

EVENT: THE DATA GROUP INCOME FUND Q4 RESULTS
CONFERENCE CALL
TIME: 11:00 E.T.
REFERENCE: DATA GROUP INCOME FUND-CC-030509
LENGTH: APPROXIMATELY 35 MINUTES
DATE: MARCH 5, 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. »

OPERATOR: Good morning, ladies and gentlemen. Welcome to The DATA Group Income Fund fourth quarter results conference call. At this time, all participants are in a listen-only mode. Later, we will conduct a question-and-answer session. If anyone has any difficulties hearing the conference, please press *0 for operator assistance at any time.

I would like to remind everyone that this conference is being recorded today, Thursday, March 5th, 2009 at 11:00 a.m. Eastern time.

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

DAVID ODELL (President and Chief Executive Officer, The DATA Group Income Fund): (missing audio...) Income Fund's financial results for the yearend and our fourth quarter of 2008.

This morning Paul O'Shea, our CFO, is with me and we will be discussing the Fund's performance by division for the fourth quarter and year to date ended December 31st, 2008.

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 nature, is subject to risks and uncertainties that may

"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. »

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 included in 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 in today's conference call, the references we make to The DATA Group will mean the Fund together with its various business divisions and affiliated entities.

We continue to have a very solid balance sheet with a very strong cash position. We had 11.4 million in cash as of December 31st, 2008, an increase of 6.2 million from December 31st, 2007. Our debt-to-EBITDA ratio on a trailing 12-month basis was 1.76 and our fixed charge ratio is 2.7 to 1. It should be noted that we have a very conservative investment policy which allows us to only invest excess cash in bank money market accounts with schedule A Canadian chartered banks.

In terms of highlights for the quarter, revenue for the quarter ended December 31st, 2008 was 96.5 million, a decrease of 10 per cent compared to the same period in 2007. We'll discuss some of the reasons

"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 this decline later in the call. Net loss for the quarter was 10.4 million, or 0.043 per basic unit which includes a goodwill impairment charge of 9.5 million related to our Sundog and multiple segments.

Adjusted EBITDA, earnings before interest, taxes, depreciation, amortization, and including goodwill impairments charges in the quarter was 8.1 million, or 8.3 per cent of revenue compared to 15.3 million, or 14.3 per cent of revenue in the same period of 2007. In our fourth quarter the Fund had total cash available for distribution of 5.7 million, or 0.244 per unit. Our total distribution to unitholders during the quarter was 6.8 million, or 0.29 per unit for a payout ratio of 118.9 per cent. The payout ratio for the fourth quarter in 08, excluding one-time restructuring charges, is 87.8 per cent.

Turning to calendar year to date, revenues were 380.5 million versus 398.7 million in 07, a decrease of 4.6 per cent. Net income for the 12 months ended December 31st, 08 was 0.7 million, or \$0.03 per basic unit compared to a net income of 7.4, or \$0.32 per basic unit for the same period in 07. Net income for the year was 10.2 million before the goodwill impairment charge. Adjusted EBITDA was 39.1 million, or 10.3 per cent of revenues compared to 40.8, or 10.2 in 2007.

"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 to date at December 31st, 08 was 30.3 million, or 1.289 per basic unit, an increase of 1 per cent over 2007. Cash distributions were 27.2 million, or 1.16 per unit for a payout ratio of 89.9 per cent. Before one-time restructuring charges, the payout ratio was 84.3 per cent.

As we said last quarter, we will continue to review our operations and undertake restructuring initiatives to maintain a competitive cost structure and to take advantage of work that we've done in terms of improving productivity.

During the quarter The Data Group undertook further initiatives which resulted in a restructuring charge of 2 million. We had taken a \$500,000 restructuring charge earlier in the year. We anticipate that these initiatives will generate \$2.5 million in annual savings.

