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RESULTS CONFERENCE CALL
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OPERATOR: Good morning. My name is Kyle and I'll be your conference operator today. At this time I'd like to welcome everyone to the DATA Group 2011 third quarter results conference call.

All lines have been placed on mute to prevent any background noise. After the speakers' remarks there'll be a question-and-answer session. If you would like to ask a question during this time, simply press * then the number 1 on your telephone keypad. If you would like to withdraw your question, press the # key.

I'd now like to turn the call over to Michael Suksi, President and CEO. Sir, you may begin your conference.

MICHAEL SUKSI (President and Chief Executive Officer, The DATA Group Income Fund): Thanks, Kyle.

Good morning, everyone, and thank you for joining us to review the DATA Group Income Fund's financial results for the third quarter of 2011 and the year to date ended September 30th of 2011. Paul O'Shea, our CFO, is with me and will be discussing the Fund's performance for the third quarter of the year and year to date.

Before we begin I'm obligated to remind you that our remarks and our answers to your questions today may contain forward-looking

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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, 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 filings, which are available on SEDAR.

Also in today's conference call all references to the DATA Group will mean the Fund itself, together with its various business divisions and affiliated entities.

So let me get started. These are exciting times at The DATA Group. We are stabilizing and revitalizing our business for the benefit of our unitholders, our customers and our employees. I'm very pleased to provide our unitholders with our 2011 third quarter report on the results of our operations and related distributions.

We are doing what we said we would do when we presented our new strategic growth plan as part of our first quarter 2011 letter to unitholders. Our strategic growth plan is being successfully managed. The management team at The DATA Group deserves full credit for the work

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they have accomplished this year. I am both proud and appreciative of their efforts.

The following points – there's five of them that I'll go through – will summarize the strategic planned goals and accomplishments to date this year. After I get through this update on our strategic plan, Paul will provide an update on our financial results specifically.

So with regards to the strategic plan, point one, we said we were going to develop new, high-growth digital products and services.

Result: In the third quarter of 2011, we launched two exciting new products: a set of integrated web-based direct marketing capabilities and an innovative web-based digital photo book service. Customer response has been positive and we've already begun receiving orders. We continue to research additional new products and services for future launch.

Action number two: We said we would complete acquisitions that are aligned with our growth plan and that are accretive immediately.

Result: In October, we announced the acquisition of the Fulfillment Solutions Advantage Inc. and a 70-per-cent interest in FSA Datalytics Canada Inc. FSA provides services in the growing area of digital direct mail fulfilment, loyalty programs, promotional contest management, and call centre services. Datalytics provides complementary personalized

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direct marketing through a number of integrated channels such as mobile communications, e-mail, and personalized web pages as well as database marketing services such as social media monitoring and predictive analysis of consumer data.

We believe that this acquisition provides significant opportunities to enhance our product offering by combining these services with The DATA Group's existing gift card, direct mail and web-based print solutions and in particular, it's a great fit with our new web-based direct marketing services that we launched in Q3. The result will be expanded capability and capacity in an area that is exciting and growing fast.

The acquisition, which closed on November 1, 2011, is immediately accretive.

Action number three: We said we would continue our aggressive sales effort in our core markets of document management services and marketing-related print in order to generate new business. This is the piece where we're just looking for market share gain.

Result: The DATA Group has generated \$13.5 million in revenue from new business wins year to date, most of which is from new accounts. These wins have contributed to our improved gross profit because most

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are in relatively high-margin categories such as document management, direct mail, digital print and labels.

In addition, during the third quarter of 2011, we expanded our capability in the growing areas of short-run, on-demand marketing print and retail gift card and loyalty card production. This new capability is already being utilized.

Finally, in the third quarter of 2011, we began a direct marketing campaign to promote our products and services in the marketplace. We're using our new cross-channel, direct marketing services that I referred to a moment ago to promote ourselves to our customer base and to potential customers. We intend to continue this direct marketing effort in the fourth quarter of 2011 and beyond.

