

EVENT: THE DATA GROUP INCOME FUND  
2009 FOURTH QUARTER RESULTS  
CONFERENCE CALL  
TIME: 11H00 E.T.  
REFERENCE: CNW GROUP  
LENGTH: APPROXIMATELY 47 MINUTES  
DATE: MARCH 4, 2010

---

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que Groupe CNW ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. Groupe CNW ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

OPERATOR: Good afternoon. My name is Natasha and I will be your conference operator today. At this time, I would like to welcome everyone to The DATA Group Income Fund 2009 Fourth Quarter Results Conference Call. All lines have been placed on mute to prevent any background noise. After the speakers' remarks, there will be a question and answer session. If you would like to ask a question during this time, simply press star, then the number one on your telephone keypad. If you would like to withdraw your question, press the pound key. Thank you.

David Odell, President and Chief Executive Officer, you may begin your conference.

DAVID ODELL (President and Chief Executive Officer, The DATA Group Income Fund): Thank you. Good morning, everyone, and thank you for taking the time to join us to review our financial results for the year end and fourth quarter of 2009. Paul O'Shea, our CFO, is with me and we will be discussing the Fund's performance by division for the fourth quarter of '09, and the year-to-date ended December 31st.

Before we begin, I will remind you that our remarks and our answers to your questions today may contain forward-looking information. This information, by its nature, is subject to risk and uncertainties that may cause actual events or results to differ materially from any conclusion,

---

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que Groupe CNW ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. Groupe CNW ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

forecast, or projection contained in our remarks or answers. Certain material factors or assumptions were applied in drawing the conclusions, forecast, or projections, including our remarks and answers, and additional information about the applicable risk factors and assumptions are contained in the Fund's annual and quarterly Continuous Disclosure filing available on SEDAR. Also, on today's conference call, all reference to The DATA Group will mean the Fund together with its various business divisions and affiliated entities.

2009 was a very difficult and volatile year for the Canadian economy, and our company, with its diverse roster of private and public sector clients in every region of the country, did not escape the impact of the recessionary forces that swept across Canada and the global economy. Our normally stable revenue fell by more than 10 percent during the first half of the year and would have fallen even further, as occurred with most of our industry peers, had we not achieved a number of significant new business wins.

In response to the onset of the economic downturn in late 2008, we also implemented a number of cost reduction and productivity enhancement measures. These measures worked. During the second half of the year, our earnings improved significantly. That improvement,

---

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que Groupe CNW ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. Groupe CNW ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

combined with the substantial financial reserves built from the synergies captured in the Relizon Canada acquisition, enabled us to fulfill the commitment of maintaining distributions of \$1.1587 a unit in 2009, at a time when many other trust corporations were slashing their distributions or dividends to investors.

Improvements in our financial and operating results also bolstered our financial strength as our balance of cash and equivalents ended the year at 11.7, million compared to 11.5 for the same time in 2008. These results underscore the effectiveness of our response to the economic downturn, and I'd like to thank our dedicated staff for the part that they played in this achievement. At the same time, despite the improvement in financial and operating results, I'm not prepared to declare, nor are we hearing from any of our customers, that the period of economic difficulty has passed. We are committed to maintaining a competitive cost structure no matter what the future may hold.

We also recognize that one of the major near-term uncertainties for our unitholders is the impact of the legislative changes for income trusts scheduled to take effect on January 1st, 2011. Since uncertainty is the enemy of investor confidence, the management and trustees of The DATA Group Income Fund have been working diligently to evaluate the Fund's

---

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que Groupe CNW ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. Groupe CNW ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

distribution policy and corporate structure in light of those changes. We also recognize that during this transitional year it will be important to maintain ongoing communication about our future plans and the reasons underlying them.

Our plans are being drawn up with the understanding an attractive yield is the main reason why investors were attracted and continue to invest in our units, so we do not intend to take any action that would reduce that yield prematurely. At the same time, we want to ensure an orderly transition to whatever corporate structure the Board of Trustees decides to adopt, while being able to take maximum advantage of incentives, such as the tax-free rollover window for transition to a new structure provided, being a specified investment flow-through entity legislation. Nor do we want to make premature judgments about issues such as conversion, which might eliminate certain strategic options. So we're putting a great deal of time and diligence against this, but we're not engaged in any kind of rushed judgment.

