fund's financial performance by divisions.

PAUL O'SHEA (Chief Financial Officer, The Data Group Income Fund): Thanks David. I'll start with the Data East and West segments.

Revenues of The Data Group's Data East and West segments for

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the quarter ended June 30, 2009 decreased 7.9 million or 9.2 percent to 77.3 million from 85.2 million for the same period in the prior year. Revenues for the six months ended June 30, 2009 decreased 17.1 million or 9.7 percent to 159.7 million from 176.7 million for the same period in the prior year. Revenues for the three and six months ended June 30, decreased due to lower spending from customers in the financial, government and direct mail industries as a result of the generally poor economic conditions that we experienced in the fourth quarter of 2008 and continued into the first six months of 2009. During the second quarter, this segment experienced declines in Western Canada similar to those encountered by the segment in Eastern Canada at the end of 2008 and during the first six months of 2009.

For the quarter ended June 30, gross profit decreased 4 million to 19.9 million from 23.9 million for the same period in 2008. Gross profits as a percentage of revenues for the quarter ended June 30, decreased to 25.8 percent from 28.1 percent for the same period. The decrease in gross profit as a percentage of revenues during the quarter ended June 30, 2009 was due to the lower revenues as discussed earlier. This segment continues to be focused upon improving productivity and efficiencies.

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For the six months ended June 30, 2009 gross profit decreased 8.9 million to 41.1 million from 50 million in the same period of 2008. Gross profit as a percentage of revenues for the six months ended June 30, decreased to 25.8 percent from 28.3 percent for the same period in 2008. The decrease in the gross profit as percent of revenues during the six months was due to lower revenues as discussed earlier.

Turning to our Sundog segment, revenues at the Sundog segment for the quarter ended June 30, decreased 1 million or 16.8 percent to 4.7 million from 5.7 million for the same period last year. Revenues for the six months ended June 30, 2009 decreased 2.1 million or 17.3 percent to 10 million from 12.1 million for the same period in the prior year. The decrease in revenues for the three and six months ended June 30, were due to poor economic conditions in Alberta which continue to negatively affect demand for commercial printing in that market.

For the quarter ended June 30, 2009 gross profit decreased 500,000 to 1.2 million from 1.7 million for the same period in 2008. Gross profit as a percentage of revenues for the quarter ended June 30, 2009 decreased to 25.3 percent from 29.3 percent for the same period in 2008. For the six months ended June 30, 2009 gross profit decreased 900,000 to 2.7 million from 3.6 million for the same period in 2008. Gross profit as a percentage

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of revenues for the six months ended June 30, 2009 decreased to 26.6 percent from 29.6 percent for the same period in 2008. The decrease in gross profit as a percentage of revenues was principally due to the revenue shortfall as mentioned earlier.

In our Multiple Pakfold segment, revenues for the quarter ended June 30, decreased 800,000 or 19 percent to 3.2 million from 4 million for the same period in the prior year. Revenue for the six months ended June 30, decreased 1.1 million or 13.6 percent to 6.9 million from 8 million in the same period in the prior year. Decline in revenues for the three and six months ended June 30, 2009 was attributable to the poor economic conditions which have resulted in a declining quoting activity, smaller order quantities and extended order cycles.

For the quarter ended June 30, 2009 gross profit decreased 200,000 to 200,000 from 400,000 for the same period in 2008. Gross profit as a percentage of revenues for the quarter were 7.4 percent compared to 9 percent for the same period in 2008. The decrease in gross profit as a percentage of revenues was due to the poor economic condition causing downward pricing pressures on this segment's products. For the six months ended June 30, 2009 gross profit decreased 100,000 to 700,000 from 800,000 for the same period of 2008. Gross profit as a percentage of

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revenues for the six months ended June 30, 2009 was 9.8 percent compared to 9.5 percent for the same period in 2008. The improvement in gross profit as a percentage of revenues for the first six months of 2009 was due to the initiatives undertaken in 2008 to improve operating efficiencies.

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

DAVID ODELL: Thanks Paul. All of us, whether it's on an individual basis or as investors or as companies, are trying to cope with unprecedented turmoil in an environment that makes it extremely difficult to forecast. As we look at things currently though, on a micro basis in terms of our own business, we continue to be cautiously confident that we will be able to maintain our current distributions of 1.1587 per unit for the foreseeable future. That point of view is based on several simple premises.

One, after ensuring that we maintain our bank covenants, our overriding priority is the maintenance of distribution. That's been our number one, number two and number three priorities since we went out as a trust and it's something that we're very committed to.

Two, and as I've told you before, we've built and maintained a strong balance sheet and cash position in order that we could weather economic

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down turns and be in a position to do what we needed to do to cope with those situations, and I'm not sure any of us anticipated this kind of severity but the fact is, we do have a strong balance sheet and cash position and so, you know, we're in a position to continue maintaining distributions for a period even if our payout ratio exceeds 100 percent.

Three, we have, and we'll continue to adjust our cost base, to reflect the harsh economic and market realities that we currently must endure. We don't like or enjoy the decisions the environmental realities demand that we take. It causes us great pain. However, we must recognize, accept and deal with reality as it is and not as it was or as we wished it were. Therefore, we'll be taking additional and significant steps to manage down costs throughout this year in order that we may survive and emerge from this period in an even stronger leadership position than when we entered the cycle.

Thank you for joining us today and I'll turn it back to the Operator to open it up to 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 speaker phone, before pressing any keys. One moment please.

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Gentlemen, we have no questions at this time. Please continue.

DAVID ODELL: All right. Thank you for joining us today. We look forward to speaking with you after our next quarter. Have a good day.

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

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