EVENT:	THE DATA GROUP INCOME FUND 2008 FIRST QUARTER RESULTS CONFERENCE CALL
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OPERATOR: Good morning ladies and gentlemen and thank you for standing by. Welcome to The Data Group 2008 First Quarter 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. If anyone has any difficulties hearing the conference, please press the star followed by the zero for operator assistance at any time.

I would like to remind everyone that this conference call is being recorded on Wednesday May 8, 2008 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, Chief Executive Officer, The Data Group Income Fund): Good morning everyone. Thanks very much for joining us to review The Data Group Income Fund's financial results for our first quarter of 2008. Paul O'Shea, our CFO is with me and we'll be discussing the Funds' performance for the first quarter.

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 nature is subject to risk and uncertainties that may cause actual results or events to differ materially. Also, in today's conference call, all references to The

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

During the quarter, we continue to harvest the cost savings from our integration and restructuring activities in 2007. In addition, we have continued to process the reviewing products and services, which generate negligible margins which has contributed to lower revenues in the quarter.

In terms of highlights for the quarter, revenues were 101 million, a decrease of 2.9 percent from the first quarter of last year. The decreased revenue was due to a decrease of 1.7 million in DATA East and West; a decrease of 1.3 million in our Multiple Pakfold segment; and a decrease of 400,000 in our Sundog segment.

EBITDA during the quarter was 12.2 million or 12.1 percent of revenue, an increase of 22.4 percent from the same period last year. During the quarter, the Fund generated 10.2 million in cash available for distribution or $0.436 per unit, and declared distributions of 6.8 million or 0.290 per unit. As I said earlier, our payout ratio in the quarter was 66.4 percent.

I'll now turn to a segment review starting with DATA East and DATA West. In the three months ended March 31, 2008, revenues at our DATA East and DATA West segment increased 1.7 million or 1.8 percent to 91.6

million from 93.2 million for the same period in the prior year. The decrease in revenues for the quarter was due to our determination following a strategic review that commenced in 2007 to eliminate from our customer offerings certain negligible margin products and services previously manufactured and provided by The Data Group, and also due to declines in traditional business forms. On a positive note, the segment continued to experience sales increases in variable imaging and fulfilling warehousing services.

For the quarter, gross profit increased 1.8 million to 26.1 million from 24.3 million for the same period of ‘07. The gross profit as a percentage of revenues for the quarter ended March 31, 2008 increased to 28.4 percent from 26 percent for the same period in ‘07.

The increase from the gross profit as a percentage of revenues during the quarter was due to the integration and restructuring initiatives completed in 2007, which resulted in lower labor and overhead costs. This segment continues to be focused on improving productivity and efficiencies in the operation of the equipment transfer between locations in connection with that restructuring.

Revenues at our Sundog segment decreased 6.3 percent to 6.5 million from 6.9 million in 2007. The decrease in revenues was due to a continued weak local market demand for commercial print and increased competition in that market. In addition, revenues generated from the production of annual reports were down somewhat due to the discontinuation of a larger annual report and a reduction in report sizes.

For the quarter, gross profit decreased $500,000 to 1.9 million or 29.8 percent from 2.5 million or 35.7 percent for the same period in ‘07. The overall decrease in gross profit was due to the revenue shortfall noted above. During the fourth quarter of 2007, we strengthened Sundog’s sales management, added new sales reps and tightened cost controls all of which are expected to help mitigate the impact of the current market conditions on Sundog’s results.

Revenue in our Multiple Pakfold division declined 24.3 percent to 4 million from 5.3 million in ‘07. The decline in revenues was attributable to the loss of business in the Ontario and Québec market as a result of the integration and restructuring activities in ‘07, which disrupted operations and adversely affected the segment’s ability to meet customer delivery requirements. Gross profit decreased 500,000 to 0.4 million in ‘08 from 900,000 for the same period in ‘07. The gross profit as a percent of revenue was 10.1 percent compared to 16.2 for the same period in ‘07. The decline was due to revenue losses mentioned earlier.

I will say that we recently did a re-launch at Multiple, which is to say that we executed, as I had mentioned already, a very poor move. And so, first we needed to drain the swamp. We made several management changes there. We added some equipment. We have things under control and able to deliver upon my expectations in terms of customer service. And so, we conducted a re-launch, including a retrial offer amongst the marketplace, which has been very well received.

In closing, I'd like to say that as we look at our business currently, we are confident the Fund will continue to meet its objectives thanks to the support of our customers, the dedication of our employees and our continued focus upon our fundamental strategies. I'd like to thank you for joining us today and turn it back to the operator to open up to any questions that you may have.