As we look to the future, it's clear that our primary challenge and first priority must be to establish a level of distributions that is sustainable over the long term. Our confidence in our ability to sustain a valuable income stream to investors is based on the same factors that made our

---

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que Groupe CNW ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. Groupe CNW ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

organization an excellent candidate to become an income trust in the first place, with stable revenues being supported by a large and diverse base of long-term clients; a leading position in many of the high-value markets that we serve; and an unrelenting focus on productivity and cost containment; financial strength and stability underpinned by reasonable capital investment requirements and a disciplined investment process; and an able and experienced staff of long-service employees. Those factors have enabled us to generate a significant stream of distribution to unitholders, totaling some 120.5 million for the end of 2009, since becoming an income trust at the end of 2004. We believe those same factors will enable us to continue generating meaningful income in the future.

It's also worth noting that after January 1st of next year, our distributions of earnings, whether we continue as a trust or convert to a corporation, will qualify for the dividend tax credit. As a result, for taxable individual investors holding their units outside of a registered plan, even a lower level of distributions could be quite comparable on an after-tax basis to what they are currently receiving.

In terms of highlights for the quarter, revenue for the quarter ended December 31st, 2009 was 90.7 million, compared to 96.5 million, a decrease of 6 percent, compared to the same period of 2008.

---

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que Groupe CNW ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. Groupe CNW ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

Net income for the fourth quarter was 6.2 million, or \$0.27 per basic unit, compared to a loss of 10 million in 2008, or \$0.43 per basic unit.

Adjusted EBITDA in the quarter was 9.1 million, or 10.1 percent of revenues, compared to 8.1, or 8.3 percent of revenues, in the same period of 2008.

In our fourth quarter of 2009, the Fund had total cash available for distribution of 7.2 million, or \$0.305 per unit, an increase of 25 percent over the fourth quarter of 2008. Our total distributions to unitholders during the quarter were 6.8 million, or \$0.29 per unit, for a payout ratio of 95.1 percent.

Turning to the calendar year-to-date, revenues were 349 million versus—almost 350 million versus 380.5 in 2008, a decrease of 8.1 percent.

Net income for the year ended December 31st, 2009 was 13 million, or \$0.56 per basic unit, compared to a net income of 700,000, or 0.3 per basic unit, for the same period in 2008.

Adjusted EBITDA was 34.8 million, or 9.8 percent of revenues, compared to 39.1, or 10.3, in 2008.

---

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que Groupe CNW ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. Groupe CNW ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

Cash available for distribution for the year ended December 31st, 2009 was 25.9 million, or \$1.103 per unit. Cash distributions were 27.2 million, or 1.16 per unit, for a payout ratio of 105.2 percent.

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

PAUL O'SHEA (Chief Financial Officer, The DATA Group Income Fund): Thanks, David. David provided highlights for the quarter and year-to-date for the Fund; I'll provide some highlights by segment and finish up with a summary of our CAPEX for the quarter.

I will start with the DATA East and West segment. Revenues at The DATA Group's DATA East and West segment for the quarter ended December 31, 2009 decreased 4.8 million, or 5.5 percent, to 83.5 million from 88.3 million for the same period in the prior year. Revenues for the year ended December 31, 2009 decreased 26.2 million, or 7.5 percent, to 320.9 million from 347 million for the same period in the prior year. Revenues for the three and 12 months 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 began in the fourth quarter of 2008, and continued throughout 2009.

---

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que Groupe CNW ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. Groupe CNW ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

During the second quarter of 2009, the segment experienced declines in Western Canada similar to those encountered in Eastern Canada at the end of 2008 and during 2009. In the second half of 2009, the segment experienced revenue gains from new business, primarily in Eastern Canada, which partially offset declines in revenues from existing customers.

For the quarter ended December 31, 2009, gross profit decreased 1.8 million to 20.8 million, from 22.6 million for the same period in 2008. Gross profit as a percentage of revenues for the quarter decreased to 24.9 percent from 25.6 percent for the same period in 2008. The decrease in gross profit as a percentage of revenues during the quarter ended December 31, 2009 was due to the lower revenues.