Some further thoughts with respect to our goodwill. During the fourth quarter, we performed our annual review for impairment of goodwill by comparing the fair value of each of our reporting segments to the segment's carrying value. As a result of that review, we concluded that due to the present uncertainty surrounding the domestic and global economies generally, the fair values of Sundog and multiple segments were less than their carrying value. Accordingly, we recognized an

"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. »

impairment of goodwill charge of 5.9 million and 3.6 million related to Sundog and multiple segments respectively.

As part of this review, we also critically examined the goodwill associated with the Data East and West segment, including stress testing the cash flows and increasing the discount rate associated with those cash flows in the future due to the current economic environment and found no impairment in this reporting segment.

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

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

I will start with the DATA East and West segment. Revenue at The DATA Group's DATA East and West segments for the three months ended December 31, 2008 decreased 10.5 million, or 10.7 per cent to 88.3 million from 98.9 million for the same period in the prior year. Revenues for the year ended December 31, 2008 decreased 14.4 million, or 4 per cent to 347 million from 361.4 million for the same period in the prior year.

Revenues for the three months ended December 31, 2008 were consistent in Western Canada but were offset by a significant decline 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. »

Eastern Canada due to reduced customer spending and reduced demand in our direct mail and specialty product area.

The decrease in revenues for the 12 months ended December 31, 2008 was due in part to our determination following a strategic review that commenced in 2007 to eliminate from our customer offerings certain low-margin products and services previously manufactured and provided by this segment.

In addition, as I mentioned, during the second half of 2008, we experienced a significant decline in revenues in Eastern Canada due to lower spending from our customers. On the positive side, the segment continued to experience increases in sales at variable imaging and fulfilment warehousing services as a result of contracts signed in the fourth quarter of 2007.

For the quarter ended December 31, 2008 gross profit decreased 6.1 million to 22.6 million from 28.8 million for the same period in 2007. Gross profit as a percentage of revenues for the quarter ended December 31, 2008 decreased to 25.6 per cent from 29.1 per cent for the same period in 2007. The decrease in gross profit as a percentage of revenues during the quarter was due to lower utilization as a result of the revenue decline discussed earlier.

"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 David said, this segment continues to be focused upon improving productivity and efficiencies in the operation of equipment that was transferred between locations in connection with the restructuring that we announced in March of 2007. During the quarter ended December 31, 2007, these initiatives gave rise to the severance costs and restructuring charges, as David outlined

For the year ended December 31, 2008 gross profit decreased 3.2 million to 94 million from 97.2 million in the same period in 2007. Gross profit as a percentage of revenues for the year ended December 31, 2008 increased slightly to 27.1 per cent from 26.9 per cent for the same period in 2007. The increase in gross profit was due to the integration and restructuring initiatives completed in 2007 which resulted in lower labour and overhead costs as well as the elimination of certain low-margin products and services from the segment's customer offering offset by a revenue shortfall in the fourth quarter of 2008.

Turning now to Sundog, revenues at our Sundog segment for the quarter ended December 31, 2008 decreased to 200,000 to 5.1 million from 5.5 million in 2007. Revenues for the year ended December 31, 2008 decreased 2.6 million to 22.5 million from 25.1 million for the same period in the prior year.

"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 decrease in revenues for the three and 12 months ended December 31, 2008 were a result of continued weaker local market demand for commercial printing in Alberta and increased competition in that market. In addition, current economic conditions continue to negatively affect demand for commercial printing in that market, primarily marketing material.

For the quarter ended December 31, 2008 and 2007, gross profits were consistent at 1.6 million. Gross profit as a percentage of revenues for the quarter increased to 30.2 per cent from 30 per cent from the same period in 2007.

For the year ended December 31, 2008, gross profit decreased 1.8 million to 6.4 million from 8.2 million in the same period of 2007. Gross profit as a percentage of revenues for the year ended December 31, 2008 decreased to 28.3 per cent from 32.6 per cent for the same period in 2007. The overall decrease in gross profit was due to the revenue shortfall for the three and 12 months ended December 31, 2008.