OPERATOR: Thank you. Ladies and gentlemen, we'll now conduct a question-and-answer session. If you have a question, please queue up now. Your first question comes from Sofia Taylor (phon) from TD Newcrest. Please go ahead.

GARY: Good morning. This is Gary stepping in for Sofia.

DAVID ODELL: Hi Gary.

GARY: Hi there. My first question is on the SG&A. I'm wondering if you can provide some details on the year-over-year improvement seen in the quarter? As well as your expectations and outlook going forward?

PAUL O'SHEA (Chief Financial Officer, The Data Group Income Fund): I'm not sure I follow. Did you have a couple of questions there Gary? I mean, the first question around SG&A, it was down – it was improved in the quarter due to the restructuring initiatives taken last year. However, it's probably a little bit higher than expectations due to what we think is timing associated with our defined contribution pension expense.

GARY: Okay. And then, on the timing, can you give us a little bit more colour on when it will reverse for the remainder of the year?

PAUL O'SHEA: We would expect it to be lower in the fourth quarter

GARY: Fourth quarter. Perfect. Then, on the guidance for the 10 million plus synergies, can you give us a bit more colour into what you've done this past quarter? And, I guess for the remainder of the year?

DAVID ODELL: Well, we've basically got the 10 million put in place but it's our operating style and the nature of this business to continue to work every day and every month on improving our operating efficiencies. So, we have some additional initiatives underway, which will – you know, begin to happen in the next month or so. But, those are not of the same magnitude (inaudible) they are incremental to the 10 million that I've talked about before.

GARY: Okay. Great. Then, I guess my last question, the scaling down of revenue that you mentioned, can you give us more info on this? Is it concentrated in certain areas of your footprint? Is it a certain industry? Or, certain line of business?

DAVID ODELL: Yes. Good question. A significant portion of that component comes from inherited business in the acquisition that we made.

GARY: Okay.

DAVID ODELL: So, we've been pruning that. Second of all, we had a very strong quarter and we're happy with it. In the East, we had a very strong January and February and a somewhat softer March than we expected.

GARY: Okay. That's great. That's my questions. Thank you.

UNIDENTIFIED SPEAKER: Thank you.

OPERATOR: Ladies and gentlemen, if there are any additional questions at this time, you may queue up now. Your next question comes from just Jeff Tech (phon) BMO Capital Markets. Please go ahead.

JEFF TECH: Hi, good morning. Is it possible to quantify the impact of the elimination of the low margin services on DATA East and West?

DAVID ODELL: Yes. Not in technicality (phon). I can do a couple of things by way of illustrative examples. In the East for example, in the quarter, while revenue was down, value added was up about 2 percent, and I've talked to you all before, most of you anyway about this business isn't driven by revenue line, it's driven by the value-added line. So, that would be one thing. You know, we are focused on things that deliver high value added, and in the case of the old Relizon, there was quite a bit of revenue that was generated on a resale basis. That was not, you know, a very productive business.

A second illustration would be, and I think I may have mentioned this before, but we inherited a client within the acquisition for whom we do a substantial amount of business. Part of that, a component of that included some $3.5 million in re-sales, things that we had to buy that we don't do ourselves as part of the basket. We were getting a couple hundred thousand dollars for managing that process, reporting inventory and everything else, and using our cash to support the 3.5 million. So, we eliminated that and the client pays for the product directly. We charge them service fees. So, you know, that's how, you know, an illustration of how something comes out of the top line but increases value added and doesn't have an impact relative to the bottom.

JEFF TECH: What's – I know David, you said that this is sort of an ongoing process and it's the nature of the business to continue to do this, but when we talk about clients inherited from Relizon, when do you think you'll be done with this review?

DAVID ODELL: Well, we're pretty much down now, you know, in terms of an overall, but it's something that requires continued vigilance. You know, we're in a business where our job is to help, amongst other things is to help clients improve their efficiencies, and in order to do that and to continue to grow our earnings, we have a need to consistently improve our operating efficiencies.

So, we have – I'll give you one illustration Jeff. You know, we have everything together, everything's in place, all the synergies have been captured, we have done upgrades to equipment inherited in the Relizon acquisition where it wasn't well maintained, in addition to training in terms of getting running standards and so on up to the kind of level that we expect. And so, as a consequence of that, we have an initiative underway that on annual basis will save us an additional $400,000.

JEFF TECH: And, at what level, like, at what employee level are these sort of initiatives brought forward? Like, is this something that every employee is encouraged to find cost savings and they're compensated financially? Or, it is it just a management?

DAVID ODELL: Well, it's part of life here. As I've mentioned in previous calls, we have probably now 150 plus managers whose part of their income is based upon some measure that they have impact on that affects our results. So, you know, it's something that people are motivated to do, it's a requirement that we have to serve the needs of our shareholders while meeting the needs of our clients, and it's an ongoing process.

JEFF TECH: Okay. I think in the last conference call, you mentioned that you had signed a couple of new customers. I think there was one in the East and two in the West.

UNIDENTIFIED SPEAKER: Yes.

JEFF TECH: Did we see any of that? I'm assuming that was in the first quarter?

DAVID ODELL: Yes, we certainly did in our Western segment.

PAUL O'SHEA: And, in our Eastern segment.

DAVID ODELL: Yes.

JEFF TECH: So, there was a full three months for both of those in the quarter?

DAVID ODELL: Yes there was.

JEFF TECH: Okay. And, on Multiple Pakfold, I guess, you know, this has gone on for a few quarters now, what's the timing here for us to see a turnaround? Like, I'm assuming that the operating income was negative again in the quarter?

DAVID ODELL: Yes, it was. I expect to see a return in profitability by the fall. You know, Bob Griffins, he's the general manager in (inaudible) who is now responsible for operations there, are doing very well. They have drained the swamp and gotten things under control, and now, as the process of rebuilding revenue and customer relationships. We did not do what I earlier described as the re-launch until just recently, and the very simple reason for that is that I wanted to have absolute assurance that we were completely under control and in a position to, I'll call it act in a data way, which is do what we say we're going to do, exceed our customers expectations and so on. And, it would've been folly not to be cautious with that, because of the disruption and very disappointing things that happened with the consolidation of Montréal and Toronto.

PAUL O'SHEA: Yes Jeff, jus to add on Multiple. The loss, you'll see in our segmented information was about $96,000 operating income, so it would've been breakeven on an EBITDA basis, which is an improvement from last quarter.

JEFF TECH: Okay. So, as for timing on Multiple, Q2 probably another loss, Q3 hopefully breakeven and Q4 positive?

DAVID ODELL: Yes, basically that's what we're looking for. It's a really a function of revenue now, and I can tell you that the customer response to our reorganization and the re-launch has been very good.

JEFF TECH: And David, can you go – dive in a little bit more about what exactly that you did for the re-launch?

DAVID ODELL: Yes. We've had a customer visitation program along with a mailing program, and I'll try and give you the Reader's Digest version, which is this. We screwed up. We did a terrible job on the move and as a result, our service levels were abominable. We've made a bunch of changes in the organization, here's what they are. You're seeing now, from your own experience, that we are making and keeping our commitments. We've put and additional press in, we've added some other things through our corporate buying and some things on environmental friendly paper and what have you, and we're ready to return to the industry leading standard that we used to enjoy, and we had a couponing program as part of that.

JEFF TECH: So, part of the program is sort of a discounted offering to get customers back?

UNIDENTIFIED SPEAKER: That's right.

JEFF TECH: But hopefully, I guess from your perspective, that's not permanent right? This is just to get people back and then, you know, the pricing will normalize?

DAVID ODELL: That's correct. We – it's as I said, a couponing program.

JEFF TECH: Okay. And then lastly on Sundog, down 5 percent in 2007, down another 6 percent in this quarter. Are there going to be, sort of right sizing initiatives, like for Sundog? I'm just wondering what the strategy is there.

DAVID ODELL: Yes. Good point. Yes. There are some initiatives underway. They are on the cost side. I'd also say that, you know, their situation in terms of the commercial print marketplace is something that's affecting everybody. And so, I'd have to say that relative to the market, they're doing exceptionally well. I mean, after all, they had an operating profit of about 12.6 percent, is that it Paul?

PAUL O'SHEA: Yes, that's it.

DAVID ODELL: In the quarter, that's operating profit. So, you know, the market is very soft and are not doing as well as they were doing, as a result of the softness. But, they'd be doing in the top 1 percent of commercial printing operations in terms of operating profit percentage in North America. So, it is as it is.

JEFF TECH: Okay. That's great. Thank you very much.

DAVID ODELL: Thank you.

OPERATOR: Mr. Odell, there are no further questions at this time. Please continue.

DAVID ODELL: Well, thank you very much for joining us today. I appreciate you taking the time and we look forward to reporting our progress for 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.

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