For the year ended December 31, 2009, gross profit decreased 11.9 million, or 12.7 percent, to 82.1 million from 94 million in the same period in 2008. Gross profit as a percentage of revenues for the year ended December 31, 2009 decreased to 25.6 percent from 27.1 percent for the same period in 2008. The decrease in gross profit was due to lower revenues offset by lower costs as a result of ongoing productivity improvement initiatives.

---

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que Groupe CNW ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. Groupe CNW ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

The new business revenues generated during the second half of 2009 contributed to a strong product mix with higher value added in margin. During the year ended December 31, 2009, the segment continued its ongoing productivity improvement initiatives which gave rise to additional severance costs and restructuring charges.

Turning now to our Sundog segment, revenues at Sundog for the quarter ended December 31, 2009 decreased 900,000, or 17.4 percent, to 4.4 million from 5.3 million for the same period in 2008. Revenues for the year ended December 31, 2009 decreased 3.3 million, or 14.5 percent, to 19.2 million from 22.5 million for the same period in the prior year. The decrease in revenues at Sundog were due to poor economic conditions in the principal market, in Sundog's principal market of Alberta, which continued to negatively affect demand for commercial printing in that market and primarily marketing materials.

For the quarter ended December 31, 2009, gross profit decreased 600,000 to 1 million, from 1.6 million for the same period in 2008. Gross profit as a percentage of revenues for the quarter ended December 31, 2009 decreased to 23.1 percent from 30.2 percent for the same period in 2008. For the year ended December 31, 2009, gross profit decreased 1.2 million, or 19.3 percent, to 5.1 million from 6.4 million in the same period of

---

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que Groupe CNW ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. Groupe CNW ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

2008. Gross profit as a percentage of revenues for the year decreased to 26.2 percent from 28.3 percent. The overall decrease in gross profit was due to the lower revenues, but was partially offset by lower costs as a result of ongoing productivity improvement initiatives implemented during 2008.

Revenues at DATA Group's Multiple Pakfold segment for the quarter ended December 31, 2009 decreased 500,000, or 13.1 percent, to 3.6 million from 4.1 million for the same period in the prior year. Revenues for the year ended December 31, 2009 decreased 2.1 million to 14 million from 16 million in the same period in the prior year. The declines in revenues for the three and 12 months were attributable to the poor economic conditions which have resulted in a decline in quoting activity, smaller order quantities, and extended reorder cycles.

For the quarter ended December 31, 2009, gross profit was 500,000 and was largely unchanged from the same period in 2008. Gross profit as a percentage of revenues for the quarter were 15.4 percent, compared to 12.3 percent for the same period in 2008. For the year ended December 31, 2009, gross profit was 1.7 million and was largely unchanged from the same period in 2008. Gross profit as a percentage of revenues for the year ended December 31, 2009 increased to 12 percent from 10.7 percent

---

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que Groupe CNW ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. Groupe CNW ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

for the same period in 2008. The improvement in gross profit for the year ended December 31, 2009 was due to the cost reduction initiatives undertaken in 2008 and 2009 to improve operating efficiency.

Turning now to our capital expenditures, capital expenditures for the year ended December 31, 2009 were \$2 million and were primarily related to maintenance capital expenditures, and were financed by cash flow from operations and net proceeds from asset dispositions. During the year ended December 31, 2009, The DATA Group sold its former Hemmingford, Quebec facility for gross proceeds of \$700,000. In addition, subsequent to the year-end, we have sold our Orangeville, Ontario facility for gross proceeds of 2.2 million.

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

DAVID ODELL: Thanks, Paul. Just let me comment on the real estate sales for a moment, for those of you on the call who haven't followed us throughout the entirety of our history as a public company. When we acquired Relizon, we picked up four owned premises which, as part of our plan and net cost, if you will, of what we paid for the business, we planned to dispose of for two reasons; first of all, some of them were, ended up being duplication, we didn't need all of that capacity; and second of all, we're not in the real estate business, so we're not in the business of

---

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que Groupe CNW ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. Groupe CNW ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

owning real estate. Paul's done a great job on that, and the sale of Orangeville completes the cycle of the four assets that we planned to sell.

