

EXECUTION VERSION

COGECO CABLE INC.

and

0957926 B.C. LTD.

and

PEER 1 NETWORK ENTERPRISES, INC.

SUPPORT AGREEMENT

December 21, 2012

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SUPPORT AGREEMENT

Support Agreement (the “**Agreement**”) dated December 21, 2012 among Cogeco Cable Inc. (“**CCA**”), 0957926 B.C. LTD. (the “**Offeror**”) and PEER 1 Network Enterprises, Inc. (“**PEER 1**”).

In consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Agreement, unless there is something in the subject matter or context inconsistent therewith, the following terms shall have the following meanings respectively:

“**Acquisition Proposal**” means, in each case whether in a single transaction or a series of related transactions: (i) any take-over bid, share exchange, merger, amalgamation, plan of arrangement, reorganization, business combination, consolidation, recapitalization, dissolution, liquidation or winding-up in respect of PEER 1 or any subsidiary thereof involving a Person other than CCA (or any affiliate or subsidiary of CCA or a Person acting jointly or in concert with CCA) that could result in such Person (or such Person and its affiliates or any other Person acting jointly or in concert with it or them) owning 20% or more of any class of voting or equity securities of PEER 1; (ii) any direct or indirect sale, lease, long-term supply agreement or other arrangement having the same economic effect as a sale, license, mortgage, pledge, transfer or other disposition of the assets of PEER 1 and/or one or more of its subsidiaries that, individually or in the aggregate, constitute 20% or more of the consolidated assets of PEER 1 or which contribute 20% or more of the consolidated revenues or earnings of PEER 1 to a Person other than CCA (or any affiliate or subsidiary of CCA or a Person acting jointly or in concert with CCA); (iii) any direct or indirect sale, acquisition or issuance of 20% or more of the voting securities or equity securities of PEER 1 or any subsidiary thereof of any class or rights or interests therein or thereto; (iv) any similar business combination or transaction of, or involving PEER 1 and/or any subsidiary thereof, other than with CCA (or any affiliate or subsidiary of CCA or a Person acting jointly or in concert with CCA); or (v) any proposal or offer to, or public announcement of an intention to do, any of the foregoing from any Person other than CCA (or any affiliate or subsidiary of CCA or a Person acting jointly or in concert with CCA), other than in each case, the Contemplated Transactions.

“**affiliate**” means, in respect of any Person, (i) any other Person directly or indirectly controlling, controlled by or under common control with that Person, or (ii) any other Person that, directly or indirectly, owns or controls 50% or more of any class of equity securities (including any equity securities issuable upon the exercise of any option or convertible security) of that Person.

“**Alternative Transaction**” has the meaning ascribed thereto in Section 6.2.

“**Antitrust Approvals**” means HSR Compliance, as described in Schedule B annexed hereto.

“**Authorization**” means any authorization, order, sanction, waiver, permit, approval, grant, licence, registration, consent, right, notification, condition, franchise, privilege, certificate, judgment, writ, injunction, award, determination, direction, decision, decree, by-law, rule or regulation of, from or required by any Governmental Entity.

“**BCBCA**” means the *Business Corporations Act* (British Columbia) or its successor legislation and the regulations made thereunder.

“**BCSC**” means the British Columbia Securities Commission.

“**Benefit Plans**” means all employee benefit plans, arrangements, agreements, programs, policies and undertakings for the benefit of employees or former employees, directors or officers or individuals working on contract of PEER 1 or its subsidiaries, related to retirement savings, pensions, supplemental pensions, bonuses, profit sharing, deferred compensation, incentive compensation, equity or unit based compensation, life or accident insurance, hospitalization, health, medical or dental treatment or expenses, disability, unemployment benefits, employee loan, vacation pay, fringe benefits, termination pay or any other material benefit plans in respect of which there is any liability of, PEER 1 or its subsidiaries, and including the Stock Option Plan.

“**Books and Records**” means books and records of PEER 1, including financial, corporate, operations and sales books, records, books of account, sales and purchase records, lists of suppliers and customers, business reports, plans and projections and all other documents, plans, files, records, assessments, correspondence, and other data and information, financial or otherwise, including all data, information and databases stored on computer-related or other electronic media.

“**Business Day**” means any day on which commercial banks are generally open for business in Montreal, Québec other than a Saturday, a Sunday or a day observed as a holiday in Vancouver, British Columbia or Montreal, Québec.

“**Canadian GAAP**” means Canadian generally accepted accounting principles.

“**CCA Parties**” means CCA and the Offeror.

“**Code**” means the U.S. Internal Revenue Code of 1986, as amended.

“**Competition Act**” means the *Competition Act* (Canada), R.S.C., c. C-34, as amended or the regulations thereunder.

“**Compulsory Acquisition**” has the meaning ascribed thereto in Section 2.7.

“**Confidentiality and Exclusivity Agreement**” means the confidentiality and exclusivity agreement between CCA and PEER 1 and to which the Major Shareholders have intervened dated December 10, 2012, as amended, extended or restated from time to time.

“**Consideration**” has the meaning ascribed thereto in Section 4.3(a)(xxiv).

“**Contemplated Transactions**” means the Offer, the Take-Up, any Compulsory Acquisition, any Subsequent Acquisition Transaction, any subsequent amalgamation, merger or other business combination of the Offeror (or any of its affiliates) and PEER 1, any Alternative Transaction and any other actions with respect to any other transactions contemplated by this Agreement and the Lock-Up Agreements.

“**Contract**” means any contract, agreement, undertaking, license, franchise, lease, arrangement, commitment, joint venture, partnership or other right or obligation (written or oral) note, bond, mortgage, indenture, loan or deed of trust to which PEER 1 or any of its subsidiaries is a party or by which PEER 1 or any of its subsidiaries is bound or affected or to which any of their respective properties or assets is subject.

“**Control**” has the meaning ascribed thereto in Section 1.11.

“**Data Room**” means the secure website maintained by PEER 1 at www.datasite.merrillcorp.com as of 9:00 p.m. (Vancouver time) on December 20, 2012.

“**Effective Time**” means the time the Offeror first takes up and pays for PEER 1 Shares deposited to the Offer.

“**Encumbrances**” means any encumbrance, lien, prior claim, license, lease, charge, pledge, mortgage, title retention agreement, security interest of any nature, adverse claim, exception, reservation, easement, servitude, right of pre-emption, privilege or any option, right of pre-emption, privilege or contract to create any of the foregoing and “**Encumber**” has a correlative meaning.

“**Environmental Law**” means any Law relating to the water (including surface or underground water), waste management, ambient air and soil or a combination of any of them or generally the ambient milieu with which living species have dynamic relations or occupational health or safety, including those relating to Hazardous Substances.

“**Expense Reimbursement**” has the meaning ascribed thereto in Section 6.4(b).

“**Expiry Time**” has the meaning ascribed thereto in Section 2.1(c).

“**Fairness Opinion**” means a fairness opinion from RBC Dominion Securities Inc. to the effect that, as of the date hereof, the Offer Price is fair from a financial point of view to all PEER 1 Shareholders.

“**Fibre-Optic Network**” means the fibre optic cables, strands and associated equipment that collectively form a part of a telecommunication transmission system that is marketed by PEER 1 under the “FastFibre Network” trade-mark, together with any material underlying rights of access, easements or rights of way.

“**Fully-Diluted Basis**” means a basis which assumes that the number of PEER 1 Shares outstanding is that number which would be outstanding if all the Options, whether vested or unvested, were exercised.

“**Governmental Entity**” means any (i) multinational, federal, provincial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, commissioner, board, bureau or agency, domestic or foreign, including all state, national or provincial securities regulatory authorities (ii) any subdivision, agent, commission, commissioner, board, or authority of any of the foregoing, or (iii) any quasi-governmental or private body exercising any regulatory, expropriation or Taxing authority under or for the account of any of the foregoing, and includes a stock exchange.

“**Governmental Official**” includes an employee of governments, agencies, or state-owned or state-controlled business enterprises.

“**Hazardous Substance**” means pollutants, contaminants, wastes of any nature, hazardous substances, hazardous materials, toxic substances, prohibited substances, dangerous substances as defined, judicially interpreted or identified in any Environmental Laws.

“**HSR Compliance**” has the meaning ascribed thereto in Schedule B annexed hereto.

“**IFRS**” means International Financial Reporting Standards, as adopted by the International Accounting Standards Board.

“**including**” means including without limitation.

“**Indemnified Person**” has the meaning ascribed thereto in Section 4.9(a).

“**Initial Expiry Time**” has the meaning ascribed thereto in Section 2.1(c).

“**Intellectual Property**” means any and all intangible proprietary rights and other intellectual property rights of any kind, whether protected, created, or arising under the Laws of Canada or any other jurisdiction, including:

- (i) copyrights and applications therefor in any original works and all rights in any works of authorship not subject to copyright, including so-called “look and feel”, moral rights, design elements, ordering of content, graphic user interface, software, programs or applications (in both source code and object form code), algorithms, databases and data collections, documentation, technical manuals, compilers, and interpreters;
- (ii) trade-marks, including both registered and unregistered trade-marks and service marks, applications for registration of any of the foregoing, designs, logos, indicia, distinguishing guises, trade dress, trade or brand names, business names, domain names, and all goodwill associated with the foregoing;
- (iii) industrial designs and applications therefor;
- (iv) trade secrets, confidential information and know-how, innovations, processes, formulas, reports and studies, data, research designs, research results, records and notes, prototypes, drawings, product designs or specifications, mask works, integrated circuit topographies, net lists, schematics, inventions, discoveries and invention records; and
- (v) patents and utility models, and applications therefor, and all provisionals, re-issuances, continuations, continuations-in-part, divisions, revisions, extensions, and re-examinations thereof and all equivalent or similar rights anywhere in the world in inventions and discoveries including invention disclosures.

“**Key Third Party Consents**” means those Third Party Consents identified as such in the PEER 1 Disclosure Letter.