I'd also like to point out that Sundog's operating profit improved in the fourth quarter due to efficiency improvements and reduced competition.

"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. »

Turning now to Multiple Pakfold, revenues at Multiple Pakfold for the quarter ended December 31, 2008 was 4.1 million compared to 4.1 million for the same period in 2007. Revenues for the year ended December 31, 2008 decreased 1.9 million, or 10.6 per cent to 16 million from 17.9 million for the same period in the prior year.

The declining revenues for the 12 months ended December 31, 2008 were attributable to the loss of business in the Ontario and Quebec market as a result of the integration and restructuring activities in 2007 which disrupted Multiple Pakfold's operation and adversely affected the segment's ability to meet customer delivery requirements. As we've discussed earlier, we implemented management and other changes in the segment which we believe have resolved those difficulties.

As a result of these measures, we believe that revenue should improve over the longer term as Multiple Pakfold demonstrates to its customers that it's able to meet their delivery requirements.

Gross profit was 500,000 in 2008 compared to 400,000 in 2007. Gross profit as a percentage of revenues for the quarter improved to 12.3 per cent from 9.7 per cent for the same period in 2007. The increase in gross profit was due to the initiatives that we've discussed earlier.

"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 year ended December 31, 2008, gross profit decreased 200,000 to 1.7 million from 1.9 million for the same period of 2007. Gross profit as a percentage of revenues for the year ended December 31, 2008 was unchanged at 10.7 per cent compared to the same period in 2007. Please also note that Multiple experienced an improvement in its operating profit in the quarter on a year-over-year basis.

In terms of capex, we spent \$900,000 in the quarter. Year to date, we have spent 3.1 million. As we have always said, we will continue to fund necessary maintenance capital expenditures from our cash flow from operations and net proceeds from asset dispositions.

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

DAVID ODELL: Thanks, Paul.

Let me begin by saying that this is a... it's been a challenging year and it's a difficult time for everyone. Notwithstanding that, in the past year your company's managed to slightly reduce its year-over-year payout ratio, maintain distribution, at the same time, increasing its cash balance whilst expensing significant restructuring and operating improvement initiatives. And I'll come back to that in a sec.

So I'd like to spend a moment talking about maintenance of distribution. You know, the research that we've done with respect to 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. »

unitholders tell us that the very, very large percentage of our unitholders hold us for income. And in fact, you know, calls and questions we get from people are basically seeking assurance that we will not cut our distributions.

And you know, quite obviously that's a logical concern given the tumultuous environment that exists and the fact that there have been any numbers of trusts that have cut or eliminated their distributions. So that's why I wanted to spend a minute on it.

So let me say first that as we currently view things, we are confident that we'll be able to maintain our current distribution of 115.87 per unit. You know, from the very beginning when we went out, we've been committed to paying distributions to our unitholders as our first priority, second priority and third priority. After all, at the end of the day, the premise in which all companies that went out as trusts was the provision of distributions to unitholders, and that's something that we take very seriously.

So, you know, some people might say that expressing confidence in such a fluid and uncertain time, you know, is questionable; and so let me share with you a couple of things pertaining to our current confidence.

"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. »

First of all, historically we've consistently made our distributions. In fact, we increased them by 3 per cent during the time that we've been out. We've made distributions of over \$93 million since we became a trust.

Second, our payout ratio, historically it's varied between 84 and 91 per cent. And of course that's primarily because of various transactions occurring during those years. Perhaps the best example of that and our ability to generate and manage cash is 2007. During that year, we maintained our distributions in spite of the fact that we expensed over 14 million in integration costs.

Our balance sheet. Our balance sheet is in very good shape and most importantly, our cash position is strong. Specifically, we have 11.5 million in cash as of December 31st, an increase of 5.3 million over a year ago. This means that even if we were to experience continued and worsening economic decline, we have the option to use some of our cash to maintain distributions while we ride out this economic cycle.