Let me just finish up by saying that as I look at the business currently, we're confident that we'll be able to continue to meet our objectives. That's thanks to the support of our customers, the dedication of our employees, our continued focus on our fundamental strategies, the strength of our balance sheet, and the support of you, our shareholders.

So, I'd like to thank you for joining us today and turn it back to the Operator to open it up to any questions that you may have.

OPERATOR: At this time, I would like to remind everyone, in order to ask a question, press star, then the number one on your telephone keypad. We'll pause for just a moment to compile the Q&A roster. Your first question comes from the line of Lelio Lato from Industrial Alliance. Your line is open.

LELIO LATO: Good morning, gentlemen.

DAVID ODELL: Good morning, Lelio.

LELIO LATO: Just a couple of quick questions. Can you provide some comments on some of your end markets? Like, there's signs of life in advertising, I've seen, by some of the Torstar comments lately. Do you see some of that translating into some growth for your business?

---

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que Groupe CNW ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. Groupe CNW ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

DAVID ODELL: We don't see anything material at the moment. You know, the fall-off, Lelio, if you're referring to Torstar, particularly in retail advertising, has been pretty significant and beyond decreases that we experienced. So, I'm glad to see some bounce back there, it shows some promise at retail. We're seeing a few little signs; some of our customers involved in the distribution side of things, which is one of the things that I watch, are beginning to show a little bit more activity. But, as I said in my remarks, I'm hardly prepared to conclude that there's some kind of recovery in full effect, but if there is, we don't know about it.

LELIO LATO: Okay. Just on some forecasting issues, your general admin cost seems to have gone down quite a bit, from about 8 percent to around 6.5. Are there any one-time costs in there or recoveries that I'm missing?

PAUL O'SHEA: Remember that we said last quarter that we had taken some actions on our pension (unintelligible), so you would see that reflected in there.

LELIO LATO: Okay. Hence the ...

DAVID ODELL: We also completed the consolidation of our IT operations.

LELIO LATO: Okay.

---

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que Groupe CNW ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. Groupe CNW ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

DAVID ODELL: The transition with Relizon, right? So, we have custom systems, it takes a considerable time to integrate them and do it in a seamless way for clients, and that was completed in the year.

PAUL O'SHEA: Yes, it's just the cost reduction initiatives that we've been talking about all year.

LELIO LATO: Okay. So, we can expect some of those levels to continue going forward.

DAVID ODELL: Oh, yes.

PAUL O'SHEA: You should certainly see them through the first two quarters.

LELIO LATO: Okay. In terms of your budgeted CAPEX program for 2010, can we still assume that's 2 to 3 million, or am I off there?

DAVID ODELL: Nope, that's a safe assumption. I think I said to you in the couple of times that we talked that we have a very disciplined way of going about this, and thresholds have to be met in order to justify it. So, I would operate with that as we budgeted. There may be some opportunities in the marketplace that would perhaps allow us to come in under that, and that would be there'd been a couple of bankruptcies within the industry and we might pick up a couple of our current clients' requirements at a discount to what we had planned.

---

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que Groupe CNW ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. Groupe CNW ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

LELIO LATO: So, you can have bankruptcies. There's a lot of closures, plant closures, in the commercial printing side, from World Colour. I mean, do you see any opportunities in that segment? I know it's not a huge part of your business, but is there anything you would look at?

DAVID ODELL: That's a good question, and so let me explain it this way. We have one of the most successful commercial printers in North America in Calgary. When I say one "of the most successful", the measure there is operating profit to sales ratio compared to the industry on a North American basis. For quite some time, you know, we looked for opportunities to duplicate that capability in Eastern Canada, but, Lelio, again some very strict criteria. Immediate accretion, a company that was not—what would I say—that had some leverageable assets; which is to say, you know, I've looked at a bunch of commercial printers and if they're not bankrupt, the problem is that when you buy them, you get handed a big recap bill because everything needs to be replaced, and we'd want to have some leverage out of something, so the formula was a company with some level of profitability, with some leverage to the assets, because these are high fixed-asset businesses and therefore anything that you were able to fill in capacity-wise with all the fixed costs covered would be a win. There aren't many of those around and the commercial print segment, in

---

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que Groupe CNW ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. Groupe CNW ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

particular, gets hurt the most, you know, in a time of recession, because most of what gets produced in those things are marketing or marketing support-related items, and that's an easy thing for customers to cut when they're feeling the pinch themselves.