Fourth action was to find innovative new ways to generate incremental cost savings.

Result: In the third quarter of 2011, The DATA Group's cost savings programs contributed to our improved gross profit as we realized incremental savings from equipment and real estate leases and process improvements.

In addition, earlier this year we created a strategic sourcing department to initiate additional savings programs and we are now

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beginning to see results from this initiative. We expect material cost savings from this in 2012. Offsetting these cost savings The DATA Group had increases in cost as we had planned associated with our investment in our strategic growth plan.

And lastly, point number five: We said we'd stabilize our financial results in 2011.

Result: Gross profit is up year to date. For the first time in a number of years, we've been able to say that. In addition, our adjusted EBITDA is moderately down, but that's strictly due to the investment we have made in our future growth. Our revenue decline is less than it has been in previous years and the anticipated revenue gains from our growth strategy as of the end of Q3 have not yet taken effect.

So that's an update on our strategic growth plan initiatives and actions, and I'm now going to turn it over to Paul to provide further details on the Fund's financial performance.

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

Revenues for the quarter ended September 30, 2011 were \$78 million, a decrease of 3.4 per cent compared to the same period in 2010. Revenues for the nine months ended September 30, 2011 were 242.2

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million, a decrease of 2 per cent compared to the same period in 2010. In the third quarter of 2011, The DATA Group continued to see an improvement in gross profit compared to 2010.

Gross profit for the third quarter of 2011 was 19.3 million, or 24.7 per cent of revenues compared to gross profit of 19.2 million, or 23.8 per cent of revenues for the same period in 2010. Gross profit for the nine months was 60.9 million, or 25.1 per cent of revenues compared to gross profit of 59.6 million, or 24.1 per cent in the same period in 2010.

The improvement in gross profit compared to the previous period was due to cost reductions and improved product mix from new business wins.

Adjusted EBITDA for the third quarter of 2011 was 6.9 million, or 8.9 per cent of revenues compared to adjusted EBITDA of 7.1 million or 8.8 per cent of revenues for the same period in 2010. Adjusted EBITDA for the nine months ended September 2011 was 21.8 million, or 9 per cent of revenue compared to adjusted EBITDA of 22.7 million, or 9.2 per cent of revenues in the same period in 2010.

The main reason for the decrease in adjusted EBITDA, as Michael alluded to earlier, from prior periods was the cost of our investment in our growth strategy.

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Net income for the third quarter of 2011 was \$1 million, or \$0.04 per basic unit compared to net income of 1.6 million, or \$0.07 per basic unit for the same period of 2010. Net income for the nine months ended September 30, 2011 was 4.2 million, or \$0.18 per basic unit compared to net income of 7.2 million, or \$0.31 per basic unit for the same period in 2010.

It is important to note that the main reasons for the decrease in net income from the prior period was the fact that The DATA Group Income Fund became subject to income tax on January 1, 2011 and also taking into account the investment in our growth strategy.

The Fund had total cash available for distribution of 4.2 million, or \$0.18 per unit for the third quarter of 2011. Distributions to unitholders during the quarter were 3.8 million, or \$0.163 per unit for a payout ratio of 90.5 per cent. In the first nine months of 2011, the Fund had total cash available for distribution of 13.6 million, or \$0.577 per unit. Total distributions to unitholders for the first nine months were 11.5 million, or \$0.489 per unit for a payout ratio of 84.6 per cent. All of our distributions in the third quarter and the first nine months of 2011 were funded from cash generated by our operations.

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

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MICHAEL SUKSI: Thanks a lot, Paul.

While these are indeed exciting times at The DATA Group as we position the company for a successful growth-oriented future. We're launching exciting new products and services with high-growth potential, integrating our recent acquisition which will be a key part of fuelling our growth, winning market share and reducing our cost base. Gross profit is up year to date and adjusted EBITDA is stabilized, other than the cost of our investment in our growth plan.