I think people pay a lot of attention today to bank covenants and credit agreements, and so I'll remind you that we renewed our credit agreement on August on the same terms as our previous agreement. Most importantly, as of December 31st, 08 our debt-to-EBITDA ratio was 1.76, well within our covenant of 2.5.

"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. »

Our focus on productivity and cost containment, that's been a continuous and ongoing process at DATA. As Paul mentioned, in 2008 we took action to further reduce our cost base by about \$3 million a year and during this year we expect to achieve at least \$1 million in additional cost reductions. And also we've implemented a wage freeze. Furthermore, we will take such action as needed based upon how we see reality unfolding.

Our market position, we have strong positions or leading positions in the segments we serve and coupled with strong fiscal management and our over-delivery on service agreements superior to our competition that's resulted in an unparalleled record of client contract continuance and places us in a very strong position to weather the current storm.

We've picked up an estimated 10 million per year in incremental business as a result of competitor bankruptcy and/or instability. Currently, you know, I simply view these wins as helping to mitigate softer demand from our current customer base in this environment. Nevertheless, they are critical to our success in the short term and they are certainly augur well for an attractive upside once we're through this cycle.

We've also taken some other action that's helpful. For example, in one of our segments where raw materials are essentially U.S. based, you know, the dollar difference was a negative factor, dollar difference between

"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. »

Canada and the U.S., and the period in which we could make adjustments lag the cycle of what's actually happened. So in that segment, with a number of customers, we have negotiated new deals that contain about 12 per cent sales increases and a shortened cycle in terms of adjusting them.

I'd like to spend just a minute before I close on a couple things, and that's cash. I think, but I'm not sure everybody absolutely understands this, but when you take a restructuring charge you're supposed to take... that's supposed to reduce directly your cash available for distribution table. I've noticed in reporting that some other trusts don't do that. Right?

But here's the important thing. It's not cash out of pocket. Right? In effect, we expense those severances on a continuance basis, right? And therefore, if you use a simple average, you know, it takes about a year to work through those things before you get the benefit in real cash terms.

So, for example, on a real cash terms, in 07, the real cash cost of that was 9.2 million. In 08, it was 3.8 million. And we absorbed all that without borrowing and increased our cash balance in the process.

So those things work their way through in time, just as the action we took which I mentioned earlier in 08. You know, the situation will be similar.

"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. »

So finally, let me say that none of us know exactly how bad things will get or when we will see an economic turnaround, and so no one can offer absolute trudges(?) of certainty. But I'm going to tell you that we are committed to doing everything in our power to maintain our distributions, but I think we're in a strong position to do so for the reasons, you know, that I've covered this morning and that we will not, what would I say, pull the plug on distributions if we're in a position to pay them just because we decided to, as appears to be the case in a couple of other trusts.

So let me turn it back over now to the moderator to take any questions you may have.

OPERATOR: Thank you. Ladies and gentlemen, we will now conduct the question-and-answer session. If you do have a question, please queue up now. Your first question comes from Sophia Taylor, of TD Newcrest. Please go ahead.

GARY HO: Good morning. This is Gary Ho(ph) stepping in for Sophia.

DAVID ODELL: Good morning, Gary.

GARY HO: Good morning. Just a quick question on the top line first. Are you able to give us a breakdown, revenue breakdown between western Canada versus eastern?

"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. »

PAUL O'SHEA: No. We don't disclose that.

GARY HO: Okay. Would you say it's more like 50/50? Like, any range that you can provide?

OPERATOR: Your next question comes from Brendan Austin...

DAVID ODELL: Hang on one second.

PAUL O'SHEA: I want to answer for Gary.

OPERATOR: Oh, sorry about that.

PAUL O'SHEA: It's about 65/35 east to west. It ranges between 60 and 70, in the east.

OPERATOR: If the line of Sophia Taylor would like to respond to that, please queue up again.

DAVID ODELL: I'm sorry.