Lastly, in Northern Canada, the overcapacity dynamics are, as I say, considerable. So, that's why you've seen some bankruptcy there.

LELIO LATO: Okay. So, you would still consider looking at that segment for acquisitions.

DAVID ODELL: I would, but only against our criteria. What I'm trying to say is that I've been doing it for a while and I'm not actively looking because it ain't a healthy category.

LELIO LATO: Okay, fair enough. Moving on, I have to ask you what you think about the Bowne acquisition we've seen in the market. My understanding is that they were not a direct competitor in some of your sub-segments. What do you think of that deal?

DAVID ODELL: Well, to be honest, I haven't looked at it in detail so I don't have any comment about, you know, how good or bad it is from a financial standpoint. It's pretty clear that Donnelly is primarily focused on commercial printing, and that's where all their acquisition or acquisition attempts have been. You'll remember that they took a hard run at

---

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que Groupe CNW ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. Groupe CNW ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

Quebecor when it was in transition, and that seems to be their primary focus and, you know, good luck to them with it.

LELIO LATO: Okay, fair enough. I'll let any others ask a question. Thank you very much.

DAVID ODELL: Okay. Thanks, Lelio.

OPERATOR: Your next question comes from the line of Gordon Nichols from CIBC Wood Gundy. Your line is open.

GORDON NICHOLS: Good morning. I'm just wondering if you could discuss—sorry, I missed the first couple of minutes of the call, I'm not sure if you already discussed this, but if you could discuss the ultimate transition to a corporation, assuming you're going that route with the SIFT tax, and what, if any, your expected tax rate might be?

DAVID ODELL: Note, you shouldn't make any assumptions in that regard. We've not made any conclusions about, you know, whether we're going to convert or not, so that would be an inappropriate assumption. And why is that? Well, there are some strategic reasons, which I won't go into, where conversion might reduce some potential ideas that we have; and second of all, you know, unless there is a—I'm not going to spend shareholder money to convert without a good reason to do it. We are, Gord, a trust first and foremost, which means a vehicle for producing

---

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que Groupe CNW ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. Groupe CNW ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

income, and as an income producer, I'm not persuaded yet of the benefits of conversion. It's something we're thinking about, looking at, watching, but we're not going to do anything precipitous, nor are we going to do a conversion so that we can tell unitholders that we're not giving them their cash, as has happened with quite a few trusts out there.

GORDON NICHOLS: Right. Well, regardless of what decision you make, do you have any educated guess as to what sort of a tax rate you might be facing come 2011?

PAUL O'SHEA: Yes, our tax rate will be about 28 percent.

GORDON NICHOLS: About 28 percent.

PAUL O'SHEA: Unless there's changes between now and then, but right now our estimate is it'll be about 28 percent.

GORDON NICHOLS: All right, I appreciate it. Thank you.

DAVID ODELL: And Gord, the net impact of that, as you no doubt know, depends on who you are and how you hold units.

GORDON NICHOLS: Yes. No, I understand that, and I think you guys have done a remarkably good job, you know, through these pretty difficult times.

DAVID ODELL: Thank you.

---

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que Groupe CNW ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. Groupe CNW ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

OPERATOR: Your next question comes from the line of Bill Chisholm from MacDougall & MacTier. Your line is open.

BILL CHISHOLM: Yes, good morning.

DAVID ODELL: Good morning, Bill.

BILL CHISHOLM: I guess, just going back to your sales number for a minute, where you're still in a state of decline, although it's down to 6 percent now, is all of that basically existing customers doing less business or are you dropping some marginal customers?

DAVID ODELL: Well, most of it is existing customers doing less business.

BILL CHISHOLM: Okay. Is there any price element? Are you basically reducing prices to some extent or is that showing up in the sales number?

DAVID ODELL: Well, yes, a little bit. You know, in any kind of recessionary time, whether it's our industry or another, when demand drops you get some more price pressure.