“**Latest Mailing Time**” has the meaning ascribed thereto in Section 2.1(a).

“**Laws**” means all international, national, provincial, state, municipal and local laws, statutes, regulations, rules, orders, treaties, ordinances, judgements, decrees, injunctions, writs, certificates, by-laws, notices and terms and conditions of any grant of approval, permission, authority or license of any Governmental Entity (including the BCSC and the TSX) or other requirements, policies or instruments of any Governmental Entity having the force of law, and the term “applicable” with respect to such Laws and in the context that refers to one or more Persons, means that such Laws apply to such Person or Persons or its or their business, undertaking, property or securities and emanate from a Governmental Entity (including the BCSC and the TSX) having jurisdiction over the Person or Persons or its or their business, undertaking, property or securities.

“**Lease**” has the meaning ascribed thereto in Schedule C annexed hereto.

“**Leased Real Property**” has the meaning ascribed thereto in Schedule C annexed hereto.

“**Lock-Up Agreements**” means the lock-up agreements entered into contemporaneously with this Agreement between the Offeror, CCA and each of the Lock-Up Parties.

“**Lock-Up Parties**” means, collectively, Sutton Group Realty Services Ltd., Code Marketing Ltd., Code Consulting Ltd., Clairvest Equity Partners III Limited Partnership, CEP III Co-Investment Limited Partnership, Polygon Financial 05, LLC, Penfield Group, LLC, Padilla Bay, LLC, Lance Tracey, Scott Shaw, Werner K. Paulus, Thomas Paulus, Michael Cytrynbaum, Donald Detampel Jr., David Harrison, Chris Theodoropoulos, Fabio Banducci and Gary Neil Sherlock.

“**Major Shareholders**” means, collectively, Sutton Group Realty Services Ltd., Lance Tracey, Code Marketing Ltd., Code Consulting Ltd., Scott Shaw, Clairvest Equity Partners III Limited Partnership, CEP III Co-Investment Limited Partnership, Polygon Financial 05, LLC, Werner K. Paulus, Thomas Paulus, Penfield Group, LLC and Padilla Bay, LLC.

“**Material Adverse Effect**” means any change, event, occurrence, state of facts or effect that, individually or in the aggregate, is, or would reasonably be expected to be, material and adverse to the financial condition, properties, assets, liabilities (including any contingent liabilities), obligations (whether absolute, accrued, conditional or otherwise), businesses, operations, or results of operations of PEER 1 and its subsidiaries taken as a whole, whether before or after giving effect to the transactions contemplated by this Agreement, other than any change, event, occurrence, state of facts or effect:

- (i) resulting from, or arising in connection with, the announcement of this Agreement or the transactions contemplated hereby;
- (ii) relating to general economic, political, financial, credit, banking, currency or capital markets generally in Canada, the United States or Europe;
- (iii) relating to any change in currency exchange rates, interest rates, monetary policy or inflation;
- (iv) relating to changes generally affecting the industry in which PEER 1 and its subsidiaries carry on business;
- (v) relating to a change in the market trading price or trading volume of securities of PEER 1;
- (vi) relating to the failure by PEER 1 to meet any earnings, projections, forecasts or estimates, whether internal or previously publicly announced;
- (vii) relating to any change in applicable Laws or applicable generally accepted accounting principles or as a result of any reconciliation of financial data into IFRS;
- (viii) resulting from compliance with the terms of this Agreement or resulting from actions or inactions to which CCA and the Offeror have expressly consented, in writing;
- (ix) resulting from any natural disaster; or
- (x) resulting from any outbreak or escalation of hostilities, declared or undeclared acts of war or terrorism;

provided that the causes underlying such change, event, occurrence, state of facts or effect referred to in clauses (v) or (vi), respectively, may be taken into account when determining whether a Material Adverse

Effect has occurred and provided further, however, that such change, event, occurrence, state of facts or effect referred to in clause (ii), (iii), (iv), (vii), (ix) or (x) above does not primarily relate to (or have the effect of primarily relating to) PEER 1 and its subsidiaries, taken as a whole, or materially disproportionately adversely affect PEER 1 and its subsidiaries, taken as a whole, compared to other companies of similar size operating in the same industry as PEER 1 and its subsidiaries.

“**Material Contracts**” has the meaning ascribed thereto in Schedule C annexed hereto.

“**material fact**” shall have the meaning given to such term under the Securities Act.

“**MI 62-104**” means Multilateral Instrument 62-104-*Take-Over Bids and Issuer Bids*, as amended or replaced from time to time.

“**Minimum Tender Condition**” has the meaning ascribed thereto in Section 2.1(b).

“**Offer**” has the meaning ascribed thereto in Section 2.1(a).

“**Offer Price**” has the meaning ascribed thereto in Section 2 of Schedule A annexed hereto.

“**Offeror Circular**” means the offer to purchase and take-over bid circular of the Offeror to be mailed to PEER 1 Shareholders in respect of the Offer.

“**Options**” means any outstanding options under the Stock Option Plan.

“**Outside Date**” means March 29, 2013, or such later date as may be agreed by the Parties.

“**Owned Intellectual Property**” has the meaning ascribed thereto in Schedule C annexed hereto.

“**Party**” means PEER 1, CCA or the Offeror, as applicable, and “**Parties**” means both PEER 1, CCA and the Offeror together.

“**PEER 1 Board**” means the PEER 1 board of directors.

“**PEER 1 Circular**” means the board of directors’ circular of PEER 1 in response to the Offer.

“**PEER 1 Disclosure Letter**” means the letter dated the date of this Agreement delivered by PEER 1 to the Offeror, in form and substance accepted by and initialled on behalf of the Offeror, with respect to certain matters in this Agreement.

“**PEER 1 Financial Statements**” has the meaning ascribed thereto in Schedule C annexed hereto.

“**PEER 1 Shareholders**” means the registered or beneficial holders of the issued and outstanding PEER 1 Shares.

“**PEER 1 Shares**” means the issued and outstanding common shares in the capital of PEER 1.

“**Permitted Encumbrances**” has the meaning ascribed thereto in the PEER 1 Disclosure Letter.

“**Person**” means any individual, sole proprietorship, partnership, firm, entity, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate, fund, organization or other group of organized persons, government, government regulatory authority, governmental department, agency, commission, board, tribunal, dispute settlement panel or body, bureau, court, and where the

context requires any of the foregoing when they are acting as trustee, executor, administrator or other legal representative.

“**Pre-Acquisition Reorganization**” has the meaning ascribed thereto in Section 4.3(d).

“**Publicly Disclosed by PEER 1**” means disclosed by PEER 1 in a public filing made by it with the BCSC and the other securities regulators from June 30, 2010 to the date hereof and available at www.sedar.com or as set out in the PEER 1 Disclosure Letter.

“**Registered Intellectual Property**” has the meaning ascribed thereto in Schedule C annexed hereto.

“**Related Entity**” means a Person that is Controlled by or Controls PEER 1 or that is Controlled by the same Person that Controls PEER 1.

“**Related Party Transactions**” has the meaning ascribed thereto in Schedule C annexed hereto.

“**Release**” has the meaning prescribed in any Environmental Laws and includes any release, spill, leak, pumping, addition, pouring, emission, emptying, discharge, injection, escape, leaching, disposal, dumping, deposit, spraying, abandonment, incineration, seepage, placement or introduction, whether accidental or intentional.

“**Representatives**” means, with respect to any Person, its officers, employees, counsel, accountants and other authorized representatives and advisors (including, for greater certainty, any investment banker, lawyer or accountant).

“**Right to Match Period**” has the meaning ascribed thereto in Section 4.7(a)(iv).

“**Securities Act**” means the *Securities Act* (British Columbia), as amended.

“**Securities Laws**” means, collectively the Securities Act and all other applicable provincial securities laws, rules and regulations, notices and policy statements in Canada, as amended.

“**Special Committee**” means the special committee of the PEER 1 Board, constituted to consider the Offer and the other transactions contemplated by this Agreement.

“**Standstill Agreement**” means the standstill agreement between CCA and PEER 1 and to which the Major Shareholders have intervened dated December 21, 2012, as amended, extended or restated from time to time.

“**Stock Option Plan**” means PEER 1’s 2011 combined incentive and nonqualified stock option plan dated November 9, 2011.

“**Subsequent Acquisition Transaction**” has the meaning ascribed thereto in Section 2.7.

“**subsidiary**” means, with respect to a specified body corporate, any body corporate (other than a mutual fund corporation) of which more than 50% of the outstanding shares ordinarily entitled to elect a majority of the board of directors thereof (whether or not shares of any other class or classes shall or might be entitled to vote upon the happening of any event or contingency) are at the time owned, or publicly announced as in the process of being acquired, directly or indirectly, by such specified body corporate and shall include any body corporate, partnership, joint venture or other entity over which such specified body corporate exercises direction or control or which is in a like relation to a subsidiary.

“**Superior Proposal**” means an unsolicited, *bona fide*, written Acquisition Proposal made after the date hereof by a third party (other than CCA, the Offeror or any of their affiliates) to purchase or otherwise acquire, directly or indirectly (i) 100% of the outstanding PEER 1 Shares (on a Fully-Diluted Basis) (other than PEER 1 Shares beneficially owned by the party making such Acquisition Proposal), or (ii) all or substantially all of the assets of PEER 1 and its subsidiaries as a whole, that, in either case:

- (i) did not result from a breach of Section 4.6;
- (ii) in respect of which the PEER 1 Board has determined in good faith (after consulting with its financial advisors and outside legal counsel), in its discretion in the exercise of its fiduciary duties, that, taking into account all of the terms and conditions of such Acquisition Proposal, such Acquisition Proposal would, if consummated in accordance with its terms (but not disregarding any risk of non-completion), result in a transaction more favourable to PEER 1 Shareholders from a financial point of view than the Offer;
- (iii) is not subject to any due diligence and/or access condition and is not subject to any financing condition;
- (iv) if it relates to the acquisition of outstanding PEER 1 Shares, is made available to all PEER 1 Shareholders on the same terms and conditions; and
- (v) is reasonably capable of being completed without undue delay in accordance with its terms, taking into account all legal, financial, regulatory and other aspects of such Acquisition Proposal (including the conditions to such Acquisition Proposal) and the party making such proposal.