OPERATOR: And please go ahead.

GARY HO: Sorry. Am I back on line?

DAVID ODELL: Yes.

GARY HO: Okay. Yes, so just following up on that, so with respect to the decline in spending from financial, government and direct mail, I'm wondering if you can tell us what these three represent as a total of Eastern Canada sales?

PAUL O'SHEA: Yes.

"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. »

GARY HO: Or a range that you can provide?

PAUL O'SHEA: It would probably be in the 3- to 5-per-cent range.

GARY HO: Okay.

PAUL O'SHEA: Okay.

GARY HO: And then I guess for these three...

PAUL O'SHEA: That's total, Gary.

GARY HO: That's total, yes. And then of these three segments, were they pretty much the same across the three in terms of declines or was one, like maybe direct mail, a little more significant?

DAVID ODELL: Yes, direct mail especially was – it's David – was heavier. It's a little hard to assess, Gary, you know, by way of implications because, for example, in November, November was a very soft month and in that month, when I compare revenue from financial institutions to same month year ago, as much as you can see in a month, you know, there was about a 15-per-cent decline. However, you know, December was stronger.

So certainly everybody is making efforts to reduce spending. I think in this particular environment, what's maybe a little bit different from other cycles is that we all know there's a credit lock on and consequently and in general, activity levels in the bank have been softer than normal, as one might expect.

"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. »

GARY HO: Okay. You commented on November and December. I guess whether... I'm just wondering if you can give us colour on the decreasing revenue, maybe in January and February? Just trying to gauge whether the decline has stabilized, accelerated or decelerated.

DAVID ODELL: Well, we're not making any forward-looking comments and January's just being closed.

GARY HO: Okay, fair enough. And then on margin side, just wondering if the 10ish per cent range that we saw in Q4, excluding the restructuring, could be seen as in perhaps a new run rate or if the current... like, if the current environment persists throughout 09?

DAVID ODELL: That's a good question, and of course it could and then again, it might not. So let me explain. You know, Q4 has historically been heavy in terms of direct marketing and specialty product category, right?

GARY HO: Okay.

DAVID ODELL: And it, in particular, as you've seen in reporting from other, companies such as Transcontinental and Supreme X...

GARY HO: Yes.

DAVID ODELL: ... has been soft. But that's specific to that category. It doesn't have as much influence in the other three quarters, right?

"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. »

GARY HO: Yes. Okay, got you there. Thanks very much. And then the productivity and efficiency improvements that set it the MD&A, were you able to maybe perhaps quantify that and when should we expect to see these materialize?

DAVID ODELL: Well, you're talking about this past year. They were about 2.5 million. It generally takes, and I'm using an average here of about a year, given continuances for them to work their way through. But let's also remember that the other steps we have taken, which also take time, you know, have been and are kicking in too.

PAUL O'SHEA: Yes, just to clarify, when David makes that comment, he's talking on a cash basis.

DAVID ODELL: Yes.

PAUL O'SHEA: But on an expense basis, we will realize that through 2009.

GARY HO: Okay, perfect. And then I guess just the last question, can you provide us an update on 09 capex guidance?

PAUL O'SHEA: Sorry. Pardon me?

GARY HO: 2009 capex guidance?

"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. »

PAUL O'SHEA: Not willing to give guidance at this time. Just to say that we will very closely evaluate every capex that goes forward... comes to us for approval. We're not giving guidance at this time on our capex.

GARY HO: Okay. Those are my questions. Thanks very much.

DAVID ODELL: Thank you.

OPERATOR: Your next question comes from Brendan Austin, of Venitor(ph). Please go ahead.

DAVID ODELL: Good morning.

BRENDAN AUSTIN: Hi, guys. Can we just talk about the debt? Could you refresh my memory? When did the convertibles come due?

PAUL O'SHEA: December 31, 2011.

BRENDAN AUSTIN: 2011. Okay. You guys said you recently renewed your bank... your credits lines. So right now you've got 70 million drawn. What's the total size of that credit line?