BILL CHISHOLM: Okay. On the cost side, you've obviously done a great job, it was 8.6 million you've taken out of the cost in the first of this year, but, as I recall, you announced early in the year that you hope to take

---

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que Groupe CNW ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. Groupe CNW ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

out, on an annualized basis, about 15 million in costs? That would imply you've probably got another 5 or 6 million to be realized in ...

PAUL O'SHEA: Yes, that would be a correct assumption, because we start—the cost initiatives go back to late 2008, we realized most of those in 2009, then midway through the year we implemented some further changes, so you'd only get half of that in the year, probably, and some later towards the third quarter. So, you'll start to see some more go through the year.

BILL CHISHOLM: Okay.

DAVID ODELL: And Bill, if I can just add something with respect to the revenue side of things, you know, if you look across our industry and across North America, a lot of people have been reporting 15 percent-plus decreases in revenue, and so our folks have done a pretty good job. In 2009, in terms of new business to offset this quagmire, we came within \$1 million of our target for new business in the year; some 14 million out to cushion that blow. So, we've done some very good things on the sales side too, is what I'm saying.

BILL CHISHOLM: Okay. No, very good. The other question I had on the sales side, I think, Paul, you mentioned that the reorder cycle was

---

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que Groupe CNW ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. Groupe CNW ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

being lengthened out or becoming longer for a number of customers, I guess, in the...

PAUL O'SHEA: That's specifically in our Multiple Pakfold segment, which is the broker business.

BILL CHISHOLM: So, and the traditional business, DATA East and West, there's no change in the order cycle?

PAUL O'SHEA: Not really.

BILL CHISHOLM: Okay, okay. Okay, one final question on, I guess, the taxes for 2011, whether or not you convert or stay as you are. Will you have to pay cash taxes in 2011, or do you have some shelters?

PAUL O'SHEA: Yes, we will have to pay cash taxes in 2011. We have some shelters ...

DAVID ODELL: We have some shelters.

PAUL O'SHEA: ... but not a lot.

BILL CHISHOLM: Not a lot. Okay, that's it. Thank you.

DAVID ODELL: Thank you.

OPERATOR: Your next question comes from the line of Brahm Satov from Votas. Your line is open.

BRAHM SATOV: Hi, gentlemen. I'm just wondering where you're going from here in terms of headcount. We talked a little bit about some

---

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que Groupe CNW ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. Groupe CNW ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

more cost initiatives. What's your current headcount and where do you plan on going with it? Can you give us some colour on that towards the back half of this year?

DAVID ODELL: Our current headcount is about 1,800, and I see that as being stable in the immediate term.

BRAHM SATOV: Okay. Then, in terms of the banks, you know, they're kind of, I mean, surpassed expectations pretty much across the board. Are you guys seeing any trickle-down flowthrough from that in terms of, you know; we've seen some erosion in terms of the sales side, are you guys now seeing some trickle-down from the banks for some better signs?

DAVID ODELL: A little bit, but not a lot.

BRAHM SATOV: Okay, thanks. Thanks for that.

DAVID ODELL: Thank you.

OPERATOR: Your next question comes from the line of Mark Berger from MKB Associates. Your line is open.

MARK BERGER: Thanks. I'm new to the story, but from what I've been able to do with some research, it seems that you've done a very credible job cutting down expenses, while at the same time you saw the revenues decline; yet you've also picked up new customers. How did you

---

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que Groupe CNW ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. Groupe CNW ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

go about picking up new customers? Is that something that you put as a base target on or something you can continue to do going forward?

DAVID ODELL: Well, of course we think we can do it going forward, Mark, and thank you for joining us today and for your interest. One of the things I'd say to you, as a new person following this particular company, is that in our business the most important line in the revenue is not the revenue line. This is a business that, you know, our concentration over the past, I think it's 12 years I've been here now, our concentration has been on increasing the value-added line; the value that we add to whatever we do for the client. So, you know, the classic definition of that is sales less materials and outside cost. So, I could easily inflate our sales line by producing a lot of low value-added, high paper content kinds of product to no, or perhaps to negative, end. So, while you see our sales decline, our value-added has increased as a percent of sales over time, and that's an important distinction for a new person following this business to understand.