It's also important to say that we're doing all of this in a prudent, well-managed fashion. We're balancing our investment in the growth plan with the other needs of our business, such as our distribution policy and our capital structure. The board of trustees will continue to closely monitor our progress on an ongoing basis in this regard and take what actions are necessary for the long-term health of our business.

I'd like to conclude by thanking our unitholders for their ongoing support, our customers for continuing to work with us to maximize the value we provide to them, and our dedicated employees for their diligent efforts.

Thank you for joining us today. I'll turn it back to Kyle to open up for any questions.

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OPERATOR: At this time, I'd like to remind everyone in order to ask a question, press * then the number 1 on your telephone keypad. We'll pause for a moment to compile the Q&A roster.

Your first question comes from the line of Andy Crystal. Your line is open.

ANDY CRYSTAL: Hey, good morning, guys.

MICHAEL SUKSI: Good morning, Andy, is it?

ANDY CRYSTAL: Yes.

MICHAEL SUKSI: Hi.

ANDY CRYSTAL: I guess my question has to do with the fixed charge coverage ratio in your credit agreement. I was just wondering if I should be worried about that at all and just in terms of, you know, adding I guess the higher tax rate onto your account or any of the acquisitions that you might be doing?

PAUL O'SHEA: As you can, as you may be aware, at the end of 2010, we did break the fixed-charge ratio but managed to get from banks a revised ratio which gives us plenty of room at this point in time. So I would say that there is nothing to be worried about at this time.

ANDY CRYSTAL: Okay, so I guess what would it have increased from and to?

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PAUL O'SHEA: It's still at a 1.1 ratio, but because it's a decrease in distributions going forward, that meant that we had plenty of room on our fixed-charge ratio.

ANDY CRYSTAL: What does it stand at right now, your fixed-charge coverage ratio?

PAUL O'SHEA: It's in... it's around 2.5 to 3.

ANDY CRYSTAL: Two and a half to... Okay. Sounds good. Thank you.

MICHAEL SUKSI: Thanks, Andy.

OPERATOR: Your next question comes from Bill Chisholm. Your line is open.

MICHAEL SUKSI: Good morning, Bill.

BILL CHISHOLM: Good morning, guys. I guess a question, just looking at the revenues, clearly we're still in a decline, but how significant are sales to government agencies in terms of generating revenues? Does much of your business come from government?

MICHAEL SUKSI: Well, if you think about the government in a real traditional sense of the word, you know, federal government, provincial, municipal, it's not a particularly material part of our business. If you add to that Crown corps like for example Canada Post is a significant client of

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ours, then the number gets bigger. But even if you rolled all that up, Bill, it's still, you know, less than 10 per cent of our total business in total, all government sales.

Does that answer your question?

BILL CHISHOLM: Yes, sure, but are they, in total, declining or holding flat?

MICHAEL SUKSI: I would say that particular category, we're seeing some slight decline. But I would say that it's, you know, consistent with our overall revenue trends. It's not an anomaly.

BILL CHISHOLM: The Multipak seem to have had a weak quarter. Is there anything unusual went on there?

MICHAEL SUKSI: I didn't hear what you said. Which side of the...?

BILL CHISHOLM: The Multiple, the Pakfolds.

MICHAEL SUKSI: Oh, Multiple. No, no, they ... Actually we had quite strong results. What are you referring to?

BILL CHISHOLM: The revenues.

MICHAEL SUKSI: Yes, revenue was down slightly. Paul's just pulling the number up right now, but profit overall at Multiple was up nicely because they're doing a terrific job on product mix and on cost reduction. So no, we're not seeing anything that alarms us.

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PAUL O'SHEA: The revenue at Multiple Pakfold was flat. It was 3.6, 6.2 this year compared to 3.6, 5.7 last year. And the gross margin percentage this year was 18.2 per cent compared to 14.7 per cent last year.

MICHAEL SUKSI: What about the year-to-date number, Paul?