DAVID ODELL: 90.

BRENDAN AUSTIN: Total size is 90. Okay. And what... how long did you renew that for? Is that a five year or...?

PAUL O'SHEA: August 2010.

BRENDAN AUSTIN: August 2010. Okay. And what's the rate you're paying... you're getting on that?

"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. »

PAUL O'SHEA: We have... it's partly fixed through an interest rate hedge. It's probably in the 4-per-cent range and the balance is variable.

BRENDAN AUSTIN: Okay. Can you guys just sort of talk a little more about the competition? I guess obviously the fringe guys are getting kind of destroyed out there. So can you put a little more colour on, you know, if there are opportunities to backfill the lower volumes or, you know, what...

PAUL O'SHEA: Opportunities to what?

BRENDAN AUSTIN: You know, to backfill the declining volumes in general in the industry for you guys to be able to backfill out yourself by, you know, by taking business away from the defunct competitors. Are competitors approaching you guys in terms of having you guys basically buy them for nothing? You know, can you just give us a little more colour on perhaps the opportunities of the environment as opposed to, you know, we all know what the downside of the environment is?

DAVID ODELL: Sure. Well, as I said, you know, we have about \$10 million estimated pickup from... resulting from a couple of bankruptcies and some competitor instability. That's an estimate, Gary, provided us by clients. Some of it begins to kick in starting in Q2 of this year because there's always a transition period. So those things have been helpful to us.

"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. »

So I don't want to get into a great deal of detail on this, but I'll give you one specific example. At Sundog, they benefited from, there was a company called Graphicom that had a semi-national footprint in commercial printing. They went bankrupt. You know, that combined with the cost initiatives of Sundog is the reason for the Q4 over Q4 improvement at Sundog. So, yes, some of those things help.

Will it be incremental? Certainly not, because you know, there's softness in demand across the board. So, as I said earlier, they help to mitigate those declines. In a healthy environment, it would be all upside.

BRENDAN AUSTIN: Okay. Can you... and this is the last, just going back to the debt. Sorry about this and I'm sorry if this sounds, if this doesn't come off quite right; but you know, what is the decision, or what's all the decision or the thought process that goes on in your guys, you know, board meetings in terms of want to maintain distributions but at the same time, we have 30 million in debt coming due in two years or we have to be prepared for if the environment for us to renew our debt or extend our bank line in August of 010 isn't what it is today? Like, where do you guys see the trade-off of one, you know, of what the long term of the business given the debt versus the shorter two-year term of the business in terms of the distribution?

"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: Um-hmm. Well, that's, you know, a situation that's got a lot of different aspects and dimensions to it. Remember, you know, first of all, that say with respect to our cash position, we're continuing to increase our cash. This isn't a static kind of thing.

Second of all, you may have noticed that we issued an NCIB – is that the right acronym, Paul? – which puts us in position to buy back some debentures. So we more or less have a, I'll call it in retail terms, an open to buy situation where, you know, where appropriate, we would step in and buy some debentures.

So what do I mean by that? Well you know, the thing floats all over the place. There was a point in time, I guess about mid last year or summer, Paul – I can't remember – you know, where the debentures were down at, you know, 50, almost 55, right? So in essence, at that kind of rate you could buy back \$2 for a \$1.

Last time we looked in the last couple of days, they were 83. That's not a, you know, a great deal. So it'll depend on what's happening there.

BRENDAN AUSTIN: Okay. Thanks, guys.

DAVID ODELL: Thank you.

OPERATOR: Ladies and gentlemen, if there are any additional questions, please queue up now.

"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. »

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

DAVID ODELL: All right. Thank you for joining us this morning, everyone, and we'll look forward to talking to you following next quarter. Have a good day.

OPERATOR: Ladies and gentlemen, this concludes the conference call for today. Thank you for your participation. You may now disconnect your lines.

"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. »