As far as new business that we've won, we are extremely committed to meeting and exceeding the service level agreements that we established with our contract points, both on an overall and then individual relationships within their organizations. We might have some clients

---

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que Groupe CNW ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. Groupe CNW ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

where we've got 150, for instance, service level agreements that are different based upon the requirements of what any particular group in the organization does. And we've done that, and consistently exceed them, and far beyond what our competitors have done. So, in that sense, we've considerably outperformed our competition and it's an important reason that we maintain on our awarded new business.

MARK BERGER: Now, it seems to me, unless I'm wrong, that you're not really a growth company in the sense of high income and sales, but you're basically an income-deriving company, giving a lot of cash flow to the shareholders and investors. Obviously, to some extent, that's going to be curtailed in 2011, with the new tax laws. What are some of the alternatives and what would be the pros and cons of those alternatives from the shareholder viewpoint? Also, would it be just easier or more efficient for you to sell yourself to a bigger company and just let everyone cash out?

DAVID ODELL: Okay, there's about five questions in there and I've been (inaudible), so let me try and address each of them, and if I miss one, tell me, okay?

MARK BERGER: Okay.

---

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que Groupe CNW ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. Groupe CNW ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

DAVID ODELL: First of all, with respect to your thing about not really a growth company and an income producer, that's absolutely right. By the way, that's why income trusts were created in the first place. Income trusts were to be a capital market, a home for relatively mature businesses with demonstrable track records in generating cash and manageable CAPEX requirements. That's why they're called income trust and that's why income is the most, or, you know, our first, second, and third priority. So, you're right about that, and we're quite proud of what we do as an income producer. Ninety percent, approximately, according to our research, of our unitholders hold us for income, and that's what we're fundamentally about.

As far as 2011, and, therefore, somehow, that makes us less attractive. You know, the governments decided to do what they're going to do, but if you go and figure out what the yields may be based upon, let's call them, average tax rates and so on, the yields will still be very good. I can't do anything about the fact that the governments decide to make our kinds of businesses taxable, but I don't think it means that, therefore, we're not interesting, because everybody's got the same tax issues. The two can produce income if it's income you're looking for.

---

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que Groupe CNW ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. Groupe CNW ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

As far as why wouldn't we just sell ourselves, we certainly would entertain a transaction if it was in the best interest of our unitholders, remembering that most unitholders hold us for income, our yields are awfully attractive. So, from the standpoint of the holder, you know, you've got to think about, well, what might I get per unit in a transaction, and then what do I do with it in terms of replacing that income? I always have an open mind to a sales transaction, but somebody would have to pay us awfully well to make it worthwhile for our unitholders.

MARK BERGER: What's a company like yours actually worth in the marketplace? I mean, you're trading at about, huge return of 18 percent for a Canadian investor and about maybe 15 for the US investor.

PAUL O'SHEA: We really can't answer that question or speculate on what that would be. All I can say is that we're trading at, I think, the last I checked before I came in here, we were about 7.80 or so. We can't speculate on what we're worth.

MARK BERGER: Could you give me a historical perspective as to what yield you usually traded at in the past?

DAVID ODELL: I don't think we really want to go there specifically, Mark. You know, with respect to trusts, I think the game changed some time ago, which is to say that I think real evaluations are now based upon

---

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que Groupe CNW ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. Groupe CNW ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

a multiple of EBITDA and yield, and unit price is a factor in that. It changed a long time ago when Mr. Flaherty did what he did. That's our Finance Minister.

MARK BERGER: Yes. No, I remember him. All right. Thank you very much. I appreciate the time.

DAVID ODELL: Thanks for your interest and questions.

OPERATOR: Again, if you would like to ask a question, press star, then the number one on your telephone keypad. Your next question comes from the line of Peter Dower (phon) from Kloster Asset (phon). Your line is open.

PETER DOWER: Thank you and good morning.

DAVID ODELL: Good morning, Peter.

PETER DOWER: Two quick questions, circling back to some of the questions that you have covered, but what I'm interested in is operating direction. First of all, on the structure side, what kind of limitations do you have on, if any, on acquisitions in terms of size, given what the restrictions are on income trusts? So that's one.