PAUL O'SHEA: Year-to-date revenues, 10.9 – down slightly – 10.9, 4.7 versus 11.141 last year. But the margins have improved significantly from 16.6 to 19.2.

BILL CHISHOLM: Okay. It's good to see you're sort of expanding into the electronics side, but is this sort of a zero-sum game? If you pick up business electronic is... does that mean it's, by definition, almost less business than the traditional sort of marketing lines?

MICHAEL SUKSI: Well, I would say our whole intention is to, as we talked about, is to generate growth. We aren't making wild predictions in that regard. In fact, we're not making any specific predictions, but we are looking for some sort of moderate growth. And the way we would see that happening is that the electronic services would be growing at a pace that offsets the digital, or excuse me, the print reductions from technological decline that we're seeing in some of our print categories, not all.

I'll come back to that in a second.

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But the other important point, Bill, and I've emphasized this in previous quarterly calls as well, is that as we launch out electronic services they're not being launched in isolation relative to our existing print products and services. What we're expecting, and now beginning to see, is that clients who like the electronic service are looking to us for a complete service that includes print and electronics.

So I'll give you a quick specific example to make that a little more realistic. If we're offering web-based direct marketing services – for example email, mobile text messaging, web page building – virtually every client that we would go to to offer that is also going to have a direct mail print portion of what they're requiring. And so if it's an existing client, we could see some decline in direct mail as we move to the e-service, but in many cases, what we're doing is we're picking up and we plan to pick up new clients who... you know, it'll be a net new gain.

So the short version of what I'm saying is the e-services should help us win new business and new accounts which will give us e-revenue and additional print revenue.

Coming back to what I said I'd come back to with regards to some of the technological decline, some of our categories, like traditional business forms, are seeing a decline due to technology. On the other hand, others

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like labels and direct mail overall we're seeing are being... are quite flat. And some categories like digital colour printing are in growth mode. So it is a mix.

BILL CHISHOLM: Okay, good. With the new acquisition, will they bring you in in some... do they have any sort of clients who basically have print requirements as well as the electronics?

MICHAEL SUKSI: Well, they sure do. And let me just clarify that FSA and FSA Datalytics are a company that, in addition to offering a web-based electronic direct marketing services and associated professional services, like the data analysis piece, in addition to that, they most definitely have a colour digital print capability. And so the majority of their revenue today is in direct mail that comes from colour digital print, which is one of the growth areas I just alluded to.

So they have a print piece to their... in their business now, and then in addition to that, what's really exciting about them in particular in terms of our future growth strategy is that they have launched out this electronic and professional services capability. And they did... they started that roughly a year or so before DATA started a similar initiative. So they're a little further down the line and they've got some customers, you know, that are buying the services. They've got people on board. They've got

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capabilities in place. That complements what we've just launched in Q3 where we're also doing similar types of things. So we've quickly added capacity and bench strength and depth to what is really an exciting growing area.

And the last point I'll make about that is that while both companies, DATA and Datalytics, have launched these new electronic services, there are differences between what they've launched and what we've launched and those differences are complementary. So we've made our capability broader and we've added bench strength and we really see that as an area that's going to grow a lot in the future.

BILL CHISHOLM: Very good. From a seasonal point of view, your business is fairly uniform throughout the year, from the revenue side. Would the...

MICHAEL SUKSI: We tend to be a little bit of an uptick in Q4, but not... You know, it's a fair statement.

BILL CHISHOLM: And the business you're acquiring will have the same seasonal pattern?

MICHAEL SUKSI: Probably, you know, their seasonality would be more oriented towards Q3.

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BILL CHISHOLM: Okay. And you've indicated it's immediately accretive and I assume that's accretive to cash flow?

PAUL O'SHEA: Yes.

MICHAEL SUKSI: That's correct.

BILL CHISHOLM: Okay, very good.

MICHAEL SUKSI: Thanks for your questions, Bill.

BILL CHISHOLM: Okay.

