DATA Group Ltd.

Annual Information Form
for the year ended December 31, 2014

March 27, 2015

TABLE OF CONTENTS

EXPLANATORY NOTES

General

The information in this Annual Information Form, or AIF, is stated as at December 31, 2014, unless otherwise indicated.

Unless otherwise indicated or the context otherwise requires, in this AIF the term "**Corporation**" refers to DATA Group Ltd. and "**DATA Group**", "**we**" "**us**" and "**our**" refers to the Corporation and its subsidiary, DATA Group (US) Corp.

Unless otherwise indicated or the context otherwise requires, in this AIF "**Common Shares**" refers to common shares of DATA Group Ltd. and "**Shareholders**" refers to holders of Common Shares.

Currency and Fiscal Periods of the Corporation

Unless otherwise indicated, all dollar amounts in this AIF are expressed in Canadian dollars and references to "**$**" are to Canadian dollars.

In this AIF, unless otherwise indicated, all references to fiscal years of the Corporation refer to the twelve months ended December 31.

Forward-Looking Statements

Certain statements in this AIF constitute "forward-looking" statements that involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance, objectives or achievements or industry results to be materially different from any future results, performance, objectives or achievements expressed or implied by such forward-looking statements. When used in this AIF, words such as "may", "would", "could", "will", "expect", "anticipate", "estimate", "believe", "intend", "plan", and other similar expressions are intended to identify forward-looking statements. These statements reflect our current views regarding future events and operating performance, are based on information currently available us, and speak only as of the date of this AIF. These forward-looking statements involve a number of risks, uncertainties and assumptions and should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such performance or results will be achieved. Many factors could cause our actual results, performance, objectives or achievements to be materially different from any future results, performance, objectives or achievements that may be expressed or implied by such forward-looking statements. The principal factors, assumptions and risks that we made or took into account in the preparation of these forward-looking statements include limited growth in the traditional printing industry due to technological advancements in alternative sources of communication and information transfer and our ability to grow our sales or even maintain historical levels of our sales of printed business documents, our ability to implement and realize cost reductions in a timely manner; the risk that we may not be successful in growing our business or in managing our organic growth; our ability to develop and successfully market new products and services; competition from competitors supplying similar products and services; the availability of capital and our ability to refinance our existing indebtedness; changes in interest rates charged on our outstanding indebtedness under our credit facilities; the impact of economic conditions on our businesses; risks associated with our acquisitions; increases in the costs of paper and other raw materials used by us; and our ability to maintain relationships with our customers. Additional factors are discussed elsewhere in this AIF and under the heading "Risks and Uncertainties" in the Corporation's publicly available disclosure documents, as filed by DATA Group Ltd. on SEDAR (www.sedar.com). Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results may vary materially from those described in this AIF as intended, planned, anticipated, believed estimated or expected. Unless required by applicable securities law, we do not intend and do not assume any obligation to update these forward-looking statements.

CORPORATE STRUCTURE

Name, Address and Organization

DATA Group Ltd. is governed by the *Business Corporations Act* (Ontario), or the OBCA, pursuant to articles of amalgamation dated January 1, 2014 and is a reporting issuer under applicable securities laws in Canada. Our head and registered offices are located at 9195 Torbram Road, Brampton, Ontario, Canada L6S 6H2.

DATA Group Ltd. is the successor to DATA Group Inc., or DGI, which was an entity governed by the OBCA. Effective January 1, 2014, the DATA Group completed an internal reorganization, or the Amalgamation, pursuant to which DGI amalgamated with its Canadian subsidiaries, DATA Group Ltd., or DGL, The Fulfillment Solutions Advantage Inc., or FSA, and FSA Datalytics Canada Inc., or FSA Datalytics, to form a new corporation called "DATA Group Ltd.". Pursuant to the Amalgamation, all of the issued and outstanding shares of DGI's Canadian subsidiaries were cancelled and the assets and liabilities of the amalgamating corporations became the assets and liabilities of DATA Group Ltd. No securities were issued in connection with the Amalgamation and the authorized and issued share capital of DATA Group Ltd. is the same as that of DGI immediately prior to the Amalgamation becoming effective. For a description of DGI, please refer to DGI's annual information form dated March 28, 2013, which was filed with Canadian securities regulatory authorities and is available on SEDAR at www.sedar.com.

DGI was the successor to The DATA Group Income Fund, or the Fund, which was an unincorporated, open-ended, limited purpose trust established under the laws of the Province of Ontario. On January 1, 2012, the Fund completed a reorganization of its income trust structure into a corporation, being DGI, pursuant to a plan of arrangement under the OBCA. For a description of the Fund, please refer to the Fund's annual information form dated March 31, 2011, which was filed with Canadian securities regulatory authorities and is available on SEDAR at www.sedar.com.

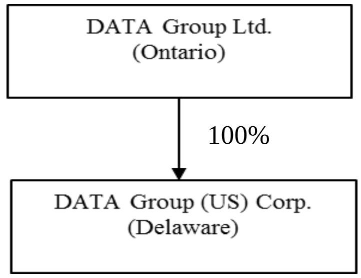
On January 20, 2014, our Board of Directors adopted By-law No. 2, or the Advance Notice By-law, and an amendment to the Corporation's general By-law No. 1, or the By-law Amendment. The advance notice by-law, among other things, fixes a deadline by which shareholders must submit a notice of director nominations to the Corporation prior to any annual or special meeting of shareholders where directors are to be elected and sets forth the information that a shareholder must include in the notice for it to be valid. Specifically, the Advance Notice By-law requires advance notice to the Corporation in circumstances where nominations of persons for election as a director of the Corporation are made by shareholders other than pursuant to (i) a requisition of a meeting made pursuant to the provisions of the OBCA, or (ii) a shareholder proposal made in accordance with the provisions of the OBCA. In the case of an annual meeting of shareholders, notice to the Corporation must be given not less than 30 nor more than 65 days prior to the date of the annual meeting. In the event that the annual meeting is to be held on a date that is less than 50 days after the date on which the first public announcement of the date of the annual meeting was made, notice may be given not later than the close of business on the tenth day following the notice date. In the case of a special meeting of shareholders (which is not also an annual meeting), notice to the Corporation must be given not later than the close of business on the fifteenth day following the day on which the first public announcement of the date of the meeting was made.

The By-law Amendment increased the quorum requirements for a meeting of Shareholders to two or more persons holding or representing at least 25 percent of the votes attached to all outstanding Common Shares.

The Advance Notice By-law and the By-law Amendment were confirmed by Shareholders on June 17, 2014. Additional information with respect to the Corporation will be set out in its management information circular in respect of its upcoming annual meeting of shareholders, a copy of which will be filed with Canadian securities regulatory authorities and will be available on SEDAR at www.sedar.com, and is incorporated by reference in this AIF.

Intercorporate Relationships

The following chart illustrates the organizational structure of DATA Group Ltd. and its subsidiary, including the jurisdiction of establishment or incorporation of the entities:



GENERAL DEVELOPMENT OF THE BUSINESS

On December 19, 2014, DATA Group Ltd. entered into a third amended and restated credit agreement with a syndicate of Canadian chartered banks. See “Material Contracts – Amended Credit Agreement”.

On January 1, 2012, DGI adopted a shareholder rights plan, which became a contract of the Corporation pursuant to the Amalgamation. On June 17, 2014, Shareholders re-confirmed the shareholder rights plan for a further three years. See “Material Contracts – Shareholder Rights Plan”.

BUSINESS OF THE DATA GROUP

Overview

We are a managed business communications services company specializing in customized document management and marketing solutions. We develop, manufacture, market and support integrated web and print-based communications, information management and direct marketing products and services that help our customers reduce costs, increase revenues, maintain brand consistency and simplify their business processes. Our expertise and resources enable us to address any document requirement of our customers, from a simple mail-out to an enterprise-wide document management or direct marketing initiative.

Our document management and marketing solutions are most often sold as a bundled package of products and services pursuant to multi-year, single source agreements with our clients. We refer to the total bundled set of our solutions as managed business communications services. Our solutions are also sold individually.

We target mid to large-sized businesses and organizations with major distribution networks. Historically, we have derived most of our revenues from sales to customers located in Canada. In 2012, we established operations in the State of Illinois in the United States and going forward we expect that a larger portion of our revenues will be derived from our United States operations.

Our customers outsource their document management and marketing needs to us with a view to reducing costs, enhancing revenue and improving service levels. We have a well-diversified client base of customers that includes Canada Post Corporation, Manulife Financial Corporation, Purolator Courier Ltd., Imperial Oil Limited, Bell Canada, Bank of Montreal, Canadian Imperial Bank of Commerce, The Toronto-Dominion Bank, Compass Group Canada, Suncor Energy Inc., Shoppers Drug Mart Inc., Grand & Toy, Canadian Tire Corporation, Ontario Lottery and Gaming Corporation, the Ontario Government and British Columbia Lottery Corporation. Over half of our revenues in fiscal 2014 were derived from long-term, managed customer relationships supported by service level agreements. We have enjoyed continuing relationships for more than 10 years with the majority of our 25 largest customers based on fiscal 2014 sales.

We report our revenue on the basis of geography, channels and specialities as follows: DATA East and West and Multiple Pakfold. See “Business of the DATA Group – Operations”.

Principal Products and Services – Overview

Document Management Solutions

Our document management solutions provide our customers with a comprehensive suite of customized printed and electronic products, logistics and workflow enhancing services that help our customers better manage administrative elements of their businesses, maintain brand consistency and reduce the total systemic costs of their documents and associated workflows. Our integrated expertise and multi-year service level agreements allow our customers to reduce costs by having us focus on all (or a large portion) of the costs and workflows associated with the complete document lifecycle, which costs are typically many times more than the cost to simply produce the related printed item. In addition, we enable our customers to reduce time and resources associated with managing multiple vendor relationships. Document management solutions agreements provide us with a relatively steady source of revenue.

Our document management solutions include professional services and software that manage the workflow associated with the entire document lifecycle, whether the documents are in electronic or printed media. This includes planning, design, production, inventory management, inputting personalized data into the documents, fulfillment and distribution or mailing. These services also include scanning, data extraction, archiving and destruction of completed documents. We provide these services for documents used by our clients to run their businesses, such as statements, invoices, new account opening kits, labels, secure financial transaction documents, sporting event and lottery tickets, enrollment kits, annual reports, course management literature, envelopes, letterhead and business cards. We also provide procurement and vendor management services for related specialized products that we do not produce ourselves.

As a part of our document management solutions we offer a proprietary ecommerce system called DATA Online. DATA Online is an ordering, reporting and inventory management system which enables us to help our customers manage their brand identity and expenses at a detailed level, while ensuring ease and accuracy of ordering. This system is often integrated with our client's own ordering, receiving and accounts payable systems. Among other things, the system tracks and manages document costs for analysis and provides online document templates and pricing. Ultimately, it allows us to help our customers manage their brand identity and expenses at a detailed level, while ensuring ease and accuracy of ordering.

Our document management solutions are described in greater detail below.

Marketing Solutions

Our marketing solutions provide an integrated set of services that enable our customers to plan, create, deploy and monitor their print and electronic marketing campaigns across multiple media channels. These solutions enable our customers to outsource to us significant portions of their marketing campaigns, with a view to reducing costs, speeding time to market of new marketing offers, managing brand consistency and enhancing revenue. We provide marketing solutions that cover the complete lifecycle of the campaign, both outbound and inbound, including planning, creative design, deployment, response management and monitoring of results. We provide these services for both electronic and print media.

Our digital and direct marketing solutions include outbound products and services such as campaign planning, predictive consumer data analyses, creative design, copywriting, execution in various media such as email, websites/personal uniform resource locators (PURLs), short message service (SMS) mobile devices, social media and print. We offer these products and services in a variety of formats, including direct mail, gift cards, loyalty cards and promotional literature. Related services include kitting and fulfillment, vendor management, campaign results measurement and marketing campaign management software. Our geographic information services enable marketers to send emails or instant messages to individuals advising them of promotional or other offers tied to their current location (such as a retail store) by using software that monitors a person's whereabouts by linking with their mobile device.

After the outbound marketing offer is sent, we manage the next step in the process, which is the management of inbound campaign responses. This includes call center and electronic response services, social media monitoring of consumer reactions to the campaign, data extraction of response information from any media, such as being supplied via a website, in an email response, or filled out in a form, and formatting and analyzing the data and fulfilling the next steps in the process, such as approving and setting up a new client, entering a consumer into a contest, sending out contest awards and providing additional information or measuring the success of a campaign for future planning purposes.

All of these steps can be managed and partially automated with our software-based marketing campaign management service. This service enhances the effectiveness of marketing departments by creating collaborative, automated workflows between our customers' marketing staff, their agencies and our fulfillment services and allows for faster and more effective marketing campaign planning, creative design, execution and reporting on results.

Our marketing solutions are described in greater detail below.

Additional Details About our Principal Products and Services

Document Process Management

Our document process management service is a progressive extension of our document management solutions. Rather than only managing the supply of "blank" documents, or documents that have not yet been completed, as we have traditionally done, this new service enables us to also provide fee-based services associated with managing completed, or "filled out", documents, including document management-related workflow consulting, electronic document workflow automation, scanning and archiving of completed documents and related data extraction from completed documents. We charge professional and transactional fees for these services, which are described in greater detail below.