The other is, if you go back in history, what has been your experience, particularly with the banks, when they start doing better and there is a cyclical recovery? You've gone through, I guess, probably a

---

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que Groupe CNW ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. Groupe CNW ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

couple of cycles since the 12 or 13 years that you've indicated that you had been running the company, in terms of cyclical recovery.

DAVID ODELL: Right.

PETER DOWER: In other words, the delays in the system between the time that the cycle turns up, and clearly the banks are doing better in terms of profit margins, so their cycle in terms of profitability has turned up. What's been your historical experience in terms of leads and lags in recovery?

DAVID ODELL: Okay. Well, first of all, as an income trust, there are limitations in terms of size of business you can buy or acquire if it's not an income trust and they've been in place for quite some time. Whether that will change post-2011, who knows?

As far as the banks go, you know, our business has generally followed GDP and for the most part, we'd expect that to be so.

With respect to the banks, I see some things changing a little bit in terms of their mix of business or what they're in or focused on, or not focused on, as the case may be. You've seen some of those changes, too, where banks have gotten out of certain businesses and what have you, and it seems like the Canadian banks, in my limited view, are narrowing their focus in terms of who they're going to support, what they're

---

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que Groupe CNW ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. Groupe CNW ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

going to do, and what their focus is. To the extent that that is true, is the extent to which normal recovery would not be quite as much as it has been historically. Don't forget, this is a transaction-based business, right? Fewer transactions, you know, leads to less services and revenue.

PETER DOWER: Mm-hmm. Just in terms of priority, coming back to the first one, if you maintain the income trust status after next year, what sort of limitations would you have in terms of the capacity for requiring outside companies relative to your current capital base?

PAUL O'SHEA: Yes, it would depend on the size of acquisition and whether we could raise the money in the marketplace to be able to do it, and with the one restraint. There are the SIFT guidelines which say that, you know, you can only acquire up to a certain size, which I believe, off memory, is about, I think it's about 100 percent of the value that you were back in October of 2006, when the rules were changed; I believe that's what it is.

DAVID ODELL: And we're also looking at some things, but it is way premature to talk about them. Of course, we're always looking at these, but we're looking at some other service paradigm enhancements which could have a positive impact on revenue. We're looking actively at some, what I call some (inaudible), which are smaller businesses within our

---

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que Groupe CNW ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. Groupe CNW ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

domain that we could integrate into our own, so we have a number of things that we're looking at both now and going forward.

PETER DOWER: Mm-hmm. What you are saying is that you have a reasonable degree of flexibility in terms of acquiring things within the existing rules if you wanted to.

PAUL O'SHEA: Correct.

DAVID ODELL: Yes, with the limitations. You know, if you wanted to have a completely blank page and you wanted to acquire something really big, you'd have to convert. Frankly, there's a chicken-and-egg thing here, because at our size, in some respects, to convert without some assurance that such opportunities are there to be completed, why would you do it? Because, my fear about converting is that we become a micro, micro, micro cap in a sea of equities, number one; and number two, I've said this repeatedly so forgive me, my first priority is distributions to unitholders; that's my second and my third. So, you know, given that that's the case, I think that some people are quite nervous about companies that convert to pure equities, because the promise of distributions becomes quite questionable when that happens.

PETER DOWER: Could you do a conversion quite quickly? In other words, if you did find an acquisition, how quickly can you move on the

---

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que Groupe CNW ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. Groupe CNW ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

conversion, or would the government be satisfied that once you've announced that you intend to convert, that you could go ahead and do something in a corporate sense on the acquisition side?

PAUL O'SHEA: We haven't done any type of timeline on how long it would take to convert.

PETER DOWER: Okay, thank you.

DAVID ODELL: Thank you.

OPERATOR: There are no further questions at this time.

DAVID ODELL: All right. Thank you very much for joining us. I look forward to reporting our progress to you after our next quarter and, as always, you people, if you have follow up questions, you know that you can call us. Thanks very much and have a good day.

OPERATOR: This concludes today's conference call. You may now disconnect.

\*\*\*\*\*

---

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que Groupe CNW ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. Groupe CNW ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »