# MATERIAL CHANGE REPORT

1. *Reporting Issuer*:

   NHC Communications Inc. ("NHC" or the "Company")
   5450 Côte-de-Liesse Road
   Mount Royal, Québec
   H4P 1A5

2. *Date of Material Change*:

   April 7, 2003

3. *Press Releases*:

   The press release attached as Schedule "A" to this material change report was issued on April 7, 2003 at Montreal, Québec.

4. *Summary of Material Change*:

   On April 7, 2003, NHC announced that it had reached an agreement in principle with certain members of senior management pursuant to which approximately $1.09 million would be invested in convertible debentures (the "Debentures") of NHC.

5. *Full Description of Material Change*:

   **A. Description of Transaction and Material Terms**

   On April 7, 2003, NHC announced that it had reached an agreement in principle pursuant to which Sylvain Abitbol (President and Chief Executive Officer of NHC), Ralph Benatar (Chief Financial Officer, Chief Operating Officer and Secretary of NHC), Sylvain Brossard (Vice President, Finance and Operations of NHC), Ken Hovaldt (Executive Vice President, Sales and Marketing), Tom Super (Chief Technology Officer), Joe Teixeira (Vice President, Engineering and Strategic Alliances) and Doug DeEsch (Assistant Vice President, Technical Operations) would purchase an aggregate of approximately $1.09 million in principal amount of Debentures.

   The Debentures will have a five-year term, will bear interest at 9% per annum and will be secured by a movable hypothec over substantially all of the assets of NHC. The Debentures will be repayable upon the occurrence of a change of control of the Company. The Debentures will be convertible at any time into common shares of NHC (the "Common Shares") at a conversion price of $0.60 per Common Share, representing the closing price of the Common Shares on April 7, 2003. In addition, 1,666 warrants (the "Warrants") to acquire Common Shares will be issued for every $1,000 in principal amount of Debentures. Each Warrant will be exercisable for one Common Share at an exercise price of $0.60 per Warrant and will have a term of five years. The Debentures will be issued in two tranches, the first of which, in the amount of $500,000, will close upon receipt of applicable regulatory approvals and the second of which, representing the balance of the subscription proceeds, will close within thirty days thereafter, subject to the right of subscribers to terminate their subscription prior to that date. Pending receipt of regulatory approvals, Sylvain Abitbol and Ralph Benatar have each agreed to advance to NHC a secured bridge loan in the amount of $175,000, for an aggregate of $350,000, which amount will be repaid in full upon the closing of the first tranche of the Debenture financing.

Assuming full conversion of the Debentures and full exercise of the Warrants, the maximum amount of Common Shares which would be issued to Sylvain Abitbol, Ralph Benatar, Sylvain Brossard, Ken Hovaldt, Tom Super, Joe Teixeira and Doug DeEsch in connection with this private placement would be 1,716,990 Common Shares, 1,716,990 Common Shares, 50,656 Common Shares, 41,658 Common Shares, 32,659 Common Shares, 21,996 Common Shares and 30,660 Common Shares, respectively.

**B. Purpose and Business Reasons for the Transaction and Anticipated Effect on NHC's Business and Affairs**

NHC agreed to issue securities in connection with the above-noted private placement in order to raise sufficient funds to satisfy certain payment obligations and for working capital and corporate development purposes. It is anticipated that the proceeds of the private placement will assist NHC in executing its business plan.

**C. Approval Process**

The issuance of Debentures by NHC pursuant to the terms and conditions as hereinbefore described was reviewed and unanimously approved by the full board of directors of NHC.

6. *Confidential Filing*:

Not applicable.

7. *Omitted Information*:

None.

8. *Senior Officer*:

The following senior officer of NHC Communications Inc. is knowledgeable about the material change and this report.

Sylvain Brossard
Vice President, Finance and Operations
(514) 734-4304

9. *Statement of Senior Officer:*

The foregoing accurately discloses the material change referred to herein.

**DATED** at Montreal this 17th day of April, 2003.

*"Sylvain Brossard"*

Sylvain Brossard
Vice President, Finance and Operations

**Schedule "A"**

**NHC Communications Inc. Announces Management Financing**

MONTREAL, April 7 /CNW Telbec/ - NHC Communications Inc. (TSE: NHC), a leading provider of automated mainframe solutions for the copper-based telecommunications and Internet access markets, today announced that it has reached an agreement in principle with certain members of senior management pursuant to which a minimum of approximately $1.09 million will be invested in convertible Debentures of the Company.

The Debentures will have a five-year term, will bear interest at 9% per annum and will be secured by a movable hypothec over substantially all of the assets of NHC. The Debentures will be repayable upon the occurrence of a change of control of the Company.

The Debentures will be convertible at any time into Common Shares of NHC at a conversion price of $0.60 per share, representing NHC's stock price at the closing of the markets earlier today. In addition, 1,667 Warrants to acquire Common Shares will be issued for each $1,000 in principal amount of Debentures. Each Warrant will be exercisable for one common share of NHC and will have a term of five years. The Debentures will be issued in two tranches, the first of which, in the amount of $500,000, will close upon receipt of applicable regulatory approvals and the second tranche, representing the balance of the subscription proceeds, will close within thirty days thereafter, subject to the right of subscribers to terminate their subscription prior to that date. Pending receipt of regulatory approvals, two senior members of management have agreed to advance a secured bridge loan for an aggregate of $350,000 to NHC, which amount will be repaid in full upon closing of the first tranche of the debenture financing. The issuance of the Debentures and the Warrants is subject to regulatory approval.

As the terms of the note were not the object of a definitive agreement on April 7, 2003 and it was necessary that the closing of the bridge financing to occur without delay to allow NHC to satisfy certain payment obligations that were due, no earlier disclosure was made. The entering into of the financing arrangements by NHC was unanimously approved by the board of directors of NHC.

NHC intends to use the net proceeds of this financing to satisfy certain payment obligations and for working capital and corporate development purposes.

In addition to the financing initiatives, the board of directors of NHC has agreed to various cost cutting measures to address certain working capital issues the Company is currently facing. Specifically, the board has approved head count reductions at various levels of the Company as well as salary cuts of 10% to 20% at all levels. To compensate employees for salary cuts, the board of directors has approved the grants of options to acquire an aggregate of 188,731 Common Shares of the Company exercisable until April 7, 2008 at an exercise price of $0.60 per share.

"NHC's management has again showed its commitment to the future of the Company. The debenture financing, together with the recent cost cutting initiatives, will assist the Company in achieving its business plan. Our current and prospective clients are still very enthusiastic and supportive of our solutions and the coming weeks could see resumption of deployment of our ControlPoint(TM) products for some, and initial deployments for others. Also, the Company will continue to seek out alternate sources of financing, however there can be no assurances that it will be successful in doing so." said Sylvain Abitbol, NHC's C.E.O. and President.

**About NHC**

NHC Communications Inc. is a leading provider of products and services enabling the management of voice and data communications for telecommunication service providers. NHC's ControlPoint(TM) solutions utilize a high-performance software driven Element Management System (EMS) controlling an automated, true any-to-any copper cross-connect switch, to enable incumbent local exchange carriers (ILECs) and other service providers to remotely perform the four key tasks that historically have required manual on-site management. These four tasks fundamental to all operations are loop qualification, deployment and provisioning, fallback switching and service migration of Voice and Data services including DSL and T1/E1. Using ControlPoint(TM), NHC's customers avoid the risk of human error and dramatically reduce labour and operating costs. NHC maintains offices in Montreal, Quebec; Paris, France; and Manassas, Virginia. "ControlPoint(TM)" is a trademark of NHC Communications Inc. NHC may be contacted through its web site: www.nhc.com

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Statements included here, which are not historical in nature, are forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, including without limitation, statements as to management's beliefs, strategies, plans, expectations or opinions in connection with the Company's performance, which are based on a number of assumptions concerning future conditions that may ultimately prove to be inaccurate and may differ materially from actual future events or results. Readers are referred to the documents filed by NHC with the pertinent Canadian securities exchange commissions, specifically the most recent Quarterly Reports, Prospectus, Annual Information Form and Annual Report, each as it may be amended from time to time, which identify important risk factors that could cause actual results to differ from those contained in the forward-looking statements, including rapid technological change along with the need to continually develop new products; the Company's dependence on a dominant product line; competition; the Company's dependence on key employees; difficulties in managing the Company's growth; the Company's dependence upon certain customers and certain suppliers; the Company's dependence upon proprietary rights; risks of third party claims of infringement; and government regulation. The financial information contained in this release should be read in conjunction with the consolidated financial statements and notes thereto included in NHC's most recent Quarterly Reports and Annual Report filed, each as it may be amended from time to time. NHC's results of operations for the three months ended January 31, 2003 are not necessarily indicative of NHC's operating results for the full fiscal year or any future periods.

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For further information: Sylvain Abitbol, President and CEO, NHC Communications Inc., pr@nhc.com ; Sylvain Brossard, CA, VP Finance and Operations, NHC Communications Inc., s.brossard@nhc.com