Electronic Document and Workflow Automation. We provide electronic document professional services, including workflow analysis and consulting, document design and supplying of customized, fully programmed electronic documents that enhance and automate workflows within our client's businesses.

Document Scanning and Archiving. We offer a range of scanning and archiving services for completed documents such as preparation, sorting, scanning, data indexing, electronic data archiving, physical archiving of paper documents and data analysis and destruction.

Electronic Bill Presentment (eBP). Our eBP solutions feature email notification, document presentation, bill payment and posting and network security that enable customers to move from a paper-based to an electronic billing format. This allows our customers to integrate graphic-rich, customized marketing messages based on their clients' preferences and past transactions.

Electronic Print and Mail (eP&M). We combine our technology with complete analysis, programming and data processing capabilities, digital printing, letter shop, finishing and mailing to deliver relevant personalized communications to customers and prospects on an outsourced basis.

Direct Mail and Other Marketing Services

As part of our marketing solutions, we offer a wide range of marketing services in the categories of direct mail marketing, order/rebate/returns processing, promotional contest management and retail consumer cards, which are described in greater detail below.

Direct mail marketing. We provide development, project management and production support, including full letter shop and bindery services, for all types of direct mail products from financial statement-inserts and retail promotions to not-for-profit premium packages.

Order / rebate / returns processing. We receive telephone and online orders, process payments (cash, cheque or credit card), fulfill orders and track shipments on behalf of our clients, and provide full database documentation and reporting. We also manage rebate programs, including communication, mailing and reporting, as well as handling returns. We receive, open and assess returned items and manage restocking or refurbishing.

Promotional contest management. We manage all aspects of contest promotion, including entries, communication, and prize fulfillment.

Retail consumer cards. We design and produce membership, reward, transaction, identification and prepaid cards, including full magnetic-stripe encoding and integrated program development.

Specialty Marketing Labels. We design, manage, print and distribute specialty labels used in marketing applications. These include labels used as part of a direct mail package, retail shelf pricing labels, promotional labels and product labels for consumer packaged goods.

Retail In-Store Signage. We design, manage, print and distribute specialty labels used in marketing applications. These include labels used as part of a direct mail package, retail shelf pricing labels, promotional labels and product labels for consumer packaged goods.

Retail Promotion Management. We offer an end-to-end suite of services to help retailers increase speed-to-market, drive store traffic, influence in-store buying decisions and develop consumer insights. These services are focused on the marketing communications of in-store promotions, including the planning, creating, production, fulfillment, delivery, put up/take down, data analysis and reporting of retail promotions. Standard features include in-store signage, shelf labels, point of sale signage and supporting web pages, omni-channel direct marketing and promotional material.

<u>Print and Fulfillment Services</u>

We offer a wide range of printed products and related services in the following categories:

Direct Mail. We can handle the design, management, print and letter shop needs of individual direct mail projects and ongoing campaigns. Our capabilities include conventional and electronic pre-press, full web and sheet fed printing, digital print-on-demand, data processing and laser printing and extensive bindery and letter shop services.

Print-Related Security Products. We offer a line of exclusive security paper stocks for use with our secure printing processes and government certified secure production facilities. Combined, these offer improved protection against fraud for sensitive documents such as money orders, cheques and gift certificates.

Event and Lottery Tickets. We develop and produce event and lottery tickets with security features aimed at deterring counterfeiting and fraud and promotional elements that enhance the customer's brand. We manufacture event tickets for a variety of Canadian and American professional sporting organizations, universities, and several provincial lottery corporations.

Business Forms. We offer a complete line of custom and stock documents, such as invoices, purchase orders, statements, new account opening kits and employee enrollment kits.

Labels, RFID and Bar Code Solutions. We produce labels, integrated form label combinations, and bar code systems that are used by clients for packaging, distribution and inventory control, as well as related bar code printing, scanning and processing.

Personalized Variable Imaging. We receive customer data and apply it as personalized information onto preprinted items such as statements and invoices, which we then mail to the end consumer.

Retail Consumer Cards. We produce customer loyalty cards, membership cards and pre-paid gift cards, which are typically designed to support strategic customer acquisition programs and are usually bundled with online customer card ordering interfaces and card fulfilment services.

Business Cards, Letterhead and Envelopes. We receive template-based orders via our DATA Online ecommerce ordering system and produce business cards, letterhead and envelopes to meet consistent customer brand expectations.

Custom POS Transaction Rolls. We produce small rolls of paper with a customer's logo pre-printed on them. These products are often used for point of sale cash register receipts, automatic teller machine receipts and other similar products, in a variety of sizes.

Commercial Printing. Our commercial printing line includes products such as corporate/promotional brochures, catalogues, directories, calendars, posters, point of purchase displays and promotional products.

Print-on-Demand technology. Many of the items listed above are produced using our print-on-demand services that allow customers to have their materials printed immediately direct-from-file, thereby bypassing the usual pre-production steps of film and plates and eliminating the need for large preprinted inventories of items. Files can be accepted in a wide variety of formats and program platforms. This technology is designed for customers who need fast turnaround times and short print runs. Print-on-demand services are available through our on-demand digital print centres, which may be incorporated into the customer's premises with our staff on-site to provide the customer with convenient, ready-access to our services.

Kitting and Delivery. We assemble and deliver packaged kits of documents and promotional items for customers, as required by their businesses. Fulfilment services can be provided on demand (such as in the case where a customer signs up for a new bank account and is mailed a welcome kit the next day), or as part of a scheduled service (such as a monthly statement, bill or invoice mailing).

Warehousing. We store, maintain and manage customers' printed materials in a controlled warehouse environment. We reduce our customers' document costs by eliminating the need for them to maintain warehouses or document inventory, thus freeing up capital for more productive uses.

Finishing. We maintain expertise in certain services related to the post-production phase of a document's lifecycle, such as binding, cutting, folding and laminating services.

Operations

Organization

Our operations are organized as follows:

- *DATA East and West.* Our DATA East and West division sells our broad range of document management services, marketing solutions and printed products directly to customers. The DATA East and West division accounted for approximately 95% of our revenues in fiscal 2014. This division maintains manufacturing/warehousing facilities in Drummondville, Québec, Granby, Québec, Brampton, Ontario, Markham, Ontario, Regina, Saskatchewan, Edmonton, Alberta, Calgary, Alberta and Niles, Illinois. In addition, the DATA East and West division manages nine on-demand digital print centres, including several in our customers' premises located across Canada, and four business service centres.

- *Multiple Pakfold®.* The Multiple Pakfold® division accounted for approximately 5% of our revenues in fiscal 2014 and focuses on sales of forms and labels to independent brokers/resellers in Canada. The Multiple Pakfold® division maintains a printing facility in Mississauga, Ontario.

Sales and Marketing

We focus on establishing long-term arrangements and service level agreements with our customers to provide document management services, marketing solutions and printed products. In order to achieve our goal of developing value-added, cost efficient relationships with our customers, we form consultative sales relationships with each client that involve interaction for every phase from design through implementation and into on-line re-ordering. We believe that building and maintaining long-term relationships by providing high value-added, customized customer solutions demands significant sales knowledge, expertise and a consultative selling methodology. Our entire direct sales force, customer service representatives and key operations, finance and administrative staff have been trained in consultative selling processes.

Manufacturing and Warehousing

We lease all of our manufacturing and warehousing facilities. In addition, we operate on-demand digital print centres throughout Canada and one location in the United States. See "– Properties" below. We schedule production in our manufacturing facilities to meet the demand requirements of our customer base. We believe that our existing manufacturing facilities provide adequate production capacity to meet expected and anticipated demand.

Products purchased by our customers are either shipped directly to the customer or held in inventory and shipped as requisitioned by the customer. Products are transported to our customers primarily by nationally recognized couriers and other short-haul, regional, contract and custom carriers.

Raw Materials

We purchase raw materials such as paper, carbon, stock ink, stock envelopes, adhesives, plates, film, chemicals and cartons from a variety of manufacturers and resellers. These materials are purchased job-by-job or under contracts with terms ranging from one to four years. Longer-term supply contracts generally specify services to be provided and may guarantee product availability and price. Historically, it has been the industry's and our practice to pass along paper price increases to customers. Generally, alternative sources of supply are readily available but we maintain business interruption insurance that insures against, among other things, the inability to secure an adequate supply of paper. In fiscal 2014, expenditures on raw materials represented approximately 33.7% of our related revenues.

Competition

The industry segments in which we compete are highly competitive. We view our principal competitors in the document management market to be the Canadian affiliate of R.R. Donnelly & Sons Co., Xerox Canada Inc. and technology companies that have attempted to leverage their capabilities to provide a total outsourcing solution. There are also many smaller regional and local companies that compete with us in the document management market. Our principal competitors in the commercial printing and direct mail markets include Transcontinental Inc., St. Joseph's Printing Limited and many other smaller, regional and local competitors. We believe that the key factors within each of the segments in which we compete are customer service (including meeting customers' savings and timing requirements), innovative solution development (including integrated print and electronic capabilities), product quality, reliability, and price.

We also have a number of specialty competitors, such as CGI Group Inc., Symcor Inc. and Ricoh Canada Inc., and local and regional competitors such as Gilmour Printing Services Inc.

Properties

As of February 28, 2015, we leased 32 facilities throughout Canada and one facility in Illinois in the United States for manufacturing/warehousing, on-demand digital print centres and sales/administrative offices. All leases are in good standing in all material respects. The following table lists our premises:

Location	Square Feet	Lease Expiry Date
Brampton, Ontario(1)(2)	269,044	February, 2018
Drummondville, Québec(1)	170,000	October, 2016
Edmonton, Alberta(1)(2)(3)	145,887	December, 2016
Brampton, Ontario(1)	112,730	May, 2016
Calgary, Alberta(1)(2)(3)(4)	112,265	February, 2022
Granby, Québec(1)(2)	99,800	July, 2021
Mississauga, Ontario(1)(2)(4)	84,672	June, 2016
Mississauga, Ontario(1)(2)	60,000	July, 2017

Location	Square Feet	Lease Expiry Date
Brossard, Quebec(2)(3)	15,018 8,788	September, 2020 October, 2016
Richmond, British Columbia (2)	33,868	February, 2018
Regina, Saskatchewan(1)(2)	8,916	December, 2018
London, Ontario(1)(2)(3)	17,300	May, 2016
Winnipeg, Manitoba(1)	11,548	July, 2015
Toronto, Ontario(3)	2,000	December, 2015
Nun's Island, Québec(2)	10,292	June, 2015
Ottawa, Ontario(2)	4,497	January, 2016
Kitchener, Ontario(2)	4,270	February, 2016
Calgary, Alberta(3)	3,500	Rent free – no expiry
Saskatoon, Saskatchewan(2)	2,490	May, 2018
Québec, Québec(2)	1,084	Month to month
Dartmouth, Nova Scotia(2)	1,041	December, 2016
Calgary, Alberta(3)	750	Rent free
Kingston, Ontario(2)	642	June, 2015
North Bay, Ontario(2)	350	Month to month
Saint Laurent, Quebec(2)	1,407	April, 2017
Banff, Alberta(3)	1,500	Rent free
Calgary, Alberta(3)	2,022	Rent free
Niles, Illinois(1)(2)(3)	20,028	October, 2017
Richmond Hill, Ontario(2)	7,137	April, 2019

Notes:

(1) Manufacturing/warehousing/distribution centre facility.

(2) Sales/administrative office.

(3) On-demand digital print centre.

(4) Business services centres and distribution centres.

The following table lists the premises we have vacated or intend to vacate, either because we do not intend to renew the leases at the expiry of their terms or because we have sublet, or intend to sublease, the premises:

Location	Square Feet	Lease Expiry Date
Brockville, Ontario(1)	93,634	October, 2017
Calgary, Alberta(1)(2)	65,131	March, 2016
Anjou, Québec(1)	61,223	December, 2016
Calgary, Alberta(1)	44,885	February, 2016
Calgary, Alberta(1)	34,026	March, 2015

Notes:

(1) Manufacturing/warehousing/distribution centre facility.

(2) Sales/administrative office.

Employees

As of March 1, 2015, we had 1,626 employees, including 1,007 in production, 106 in warehousing, 328 in sales, marketing and customer service and 185 in support functions. As a general matter, we require our sales representatives to enter into employment agreements with non-competition covenants. Approximately 14.4% of our employees are represented by labour unions. The collective agreements with respect to the unionized employees at our facilities in Granby and Drummondville expire on April 30, 2015 and March 13, 2016, respectively.

Information Technology

We connect our facilities over a wide area network using various technologies. Most of our hardware is housed at our Brampton, Ontario data centre, which features a variety of Dell, Hewlett Packard and IBM equipment. We use the proprietary FOMACS system for costing, general ledger, accounts payable and receivable and invoicing needs. Additionally, we use proprietary FOMACS to monitor production and service quality control. Inventory control systems are run on INFORMA® Data Document Manager and DATA Online systems, which utilize print-on-demand, inventory management, shipping, warehousing and ordering modules. Management reporting and information systems are run based on the FOMACS and INFORMA® systems utilized at the operations level. Our information systems provide the basis of our financial reporting as they provide data in respect of a wide variety of financial matters, including sales, distribution, purchasing and expenses. In addition to our core applications, we also leverage third party cloud-based applications to enhance our customer facing applications. Our marketing campaign management solution is built on the Mtivity cloud-based service. Our technology equipment and back-up systems are located in secure premises and we employ a nationwide disaster recovery system. All material data is backed up and safely stored on a daily basis to minimize any potential risk associated with system failure or disaster.

Intellectual Property

We have 35 trade-mark registrations (including “Data Business Forms®”, “Data Focus (Design)®”, “Datatickets®”, “ImageNet®”, “INFORMA®” and “Multiple Pakfold (Design)®”) and one trade-mark application, as well as six patent registrations and one active patent application in Canada. We also have two trade-mark registrations and one patent registration in the United States. We believe that our trademarks and other proprietary rights are material to the operations of our business. We do not believe that any of our trademarks, patents, software or other proprietary rights that are material to our business are being infringed by third parties, or that they infringe proprietary rights of third parties. We regularly add to our portfolio of trademarks and take a proactive approach to protecting our brand identities.

Seasonality

Sales of some of our products are subject to seasonal fluctuations in demand. Certain elements of our gift card and direct mail businesses and the buying patterns of certain major customers have historically generated higher revenues and profit in the fourth quarter than the other three quarters.

Environmental Regulations

Our operations and real property are subject to a complex and onerous legislative regime, including statutes, regulations, by-laws, the common law, guidelines and policies, as well as permits and other approvals relating to the protection of the environment and workers’ health and safety, governing, among other things, air emissions, water discharges, non-hazardous and hazardous waste (including waste water), the storage, treatment, transportation and distribution of dangerous goods and hazardous materials, remediation of releases and the presence of hazardous materials, land use and zoning and employee health and safety, which we refer to as Environmental Health and Safety Requirements. Certain of these Environmental Health and Safety Requirements may impose joint and several liability on lessees and owners or operators of facilities for the costs of investigation or remediation of contaminated properties, regardless of fault or the legality of the original disposal.

Environmental liability is an inherent risk of our business, associated principally with past and present business operations involving the use, storage, handling and contracting for recycling or disposal of hazardous and non-hazardous materials such as washes, inks, alcohol-based products, fountain solution, photographic fixer and developer solutions, machine and hydraulic oils, and solvents. We generate both hazardous and non-hazardous waste.

Limited environmental investigations have been conducted at certain of our properties. Based on these investigations and all other available information, we believe that our current operations are in substantial compliance with Environmental Health and Safety Requirements. We are not aware of any liability under Environmental Health and Safety Requirements that we believe would have a material adverse effect on our business, financial condition or results of operations. No assurance can be given, however, that all potential environmental liabilities have been identified or that future uses, conditions or legal requirements (including, without limitation, those that may result from future acts or omissions or changes in applicable Environmental Health and Safety Requirements) will not require material expenditures to maintain compliance or resolve potential liabilities.

MATERIAL CONTRACTS

The only material contracts we or any of our predecessors entered into prior to (and which are still in effect) or during the year ended December 31, 2014, other than in the ordinary course of business, are as follows:

- the Third Amended and Restated Credit Agreement referred to below under "Amended Credit Agreement"
- the Amended and Restated Trust Indenture referred to below under "Trust Indenture"
- the Shareholder Rights Plan referred to below under "Shareholder Rights Plan"

Each of the foregoing documents is available on SEDAR at www.sedar.com.

Amended Credit Agreement

The Corporation is a party to a Third Amended and Restated Credit Agreement dated December 19, 2014, or the Amended Credit Agreement, with a syndicate of Canadian chartered banks, or the Lenders. Those credit facilities mature on August 31, 2016 and have a maximum available principal amount of $55.0 million, comprised of a $10 million revolving credit facility, a $5 million swing line facility and a $40 million amortizing term loan. The $40 million amortizing term loan is permanently reduced every quarter such that on maturity the maximum available principal amount will be $32.75 million. As at December 31, 2014, the Corporation had outstanding borrowings of $47.3 million and letters of credit granted of $2.2 million under those credit facilities. All of the Corporation's indebtedness outstanding under the Amended Credit Agreement as at December 31, 2014 was subject to floating interest rates.

The Amended Credit Agreement contains restrictive covenants which limit the discretion of management with respect to certain business matters and the declaration or payment of dividends on the Common Shares without the prior consent of the Lenders. A failure by the Corporation to comply with its obligations under the Amended Credit Agreement, together with certain other events including a change of control of the Corporation, could result in an event of default which, if not cured or waived, could permit acceleration of the indebtedness outstanding under those credit facilities. The credit facilities are secured by conventional security charging all the property and assets of the Corporation and its affiliates. See "Risk Factors - Credit Facilities and Restrictive Covenants; Ability to Refinance".

Trust Indenture

The Corporation is the successor issuer of $45.0 million aggregate principal amount of 6.00% convertible unsecured subordinated debentures, or the Debentures, pursuant to an amended and restated trust indenture, or the Trust Indenture, dated January 1, 2012 between DGI and Computershare Trust Company of Canada, or the Debenture Trustee, as supplemented by a supplemental indenture dated January 1, 2014 between the Corporation and the Debenture Trustee.

The Debentures

The aggregate principal amount of Debentures authorized to be issued under the Amended and Restated Trust Indenture, is unlimited and may be issued in one or more series. The aggregate principal amount of the Debentures authorized for issue is $50.0 million. We may, however, from time to time, without the consent of the holders of the Debentures but subject to the limitations described therein, issue additional debentures of the same series or of a different series under the Trust Indenture, in addition to the outstanding Debentures.

The Debentures are designated as “6.00% Convertible Unsecured Subordinated Debentures” and dated as of April 27, 2010. The Debentures are issuable only in denominations of $1,000 and integral multiples thereof. The Debentures are due on June 30, 2017, or the Maturity Date.

The Debentures bear interest from and including the date of issue at 6.00%, payable semi-annually, in arrears, on June 30 and December 31 of each year, each of which is referred to as an Interest Payment Date, commencing on December 31, 2010.

The principal amount of the Debentures is payable in lawful money of Canada or, at our option and subject to applicable regulatory approval, by payment of Common Shares. The interest on the Debentures is payable in lawful money of Canada or, at our option and subject to applicable regulatory approval, in accordance with the Common Share Interest Payment Election (as defined below). Payment of interest to a non-resident holder of Debentures, whether paid in cash or Common Shares, will be subject to Canadian withholding tax.

“Common Share Interest Payment Election” is defined in the Trust Indenture as an election to satisfy an interest obligation of the Corporation to pay interest on the Debentures, as and when the same becomes due, on the applicable interest payment date, in the manner described in the written notice made by us the Debenture Trustee specifying such interest obligation.

The Debentures are direct obligations of the Corporation and are not be secured by any mortgage, pledge, hypothec or other charge and are subordinated to other liabilities of the Corporation. The Trust Indenture does not restrict us from incurring additional indebtedness for borrowed money or other liabilities or from mortgaging, pledging or charging its properties to secure any indebtedness.

Conversion Privilege

The Debentures are convertible at the holder’s option into fully paid and non-assessable Common Shares at any time before the close of business on the earlier of the Maturity Date and the business day immediately preceding the date fixed for redemption at a conversion price of $12.20 per Common Share or the Conversion Price, subject to adjustment in certain events. The Conversion Price represents a conversion ratio of approximately 81.97 Common Shares per $1,000 principal amount of Debentures. No adjustment will be made to the record dates for distributions on Common Shares issuable on conversion of, or interest accrued on, Debentures surrendered for conversion. Holders converting their Debentures will receive accrued and unpaid interest thereon up to, but excluding, the date of conversion. Holders converting their Debentures will become holders of record of Common Shares on the business day immediately after the conversion date. Notwithstanding the foregoing, no Debentures may be converted during the five business days preceding June 30 and December 31 in each year, commencing June 30, 2013, as the registers of the Debenture Trustee will be closed during such periods.

The Trust Indenture provides for the adjustment of the Conversion Price in certain events including:

(a) the subdivision or consolidation of the outstanding Common Shares;

(b) the distribution of Common Shares to holders of Common Shares by way of distribution or otherwise, other than an issue of securities to holders of Common Shares who have elected to receive dividends in securities of the Corporation in lieu of receiving cash dividends paid in the ordinary course;

(c) the issuance of options, rights or warrants to holders of Common Shares entitling them to acquire Common Shares or other securities convertible into Common Shares at less than 95% of the then Current Market Price (as defined below), other than pursuant to the distribution reinvestment plan of the Corporation; and

(d) the distribution to all holders of Common Shares of any securities or assets (other than dividends and equivalent distributions in securities paid in lieu of dividends in the ordinary course).

There will be no adjustment of the Conversion Price in respect of any event described in (b), (c) or (d) above if the holders of Debentures, or the Debentureholders, are allowed to participate as though they had converted their Debentures prior to the applicable record date or effective date. We will not be required to make adjustments in the Conversion Price unless the cumulative effect of such adjustments would change the Conversion Price by at least 1%.

In the case of a reclassification or a capital reorganization of the Common Shares or in the case of any consolidation, amalgamation or merger of the Corporation with or into any other entity, or in the case of a sale or conveyance of the properties and assets of the Corporation as, or substantially as, an entirety to any other entity, or a liquidation, dissolution, winding-up of the Corporation or other similar transaction, the terms of the conversion privilege will be adjusted so that each holder of a Debenture will, after such reclassification, capital reorganization, consolidation, amalgamation, merger, sale, conveyance, liquidation, dissolution, winding up or other similar transaction, be entitled to receive the number of Common Shares, other securities or consideration such holder would be entitled to receive if on the effective date thereof, it had been the holder of the number of Common Shares into which the Debenture was convertible immediately prior to the effective date of such reclassification, capital reorganization, consolidation, amalgamation, merger, sale, conveyance, liquidation, dissolution, winding up or other similar transaction, which is referred to as Substitute Property.

No fractional Common Shares will be issued on any conversion but, in lieu thereof, the Corporation will satisfy fractional interests by a cash payment equal to the Current Market Price (as defined below) of any fractional interest.

"Current Market Price" is defined in the Amended and Restated Trust Indenture as the volume-weighted average trading price per share for the Common Shares on the Toronto Stock Exchange for the 20 consecutive trading days ending five days prior to the applicable event. The weighted average price will be determined by dividing the aggregate sale price of all Common Shares sold on the said exchange or market, as the case may be, during the said 20 consecutive trading days by the total number of Common Shares so sold.

Redemption and Purchase

The Debentures were not redeemable by us before June 30, 2013, or the First Call Date, except in the event of the satisfaction of certain conditions following the occurrence of a Change of Control (as defined below). On or after the First Call Date and prior to June 30, 2015, the Debentures may be redeemed in whole or in part from time to time at the option of the Corporation on not more than 60 days' and not less than 30 days' prior written notice at a price equal to their principal amount, or the Redemption Price plus accrued and unpaid interest thereon, provided that the Current Market Price on the date on which notice of redemption is given is not less than 125% of the Conversion Price. On or after June 30, 2015, the Debentures may be redeemed at any time before the Maturity Date by us, in whole or in part, from time to time at our option on not more than 60 days' and not less than 30 days' prior notice at a price equal to their principal amount plus accrued and unpaid interest to, but excluding, the redemption date.

In the case of redemption of less than all of the Debentures, the Debentures to be redeemed will be selected by the Debenture Trustee on a *pro rata* basis or in such other manner as the Debenture Trustee deems equitable. The Corporation will have the right to purchase Debentures in the market, by tender, or by private contract, provided however, that if an event of default under the Trust Indenture has occurred and is continuing, neither the Corporation nor any of its affiliates will have the right to purchase Debentures by private contract.

Payment upon Redemption or Maturity

On redemption or at maturity, we will repay the indebtedness represented by the Debentures by paying to the Debenture Trustee in lawful money of Canada an amount equal to the aggregate Redemption Price of the outstanding together with accrued and unpaid interest thereon. We may, at our option, on not more than 60 days' and not less than 40 days' prior notice, subject to applicable regulatory approval and provided no Event of Default (as defined below) has occurred and is continuing, elect to satisfy its obligation to pay the Redemption Price of the Debentures which are to be redeemed or the principal amount of the Debentures which are due on maturity, as the case may be, by issuing freely tradable Common Shares to the holders of the Debentures. Any accrued and unpaid interest thereon will be paid in cash. The number of Common Shares to be issued will be determined by dividing the aggregate Redemption Price of the outstanding Debentures which are to be redeemed or the principal amount of the outstanding Debentures which have matured, as the case may be, by 95% of the Current Market Price on the date fixed for redemption or the Maturity Date, as the case may be. No fractional Common Shares will be issued on redemption or maturity but in lieu thereof we will satisfy fractional interests by a cash payment equal to the Current Market Price of any fractional interest.

Subordination

The payment of the principal of, and interest on, the Debentures will be subordinated in right of payment, as set forth in the Trust Indenture, to the prior payment in full of all Senior Indebtedness of the Corporation "Senior Indebtedness" is defined in the Trust Indenture as the principal of and premium, if any, and interest on and other amounts in respect of all indebtedness including indebtedness to trade creditors of the Corporation (whether outstanding as at the date of Trust Indenture or thereafter incurred), other than indebtedness evidenced by the Debentures and all other existing and future debentures or other instruments of the Corporation which, by the terms of the instrument creating or evidencing the indebtedness, are expressed to be *pari passu* with, or subordinate in right of payment to, the Debentures. Each debenture of the same series of debentures issued under the Trust Indenture will rank *pari passu* with each other debenture of the same series and, subject to statutory preferred exceptions, with all other present and future subordinated and unsecured indebtedness of the Corporation except for sinking fund provisions (if any) applicable to different series of debentures or similar types of obligations of the Corporation.

The Trust Indenture provides that in the event of any insolvency or bankruptcy proceedings, or any receivership, liquidation, reorganization or other similar proceedings relative to the Corporation, or to its property or assets, or in the event of any proceedings for voluntary liquidation, dissolution or other winding-up of the Corporation, whether or not involving insolvency or bankruptcy, or any marshalling of the assets and liabilities of the Corporation, then those holders of Senior Indebtedness, including any trade creditors of the Corporation, will receive payment in full before the holders of Debentures will be entitled to receive any payment or distribution of any kind or character, whether in cash, property or securities, which may be payable or deliverable in any such event in respect of any of the Debentures or any unpaid interest accrued thereon. The Trust Indenture also provides that the Corporation will not make any payment, and the holders of the Debentures will not be entitled to demand, institute proceedings for the collection of, or receive any payment or benefit (including without any limitation by set-off, combination of accounts or realization of security or otherwise in any manner whatsoever) on account of indebtedness represented by the Debentures (a) in a manner inconsistent with the terms (as they exist on the date of issue) of the Debentures, or (b) at any time when an event of default has occurred under the Senior Indebtedness and is continuing and the notice of such event of default has been given by or on behalf of the holders of Senior Indebtedness to the Corporation, unless the Senior Indebtedness has been repaid in full.

The Debentures are effectively subordinate to claims of creditors of each subsidiary of the Corporation except to the extent the Corporation or one of its other subsidiaries is a creditor of such subsidiary ranking at least *pari passu* with such other creditors. Specifically, the Debentures will be effectively subordinated in right of payment to the prior payment in full of all indebtedness under the Amended Credit Agreement.

Change of Control of the Corporation

Upon the occurrence of a change of control involving the acquisition of voting control or direction over 66 2/3% or more of the Common Shares (on a fully-diluted basis, including Common Shares issuable upon the conversion or exchange of securities convertible into or exchangeable for or otherwise carrying the right to acquire Common Shares) by any person or group of persons acting jointly or in concert, which is referred to as a Change of Control, each holder of Debentures may require the Corporation to purchase, on the date which is 30 days following the giving of notice of the Change of Control as set out below, or the Put Date, the whole or any part of such holder's Debentures at a price equal to 101% of the principal amount thereof, the Put Price plus accrued and unpaid interest to, but excluding, the Put Date. The Amended and Restated Trust Indenture contains notification provisions requiring to the following effect: (i) the

Corporation will promptly give written notice to the Debenture Trustee of the occurrence of a Change of Control and the Debenture Trustee will thereafter give to the holders of Debentures notice of the Change of Control, the repayment right of the holders of Debentures and the right of the Corporation to redeem untendered Debentures under certain circumstances, and (ii) a holder of Debentures, to exercise the right to require the Corporation to purchase its Debentures, must deliver to the Debenture Trustee, not less than five business days prior the Put Date, written notice of the holder's exercise of such right, together with the Debentures with respect to which the right is being exercised, duly endorsed for transfer.

If 90% or more in aggregate principal amount of the Debentures outstanding on the date of the giving of notice of the Change of Control have been tendered for purchase on the Put Date, the Corporation will have the right to redeem all the remaining Debentures on such date at the Put Price, together with accrued and unpaid interest to such date. Notice of such redemption must be given by the Corporation to the Debenture Trustee prior to the Put Date, and as soon as possible thereafter, by the Debenture Trustee to the holders of the Debentures not tendered for purchase.

Interest Payment Option

From time to time, subject to applicable regulatory approval and provided no Event of Default has occurred, the Corporation may elect to satisfy its obligation to pay interest on the Debentures, or the Interest Obligation arising on any Interest Payment Date by delivering sufficient Common Shares to the Debenture Trustee to satisfy all or any part of the Interest Obligation in accordance with the Trust Indenture, or the Common Share Payment Interest Election. The Trust Indenture provides that, upon such election, the Debenture Trustee will, subject to any applicable securities laws (a) accept delivery from the Corporation of Common Shares, (b) accept bids with respect to, and consummate sales of, such Common Shares, as the Corporation may direct in its absolute discretion, (c) invest the proceeds of such sales in short-term permitted government securities (as defined in the Trust Indenture) that mature prior to the applicable Interest Payment Date, and use the proceeds received from such permitted government securities, together with any proceeds from the sale of Common Shares not invested as aforesaid, to satisfy the Interest Obligation, and (d) perform any other action necessarily incidental thereto.

The Trust Indenture sets forth the procedures to be followed by the Corporation and the Debenture Trustee in order to effect the Common Share Interest Payment Election. If a Common Share Interest Payment Election is made, the sole right of a Debentureholder in respect of interest will be to receive cash from the Debenture Trustee out of the proceeds of the sale of Common Shares (plus any amount received by the Debenture Trustee from the Corporation attributable to any fractional Common Shares) in full satisfaction of the Interest Obligation, and the holder of such Debentures will have no further recourse to the Corporation in respect of the Interest Obligation.

Neither the Corporation's making of the Common Share Interest Payment Election nor the consummation of sales of Common Shares will (a) result in the holders of the Debentures not being entitled to receive on the applicable Interest Payment Date cash in an aggregate amount equal to the interest payable on such Interest Payment Date, or (b) entitle such holders to receive any Common Shares in satisfaction of the Interest Obligation.

Events of Default

The Trust Indenture provides that an event of default, or Event of Default in respect of the Debentures will occur if any one or more of the following described events has occurred and is continuing with respect of the Debentures: (i) failure for 15 days to pay interest on the Debentures when due; (ii) failure to pay principal or premium, if any, when due on the Debentures, whether at maturity, upon redemption, by declaration or otherwise; (iii) certain events of bankruptcy, insolvency or reorganization of the Corporation under bankruptcy or insolvency laws; or (iv) default in the observance or performance of any material covenant or condition of the Trust Indenture and continuance of such default for a period of 30 days after notice in writing has been given by the Debenture Trustee to the Corporation specifying such default and requiring the Corporation to rectify the same. If an Event of Default has occurred and is continuing, the Debenture Trustee may, in its discretion, and will, upon request of holders of not less than 25% in principal amount of the principal amount of Debentures, declare the principal of and interest on all outstanding Debentures to be immediately due and payable. In certain cases, the holders of a majority of the principal amount of the Debentures then outstanding may, on behalf of the holders of all Debentures, waive any Event of Default and/or cancel any such declaration upon such terms and conditions as such holders shall prescribe.

Offers for Debentures

The Trust Indenture contains provisions to the effect that if an offer is made for the Debentures which is a take-over bid for Debentures within the meaning of the *Securities Act* (Ontario) and not less than 90% of the Debentures (other than Debentures held at the date of the take-over bid by or on behalf of the offeror or associates or affiliates of the offeror) are taken up and paid for by the offeror, the offeror will be entitled to acquire the Debentures held by the holders of Debentures who did not accept the offer on the terms offered by the offeror.

Modification

The rights of the Debentureholders as well as holders of any other series of debentures, or the holders of debentures that may be issued under the Trust Indenture may be modified in accordance with the terms of the Trust Indenture. For that purpose, among others, the Amended and Restated Trust Indenture contains certain provisions which will make binding on all holders of debentures resolutions passed at meetings of the holders of debentures by votes cast thereat by holders of not less than 66 2/3% of the principal amount of the debentures present at the meeting or represented by proxy, or rendered by instruments in writing signed by the holders of not less than 66 2/3% of the principal amount of the debentures. In certain cases, the modification will, instead or in addition, require assent by the holders of the required percentage of debentures of each particularly affected series.

Book-Entry System

The Debentures have been issued in "book-entry only" form and must be purchased or transferred through a participant in CDS, or a CDS Participant. The Debenture Trustee has caused the Debentures to be delivered to CDS and registered in the name of its nominee. The Debentures are evidenced by a single book-entry only certificate. Registration of interests in and transfers of the Debentures will be made only through the depository service of CDS. Except as described below, a purchaser acquiring a beneficial interest in the Debentures, or (a Beneficial Owner will not be entitled to a certificate or other instrument from the Debenture Trustee or CDS evidencing that purchaser's interest therein, and such purchaser will not be shown on the records maintained by CDS, except through a CDS Participant.

The Corporation will not assume any liability for: (a) any aspect of the records relating to the beneficial ownership of the Debentures held by CDS or the payments relating thereto; (b) maintaining, supervising or reviewing any records relating to the Debentures; or (c) any advice or representation made by or with respect to CDS and contained in this short form prospectus and relating to the rules governing CDS or any action to be taken by CDS or at the direction of the CDS Participants. The rules governing CDS provide that it acts as the agent and depositary for the CDS Participants. As a result, CDS Participants must look solely to CDS and Beneficial Owners must look solely to CDS Participants for the payment of the principal and interest on the Debentures paid by or on behalf of the Corporation to CDS.

As indirect holders of Debentures, investors should be aware that they (subject to the situations described below): (a) may not have Debentures registered in their name; (b) may not have physical certificates representing their interest in the Debentures; (c) may not be able to sell the Debentures to institutions required by law to hold physical certificates for securities they own; and (d) may be unable to pledge Debentures as security.

The Debentures will be issued to Beneficial Owners in fully registered and certificate form, or the Debenture Certificates only if: (a) required to do so by applicable law; (b) the book-entry only system ceases to exist; (c) the Corporation or CDS advises the Debenture Trustee that CDS is no longer willing or able to properly discharge its responsibilities as depositary with respect to the Debentures and the Corporation is unable to locate a qualified successor; (d) the Corporation, at its option, decides to terminate the book-entry only system through CDS; or (e) after the occurrence of an Event of Default, CDS Participants acting on behalf of Beneficial Owners representing, in the aggregate, more than 25% of the aggregate principal amount of the Debentures then outstanding advise CDS in writing that the continuation of a book-entry only system through CDS is no longer in their best interest provided the Debenture Trustee has not waived the Event of Default in accordance with the terms of the Trust Indenture.

Shareholder Rights Plan

Effective January 1, 2012, DGI's Board of Directors adopted a shareholder rights plan, which became a contract of the Corporation pursuant to the Amalgamation. The terms of the shareholder rights plan are set out in the shareholder rights plan agreement dated as of January 1, 2012, or the Shareholder Rights Plan, between DGI, as predecessor to the Corporation, and Computershare Investor Services Inc., a copy of which has been filed with Canadian securities regulatory authorities and at www.sedar.com. For a description of the Shareholder Rights Plan, please refer to information set out further under the heading "Reconfirmation of the Shareholder Rights Plan" on pages 35 to 38 of the Management Information Circular of the Corporation dated May 20, 2014, which information is incorporated by reference to this AIF. A copy of that Management Information Circular has been filed with the Canadian securities regulatory authorities and is available at www.sedar.com.

CAPITAL STRUCTURE

We are authorized to issue and unlimited number of Common Shares. There are no authorized classes of securities of our company other than the Common Shares. As at March 1, 2015, we had 23,490,592 Common Shares issued and outstanding as fully paid and non-assessable.

Our Shareholders are entitled to receive notice of any meetings of Shareholders, to attend and to cast one vote per Common Share at all such meetings. Shareholders are entitled to receive on a pro-rata basis such dividends, if any, as and when declared by our Board of Directors at its discretion from funds legally available therefore and upon the liquidation, dissolution or winding-up of our company are entitled to receive on a pro-rata basis those of our assets subject to the rights, privileges, restrictions and conditions attaching to any shares ranking in priority to the Common Shares with respect to dividends or liquidation. Except as set out below under "Redemption Right", the Common Shares have no conversion, retraction, pre-emptive or subscription rights, nor do they contain any sinking or purchase fund provisions.

Dividend Policy

Our Board of Directors established and adopted a dividend policy. We do not currently pay dividends on our Common Shares and do not intend to do so for the foreseeable future.

Our dividend policy is subject to the discretion of our Board of Directors and will be evaluated on an ongoing basis, and may be revised subject to business circumstances and expected capital requirements depending on, among other things, our earnings, financial requirements, growth opportunities, the satisfaction of solvency tests imposed by the OBCA for the declaration of dividends and other conditions existing at such future time.

Under the terms of the Amended Credit Agreement, we are not permitted to declare or pay dividends on our Common Shares without the prior consent of the Lenders.

DIVIDENDS

During the year ended December 31, 2012, DGI paid an annual dividend of $0.6504 per Common Share. During the year ended December 31, 2013, DGI paid an annual dividend of $0.30 per Common Share until dividends were suspended on November 8, 2013 (with the last quarterly dividend of $0.075 being paid on October 15, 2013). See "Capital Structure – Dividend Policy".

MARKET FOR SECURITIES

Our Common Shares are listed on the Toronto Stock Exchange, or the TSX, under the symbol "DGI".

The Debentures are listed on the TSX under the symbol "DGI.DB.A".

Trading Price and Volume

The following table shows the range of high and low prices per Common Share as at the close of market (TSX) and total monthly volumes of Common Shares traded on the TSX during the year ended December 31, 2014.

	Price per Common Share ($)		
Month	**High**	**Low**	**Total Volume (Common Shares)**
January	$0.73	$0.48	1,391,592
February	$0.75	$0.66	687,085
March	$1.19	$0.67	1,931,932
April	$0.91	$0.74	530,674
May	$1.04	$0.72	946,384
June	$0.85	$0.68	651,692
July	$0.74	$0.63	434,454
August	$0.80	$0.56	855,469
September	$0.63	$0.50	874,159
October	$0.56	$0.44	876,020
November	$0.71	$0.44	1,068,347
December	$0.50	$0.44	1,092,687

The following table shows the range of high and low prices per Debenture as at the close of market (TSX) and total monthly volumes of Debentures traded on the TSX during the year ended December 31, 2014.

	Price per Debenture ($)		
Month	**High**	**Low**	**Total Volume (Debentures)**
January	$57.50	$43.00	6,670
February	$54.00	$51.00	3,480
March	$68.05	$51.00	14,130
April	$65.00	$60.00	5,030
May	$72.00	$62.50	5,310
June	$70.75	$64.00	4,280
July	$67.00	$62.50	2,480
August	$64.00	$55.00	15,540
September	$62.00	$59.50	7,390
October	$62.50	$48.50	5,650
November	$63.00	$50.00	25,600
December	$64.24	$60.00	3,810

As at March 1, 2015, $44.7 million aggregate principal amount of Debentures were outstanding and such debentures are redeemable. Each Debenture is convertible into Common Shares at the option of the holder at any time prior to the close of business on June 30, 2017, or, if called for redemption, on the business day immediately preceding the date specified by the Corporation for redemption of the Debentures, at a conversion price of $12.20 per Common Share (or 81.9672 Common Shares for each $1,000 principal amount of Debentures converted), subject to adjustment in certain events and restrictions on conversion at certain points in time.

In May 2014, the Corporation commenced a normal course issuer bid, or NCIB, to purchase up to a maximum of $4,475,640 aggregate principal amount of the Debentures, representing 10% of the “public float” of the Debentures outstanding as at May 1, 2014. Purchases under the NCIB were permitted to commence on the TSX on May 15, 2014 and will terminate on the earlier of May 14, 2015, the date the Corporation completes its purchases pursuant to the Notice of Intention to Make a Normal Court Issuer Bid dated May 12, 2014 filed with the TSX and the date of notice by the Corporation of termination of the bid. As of March 1, 2015, $0.3 million aggregate principal amount of Debentures had been purchased under the NCIB. The Debentures purchased under the NCIB will be cancelled.

MANAGEMENT OF THE DATA GROUP

Directors and Officers

Our directors are William Albino, Michael Blair, Rod Phillips, Thomas R. Spencer, Michael Suksi, Harinder S. Takhar and J.R. Kingsley Ward.

The following sets out, for each of our directors and the executive officers, the person's name, municipality of residence, position with the Corporation and principal occupation. The term of office for each of the directors of the Corporation will expire at the time of the next annual meeting of shareholders of our company. As at March 1, 2015, our directors and the executive officers, as a group beneficially owned, directly or indirectly, 4,600,520 Common Shares, representing 19.58% of the issued and outstanding Common Shares.

Name and Municipality of Residence	Position	Principal Occupation	Number and Percentage of Outstanding Common Shares Beneficially Owned	
Directors				
WILLIAM ALBINO(1)(2) Ontario, Canada	Director of the Corporation	Corporate Director	10,000	0.0426%
MICHAEL BLAIR(1) (2) Ontario, Canada	Director of the Corporation	Corporate Director	254,000	1.0813%
ROD PHILLIPS(2)(3) Ontario, Canada	Director of the Corporation	Corporate Director	–	–
THOMAS R. SPENCER Ontario, Canada	Director of the Corporation	Corporate Director	101,500	0.432%
MICHAEL SUKSI Ontario, Canada	Director of the Corporation; President and Chief Executive Officer of the Corporation	President and Chief Executive Officer of the Corporation; Corporate Director	88,285	0.376%
HARINDER S. TAKHAR(1)(3) Ontario, Canada	Director of the Corporation	Chairman and Chief Executive Officer of Chalmers Group of Companies and KST Industries Inc.(4)	3,337,500	14.208%
J.R. KINGSLEY WARD(3) Ontario, Canada	Director of the Corporation	Chairman and Managing Partner of VRG Capital Corp.	647,100	2.755%

Notes:
(1) Member of the Audit Committee.
(2) Member of the Corporate Governance Committee.
(3) Member of the Compensation Committee.
(4) KST Industries Inc. is a private holding company. KST Industries Inc. is the parent company of Chalmers Group of Companies, which consists of five manufacturing companies with operations in Canada and the United States.

Name and Municipality of Residence	Position	Principal Occupation	Number and Percentage of Outstanding Common Shares Beneficially Owned	
Executive Officers (in addition to Michael Suksi)				
PAUL O'SHEA Ontario, Canada	Chief Financial Officer and Corporate Secretary	Chief Financial Officer of the Corporation	74,190	0.316%
ALAN ROBERTS Ontario, Canada	Senior Vice-President, Operations	Senior Vice-President, Operations	11,000	0.047%
DIANE SCHWIND Ontario, Canada	Vice-President, Operations, Rotary and Labels	Vice-President, Operations, Rotary and Labels	48,730	0.207%
STEVE WITTAL Ontario, Canada	Vice President, Sales, Eastern Canada	Vice President, Sales, Eastern Canada	28,215	0.120%

With the exception of Alan Roberts, each of the executive officers of the DATA Group has held his or her current position or another position with a predecessor of the DATA Group during the past five years. Alan Roberts initially joined DATA Group in 1995 as General Manger of DATA Group's then On-Demand Services Division. He joined The Printing House Ltd. as Vice President of Marketing from 2003-2006. In 2009, Mr. Roberts joined Xerox Global Services and was responsible for establishing Xerox Global Services at the University of British Columbia and moved to the Xerox head office in a country and global role as Communication and Marketing Services Program Manager. In March of 2012, Alan rejoined the DATA Group as Vice-President, Operations, On-Demand Services, FSA and Western Canada and was promoted to Senior Vice-President, Operations on July 17, 2014.

The principal occupation of each member of the Board of Directors of the Corporation for the past five years preceding the date hereof and additional biographical information is described below:

William Albino. Mr. Albino has been a Director of the company since August 8, 2012. He currently chairs the Governance Committee of the Board and is a member of the Audit Committee. Prior to his retirement in 2011, Mr. Albino was Chief Executive Officer of Smart Systems for Health, an Agency of the Ontario Government charged with developing and implementing electronic health records for all Ontarians. Before that assignment, Mr. Albino was an Executive Vice President of EDS Canada, responsible, at various times, for the EDS's business in the Telecommunications, Government, and Manufacturing sectors. He spent two years as head of his own consulting company while acting as an independent investor in start-up technology companies. Mr. Albino's longest employment - 25 years - was with Xerox Corporation where he held numerous positions, in both Canada and the US, culminating in his assignment as Vice-President and General Manager of the company's largest division. Mr. Albino has a Bachelor of Arts degree from the University of Toronto and a Masters of Business Administration from The Richard Ivey School of Business at the University of Western Ontario. He is presently a director of The Aurora Historical Society and the Big Brother and Sisters Council of Champions.

Michael Blair. Prior to his retirement in 2011, Mr. Blair was the Chief Executive Officer and director of Automodular Corporation, a public company that supplies sub-assembly and sequencing services to automotive assemblers. Mr. Blair was also the Founder and Chairman of Pharmx Rexall Drug Stores Ltd., a chain of drug stores in Ontario. Mr. Blair has also served as the Founder, President and Chief Executive Officer, a director and a member of the audit committee of The Enfield Corporation Limited, an industrial corporation that engaged in manufacturing of electrical equipment, glass and plastics packaging, and automotive parts and components. At the time, The Enfield Corporation Limited employed approximately 10,000 personnel and operated around 40 plants and facilities in Canada, the United States, the United Kingdom and Hong Kong. Mr. Blair was the chairman of the board and chairman of the audit committee of Federal Pioneer Limited, which was, prior to its acquisition in 1990, Canada’s largest independent manufacturer of circuit breakers, switchgear and transformers, employing approximately 2,300 personnel in its 13 manufacturing facilities. Mr. Blair holds a Bachelor of Arts degree from the Royal Military College of Canada, a Masters of Business Administration from The Richard Ivey School of Business at the University of Western Ontario, and an ICD.D designation through the Rotman School of Management.

Rod Phillips. Mr. Phillips currently serves as the chair of Postmedia Network Canada Corp. and Postmedia Network Inc. He is a member of the Board of Directors of Discovery Air Inc., DATA Group Ltd. and the Toronto International Film Festival. He is Chair of CivicAction and the TELUS Great Toronto Community Board. He was most recently President and Chief Executive Officer of the Ontario Lottery and Gaming Corporation (OLG) from 2011 to 2014. For eight years prior to that Mr. Phillips was President and CEO of Shepell.fgi one of North America's leading providers of workplace health and productivity solutions. From 1997 to 2000, Mr. Phillips served as Chief of Staff to Mayor Mel Lastman during his first term as the leader of the newly amalgamated City of Toronto. He is a graduate of the MBA program at Wilfrid Laurier University and holds an Honours BA in Political Science and English from Western University. Mr. Phillips has completed the Directors Education Program at the Rotman School of Management and holds the Institute of Corporate Directors designation ICD.D.

Thomas R. Spencer. Mr. Spencer was a trustee of the Fund from December 14, 2004 to January 1, 2012 and has been a director of the Corporation or its predecessor, DGI, since January 1, 2012. Mr. Spencer is a retired Vice Chairman of TD Bank Financial Group. Over his 27 year career he was responsible for managing the Enterprise Risk Management function, Corporate Banking in Canada and Merchant Banking in New York. He is a former director of The Business Development Bank of Canada (serving as Chair of the Board Credit and Risk Committee) and Equity Financial Holdings Inc. Mr. Spencer holds a Bachelor of Arts degree in Economics and a Masters of Business Administration, both from York University, and an ICD.D designation through the Rotman School of Management.

Michael Suksi. Mr. Suksi was a trustee of the Fund from November 8, 2010 to January 1, 2012 and has been a director of the Corporation or its predecessor, DGI, since January 1, 2012. Mr. Suksi joined the DATA Group in April 1985 and held progressively more senior sales and marketing positions leading to Vice President of Sales & Marketing. Between November 2004 and November 2006, Mr. Suksi was Vice President, Sales at Transcontinental Inc., one of Canada’s largest print and media organizations. In November 2006, Mr. Suksi returned to the DATA Group as President, DATA East and was instrumental in the successful integration of Relizon Canada Inc. into the DATA Group. Mr. Suksi was appointed President and Chief Executive Officer of our company on October 12, 2010. Mr. Suksi holds a Bachelor of Arts degree in Economics and Commerce from the University of Toronto.

Harinder S. Takhar. Mr. Takhar currently serves as the Chairman and CEO of Chalmers Group of Companies and its parent company, KST Industries Inc. Chalmers Group of Companies consists of five manufacturing companies with operations in Canada and the USA. He previously served as the President and CEO of Chalmers Group of Companies from 1992 to 2003. Mr. Takhar was elected to the Ontario Legislature in October 2003 and was re-elected in 2007, 2011 and 2014. In October 2003, he was appointed to the Executive Council of Ontario and as the Minister of Transportation. In May 2006, Mr. Takhar was appointed as Ontario's first Minister of Small Business and Entrepreneurship, later as Minister of Small Business and Consumer Services. He then served as Minister of Government Services from June 2009 until November 2012. From February 2013 to May 2013, he was reappointed as the Minister of Government Services and as the Chair of the Management Board of Cabinet. Mr. Takhar holds a Master's degree in Economics, Political Science and an undergraduate degree in English, Economics and Political Science. He is a member of the Chartered Professional Accountants (CPA), Certified Management Accountants (CMA) and a fellow of CPA, CMA Ontario.

J.R. Kingsley Ward. Mr. Ward is currently the chairman and managing partner of VRG Capital Corp. and prior to that was the President of VRG Capital from 1992 to 2011. Mr. Ward began his career at the Vimy Ridge Group Ltd., a Toronto based holding company with a portfolio of investments primarily in the healthcare industry. In 1992, VRG Capital, a division of Vimy Ridge Group Ltd., was formed to develop merchant banking initiatives for Vimy Ridge Group Ltd. Mr. Ward has over 25 years of experience in initiating, structuring, and monetizing private equity investments. Mr. Ward's business career includes being a founder and director of Clarus Securities, an institutional investment dealer, Chairman of Nucro Technics, a pharmaceutical contract support organization, and is currently a director of Wheels Group Inc., a leading North American third party logistics management company. He was a founder and former Director of IPEC (now Flint Energy Services) and was a founder and former Chairman of Pareto Corporation, a marketing services company until its sale in 2011. He is a past Director of PLM Group, a commercial printing and direct marketing company.

Committees of the Board of Directors of the DATA Group

Our Board of Directors has established an Audit Committee, a Compensation Committee and a Corporate Governance Committee. For a description of the responsibilities of the Corporate Governance Committee and the Compensation Committee, respectively, refer to the Corporation's most recent Management Information Circular, a copy of which will be filed with Canadian securities regulatory authorities and will be available at www.sedar.com.

Audit Committee

Charter of the Audit Committee

The Charter of the Audit Committee, as approved on January 1, 2015 is set out in Schedule A to this AIF.

Composition of the Audit Committee

Our Audit Committee is composed of three directors: Michael Blair (Chair), William Albino and Harinder S. Takhar. Each member of the Audit Committee is independent and financially literate as defined under Multilateral Instrument 52-110 – Audit Committees.

Relevant Education and Experience of the Audit Committee Members

In addition to each member's general business experience, the education and experience of each Audit Committee member that is relevant to the performance of his responsibilities as an Audit Committee member is set forth in their respective biographies above under "–Directors and Officers".

Audit Fees

During the years ended December 31, 2014 and 2013, DGI retained the Corporation's principal accountant, PricewaterhouseCoopers LLP, to provide services in the categories and for the amounts that follow:

	2014	**2013**
• Audit fees……………………………………………………………	$334,000	$325,000
• Audit-related fees……………………………………………………	$113,450	$123,000
• Tax fees ………………………………………………………………	$73,579	$75,297
• All other fees…………………………………………………………	$7,000	$7,000

The nature of the category and description of fees is summarized below.

Audit fees. For the years ended December 31, 2014 and 2013, the fees disclosed in the table above under the item "Audit fees" represent fees paid or payable for audit and review services performed in connection with the consolidated financial statements of the Corporation.

Audit-related fees. Audit-related fees were paid or are payable for assurance and related services that are reasonably related to the performance of the audit or review of the annual financial statements and are not reported under the audit fees item above. For the years ended December 31, 2014 and 2013, these services consisted of other assurance services.

Tax fees. For the years ended December 31, 2014 and 2013, tax fees were paid or are payable by DATA Group and its subsidiaries for tax compliance services and tax advice and planning.

All other fees. For the years ended December 31, 2014 and 2013, these fees were paid or are payable by DATA Group to the Canadian Public Accountability Board.

Pre-approval Policies and Procedures

The Audit Committee has adopted a policy to deal with the engagement of external auditors.

The policy provides that the Audit Committee may delegate pre-approval authority to engage external auditors for audit and non-audit services to any two of its members. Members who exercise this authority are required to report any pre-approval decisions to the Audit Committee at its next scheduled meeting. The external auditor is prohibited from providing certain services, such as bookkeeping or other services related to our accounting records or financial statements, financial information systems design and implementation, appraisal valuation services or fairness opinions, actuarial services or internal audit outsourcing services. Our Chief Financial Officer will report to the Audit Committee at each regularly scheduled meeting as to the total fees paid to the external auditor by service type as well as any items approved under delegated discretion during the quarter.

RISK FACTORS

An investment in our securities involves risks. In addition to the other information contained in this AIF, investors should carefully consider the risks described below before investing in our securities. The risks described below and in our other publicly available disclosure documents are not the only ones facing the DATA Group. Additional risks not currently known to us or that we currently believe are immaterial may also impair the business, results of operations, financial condition and liquidity of the DATA Group.

Risks Related to the Business

Limited Growth in the Traditional Printing Industry

The overall printing industry is highly competitive and has not grown over the last several years and we have experienced, and expect to experience, further declines in sales of our printed business documents relative to historical levels of sales for those products. We have depended heavily on sales of printed business forms and documents. In particular, we have relied, and expect to rely in the future, on revenues from our legacy print business as a source of capital to fund its investment in digital products and services as a means of reducing our reliance on our legacy print business and increase its revenues and profitability, and to reduce our outstanding indebtedness. Operating expenses associated with our legacy print business are significant and we have implemented significant cost savings initiatives in order to reduce those expenses to a level which is commensurate with the revenues of that business. However, the overall printed forms industry has not grown in the last few years due to technological advancements resulting in the decline in the use of traditional paper-based forms. In addition, the printed document industry historically has been affected by general economic and industry cycles that have materially and adversely affected print distributors and print manufacturers. Accordingly, for us to continue to experience growth, or maintain historical levels of sales, in printed document sales, we must increase our market share and individual customer share and respond to changes in demand in this segment of the industry. There can be no assurance that we will achieve growth in our legacy print business or that we will be successful in maintaining historical levels of sales from that business, or that we will implement and realize reductions expenses in a timely manner to a level which reflects the size of our legacy print business and enables us to operate that business on a profitable basis. Failure to do so could have a material adverse effect on our business, financial condition, liquidity and results of operations. In addition, we also face competition from alternative sources of communication and information transfer, such as electronic mail, and the Internet. These sources of communication and advertising may adversely impact printed product sales in the future.

Inability to Sustain and Manage Organic Growth

A principal component of our strategy is to continue our organic growth. We may not be successful in growing our business or in managing our organic growth and a failure to do so could have a material adverse effect on our business, financial condition, liquidity and results of operations and the ability of the Corporation to declare and pay dividends to Shareholders. Our growth depends on our ability to accomplish a number of things, including successfully introducing new products and gaining market acceptance for them; identifying and developing new geographic markets; establishing and maintaining favourable relationships with customers in new markets and market segments and maintaining these relationships in existing markets; and successfully managing expansion and obtaining the required financing. Any growth we achieve may require additional employees and an increase in the scope of both our operation and financial systems and the geographic area of our operations.

Failure to Develop and Successfully Market New Product and Service Options

Our ability to continue to generate comparable net income is based, in part, on the addition of new products and services which could be sold to existing and prospective customers. There can be no assurance that we will develop new products or services that will receive market acceptance or that those new products or services will yield favourable margins. The failure to develop and successfully market new products and services at favourable margins could have a material adverse effect on our business, financial condition, liquidity and results of operations.

Competition from Competitors Supplying Similar Products and Services

Some of our competitors have greater economic resources than we do and are well-established suppliers. If consolidation in the document management or printing industry occurs, some competitors may become larger and pose an additional competitive threat to our business. A competitor may reduce the price of its products or services in an attempt to gain increased sales, and the corresponding pricing pressure placed on us may result in reduced profit margins or cash flow. A loss of business may occur if we do not meet competitive prices that fall below our profitability targets. Several of our products and services are sold into select market segments and there can be no assurance that these segments will not attract additional competitors that could have greater financial, technological, manufacturing and marketing resources than we do.

Credit Facilities and Restrictive Covenants; Ability to Refinance

We have third party debt service obligations under the Amended Credit Agreement. Those obligations are secured by a charge over all of our assets which ranks in priority to our unsecured indebtedness, including the 6.00% convertible debentures. In addition, we have obligations to pay interest on its outstanding convertible debentures and a principal payment upon the maturity of those debentures. The degree to which we are leveraged could have important consequences to the holders of our securities, including: (i) a portion of our cash flow from operations is dedicated to the payment of the principal of and interest on indebtedness, thereby reducing funds available for distribution to shareholders of the Corporation; and (ii) certain of our borrowings are at variable rates of interest, which exposes us to the risk of increased interest rates. Our ability to make scheduled payments of principal and interest on, or to refinance, our indebtedness depends on our future operating performance and cash flow, which are subject to prevailing economic conditions, prevailing interest rate levels, and financial, competitive, business and other factors, many of which are beyond our control.

The Amended Credit Agreement contains numerous restrictive covenants that limit us with respect to certain business matters. These covenants place restrictions on, among other things, our ability to incur additional indebtedness, to create liens or other encumbrances, to pay distributions or make certain other payments, investments, loans and guarantees and to sell or otherwise dispose of assets and merge or consolidate with another entity. In addition, the Amended Credit Agreement contains financial covenants which require us to at all times maintain a quarterly maximum ratio of total debt to adjusted earnings before interest, income taxes, depreciation and amortization ("**EBITDA**") and a quarterly minimum ratio of EBITDA to fixed charges. A failure to comply with these covenants could result in an event of default which, if not cured or waived, could permit acceleration of the relevant indebtedness.

The Amended Credit Agreement provides that an event of default under that agreement will occur if, among other events, there is a change of control of the Corporation without the consent of lenders holding 2/3 of the commitments of the lenders under the Amended Credit Agreement. For purposes of the Amended Credit Agreement, a change of control will occur if any person or group of persons acting in concert (as contemplated by the Securities Act (Ontario) and as interpreted by applicable law) at any time acquires direct or indirect beneficial ownership of a sufficient number of our Common Shares to affect materially the control of the Corporation (and for these purposes a combination of persons acting in concert and holding more than 20% of our Common Shares would, in the absence of evidence to the contrary, be deemed to hold a sufficient number of our Common Shares to affect materially the control of the Corporation).

Upon the occurrence of an event of default, the lenders would, among other things, be entitled to (i) refuse any further drawdowns under the Amended Credit Agreement, (ii) cancel all or any part of their commitments under the Amended Credit Agreement, (iii) accelerate the maturity of all or any part of our indebtedness outstanding under the Amended Credit Agreement and declare that amount to be immediately payable on demand; and (iv) enforce the security that we have granted to the lenders over substantially all of our assets and realize on and sell or cause the sale of all or any part of such assets. The exercise of any of such remedies by the lenders could have a material adverse effect on our business, financial condition and liquidity. As at December 31, 2014, we had outstanding borrowings of $47.3 million under the Amended Credit Agreement.

If the indebtedness under the Amended Credit Agreement were to be accelerated, there can be no assurance that our assets would be sufficient to repay in full that indebtedness.

The Amended Credit Agreement has a term maturing on August 31, 2016. We may need to refinance the Amended Credit Agreement at the conclusion of its term and there can be no assurance that we will be able to do so or able to do so on terms as favourable as the Amended Credit Agreement. If we are unable to refinance the Amended Credit Agreement or are only able to refinance the Amended Credit Agreement on less favourable and/or more restrictive terms, this may have a material adverse effect on our business, results of operations, liquidity and financial position.

Availability of Capital

We will need to refinance our existing credit facilities or other debt obligations, including our outstanding convertible debentures, in the future. In addition, future capital expenditures and potential acquisitions may require additional financing. Further deterioration in the Canadian economy or a prolonged weak economic environment may further constrain our ability to meet our future financing requirements, increase our weighted average cost of capital and cause other cost increases from counterparties also faced with liquidity problems and higher costs of capital. Disruptions and high volatility in the capital markets could reduce the amount of capital available or increase the cost of such capital. No assurances can be given as to the future availability of capital. If we are unable to obtain such additional financing, when and if required, or to refinance our credit facilities or other debt obligations, including our outstanding convertible debentures, or we are only able to obtain such additional financing or refinance those credit facilities or other debt obligations on less favourable and/or more restrictive terms, this could have a material adverse effect on our business, results of operations, liquidity and financial condition.

Credit Facilities are Subject to Floating Interest Rates

As at January 1, 2015, all of the DATA Group Ltd.'s outstanding indebtedness under the Amended Credit Agreement, was subject to floating interest rates, and therefore is subject to fluctuations in interest rates. Interest rate fluctuations are beyond our control and there can be no assurance that interest rate fluctuations will not have a significant adverse effect on our financial performance.

Uncertainty in Economic Conditions

Our operating results are sensitive to economic conditions, which can have a significant impact on us. A prolonged weak economic environment in Canada may lead to lower demand for our products and services, which would result in lower revenues, higher production costs and lower levels of profitability.

In the past, we have responded to poor economic conditions by implementing various restructuring initiatives in an effort to reduce our operating costs. These initiatives require us to incur restructuring expenses, which adversely impact our net income for the relevant financial periods. We may implement similar initiatives in the future in response to a deterioration in the economy. In 2012, we implemented an ongoing accelerated cost savings program in an effort to improve the efficiency of our operations. There can be no assurance that our efforts to reduce costs will become effective as quickly as we expect, which could adversely impact our profitability should our revenues decline further than expected as a result of a weaker economic environment. If our revenues were to decline further than expected in those circumstances, any cost reduction measures taken by us in response may not be sufficient and further reductions may be necessary.

Expansion Through Acquisitions

We will continue to identify, acquire and develop suitable acquisition targets in both new and existing markets. While we intend to be careful in selecting businesses to acquire, acquisitions involve a number of risks, including the possibility that we pay more than the acquired assets are worth; the additional expense associated with completing an acquisition and amortizing any acquired intangible assets; the difficulty of assimilating the operations and personnel of the acquired business; the challenge of implementing uniform standards, controls procedures and policies throughout the acquired business; the inability to integrate, train, retain and motivate key personnel of the acquired business; the potential disruption of our ongoing business and the distraction of management from its day-to-day operations; the inability to incorporate acquired businesses successfully into our operations; and the potential impairment of relationships with our employees, customers and strategic partners. Such risks, if they materialize, could have a material adverse effect on our business, financial condition, liquidity and results of operations.

In addition, we may not be able to maintain the levels of operating efficiency that any acquired companies had achieved or might have achieved separately. Successful integration of each of the acquired company's operations would depend upon our ability to manage those operations and to eliminate redundant and excess costs. As a result of difficulties associated with combining operations, we may not be able to achieve the cost savings and other benefits that we would hope to achieve with these acquisitions. Any difficulties in this process could disrupt our ongoing business, distract our management, result in the loss of key personnel or customers, increase our expenses and otherwise materially adversely affect our business, financial condition, liquidity and results of operations.

In the event of any future acquisitions, the Corporation could issue additional Common Shares (and/or securities convertible into or exchangeable for Common Shares), which would dilute its existing Shareholders' interests, or incur debt or assume liabilities. The Corporation cannot assure investors that this will not have a material adverse effect on our business, financial condition, liquidity and operating results. Additional indebtedness would make us more vulnerable to economic downturns and may limit its ability to withstand competitive pressures. The terms of any additional indebtedness may include restrictive financial and operating covenants, which would limit our ability to compete and expand.

Inherent in any acquisition, there is risk of liabilities and contingencies that we may not discover in our due diligence prior to consummation of a particular acquisition, and we may not be indemnified for some or all of these liabilities and contingencies. The discovery of any material liabilities or contingencies in any future acquisition could have a material adverse effect on our business, financial condition, liquidity and results of operations.

Increases in the Cost of Paper or Other Raw Materials

In fiscal 2014, the cost of paper, carbon and other raw materials represented approximately 33.7% of our related revenues. Increases in paper costs could have a material adverse effect on our business, financial condition, liquidity and results of operations. We cannot be certain that we will be able to pass on future increases in the cost of paper to our customers consistent with industry practice. Moreover, rising paper costs and their consequent impact on our pricing could lead to a decrease in the volume of products sold. The overall paper market is beyond our control and, as a result, we cannot be certain that future paper price increases will not result in decreased volumes and decreased cash flow and profitability.

Due to the significance of paper in the manufacture of most of our products, we are dependent upon the availability of paper. During periods of tight paper supply, many paper producers allocate shipments of paper based on the historical purchase levels of customers. Unforeseen developments in world paper markets coupled with shortages of raw paper could result in a decrease in supply, which would cause a decrease in the volume of product we could produce and sell, and could have a material adverse effect on our business, financial condition, liquidity and results of operations.

Additionally, we use a number of raw materials, including carbon, ink, film, offset plates, chemicals and solvents, glue, wire and subcontracted components, which are subject to price fluctuations beyond our control. There has generally been a lag time before those increases could be passed on to our customers. There can be no assurance that the price of our raw materials will not increase in the future or that we will be able to pass on those increases to our customers consistent with industry practice. A significant increase in the price of raw materials that cannot be passed on to customers could have a material adverse effect on our business, financial condition, liquidity and results of operations. We cannot be certain that a shortage of any of these raw materials will not occur in the future or what effect, if any, such a shortage would have on our cash flow and profitability.

Customer Relationships

We do not always enter into long-term, written agreements with customers. As a result, there is a risk that some of our customers may, without notice or penalty, terminate their relationship with us at any time. In addition, even if customers should decide to continue their relationship with us, there can be no guarantee that customers will purchase the same amount as in the past, or that purchases will be on similar terms. A loss of several customers, a substantial decrease in order volumes from several customers, a loss of a significant customer or a change in the terms of the relationship with a significant customer could have an adverse impact on our business, financial condition, liquidity and results of operations.

Operating Hazards

Our revenues are dependent on the continued operation of our facilities. The operation of our facilities involves a number of risks, including the failure or substandard performance of equipment, natural disasters, suspension of operations and new governmental statutes, regulations, guidelines and policies. We may also have exposure to future claims with respect to workplace exposure, workers' compensation and other matters. There can be no assurance as to the actual amount or the timing of these liabilities. The occurrence of material operational problems, including but not limited to the above events, may have a material adverse effect on our business, financial condition, liquidity and results of operations.

Negotiation of Collective Agreements

Current union agreements are typically three years in duration and are subject to expiration at various times in the future. The collective agreements with respect to the unionized employees at our facilities in Granby and Drummondville expire on April 30, 2015 and March 13, 2016, respectively. If we are unable to renew collective agreements as they become subject to renegotiation from time to time, it could result in work stoppages and other labour disturbances that could have a material adverse effect on our business, financial condition, liquidity and results of operations.

Adverse Change in Labour Relations

As of March 1, 2015, we employed approximately 1,626 employees, of whom approximately 14.4% are members of various local labour unions. If unionized employees were to engage in a concerted strike or other work stoppage, or if other employees were to become unionized, we could experience a disruption of operations, higher labour costs or both. A lengthy strike could have a material adverse effect on our business, financial condition, liquidity and results of operations.

Pension and Other Post-Employment Benefit Plans

Applicable pension legislation requires that the funded status of our ongoing registered defined benefit pension plan be determined periodically on both a going concern basis (i.e., essentially assuming indefinite plan continuation) and a solvency basis (i.e., essentially assuming immediate plan termination).

Where an actuarial valuation reveals a solvency deficit, current regulations require it to be funded by equal payments over a maximum period of five years from the date of valuation. The solvency liability is influenced primarily by long-term interest rates and by the investment return on plan assets and also by certain statutory benefit enhancements that may apply on a plan termination. The interest rate used to calculate benefit obligations for solvency purposes is a prescribed rate derived from the interest rates on long-term Government of Canada bonds. In the current low interest rate environment, the calculation results in a higher present value of the pension obligations, leading to a larger unfunded solvency position. See the discussion of our pension liabilities in the Corporation's Management's Discussion and Analysis of Financial Condition and Results of Operations filed with Canadian securities regulatory authorities.

We may have to make substantial monthly, annual and/or one-time cash contributions to our pension plans, including in connection with any reduction of support services or integration of facilities, and the level of those contributions will increase in the event of poor pension fund investment performance and/or further declines in long-term Government of Canada bond rates. Deteriorating economic conditions may result in significant increases in our funding obligations, which could have a material adverse effect on our business, financial condition and results of operations. Underfunded pension plans or a failure or inability of us to make required cash contributions to our registered pension plans could have a material adverse effect on our business, financial condition and results of operations.

We participate in a negotiated contribution defined benefit, multi-employer pension plan in respect of unionized employees in Drummondville and Granby. Our ongoing contributions to this plan are a fixed percentage of employee earnings, as agreed with the union. The most recent funding actuarial report in respect of the Québec members of the plan discloses a solvency deficiency and a gap between the minimum total contributions required under applicable Québec legislation and total employer contributions determined pursuant to collective agreements. There is no contractual agreement as to how the share of the deficiency is determined or funded in respect of each participating employer. These issues also affects other industry groups and are currently being negotiated by the relevant parties. We may be required to make additional ongoing contributions towards funding our portion of the solvency deficiency. Under current applicable Québec pension legislation, we would be required to fund any outstanding solvency deficiency in respect of our employees, pensioners and vested deferred members if, in the future, we withdraw from the plan or the plan is terminated. These funding obligations could have a material adverse effect on our business, financial condition and results of operations.

Based on the most recent actuarial report and additional information supplied by the multi-employer plan actuary and administrator, the portion of the plan solvency deficiency in respect of our employees, pensioners, and vested deferred members is estimated to be approximately $30.0 million or 16.0% of the total plan solvency deficiency as of December 31, 2013. Currently, there is uncertainty and a lack of complete information to support the allocation of assets and liabilities used to determine this estimate. There is also uncertainty over our funding obligation in respect of a solvency deficiency while the plan is ongoing. We have accounted for this plan on a defined contribution basis as we do not believe there is sufficient information to recognize participation on a defined benefit basis.

On February 18, 2015, Bill 34 (An Act to amend the Supplemental Pension Plans Act with respect to the funding and restructuring of certain multi-employer pension plans) was tabled in the Québec legislature. Bill 34, as currently drafted, would amend the Québec pension legislation for the multi-employer defined benefit-defined contribution pension plans to, among other things, require employers to contribute only those amounts specified in the applicable collective agreements negotiated with the relevant unions; eliminate the employer's obligation to fund solvency deficiencies; allow for the reduction of accrued benefits; and remove the responsibility of participating employers to fund their share of the solvency deficit upon withdrawal from the plan or termination of the plan, except in certain circumstances when withdrawal from the plan or termination of the plan occurs within five years of Bill 34 being adopted. Bill 34 has not yet been passed into law and there can be no assurance that this proposed legislation will be adopted in its current form or at all.

Certain former senior executives of a predecessor corporation participated in a Supplementary Executive Retirement Plan ("SERP"), which provides for pension benefits payable as a single life annuity with a five year guarantee. The SERP is unfunded and its pension benefits will be paid out of the general funds of DATA Group.

Certain of our employees are provided with post-employment and long-term employment benefits, including health care and life insurance benefits on retirement and the continuation of health care, dental care benefits and pension contributions for employees on long-term disability. These non-pension post-employment and other long-term employee benefit plans are funded on a pay-as-you-go basis.

Seasonality

Sales of some of our products are subject to seasonal fluctuations in demand. Certain elements of our gift card and direct mail businesses and the buying patterns certain of our major customers have historically generated higher revenues and profit in the fourth quarter than the other three quarters. While certain variable costs can be managed to match seasonal patterns, a significant portion of costs, including rent, are fixed and cannot be adjusted for seasonality.

Proprietary Rights May Not be Adequately Protected

Our success and ability to compete depends in part upon our proprietary technology, trademarks and copyrights. We regard the software underlying our DATA Online system as proprietary, and rely primarily on trade secrets, copyright and trademark law to protect these proprietary rights. The DATA Group has registered some of their trademarks and patents. Existing trade secrets and copyright laws afford only limited protection. Unauthorized parties may attempt to copy aspects of our software or to obtain and use information that we regard as proprietary. Policing unauthorized use of our software is difficult. We generally enter into confidentiality and assignment agreements with our employees and generally control access to and distribution of our software, documentation and other proprietary information. Despite these precautions, it may be possible for a third party to copy or otherwise obtain and use our services or technology without authorization, or to develop similar services or technology independently. We are not aware that any of our owned software, trademarks or other proprietary rights that are material to the operations of our business infringes the proprietary rights of third parties. However, there can be no assurance that third parties will not assert infringement claims against us in the future. Any such claims, with or without merit, can be time consuming and expensive to defend and may require us to enter into royalty or licensing agreements or cease the alleged infringing activities.

Uninsured and Underinsured Losses and Insurance Costs

We will use our discretion in determining amounts, coverage limits and deductibility provisions of insurance, with a view to maintaining appropriate insurance coverage on our assets at a commercially reasonable cost and on suitable terms. This may result in insurance coverage that, in the event of a substantial loss, would not be sufficient to pay the full current market value or current replacement cost of our assets. A substantial loss without adequate insurance coverage could have a material adverse effect on our business, financial condition, liquidity and results of operations.

Our cost of maintaining professional errors and omissions insurance and director and officer liability insurance is significant. We could experience higher insurance premiums as a result of adverse claims experience or because of general increases in premiums by insurance carriers for reasons unrelated to our own claims experience. Generally, our insurance policies must be renewed annually. Our ability to continue to obtain insurance at affordable premiums also depends upon our ability to continue to operate with an acceptable claims record. A significant increase in the number of claims against us, the assertion of one or more claims in excess of our policy limits or the inability to obtain adequate insurance coverage at acceptable rates, or at all, could have a material adverse effect on our business, financial condition and results of operations.

Environment, Health and Safety Requirements

Our operations are subject to a complex and onerous legislative regime, including laws, statutes, regulations, by-laws, guidelines and policies as well as permits and other approvals relating to the protection of the environment and workers' health and safety, governing, among other things, air emissions, water discharges, non-hazardous and hazardous waste (including waste water), the storage, handling, transportation and distribution of dangerous goods and hazardous materials, remediation of releases and the presence of hazardous materials, land use and zoning and employee health and safety (the "**Environment, Health and Safety Requirements**"). As a result of our operations, we are or may be subject from time to time to orders, fines, penalties, civil claims, administrative and judicial proceedings and inquiries relating to Environment, Health and Safety Requirements. Any such incident could have a material adverse effect on our business, financial condition, liquidity and results of operations. In addition, changes to existing Environment, Health and Safety Requirements or the adoption of new Environment, Health and Safety Requirements in the future, changes to the enforcement of Environment, Health and Safety Requirements, as well as the discovery of additional or unknown conditions at facilities owned, operated or used by us, could require expenditures which might materially affect our business, financial condition, liquidity and/or results of operations.

Dependence on Key Personnel

Our success depends upon the personal efforts of a small group of senior management. Although we believe we will be able to replace our key employees within a reasonable time should the need arise, the loss of key personnel could have a material adverse effect on our business, financial condition, liquidity and results of operations.

Risk of Legal Proceedings

We are involved from time to time in various litigation matters, including lawsuits based upon product liability, personal injury, breach of contract, indemnification claims, and lost profits or other consequential damage claims. The outcomes of litigation, regulatory investigations, and arbitration disputes are inherently difficult to predict, and as a result there is the risk that an unfavourable outcome from any of these types of matters could negatively affect our business and the results of our operations, our liquidity and our financial condition. Regardless of outcome, litigation may result in substantial costs and expenses and significantly divert the attention of our management. We may not be able to prevail in, or achieve a favourable settlement of, pending litigation. In addition to pending litigation, future litigation or government proceedings could lead to increased costs or interruption of our normal business operations.

Doing Business in the United States

We have and will continue to selectively expand into the United States with our existing clients who have U.S. operations. Although our sales in the United States in 2014 represented a small portion of our total revenues for that year, we anticipate that a larger portion of our future sales could be derived from our U.S. operations. Currency rate movements in Canada and the U.S. impact our financial position (as a result of foreign currency translation adjustments) and our future earnings. For example, if the value of the Canadian dollar rises against the U.S. dollar, our investments and earnings in the U.S. may be negatively affected, and vice versa.

Managing operations in the United States requires attention and resources to ensure compliance with applicable U.S. laws. Accordingly, while we strive to maintain a comprehensive compliance program we cannot guarantee that an employee, agent or business partner will not act in violation of our policies or Canadian or other applicable laws. Such violations can lead to civil and/or criminal prosecutions substantial fines and the revocation of our rights to continue certain operations and also cause business and reputational loss.

Risks Related to the Structure of the DATA Group

We do not Currently Pay Dividends on our Common Shares and do not Intend to do so for the Foreseeable Future

In the fourth quarter of 2013, we suspended the payment of dividends on the Common Shares and we do not intend to declare a dividend on the Common Shares for the foreseeable future.

The Corporation May Issue Additional Common Shares Diluting Existing Shareholders' Interests

The Corporation's articles authorize the Corporation to issue an unlimited number of Common Shares for such consideration and on such terms and conditions as will be established by our Board of Directors without the approval of any Shareholders. Shareholders will have no pre-emptive rights in connection with such further issues, any of which may have the effect of significantly diluting existing shareholders interests in the Corporation.

LEGAL PROCEEDINGS

We are involved from time to time in various litigation matters, including lawsuits based upon product liability, personal injury, breach of contract, indemnification claims, and lost profits or other consequential damage claims. The outcomes of litigation, regulatory investigations, and arbitration disputes are inherently difficult to predict, and as a result there is the risk that an unfavourable outcome from any of these types of matters could negatively affect our business.

The Corporation is not or was not party to material legal proceedings, and its property is not and was not the subject of material legal proceedings, during the year ended December 31, 2014. The Corporation is not aware of any material legal proceedings outstanding, threatened or pending as of the date hereof by or against it or its subsidiary.

The Corporation is not and was not, during the year ended December 31, 2014, subject to: (a) penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority, (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making investment decisions, and (c) settlement agreements entered into before a court relating to Canadian securities legislation or with a Canadian securities regulatory authority.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Common Shares and the Debentures is Computershare Investor Services Inc. at its principal transfer office in Toronto.

AUDITORS

The auditors of the Corporation are PricewaterhouseCoopers LLP, Chartered Accountants, Toronto, Ontario. The auditors of the Corporation were first appointed on November 15, 2004, pursuant to the provisions of the declaration of trust of the Fund.

INTEREST OF EXPERTS

The Corporation's auditors, PricewaterhouseCoopers LLP, Chartered Accountants, have prepared an independent auditors' report dated March 4, 2015 in respect of the consolidated financial statements of the Corporation as at December 31, 2014 and 2013 and for the years then ended. PricewaterhouseCoopers LLP has advised that they are independent with respect to the Corporation within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario.

None of the aforementioned persons is or is expected to be elected, appointed or employed as a director, officer or employee of the Corporation or of any associate or affiliate of the Corporation.

ADDITIONAL INFORMATION

Additional information relating to the Corporation may be found on SEDAR at www.sedar.com.

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of securities and securities authorized for issuance under equity compensation plans, if applicable, is contained in the Corporation's information circular for its most recent annual meeting of shareholders that involved the election of directors.

Additional financial information is provided in the Corporation's financial statements and management's discussion and analysis for the year ended December 31, 2014.

SCHEDULE A -

DATA GROUP LTD.

AUDIT COMMITTEE CHARTER

A. Name

There will be an Audit Committee ("**Audit Committee**") of the board of directors (the "**Board**") of DATA Group Ltd. (the "**Corporation**").

B. Purpose

The purpose of the Audit Committee, as delegated by the Board, is to provide oversight and make recommendations to the Board with respect to the Corporation's compliance with all financial disclosure and legal and regulatory requirements relating thereto and provide oversight of accounting systems and internal controls, the quality and integrity of the financial reports and the independence, qualification and performance of the Corporation's external auditors ("**External Auditors**").

In exercise of its oversight, it is not the duty or responsibility of the Audit Committee or its members to: (1) plan or conduct audits; or (2) determine that the financial statements are complete and accurate and are in accordance with generally accepted accounting principles, including international financial reporting standards ("**GAAP**").

Management ("**Management**") of the Corporation is responsible for: (1) the preparation, presentation and integrity of the Corporation's financial statements; (2) maintaining appropriate accounting and financial reporting principles and policies and systems of risk assessment and internal controls and procedures designed to provide reasonable assurance that assets are safeguarded and transactions are properly authorized, recorded and reported in accordance with accounting standards and applicable laws and regulations.

C. Composition of Committee, Constitution and Frequency of Meetings

The Audit Committee will consist of at least three members, one of whom is the Chair, all as determined by the Board. At an Audit Committee meeting a quorum will be not less than a majority of its members. New Audit Committee members will participate in such training and orientation as may be deemed by the Board or the Corporate Governance Committee of the Board to be necessary or appropriate in the circumstances.

The Audit Committee members will satisfy the independence and financial literacy requirements of applicable legislation and stock exchange rules.

At least one member of the Audit Committee must have accounting or related financial expertise, which must involve: (1) an understanding of the accounting principles used by the Corporation to prepare its financial statements; (2) the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves; (3) experience in the preparation, auditing, analyzing or evaluating financial statements that present a breadth and complexity of issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Corporation's financial statements, or experience actively supervising one or more persons engaged in such activities; (4) experience with internal controls and procedures for financial reporting; and (5) an understanding of Audit Committee functions.

The Audit Committee will meet at least quarterly and more frequently as the Audit Committee, in its discretion, deems desirable. The Audit Committee can, in its discretion, invite others to attend its meetings. The Audit Committee will meet separately with Management and the External Auditors periodically, as it deems necessary, but not less than annually.

The Audit Committee will have the authority to: (1) engage independent counsel and other advisors, as it determines necessary to carry out its duties; and (2) set and pay the compensation for any advisors employed by the Audit Committee.

The Chair of the Audit Committee will, on behalf of the Audit Committee, report to the Board on matters considered by the Audit Committee, its activities and compliance with this Charter.

At least once every two years the Audit Committee will perform a self-evaluation to: (1) determine the Audit Committee's effectiveness; (2) evaluate Audit Committee succession plans related to Committee membership; and (3) review and assess the adequacy of this Charter and, if required, recommend changes to the Board.

D. Responsibilities

1. Duties with Respect of the Appointment and Work of the External Auditors

- The External Auditors will both report to, and be ultimately accountable to, the Audit Committee and the Board as the representatives of the shareholders of the Corporation and be responsible for planning and carrying out the audit of the annual financial statements of the Corporation.

- The Audit Committee will recommend to the Board: (1) the External Auditors to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation; and (2) the compensation of the External Auditors.

- The Audit Committee will be directly responsible for the oversight of the work of the External Auditors, which will include the following:

  (i) review of the mandate of the External Auditors;

  (ii) review of the independence of the External Auditors, including the rotation of the partners assigned in accordance with applicable laws and professional standards, the internal quality control findings of the External Auditors' firm and peer reviews, and both the nature of and amount of non-audit fees;

  (iii) review of the performance of the External Auditors, including the relationship between the External Auditors and Management and the evaluation of the lead partner of the External Auditors, taking into account the opinions of Management;

  (iv) removal of the External Auditors if circumstances warrant, after due inquiry and discussion with the External Auditor;

  (v) review analyses prepared by Management or the External Auditors setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements;

  (vi) resolution of any disagreements with Management; and

  (vii) review of any audit problems or difficulties with Management's response.

- The Audit Committee will discuss with the External Auditors the critical accounting policies and practices and be advised of alternative accounting treatments of financial information and the treatment preferred by the External Auditors.

- The Audit Committee will also receive all material written communications between the External Auditors and Management, including the Management letter and schedule of unadjusted differences.

- The Audit Committee will discuss with the External Auditors and then approve the audit plan, scope, responsibilities, budget, staffing, the objectives, coordination, reliance upon Management, general audit approach, audit and related fees, the responsibilities of Management and the External Auditors, and timing.

- The Audit Committee will pre-approve all review or attest engagements and non-audit services which the External Auditors may perform for the Corporation or its subsidiaries, in each case including fees. The Audit Committee may delegate to one of its members the approval of such services. In such instances, the items approved will be reported to the Audit Committee at its next scheduled meeting following such pre-approval.

- The Audit Committee will review the practices related to the hiring of partners, employees or former partners and employees of the present and former External Auditors to ensure compliance with the rules of any applicable regulatory authority or stock exchange.

2. Financial Reporting and Compliance

- The Audit Committee will review and discuss with Management and the External Auditors where appropriate, the following financial documents and reports prior to public disclosure:

  (i) annual audited financial statements, including the report of the External Auditors to shareholders of the Corporation and quarterly financial statements, including disclosures made in Management's Discussion and Analysis of Financial Condition and Results of Operations;

  (ii) all press releases discussing earning results or prospective earnings results, including pro forma or adjusted non-GAAP information;

  (iii) all certifications that may be made by the Chief Executive of the Corporation and Chief Financial Officer of the Corporation on the annual or quarterly financial results, disclosure controls and procedures and internal controls over financial reporting;

  (iv) any legal, tax or regulatory matters that may have a material impact on the Corporation's or its subsidiaries' operations and financial statements; and

  (v) any financial information contained in any prospectus, information circular or other disclosure documents or regulatory filings containing financial information of the Corporation or its subsidiaries.

- The Audit Committee will ensure that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements and will periodically assess the adequacy of those procedures.

- The Audit Committee will oversee any auditing or accounting reviews or similar procedures or investigations.

- The Audit Committee will review, as appropriate, any report required by the appropriate regulatory authority to be included in the annual management information circular related to the matters covered by this Charter, including the disclosure of the External Auditors' services and fees, Audit Committee members and their qualifications and activities of the Audit Committee.

- The Audit Committee will, if necessary, launch special investigations with full access to books, records, facilities and personnel of the Corporation and its subsidiaries.

- The Audit Committee will review and approve any report to shareholders and others required by applicable laws or regulations or stock exchange requirements stating whether it has:

(i) reviewed and discussed the audited financial statements with Management and the External Auditors, as appropriate;

(ii) received from the public accountants all reports and disclosures required under legal, listing and regulatory requirements and this Charter and have discussed such reports and disclosures with the External Auditors, including reports and disclosures with respect to the independence of the External Auditors; and

(iii) based on the reviews and discussions referred to in clauses (i) and (ii) above, recommend to the Board that the audited financial statements be included in the annual report.

3. Financial Reporting Processes, Accounting Policies and Standards

- The Audit Committee will review with Management major issues regarding accounting principles and financial statement presentations, including any significant changes in the selection or application of accounting principles and use of material estimates and judgement in preparing the financial statements. This will also include a review of analyses prepared by Management setting forth the impact of alternative GAAP methods and their impact on the financial statements.

- The Audit Committee will review all related party transactions entered into by the Corporation or its subsidiaries.

- The Audit Committee will also review the use of material special purpose entities and the business purpose and economic effect of material off balance sheet transactions, arrangements, obligations, guarantees and other relationships of the Corporation and its subsidiaries; the treatment for financial reporting purposes of any significant transactions which are not a normal part of operations, including any material off-balance sheet financing; legal including unasserted claims, tax or regulatory matters that may have a material impact on the operations and financial statements including the use of any “pro forma” or “adjusted” information not in accordance with GAAP.

4. Internal Controls and Internal Audit

- Management is responsible for designing an effective system of internal controls. The Audit Committee will oversee the activities of Management in implementing policies and procedures that ensure the risks are identified and that controls are adequate, in place and functioning properly.

- The Audit Committee will review any major issues regarding the adequacy of the internal controls and the actions being taken in light of any material control deficiencies. This will include a review of internal control findings made by Management and the External Auditors. The Audit Committee will also discuss with the External Auditors the major accounting risk exposures and the steps Management has undertaken to control them.

- Management is responsible for reviewing, subject to Audit Committee oversight, the adequacy and effectiveness of the system of internal controls.

- The Audit Committee will participate in the appointment, promotion or dismissal of the Chief Financial Officer of the Corporation and/or Controller of the Corporation and help determine his or her qualifications, access and compensation.

5. Other

- The Audit Committee will have procedures for the receipt, retention and treatment of complaints received by the Corporation or its subsidiaries regarding accounting, internal accounting controls or auditing matters and for the confidential, anonymous submission by employees of the Corporation or its subsidiaries of concerns regarding questionable accounting or auditing matters.

- Management will report to the Audit Committee on a timely basis all discovered incidents of fraud within the Corporation or its subsidiaries, regardless of monetary value.

- The Audit Committee will at least annually provide oversight of the Corporation's and its subsidiaries' risk management policies, including environmental risks, disaster recovery and business continuity plans, investment policies and insurance coverage.