OPERATOR: Your next question comes from the line of Peter Dower. Your line is open.

PETER DOWER: Good morning.

MICHAEL SUKSI: Good morning. How are you?

PETER DOWER: I'm well, thank you. A couple of quick questions. First of all, back to FSA. Given their capabilities, as you've outlined them, are they going to be, for the company as a whole, an opportunity to actually pitch outsourcing to your client. That may not be quite so critical to the very largest companies, which have lots of internal capabilities, but maybe the next tier?

MICHAEL SUKSI: Well, I think the answer's yes, but I just want to clarify, when you say outsourcing to our clients, that could mean a lot of different things. So what are you thinking of?

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PETER DOWER: Oh, you're actually, I was going to say taking over, which is not quite right. But a number of the advertising companies, particularly those oriented towards the electronics side, have actually gone to their clients to say we can do a whole bunch of things for you.

MICHAEL SUKSI: Right.

PETER DOWER: And then present them back to you rather than simply sitting down with them to work out products or campaigns or that kind of thing.

MICHAEL SUKSI: Sure. So the answer is yes. And I would elaborate as follows. Datalytics does provide... FSA Datalytics does provide those types of services in the area of doing data analysis. So for example, helping a retailer or a charitable organization do some data analysis on who their best potential target clients would be to generate new business or new charitable donations, targeting those people accurately and then, you know, putting the plan in place. So there's the data analysis pieces is part of that service.

Social media monitoring, I mean gosh, I can barely pick up the business section of the Globe these days and without reading an article about how social media is becoming a real burgeoning and concrete topic in the business world. It's the future in many respects. And again,

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Datalytics has a capability around doing analysis of what's going on in social media for corporations so that corporations can have a handle on how they're being viewed and how their programs are being responded to within places like Facebook and Twitter and LinkedIn and things of that nature.

So... and then there's a creative piece as well to what they do. So creative design of a program. So that's why I said the answer's yes.

I'd also point out that some of those capabilities, the creative design copywriting capabilities are also part of what we launched out with the... what we launched in Q3 at DATA in terms of our cross-channel, web-based marketing program. So as a company, between the Datalytics capability and what we've already launched out just recently at DATA, we are definitely able to offer a wider set of services to marketing departments in corporations and to agencies. And, sure, you could put all that under the term "outsourcing" of those services, definitely.

PETER DOWER: What about profitability in terms of the electronic side? Is that going to depend, at least to some extent, on electronics becoming a much larger proportion of DATA Group's business? In other words, is there a tie-in between the proportion of your total business that's electronic and the older, I was going to say legacy businesses?

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And really the parallel is that that's one aspect that Torstar and Harlequin have kept on emphasizing that there are significant costs in ramping up the electronic business. But once you cross the breakeven point, then profitability rises dramatically. And I don't know how you see that equation.

MICHAEL SUKSI: Well, we would agree with a fair bit of that, except that so far, anyway, as we launch out electronic products and services, we intend to launch more in the future. We're researching other ones. But so far we have not seen in the types of things that we're doing dramatic capital cost requirements. In fact, we've said in previous calls that we're not seeing any significant change in our overall business capital requirements as a result of what we're doing. In fact, a fair bit of the costs of what we're doing are in hiring the right talented people. There are some software costs, without question, but they're not gigantic.

Having said that, to turn to the other part of your comment, there is definitely a leverageable element to electronic services because there is an investment to get started in them and once you get past a breakeven point, the incremental cost of the software is relatively low. There are incremental costs of hiring additional staff, but yes, we see it as being

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highly leverageable and therefore generating higher gross margins in the future than we've seen in the traditional part of our business.

PETER DOWER: Great, thanks.

MICHAEL SUKSI: Thank you.

OPERATOR: There are no further questions at this time.

MICHAEL SUKSI: Well, thanks very much, everybody, for joining us for today's call, and we're looking forward to the next time we talk to you to update you on our next quarter's results. Thank you.

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

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