“**Superior Proposal Notice**” has the meaning ascribed thereto in Section 4.7(a)(ii).

“**Take-Up**” means the Offeror’s taking up of PEER 1 Shares under the Offer in accordance with applicable Laws.

“**Tax**” or “**Taxes**” means any tax, surtax, duty, levy, impost, fee, assessment, withholding or other charges of any nature, including interest, penalties and additional amounts associated therewith, imposed or collected by any Governmental Entity, whether disputed or not, and instalments in respect thereof, including Canadian federal, provincial, territorial, municipal and local, foreign and other income, franchise, capital, capital gain, real property, personal property, withholding, non-resident, payroll, health, employer health, transfer, goods and services, harmonized sales, other value added, sales, social security, use, consumption, production, dividend, crown royalty, land transfer, excise, customs, anti-dumping, countervail, net worth, stamp, registration, employment, education, business, school, local improvement, development or occupation tax, duty, levy, impost, fee, assessment or withholding, pension plan contribution, employment insurance premium or all other tax or similar governmental charge of any kind, and including any payment obligations under any net lease in respect of tax of any kind in relation to the leased property.

“**Tax Act**” means the *Income Tax Act* (Canada), as amended.

“**Tax Returns**” means any and all reports, returns or other information required to be provided to or filed with any applicable Governmental Entity in connection with any Taxes.

“**Termination Fee**” has the meaning ascribed thereto in Section 6.4.

“**Third Party Beneficiaries**” shall have the meaning ascribed thereto in Section 4.9(d).

“**Third Party Consents**” mean those consents, waivers, confirmations and other approvals of third parties required in connection with the transactions contemplated under this Agreement.

“**TSX**” means the Toronto Stock Exchange.

“**United States**” means the United States of America, its territories and possessions, any of the States of the United States, and the District of Columbia.

“**U.S. Shareholders**” means a PEER 1 Shareholder who is, or who appears to the Offeror or to the depositary selected by the Offeror for the Offer to be either (i) within the United States or (ii) a “U.S. Person” as defined in Regulation S under the United States *Securities Act of 1933*, as amended.

1.2 Interpretation Not Affected by Headings, etc.

The division of this Agreement into Articles, Sections and other portions and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation hereof. Unless otherwise indicated, all references to an “**Article**” or “**Section**” followed by a number and/or letter refer to the specified Article or Section of this Agreement. The terms “**this Agreement**”, “**hereof**”, “**herein**” and “**hereunder**” and similar expressions refer to this Agreement (including the Schedules hereto) and not to any particular Article, Section or other portion hereof and include any agreement or instrument supplementary or ancillary hereto. Reference to an action taken by a Person in the “ordinary course of business” means that the action is consistent with past practices of such Person and is taken in the ordinary course of business of such Person.

1.3 Currency

Unless otherwise specifically indicated, all sums of money referred to in this Agreement are expressed in lawful money of Canada.

1.4 Number, etc.

Unless the context otherwise requires, words importing the singular shall include the plural and vice versa and words importing any gender shall include all genders.

1.5 Date For Any Action

In the event that any date on which any action is required to be taken hereunder by any of the parties hereto or of any other event or occurrence contemplated hereby is not a Business Day, such action, event or occurrence shall be required to be taken or occur on the next succeeding Business Day.

1.6 Entire Agreement

This Agreement, the agreements and other documents herein referred to, the Confidentiality and Exclusivity Agreement and the Standstill Agreement constitute the entire agreement between the parties pertaining hereto and supersede all other prior agreements, understandings, negotiations and discussions, whether oral or written, between the parties hereto. Except as expressly represented and warranted herein, neither Party shall be considered to have given any other express or implied representations or warranties, including as a result of oral or written statements.

1.7 Schedules

The following Schedules are annexed to this Agreement and are hereby incorporated by reference into this Agreement and form part hereof:

Schedule A – Offer Terms

Schedule B – Antitrust Approvals

Schedule C – PEER 1 Representations and Warranties

Schedule D – CCA Parties Representations and Warranties

1.8 Accounting Matters

Unless otherwise stated, all accounting terms used in this Agreement shall have the meanings attributable thereto under IFRS and all determinations of an accounting nature required to be made shall be made in a manner consistent with IFRS.

1.9 Knowledge

Each reference herein to the knowledge of PEER 1 means, unless otherwise specified, the actual knowledge of Fabio Banducci and Gary Neil Sherlock after due inquiry.

1.10 Subsidiaries

Each reference herein to PEER 1 and the Offeror shall include, unless the context otherwise requires, all of their respective subsidiaries.

1.11 Control

Strictly for purposes of the definition of “Related Entity” hereinabove, a Person (First Person) is considered to “Control” another Person (Second Person) if the First Person, directly or indirectly, has the power to direct the management and policies of the Second Person by virtue of, (i) ownership of or direction over voting securities in the Second Person, (ii) a written Contract, (iii) being the general partner or controlling the general partner of the Second Person, or (iv) being a trustee of the Second Person.

ARTICLE 2 THE OFFER

2.1 The Offer

- (a) CCA shall, promptly and in any event prior to noon (Vancouver time) on December 21, 2012, publicly announce its intention to cause the Offeror to make an offer (the “**Offer**”), and the Offeror shall commence the Offer, subject to Section 2.1(e), pursuant to which the Offeror shall make, or cause a direct or indirect wholly-owned subsidiary of the Offeror to make, the Offer for all of the PEER 1 Shares, including PEER 1 Shares issuable (and that, prior to the Expiry Time are actually issued or conditionally issued pursuant to Section 4.10) upon the exercise of Options, by mailing the Offer to registered PEER 1 Shareholders not later than 11:59 p.m. (Vancouver time) on the tenth Business Day following the date hereof (the “**Latest Mailing Time**”), subject to the timely receipt of all required information from PEER 1 and provided that if the mailing of the Offer is delayed by reason of: (a) any circumstance contemplated in Section 2.1(e)(x), then, provided that such injunction, order or other action is being contested or appealed by CCA or the Offeror, the Latest Mailing Time shall be extended to 11:59 p.m. (Vancouver time) on the fifth Business Day following the date on which such injunction, order or

other action ceases to be in effect; (b) the Offeror not having obtained any regulatory waiver, consent or approval which is necessary to permit the Offeror to mail the Offer, then, provided that such regulatory waiver, consent or approval is being actively sought, the Latest Mailing Time shall be extended to 11:59 p.m. (Vancouver time) on the fifth Business Day following the date on which such waiver, consent or approval is obtained; (c) PEER 1 not having provided to the Offeror the PEER 1 Circular in accordance with Section 2.1(e)(vi) as well as any information pertaining to PEER 1 that is necessary for the completion of the Offeror Circular by the Offeror, or not having provided the lists and other information and assistance referred to in Section 2.4, or not having provided the Offeror with such other assistance in the preparation of the Offeror Circular as may be reasonably requested by the Offeror in order that the Offeror Circular comply in all material respects with applicable Securities Laws, then the Latest Mailing Time shall be extended to 11:59 p.m. (Vancouver time) on the fifth Business Day following the date on which PEER 1 supplies such necessary information or other assistance; (d) an Acquisition Proposal having been publicly announced, the Latest Mailing Time shall be extended to 11:59 p.m. (Vancouver time) on the fifth Business Day following the date on which the PEER 1 Board has confirmed in writing to the Offeror that such Acquisition Proposal is not a Superior Proposal and has publicly re-affirmed its recommendation in favour of the Offer; (e) an Acquisition Proposal having been privately submitted to PEER 1, the Latest Mailing Time shall be extended to 11:59 p.m. (Vancouver time) on the fifth Business Day following the date on which the PEER 1 Board has confirmed in writing to the Offeror that such Acquisition Proposal is not a Superior Proposal; and (f) PEER 1 having provided a Superior Proposal Notice to CCA pursuant to Section 4.7(a)(iii) prior to the Latest Mailing Time, then the Latest Mailing Time will be extended to 11:59 p.m. (Vancouver time) on the fifth Business Day following the earlier of (A) the date on which PEER 1 provides written notification to CCA that the PEER 1 Board has determined that the applicable Acquisition Proposal is not a Superior Proposal, and (B) the date on which PEER 1 and the Offeror enter into an amended agreement pursuant to Section 4.7(b) which results in such Acquisition Proposal ceasing to be a Superior Proposal. The Offeror may, at its election, commence the Offer by way of advertisement in a national Canadian newspaper and otherwise in compliance with Securities Laws. Subject to the foregoing, as promptly as reasonably practicable after the execution and delivery of this Agreement, the Offeror shall complete the Offeror Circular, in English and French, together with any other documents required by the Securities Laws in connection with the Offer, and as promptly as reasonably practicable thereafter, the Offeror shall, unless otherwise agreed by the parties, cause the Offeror Circular and other documentation required in connection with the Offer to be sent to each of the PEER 1 Shareholders and filed as required by applicable Laws.

- (b) The Offer shall be subject to the condition that there has been validly deposited under the Offer and not withdrawn at the Expiry Time such number of PEER 1 Shares which, together with any PEER 1 Shares directly or indirectly owned by the Offeror and its affiliates (if any), constitute at least 66 2/3% of the PEER 1 Shares outstanding at the Expiry Time on a Fully-Diluted Basis (the “**Minimum Tender Condition**”) and shall be subject to the terms and conditions set forth in Schedule A and shall contain no other conditions.
- (c) The Offer shall expire not earlier than 5:00 p.m. (Vancouver time) on the 36th day (the “**Initial Expiry Time**”) after the date that the Offer is first commenced within the meaning of the Securities Act, subject to the right of the Offeror to extend from time to time the period during which PEER 1 Shares may be deposited under the Offer (such Initial Expiry Time or any extension thereof, the “**Expiry Time**”) if the Minimum Tender

Condition or any other condition to the Offer is not satisfied or waived at the Expiry Time.

- (d) It is understood and agreed that the Offeror may, in its sole discretion, modify or waive any term or condition of the Offer; provided that the Offeror shall not, without the prior written consent of PEER 1:
 - (i) amend, modify or waive the Minimum Tender Condition;
 - (ii) decrease the consideration payable per PEER 1 Share;
 - (iii) change the form of consideration payable under the Offer (other than to add additional consideration or to provide PEER 1 Shareholders with consideration alternatives);
 - (iv) decrease the number of PEER 1 Shares in respect of which the Offer is made; or
 - (v) impose additional conditions to the Offer or otherwise vary the Offer (or any terms or conditions thereof) in a manner which is adverse to PEER 1 Shareholders.

- (e) Notwithstanding any other provision of this Agreement, the obligation of CCA to cause the Offeror to make the Offer is conditional on the prior satisfaction of the following conditions, all of which conditions are included for the sole benefit of CCA and the Offeror and any or all of which may be waived by CCA and the Offeror in whole or in part in their sole discretion without prejudice to any other right CCA or the Offeror may have under this Agreement and which shall be deemed to have been waived by the making of the Offer:
 - (i) the obligations of the Offeror hereunder shall not have been terminated pursuant to Section 6.3;
 - (ii) the Lock-Up Agreements shall not have been terminated;
 - (iii) no change, effect, event, circumstance, occurrence or state of facts (other than a change, effect, event, circumstance, occurrence or state of facts caused by CCA, or any affiliate or subsidiary of CCA or any Person acting jointly or in concert with CCA) shall have occurred that would render it impossible for one or more of the conditions set forth in Schedule A to be satisfied;
 - (iv) the Offeror shall have received, or shall have received assurances satisfactory to the Offeror acting reasonably that it will receive, all waivers, rulings or orders necessary for the Offeror to make the Offer and to mail the Offeror Circular to the PEER 1 Shareholders from all applicable securities commissions or other regulatory authorities;
 - (v) the PEER 1 Board shall have unanimously recommended that PEER 1 Shareholders accept the Offer in accordance with Section 2.3(b) and not have withdrawn the recommendation referred to in Section 2.3(b) or changed, modified, or qualified such recommendation in a manner that has substantially the same effect or taken any other action or made any public statement inconsistent with such recommendation;

- (vi) PEER 1 shall have prepared and made available for distribution contemporaneously and together with the Offeror Circular (or if the Offeror waives such condition and agrees to proceed with the making of the Offer before the PEER 1 Circular is finalized, such PEER 1 Circular shall be prepared and made available for distribution as soon as reasonably practicable after the mailing of the Offeror Circular) sufficient copies of the PEER 1 Circular (in the English and the French language) prepared in all material respects in accordance with all applicable Securities Laws, which shall reflect the determinations and recommendation of the PEER 1 Board set forth in Section 2.3(a) and Section 2.3(b);
 - (vii) there shall not have occurred or arisen a Material Adverse Effect;
 - (viii) PEER 1 shall have complied in all material respects with its covenants in this Agreement;
 - (ix) all representations and warranties of PEER 1 set forth in Schedule C (a) that are qualified by a reference to Material Adverse Effect or materiality shall be true and correct and (b) that are not qualified by a reference to Material Adverse Effect or materiality shall be true and correct in all material respects at the time of the making of the Offer;
 - (x) no cease trade order, injunction or other prohibition at Law shall exist against the Offeror making the Offer or taking up or paying for PEER 1 Shares deposited under the Offer or completing a Compulsory Acquisition or Subsequent Acquisition Transaction.
- (f) Prior to printing the Offeror Circular, the Offeror shall give PEER 1 a reasonable opportunity to review and comment on the Offeror Circular and all other documentation included or in connection therewith (including if applicable any cover letter, letter of transmittal and notice of guaranteed delivery), it being understood that whether or not such comments are appropriate will be determined by CCA and the Offeror, acting reasonably.
- (g) Prior to printing the PEER 1 Circular, PEER 1 shall provide CCA and the Offeror with a reasonable opportunity to review and comment on it, recognizing that whether or not such comments are appropriate will be determined by PEER 1, acting reasonably. PEER 1 shall file the PEER 1 Circular and any other documents required by all applicable Securities Laws in connection with the PEER 1 Circular with applicable securities regulatory authorities within the times and in the manner required by all applicable Securities Laws.
- (h) PEER 1 and the Offeror agree to use all commercial reasonable efforts to mail the Offeror Circular and the PEER 1 Circular no later than December 24, 2012.

2.2 Withholding Taxes

The Offeror, PEER 1 and the depository for the Offer shall be entitled to deduct and withhold from any consideration payable or otherwise deliverable to any Person hereunder and from all dividends, interest or other amounts payable to any PEER 1 Shareholder such amounts as the Offeror, PEER 1 or the depository under the Offer may be required to deduct and withhold therefrom under any provision of applicable Laws in respect of Taxes. To the extent that such amounts are so deducted, withheld and remitted, such

amounts shall be treated for all purposes under this Agreement as having been paid to the Person to whom such amounts would otherwise have been paid.

2.3 PEER 1 Approval of the Offer

PEER 1 represents and warrants to and in favour of CCA and the Offeror that:

- (a) the PEER 1 Board has, on the unanimous recommendation of the Special Committee, determined unanimously that, as at the date hereof, this Agreement and the Offer are fair to the PEER 1 Shareholders and are in the best interests of PEER 1;
- (b) the PEER 1 Board has, as at the date hereof, unanimously resolved to recommend that all PEER 1 Shareholders accept the Offer and tender their PEER 1 Shares to the Offer; and
- (c) the PEER 1 Board has received a verbal confirmation of the Fairness Opinion and confirmation that RBC Dominion Securities Inc. will provide a written Fairness Opinion (in both the English and the French language) to that effect on or before the date of the PEER 1 Circular.

2.4 PEER 1 Shareholders' List

PEER 1 shall provide the Offeror, as soon as reasonably practicable following the execution and delivery of this Agreement, with a list of the registered holders of PEER 1 Shares as well as a list of participants in book based nominee registrants such as CDS & Co. and non-objecting beneficial holders of PEER 1 Shares, in each case in electronic form and as of the latest practicable date, including address and securityholding information for each Person, to the extent available. PEER 1 shall concurrently provide the Offeror with the names, addresses and holdings of all Persons having rights to acquire PEER 1 Shares and the details of such rights. PEER 1 shall from time to time promptly furnish the Offeror with such additional information, including updated or additional lists of PEER 1 Shareholders, mailing labels and lists of securities positions and other assistance as CCA may reasonably request in order to be able to communicate the Offer to the PEER 1 Shareholders and to such other Persons as are entitled to receive the Offer under applicable Securities Laws.

2.5 PEER 1 Board

Immediately following the acquisition pursuant to the Offer by the Offeror of such number of PEER 1 Shares as is at least equal to the number of shares required to satisfy the Minimum Tender Condition, if so requested by the Offeror, PEER 1 shall use its commercially reasonable efforts to facilitate the reconstitution of the PEER 1 Board, subject to applicable Laws, through resignations of some or all, as applicable, of PEER 1's directors (upon receipt of confirmation that PEER 1 will maintain insurance coverage as contemplated by Section 4.9(b)) and the appointment of nominees of the Offeror in their stead.

2.6 Standstill

PEER 1 waives section 2 of the Standstill Agreement to permit the making of the Offer, the entering into of the Lock-Up Agreements, the consummation of the Contemplated Transactions and the exercise by CCA and the Offeror of their rights hereunder; provided, however, that if the Offer is not made hereunder or is withdrawn or this Agreement is terminated in accordance with its terms for any reason, CCA agrees that it will continue to be bound by the terms of the Standstill Agreement.

2.7 Subsequent Acquisition Transaction

If, within four months after the date of the Offer, the Offer has been accepted by holders who, in the aggregate, hold at least 90% of the outstanding PEER 1 Shares (calculated on a Fully-Diluted Basis as at the Expiry Time), other than the PEER 1 Shares held by, or by a nominee for, the Offeror or an “affiliate” (as that term is defined in the BCBCA) of the Offeror on the date of the Offer, the Offeror presently intends, to the extent possible, to acquire the remainder of the PEER 1 Shares from those holders who have not accepted the Offer pursuant to Section 300 of the BCBCA (a “**Compulsory Acquisition**”). If the statutory right of Compulsory Acquisition is not available, but the Offeror takes up and pays for, or otherwise acquires, directly or indirectly at least 66⅔% of the PEER 1 Shares on a Fully-Diluted Basis pursuant to the terms of the Offer, the Offeror agrees to use all commercially reasonable efforts to acquire, and PEER 1 agrees to use commercially reasonable efforts to assist the Offeror in acquiring, the balance of the PEER 1 Shares as soon as practicable and in any event within a period of 120 days following Take-Up by way of amalgamation, statutory arrangement, capital reorganization or other transaction proposed by the Offeror, involving PEER 1 and CCA or an affiliate of CCA (a “**Subsequent Acquisition Transaction**”), provided that the consideration per PEER 1 Share is at least equal in value to and in the same form as the consideration paid by the Offeror under the Offer, and in no event will the Offeror be required to offer consideration per PEER 1 Share greater than the Offer Price. The provisions of this Section 2.7 shall survive the termination of this Agreement.

2.8 Permitted Purchases

PEER 1 hereby consents to the acquisition by the Offeror and/or one or more of its affiliates, of PEER 1 Shares other than pursuant to the terms of the Offer by way of open market purchases or otherwise, provided that such PEER 1 Shares are acquired in accordance with applicable Securities Laws.

2.9 Registrar and Transfer Agent and Information Agent

Provided this Agreement has not been terminated, PEER 1 agrees to permit the registrar and transfer agent for PEER 1 to act as depository in connection with the Offer and instructs such parties to furnish to the Offeror (and such Persons as it may designate) such information and provide to the Offeror (and such Persons as it may designate) such other assistance as it may request, at such times as it may request, in connection with the implementation and completion of the Contemplated Transactions.

2.10 Information Agent and Dealer Manager

The Offeror may, if it decides to do so, appoint an information agent and/or a dealer manager in connection with the Offer to solicit acceptances of the Offer. Any dealer manager may form a soliciting dealer group comprised of members of the Investment Dealers Association of Canada and of the stock exchanges in Canada and their affiliates to solicit acceptances of the Offer in Canada and elsewhere. Subject to the fulfillment by the directors of their fiduciary duties, PEER 1 shall cooperate with any solicitation or information agent retained by the Offeror, at the Offeror’s sole expense, and shall take, or refrain from taking, such action as may be reasonably requested by the Offeror, in furtherance of such cooperation.

ARTICLE 3 REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties of PEER 1

PEER 1 represents and warrants to and in favour of CCA and the Offeror as set forth in Schedule C and acknowledges that CCA and the Offeror are relying upon such representations and warranties in connection with the matters contemplated by this Agreement.

3.2 Representations and Warranties of the Offeror

Each of CCA and the Offeror jointly and severally represent and warrant to and in favour of PEER 1 as set forth in Schedule D and acknowledge that PEER 1 is relying upon such representations and warranties in connection with the matters contemplated by this Agreement.

3.3 Survival

For greater certainty, the representations and warranties of PEER 1 and the Offeror contained herein shall survive the execution and delivery of this Agreement and shall terminate on the earlier of the completion of the Offer and the termination of this Agreement. Any investigation by a Party hereto or its advisors shall not mitigate, diminish or affect the representations and warranties of the other Party to this Agreement.

ARTICLE 4 COVENANTS

4.1 Antitrust Approvals

- (a) The Offeror and PEER 1 shall use commercially reasonable efforts to obtain, or cause to be obtained, all Antitrust Approvals and shall cooperate with each other in so doing.
- (b) The Offeror and PEER 1 and any of their affiliates or subsidiaries, as applicable, shall, as promptly as practicable after the execution and delivery of this Agreement but no later than December 28, 2012, take all commercially reasonable actions necessary, proper or advisable to (i) make, or cause to be made, all the filings and submissions required, or which the Offeror and PEER 1 jointly elect to make, in respect of the Antitrust Approvals; (ii) comply at the earliest practicable date with any request for additional information or documentary material received by the Offeror or PEER 1 or any of their affiliates or subsidiaries from a Governmental Entity with respect to an Antitrust Approval; and (iii) obtain any requisite Antitrust Approval consent or expiration or termination of any waiting period on the earliest possible date(s).
- (c) The Offeror shall pay for any and all application or filing fees with respect to any and all applications or filings in respect of the Antitrust Approvals.
- (d) All requests and enquiries from any Governmental Entity in respect of the Antitrust Approvals shall be dealt with by the Offeror and PEER 1 in consultation with each other, and the Offeror and PEER 1 shall promptly co-operate with and provide all necessary information and assistance reasonably required by such Governmental Entity in respect of an Antitrust Approval upon being requested to do so by such authority or by the other Party. Without limiting the generality of the foregoing, counsel for each of the Offeror and PEER 1 shall provide to each other draft versions of all material correspondence and filings, provide a reasonable opportunity to review and comment and consider in good faith comments provided by counsel for each of the Offeror and PEER 1, and permit counsel for each of the Offeror and PEER 1 to attend all substantive telephone conferences and meetings with any Governmental Entity in connection with obtaining Antitrust Approvals. Competitively-sensitive information may be shared between outside counsel for each of the Offeror and PEER 1 as necessary or appropriate in connection with obtaining Antitrust Approval. Competitively-sensitive information shall be redacted by outside counsel from documents or summaries of communications with a Governmental Entity that may be provided to the Offeror and PEER 1.

4.2 Preparation of Filings, Securities Compliance, etc.

- (a) The Offeror and PEER 1 shall use their respective commercially reasonable efforts to cooperate in the preparation, seeking and obtaining of all circulars, filings, consents and other approvals and other matters in connection with this Agreement, the Offer and any Subsequent Acquisition Transaction.
- (b) PEER 1 shall furnish to the Offeror all such information concerning it and the PEER 1 Shareholders, as the case may be, as may be reasonably required to effect the actions described in this Section 4.2, and covenants that no information furnished by PEER 1 (to its knowledge in the case of information concerning the PEER 1 Shareholders) in connection with such actions will contain any untrue statement of a material fact or omit to state a material fact required to be stated in any such document or necessary in order to make any information so furnished for use in any such document not misleading in the light of the circumstances in which it is furnished.
- (c) The Offeror and PEER 1 shall each promptly notify the other if at any time before the Expiry Time it becomes aware that any disclosure concerning it in the Offer, the PEER 1 Circular or any other document described in this Section 4.2 contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made, or that otherwise requires an amendment or supplement to the Offer, the PEER 1 Circular or such other document. In any such event, the Offeror and PEER 1 shall, subject to the terms and conditions of this Agreement, cooperate in the preparation of a supplement or amendment to the Offer, the PEER 1 Circular or such other document, as required and as the case may be, and, if required, shall cause the same to be distributed to the PEER 1 Shareholders and/or filed with the relevant securities regulatory authorities and/or stock exchanges.
- (d) The Offeror shall ensure that the Offer complies in all material respects with all applicable Laws and, without limiting the generality of the foregoing, that the Offer does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made (other than with respect to any information concerning and provided by PEER 1). PEER 1 shall ensure that the PEER 1 Circular complies in all material respects with all applicable Laws and, without limiting the generality of the foregoing, that it does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made (other than with respect to any information concerning and provided by the Offeror).

4.3 Covenants of PEER 1

- (a) PEER 1 covenants and agrees that, prior to the earlier of the time of the (A) Effective Time and (B) termination of this Agreement (or any of the provisions thereof) in accordance with Section 6.3, except: (I) with the prior written consent of CCA (such consent not to be unduly withheld, conditioned or delayed); (II) with respect to any matter expressly contemplated by this Agreement; (III) as required by applicable Laws or (IV) as disclosed in the PEER 1 Disclosure Letter, PEER 1 will, and will cause each of its subsidiaries to:

- (i) carry on its business in, and only in, the ordinary and regular course in substantially the same manner as heretofore conducted and, to the extent consistent with such business, use commercially reasonable efforts to preserve intact its present business organization and keep available the services of its present officers and employees;
- (ii) not split, consolidate or reclassify any of its outstanding shares nor undertake any other capital reorganization, nor declare, set aside or pay any dividends on or in respect of its outstanding shares, nor reduce capital in respect of its shares (other than in the case of PEER 1's subsidiaries, dividends between two or more subsidiaries of PEER 1 or between PEER 1 and any of its subsidiaries);
- (iii) not amend its articles, by-laws or other constituting documents or sell, Encumber, allot, reserve, set aside or issue, authorize or propose the sale, Encumbrance, allotment, reservation, setting aside or issuance of, or purchase or redeem or propose the purchase or redemption of, any of its shares or any class of securities convertible or exchangeable into, or rights, warrants or options to acquire, any such shares or other convertible or exchangeable securities;
- (iv) not amend the articles, by-laws or other constituting documents of any subsidiary or sell, Encumber, allot, reserve, set aside or issue, authorize or propose the sale, encumbrance, allotment, reservation, setting aside or issuance of, or purchase or redeem or propose the purchase or redemption of, any securities of any subsidiary or any class of securities convertible or exchangeable into, or rights, warrants or options to acquire, any such securities;
- (v) not amend the Stock Option Plan or enter into, create, declare, amend, vary, modify or adopt any other Benefit Plan, except amendments to the Stock Option Plan which are reasonably necessary to implement the transactions contemplated by Section 4.10;
- (vi) not reorganize, amalgamate, combine or merge PEER 1 or any of its affiliates or subsidiaries with any other Person, nor acquire or agree to acquire by amalgamating, merging or consolidating with, purchasing substantially all of the assets or shares of or otherwise, any business of any other Person, or make any investment either by purchase of securities, contributions of capital or property transfers in or to any other Person;
- (vii) not sell, Encumber or otherwise dispose or agree to sell, Encumber or otherwise dispose of any material assets including any material Intellectual Property having a market value greater than \$100,000;
- (viii) not enter into, renew or amend any Material Contracts, except in the ordinary course of business;
- (ix) not make expenditures that exceed, individually or in the aggregate, \$250,000, unless such expenditures are incurred in the execution of PEER 1's annual budget plan set forth in the PEER 1 Disclosure Letter;
- (x) not provide any customers of PEER 1 or any of its subsidiaries with any discounts, allowances, rebates, credits, preferential terms of sale or similar reductions in price or other trade terms in respect of any Material Contracts, except in the ordinary course of business;

- (xi) not, and cause each of its subsidiaries and affiliates not to, other than as permitted pursuant to Section 4.3(b)(i), in the ordinary course of business or as required pursuant to employment, pension, termination, or compensation arrangements or policies existing prior to the date hereof and set forth in the PEER 1 Disclosure Letter or as required by applicable Laws, enter into or modify any severance, collective bargaining or similar agreements, policies or arrangements with, or grant any bonuses, salary increases, pension benefits, profit sharing, retirement allowances, deferred compensation, incentive compensation, severance or termination pay or any other form of compensation with respect to any increase of benefits payable to, or make any loan to, any officers, directors or employees (or independent contractors) of PEER 1 or any subsidiary thereof. For greater certainty nothing herein shall limit the ability of PEER 1, in the ordinary course of business, to hire or engage new employees or consultants or terminate existing employees or consultants and to honour severance obligations in the ordinary course of business, imposed by any Contract disclosed in the PEER 1 Disclosure Letter or at Law in relation thereto;
- (xii) not terminate the employment of any person identified in the PEER 1 Disclosure Letter as a “Key Employee”, other than for cause;
- (xiii) not, and cause its subsidiaries and affiliates not to, pay, discharge, satisfy, settle or compromise any material claims, unaccrued liabilities or obligations, other than as Publicly Disclosed by PEER 1 or in the ordinary course of business;
- (xiv) not guarantee the payment of any material indebtedness or incur any material indebtedness for borrowed money or issue or sell any debt securities, except for borrowings in the ordinary course of business under credit facilities existing on the date of this Agreement that do not, individually or in the aggregate, exceed \$3,000,000;
- (xv) use commercially reasonable efforts (and cause each of its subsidiaries and affiliates to use commercially reasonable efforts) to cause its current insurance (or re-insurance) policies not to be cancelled or terminated or any of the coverage thereunder to lapse, unless simultaneously with such termination, cancellation or lapse, replacement policies underwritten by insurance and reinsurance companies of nationally recognized standing providing similar coverage are in full force and effect;
- (xvi) not make any material changes to existing accounting practices, except as required by IFRS;
- (xvii) not commence, settle or assign any rights relating to or any interest in any material litigation, proceeding, claim, action, assessment or investigation involving PEER 1 or its material assets (other than collection proceedings in the ordinary course of business);
- (xviii) not engage in any Related Party Transactions other than with its wholly-owned subsidiaries in the ordinary course of business;
- (xix) not propose or enter into any agreement, arrangement, commitment, or offer with respect to a joint venture or other mutual co-operation or distribution agreement (other than with respect to referral and reseller relationships described in the Data Room);

- (xx) not enter into any interest rate, currency or equity swaps, hedges, derivatives or other similar financial instruments other than in the ordinary course of business, provided that the term of any forward contract shall not exceed three months;
- (xxi) not increase any coverage under any directors' and officers' insurance policy;
- (xxii) not adopt a plan of liquidation or resolutions providing for the liquidation or dissolution of PEER 1 or any of its subsidiaries, and without restricting the generality of the foregoing, not to distribute or transfer or adopt any resolutions providing for the distribution or transfer of any assets of VIA Hosting Services, Inc. to PEER 1 or any of its subsidiaries;
- (xxiii) (A) duly and timely file all Tax Returns required to be filed by it on or after the date hereof and ensure that all such Tax Returns are true, complete and correct in all material respects; (B) timely withhold, collect, remit and pay all material Taxes which are to be withheld, collected, remitted or paid by it to the extent due and payable except for any Taxes contested in good faith pursuant to applicable Laws; (C) not make or rescind any express or deemed election relating to Taxes; (D) not make a request for a Tax ruling or enter into a closing agreement with any Taxing authorities or consent to any extension or waiver of any limitation period with respect to Taxes; (E) not settle or compromise any material claim, action, suit, litigation, proceeding, arbitration, investigation, audit or controversy relating to Taxes; (F) not amend any Tax Returns; (G) promptly inform the Offeror in writing about any proceedings, investigations assessments, reassessments, actions, suits, audits or claims pending or threatened against PEER 1 or any of its subsidiaries in respect of any Taxes; (H) not change in any material respect any of its methods of reporting income, deductions or accounting for income tax purposes from those employed in the preparation of its income tax return for the fiscal year ended June 30, 2012, except as may be required by applicable Laws; (I) not knowingly undertake any reorganization of PEER 1 or any PEER 1 subsidiary or enter into any transaction or series of transactions that would have the effect of preventing the Offeror from obtaining the benefit of a "tax cost bump" pursuant to paragraphs 88(1)(c) and 88(1)(d) of the Tax Act in respect of non-depreciable capital property directly owned by PEER 1 at the Effective Time; and (J) for the purposes of this clause the following shall be excepted (I) transactions or activities undertaken in the ordinary course of business consistent with prior practice; (II) transactions contemplated by this Agreement or completed at the request of the Offeror; and (III) in the case of (A), minor delays not resulting in material penalties being incurred by PEER 1 or any of its subsidiaries;
- (xxiv) not pay or offer to pay money or anything of value ("**Consideration**") to a Governmental Official, directly or indirectly, if such offer or payment of Consideration would be made with the intent of obtaining or retaining business and with corrupt intent. The preceding sentence will not apply with respect to modest gifts or reasonable meals or entertainment if given only to build general goodwill and if not given with corrupt intent;
- (xxv) maintain Books and Records that accurately and fairly reflect business transactions and maintain internal accounting controls that provide reasonable assurances that such transactions are executed in accordance with management's authorization and are properly recorded;

- (xxvi) not announce any intention to, enter into any agreement to or otherwise make a commitment to, do any of the foregoing prohibited matters; and
 - (xxvii) promptly advise CCA orally and in writing of any change in respect of PEER 1 having a Material Adverse Effect.
- (b) PEER 1 shall, and shall cause its affiliates and subsidiaries to, perform all obligations of a commercially reasonable nature required to be performed by PEER 1 or any of its subsidiaries and affiliates under this Agreement, co-operate with CCA and the Offeror in connection therewith, and do all such other acts and things as may be reasonably necessary in order to consummate and make effective, as soon as reasonably practicable, the transactions contemplated in this Agreement, including the Offer and any Subsequent Acquisition Transaction and without limiting the generality of the foregoing, PEER 1, subject to Section 4.7, shall and, where appropriate, shall cause each of its subsidiaries and affiliates to:
- (i) use commercially reasonable efforts to facilitate the retention of employees of PEER 1 and each of its subsidiaries with annual compensation in excess of \$100,000 identified by the Offeror, including by entering into or modifying any employment contract with any such employee (whether an existing employee or a new employee), in each case on terms approved by the Offeror, provided that any change in any such employee's compensation or other terms of employment agreed to be implemented pursuant to this Section 4.3(b)(i) shall not be required to become effective until at least a majority of the outstanding PEER 1 Shares have been taken-up and paid for by the Offeror;
 - (ii) notify, as soon as reasonably practicable, the Offeror if any of the persons identified in the PEER 1 Disclosure Letter as a "Key Employee" delivers written notice of termination of employment or if PEER 1 or its subsidiaries otherwise become aware that any such senior executive officer intends to leave the employ of PEER 1 or any of its subsidiaries;
 - (iii) apply for and use commercially reasonable efforts to obtain all Key Third Party Consents relating to PEER 1 or any of its subsidiaries or affiliates and, in doing so, keep CCA reasonably informed, subject to applicable Laws, as to the status of the proceedings related to obtaining such Key Third Party Consents, including providing CCA with copies of all related applications and notifications, in draft form, in order for CCA to provide its reasonable comments, and providing CCA with copies of all material correspondence relating to such Key Third Party Consents;
 - (iv) use commercially reasonable efforts to defend, in consultation with CCA, all lawsuits or other legal, regulatory or other proceedings to which it is a party challenging or affecting this Agreement or the consummation of the transactions contemplated hereby and by the Offer and any Subsequent Acquisition Transaction;
 - (v) use commercially reasonable efforts to have lifted or rescinded any injunction or restraining order relating to PEER 1 or any of its subsidiaries or other order which may adversely affect the ability of the Parties to consummate the transactions contemplated hereby and by the Offer and any Subsequent Acquisition Transaction;

- (vi) comply promptly with all requirements which applicable Laws may impose on PEER 1 or any of its subsidiaries with respect to the transactions contemplated hereby and by the Offer and any Subsequent Acquisition Transaction; and
 - (vii) effect all necessary registrations, filings and submissions of information required by Governmental Entities from PEER 1 or any of its subsidiaries or affiliates relating to the transactions contemplated hereby and by the Offer and any Subsequent Acquisition Transaction.
- (c) PEER 1 shall promptly notify the Offeror orally and in writing of the occurrence of any Material Adverse Effect and of any material complaints, investigations or hearings by any Person or Governmental Entity (or any communication indicating that the same are being contemplated) and it shall consult with the Offeror with respect to matters relating to the foregoing.
- (d) PEER 1 agrees that, upon written request by CCA, PEER 1 shall, and shall cause each of its subsidiaries to, at the expense of CCA, (i) effect such reorganizations of PEER 1 or the PEER 1 subsidiaries' business, operations and assets or such other transactions as the Offeror may request, acting reasonably (each a "**Pre-Acquisition Reorganization**") and (ii) co-operate with CCA and its advisors in order to determine the nature of the Pre-Acquisition Reorganizations that might be undertaken and the manner in which they might most effectively be undertaken; provided, however, that neither PEER 1 nor any of its subsidiaries need affect any Pre-Acquisition Reorganization which, in the opinion of PEER 1, acting reasonably, (A) would require the approval of the PEER 1 Shareholders, (B) would be prejudicial to PEER 1, any PEER 1 subsidiary or the PEER 1 Shareholders in any respect, (C) would reduce the consideration payable under the Offer, (D) would interfere with the ongoing operations of PEER 1 or any PEER 1 subsidiary, (E) unless agreed by PEER 1, would require any filing with, notification to or approval of any Governmental Entity or third party prior to the Expiry Time, (F) would result in a material breach by PEER 1 or any PEER 1 subsidiary of any contract or Applicable Law then in effect, (G) would result in Taxes being imposed on, or other adverse Tax consequences to, the PEER 1 Shareholders generally that are incrementally greater than the Taxes imposed on or other consequences to the PEER 1 Shareholders in connection with the completion of the Offer in the absence of such Pre-Acquisition Reorganization, or (H) would impede or materially delay the completion of the Offer. Furthermore, any such Pre-Acquisition Reorganization shall become effective no earlier than one day prior to the Take-Up following satisfaction or waiver of all conditions precedent to completion of the Offer. CCA and the Offeror acknowledge and agree that no Pre-Acquisition Reorganization shall be considered in determining whether a representation, warranty or covenant of PEER 1 hereunder has been breached. CCA shall provide written notice to PEER 1 of any proposed Pre-Acquisition Reorganization at least 10 Business Days prior to the Take-Up. Upon receipt of such notice, CCA and PEER 1 shall work co-operatively and use commercially reasonable efforts to prepare prior to the Take-Up all documentation necessary and do all such other acts and things as are necessary to give effect to such Pre-Acquisition Reorganization, provided that such cooperation shall not require any director, officer, employee or agent of PEER 1 or any PEER 1 subsidiary to take any action in any capacity other than as a director, officer, employee or agent of PEER 1 or a PEER 1 subsidiary. CCA and the Offeror shall indemnify PEER 1, the PEER 1 subsidiaries and their respective officers, directors, employees, agents and advisors from and against any and all liabilities, losses, damages, claims, costs, expenses, interest, awards, judgments and penalties suffered or incurred by any of them in connection with or as a result of any Pre-Acquisition Reorganization or as a result of the unwind (where such unwind is reasonably necessary or where the Agreement is

terminated) of any element of the Pre-Acquisition Reorganization. The indemnification obligations contained in this Section 4.3(d) shall survive indefinitely notwithstanding the termination of this Agreement. If the Offeror does not effect the Take-Up, CCA shall pay the implementation costs of the Pre-Acquisition Reorganization and any direct or indirect costs and liabilities of PEER 1 and the PEER 1 subsidiaries, including employment costs, Taxes and liabilities as well as any costs, taxes and liabilities that may be incurred to unwind any such Pre-Acquisition Reorganization (including actual out-of-pocket costs and expenses for filing fees and external counsel).

4.4 Covenants of CCA and the Offeror

- (a) CCA shall, and shall cause its subsidiaries and affiliates to perform, all obligations of a commercially reasonable nature required to be performed by CCA or any of its subsidiaries under this Agreement, co-operate with PEER 1 in connection therewith, and do all such other acts and things as may be reasonably necessary in order to consummate and make effective, as soon as reasonably practicable, the transactions contemplated in this Agreement and, without limiting the generality of the foregoing, CCA, shall and where appropriate shall cause its subsidiaries to:
 - (i) use commercially reasonable efforts to defend, in consultation with PEER 1, all lawsuits or other legal, regulatory or other proceedings to which it is a party challenging or affecting this Agreement or the consummation of the transactions contemplated hereby and by the Offer and any Subsequent Acquisition Transaction;
 - (ii) use commercially reasonable efforts to have lifted or rescinded any injunction or restraining order relating to CCA or the Offeror or other order which may adversely affect the ability of the parties to consummate the transactions contemplated hereby and by the Offer and any Subsequent Acquisition Transaction;
 - (iii) comply in all material respects with all requirements which applicable Laws may impose on CCA or the Offeror with respect to the transactions contemplated hereby and by the Offer and any Subsequent Acquisition Transaction; and
 - (iv) effect all necessary registrations, filings and submissions of information required by Governmental Entities from CCA or the Offeror or any of their subsidiaries relating to the Offer.
- (b) CCA covenants and agrees that, unless PEER 1 agrees otherwise in writing, CCA shall use commercially reasonable efforts to cause the Offeror to consummate the Offer, subject only to the terms and conditions hereof and thereof.

4.5 CCA Guarantee of Performance of the Offeror

CCA hereby unconditionally and irrevocably guarantees, and covenants and agrees to be jointly and severally liable with the Offeror, as principal obligor, for the due and punctual performance of each and every obligation of the Offeror under or relating to the Offer and the other transactions contemplated by this Agreement, including the payment of the aggregate Offer Price payable under the Offer.

4.6 Covenants Regarding Non-Solicitation

- (a) Except as otherwise provided in this Section 4.6, PEER 1 shall not, and shall cause each of its subsidiaries not to, directly or indirectly, through any Representative of PEER 1 or any of its subsidiaries or affiliates:
 - (i) make, solicit, initiate, encourage, continue, support or otherwise facilitate (including by way of furnishing information, permitting any visit to any facilities or properties of PEER 1 or any PEER 1 subsidiary or entering into any form of agreement, arrangement or understanding) the initiation of any inquiries, proposals or offers regarding an Acquisition Proposal;
 - (ii) engage or participate in any discussions or negotiations regarding, or otherwise cooperate in any way with, or assist or participate in, any effort or attempt by any other Person to make or complete any Acquisition Proposal, provided that, for greater certainty, PEER 1 may (A) advise any Person requesting access to information with respect to PEER 1 or any of its subsidiaries that such access cannot be provided except in accordance with the terms of this Agreement; and (B) advise any Person making an unsolicited Acquisition Proposal that such Acquisition Proposal does not constitute a Superior Proposal when the PEER 1 Board has so determined;
 - (iii) withdraw, modify, change or qualify, or propose publicly to withdraw, modify, change or qualify, in any manner adverse to CCA or the Offeror, the approval of the PEER 1 Board or any committee thereof of this Agreement or the recommendation of the PEER 1 Board or any committee thereof that PEER 1 Shareholders accept the Offer;
 - (iv) approve, accept, endorse, recommend or remain neutral with respect to, or propose publicly to approve, accept, endorse, recommend or remain neutral with respect to, any Acquisition Proposal (it being understood that publicly taking no position or a neutral position with respect to an Acquisition Proposal for five Business Days following the public announcement of such Acquisition Proposal shall not be considered a violation of this Section 4.6(a)(iv));
 - (v) release any Person from, amend or waive, or fail to enforce on a timely basis or otherwise forbear the enforcement of, any confidentiality or standstill agreement with any Person (A) except to allow such Person to confidentially propose to the PEER 1 Board an unsolicited Acquisition Proposal or otherwise make a Superior Proposal, and (B) provided that any automatic release or deemed waiver from the standstill provisions of any such agreement in accordance with its terms shall not constitute a breach of this Section 4.6(a)(v); or
 - (vi) accept or enter into, or publicly propose to accept or enter into, any letter of intent, agreement in principle, agreement, arrangement, understanding or undertaking related to any Acquisition Proposal or providing for the payment of any breach, termination or other fees or expenses to any Person in the event that PEER 1 completes the transactions contemplated in this Agreement or any other transaction with the Offeror or any of its affiliates agreed to prior to any termination of the Agreement, whether formal or informal.
- (b) PEER 1 shall, and shall cause its subsidiaries and its and their respective Representatives to, immediately cease all current discussions and negotiations regarding any proposal that

constitutes, or may reasonably be expected to lead to, an Acquisition Proposal and, in connection therewith, PEER 1 shall discontinue access to any other Persons to any data rooms (virtual or otherwise) made available by and under the control of PEER 1. Within one Business Day following the date of this Agreement, PEER 1 shall request to the extent permitted under the applicable confidentiality and standstill agreement the return or destruction of all information provided to any Persons who have entered into a confidentiality and standstill agreement with PEER 1 and shall use commercially reasonable efforts to ensure that such requests are honoured in accordance with the terms of such confidentiality and standstill agreements.

- (c) PEER 1 shall not, directly or indirectly through its subsidiaries or affiliates or its or their respective Representatives, offer or commit to pay or pay any fee to any Person or assume or agree to reimburse the expenses of any Person as an inducement to the making of or otherwise in connection with any Acquisition Proposal.
- (d) PEER 1 shall, as promptly as practicable (and in any event within 48 hours after it has received any proposal, inquiry, offer or request), notify CCA, at first orally and then in writing, of any proposal, inquiry, offer or request relating to or constituting an Acquisition Proposal or which could reasonably be expected to lead to an Acquisition Proposal, or any amendments to the foregoing, or any request for non-public information relating to PEER 1 or any subsidiary in connection with an Acquisition Proposal or for access to the properties, books or records of PEER 1 or any subsidiary or a list of PEER 1 Shareholders by any Person that informs PEER 1 or such subsidiary that it is considering making, or has made, an Acquisition Proposal, or any amendments thereto. Such notice shall include a copy of any written proposal and if the proposal is not in written form, a description of the all terms and conditions of any proposal and the identity of the Person making such proposal, inquiry or contact. PEER 1 shall keep CCA reasonably informed of the status, including any change to any of the terms, of any such Acquisition Proposal or inquiry.
- (e) Notwithstanding anything in this Agreement to the contrary, following the receipt by PEER 1 of a *bona fide* written Acquisition Proposal (including an amendment, change or modification to an Acquisition Proposal made prior to the date hereof) that was not solicited after the date hereof in contravention of Sections 4.6(a) through 4.6(c) and did not otherwise involve any contravention of Sections 4.6(a) through 4.6(c), and the PEER 1 Board determines in its discretion in the exercise of its fiduciary duties that such Acquisition Proposal is or could reasonably be expected to result in, a Superior Proposal; then, and only in such case, PEER 1 may:
 - (A) provide the Person making such Acquisition Proposal and its Representatives with access to information regarding PEER 1; and
 - (B) engage in discussions and negotiations with respect to the Acquisition Proposal with the Person making such Acquisition Proposal and its Representatives;

provided that (i) PEER 1 first enters into a confidentiality agreement with such Person, the terms of which are no less favourable in the aggregate to PEER 1 than the Confidentiality and Exclusivity Agreement and the Standstill Agreement and includes a standstill provision that restricts such Person from announcing its intention to acquire, or from acquiring any securities or assets of PEER 1 or any subsidiary without the approval of PEER 1 for a period of not less than one year from the date of such confidentiality agreement; (ii) PEER 1 sends a copy of such confidentiality agreement to CCA promptly

following its execution; and (iii) CCA is promptly provided with a list of, and access to (to the extent not previously provided to CCA), all information provided to such Person.

- (f) PEER 1 shall ensure that its subsidiaries and affiliates and its and their respective Representatives engaged in connection with the transactions contemplated by this Agreement are aware of the provisions of this Section 4.6, and PEER 1 shall be responsible for any breach of this Section 4.6 by its subsidiaries or affiliates or any of their respective Representatives.

4.7 Superior Proposal Notice; Right to Match

- (a) Notwithstanding Section 4.6(a), Section 4.6(d) and Section 4.6(e) or any other provision of this Agreement, but subject to the Offeror's rights under Section 6.3 and Section 6.4, PEER 1 may terminate this Agreement and the PEER 1 Board may accept, approve or recommend, and PEER 1 may enter into any agreement (in addition to any confidentiality and standstill agreement contemplated by Section 4.6(e)), understanding or arrangement in respect of, an Acquisition Proposal (including in each case an amendment, change or modification to an Acquisition Proposal made prior to the date hereof), and the PEER 1 Board may withdraw, modify or qualify its approval or recommendation of the Offer and recommend or approve such Acquisition Proposal (including in each case an amendment, change or modification to an Acquisition Proposal made prior to the date hereof), at any time prior to the Expiry Time, if and only if:
 - (i) it has complied with its obligations under Sections 4.6 and 4.7 including providing CCA with a copy of the Acquisition Proposal document (and, if applicable, a copy of any proposed agreement relating to such Acquisition Proposal), as well as a written notice from the PEER 1 Board regarding the value in financial terms that the PEER 1 Board determined upon advice of its financial advisors should be ascribed to any non-cash consideration offered under such Acquisition Proposal;
 - (ii) the PEER 1 Board has determined, after consultation with its outside legal counsel and financial advisors, in its discretion in the exercise of its fiduciary duties, that such Acquisition Proposal is a Superior Proposal;
 - (iii) PEER 1 has delivered written notice to CCA of the determination of the PEER 1 Board that the Acquisition Proposal is a Superior Proposal and of the intention of the PEER 1 Board to approve or recommend such Superior Proposal and/or of PEER 1 to enter into an agreement with respect to such Superior Proposal, together with a copy of such agreement (the "**Superior Proposal Notice**");
 - (iv) at least five days have elapsed since the later of the (A) date the Superior Proposal Notice was received by CCA, and (B) date CCA received a copy of such Acquisition Proposal, which five day period is referred to herein as the "**Right to Match Period**";
 - (v) if CCA and the Offeror have offered to amend the terms of the Offer and this Agreement during the Right to Match Period pursuant to Section 4.7(b), the PEER 1 Board has determined, after consultation with its outside legal counsel and financial advisors, that such Acquisition Proposal continues to be a Superior Proposal when assessed against the Offer as it is proposed to be amended as at the termination of the Right to Match Period; and

- (vi) PEER 1 has paid the Termination Fee pursuant to Section 6.4(a)(ii) and PEER 1 terminates this Agreement pursuant to Section 6.3(j).
- (b) During the Right to Match Period, CCA and the Offeror will have the right, but not the obligation, to offer to amend the terms of the Offer and this Agreement. PEER 1 agrees that, if requested by the Offeror, it will negotiate with the Offeror in good faith to amend the terms of this Agreement and the Offer. The PEER 1 Board will review any such offer by CCA and the Offeror to amend the terms of the Offer and this Agreement in order to determine, in good faith in the exercise of its fiduciary duties, whether the offer by CCA and the Offeror to amend the Offer and this Agreement, upon its acceptance, would result in the applicable Acquisition Proposal ceasing to be a Superior Proposal when assessed against the Offer as it is proposed to be amended as at the termination of the Right to Match Period. If the PEER 1 Board determines and advises CCA in writing that the applicable Acquisition Proposal would cease to be a Superior Proposal when assessed against the Offer as it is proposed to be amended as at the termination of the Right to Match Period, CCA and the Offeror will amend the terms of the Offer and PEER 1, CCA and the Offeror shall enter into an amendment to this Agreement reflecting the offer by CCA and the Offeror to amend the terms of the Offer and this Agreement.
- (c) The PEER 1 Board will promptly and in any event no later than three Business Days, reaffirm its recommendation of the Offer by press release after (i) any Acquisition Proposal is publicly announced or made and the PEER 1 Board determines it is not a Superior Proposal or (ii) the PEER 1 Board determines that a proposed amendment to the terms of the Offer pursuant to Section 4.7(b) would result in an Acquisition Proposal not being a Superior Proposal when assessed against the Offer as it is proposed to be amended as at the termination of the Right to Match Period, and CCA and the Offeror have so amended the terms of the Offer in accordance with Section 4.7(b). CCA and the Offeror will be given a reasonable opportunity to review and comment on the form and content of any such press release.
- (d) Each successive amendment to any Acquisition Proposal that results in an increase in, or modification of, the consideration to be received by the PEER 1 Shareholders will constitute a new Acquisition Proposal for purposes of this Section 4.7(b), and CCA shall be afforded a new Right to Match Period in respect of such new Acquisition Proposal.
- (e) Until termination of this Agreement in accordance with its terms and until payment of the Termination Fee contemplated by Section 6.4, as applicable, PEER 1 shall continue to perform its obligations under this Agreement.

4.8 Access to Information

Subject to applicable Laws, upon reasonable notice, and strictly for purposes of business integration, PEER 1 shall, and shall cause each of its subsidiaries to, afford to CCA and the Offeror and their Representatives access, during normal business hours from the date hereof and until the earlier of the Expiry Time or the termination of this Agreement, to PEER 1's and its subsidiaries' properties, books, contracts and records as well as to its management personnel (and to its property managers and their personnel, who shall be instructed to co-operate) and, during such period, PEER 1 shall (and shall cause each of its subsidiaries and property managers to) furnish promptly to CCA and Offeror all information concerning it and its subsidiaries' businesses, properties and personnel as CCA and the Offeror may reasonably request with respect to the above-noted purposes. Any investigation by CCA and the Offeror and their Representatives after the date of this Agreement shall not mitigate, diminish or affect the

representations and warranties of PEER 1 contained in this Agreement or any document or certificate delivered pursuant hereto.

4.9 Indemnification; Insurance

- (a) All rights to indemnification and exculpation from liabilities for acts or omissions occurring at or prior to the Effective Time and rights to advancement of expenses relating thereto now existing in favour of any past or present director or officer of PEER 1 or any of its subsidiaries (the “**Indemnified Persons**”) as provided in the constating documents of PEER 1 or any of its subsidiaries or any indemnification contract or agreement between such Indemnified Person and PEER 1 or any of its subsidiaries, in each case, that is disclosed in the PEER 1 Disclosure Letter shall survive the Effective Time and shall not be amended, repealed or otherwise modified in any manner that would adversely affect any right thereunder of any such Indemnified Person.
- (b) Without limiting the right of PEER 1 to do so prior to the Effective Time, CCA and the Offeror hereby agree to cause PEER 1 to secure directors’ and officers’ liability insurance coverage by not later than the Effective Time from a reputable and financially sound insurance carrier and containing terms and conditions no less advantageous to the directors and officers of PEER 1 or any of its subsidiaries than those contained in PEER 1’s policy in effect on the date hereof for the current and former directors and officers of PEER 1 and its subsidiaries on a six year “trailing” or “run-off” basis with respect to any claim related to any period of time at or prior to the Effective Time; provided, however, that CCA and the Offeror will not be required, in order to maintain or cause to be maintained such directors’ and officers’ liability insurance, to pay an annual premium in excess of 300% of the cost of the existing policy as disclosed in writing to CCA before the date of this Agreement; and provided further that, if equivalent coverage cannot be obtained or can only be obtained by paying an annual premium in excess of 300% of such amount, CCA and the Offeror shall only be required to obtain or cause to be obtained as much coverage as can be obtained by paying an annual premium equal to 300% of such amount. From and after the Effective Time, the Offeror agrees to maintain in place the insurance policy referenced in this Section 4.9(b) and agrees not to take any action, or to cause PEER 1 to take any action to terminate such directors’ and officers’ liability insurance.
- (c) If PEER 1, its subsidiaries or any of their respective successors or assigns shall (i) amalgamate, consolidate with or merge or wind-up into any other Person and shall not be the continuing or surviving corporation or entity or (ii) transfer all or substantially all of its properties and assets to any Person, then, and in each such case, proper provisions shall be made so that the successors and assigns of any such entity shall assume all of the obligations set forth in this Section 4.9.
- (d) The provisions of this Section 4.9 are (i) intended for the benefit of the directors, officers and employees of PEER 1 and its subsidiaries and all present and former directors and officers of PEER 1 and its subsidiaries, as and to the extent applicable in accordance with their terms, and shall be enforceable by each of such persons and his or her heirs, executors, administrators and other legal Representatives (collectively, the “**Third Party Beneficiaries**”) and PEER 1 shall hold the rights and benefits of this Section 4.9 in trust for and on behalf of the Third Party Beneficiaries and PEER 1 hereby accepts such trust and agrees to hold the benefit of and enforce performance of such covenants on behalf of the Third Party Beneficiaries, and (ii) are in addition to, and not in substitution for, any other rights that the Third Party Beneficiaries may have by contract or otherwise.

Furthermore, this Section 4.9 shall survive the termination of this Agreement as a result of the occurrence of the Effective Time.

4.10 Outstanding Stock Options

- (a) The PEER 1 Board shall, unless otherwise provided under the terms of the Stock Option Plan, resolve (i) to accelerate the vesting of all Options, (ii) to permit the surrender or exercise of all Options conditional upon, and immediately prior to the time that is immediately prior to, Take-Up, and (iii) to terminate all Options unsurrendered and unexercised as of the Take-Up, in each case with such resolutions being effective prior to the initial scheduled Expiry Time of the Offer.
- (b) PEER 1 may enter into arrangements in order to facilitate the conditional surrender of Options to PEER 1 immediately prior to the time that is immediately prior to Take-Up for cash consideration equal to the amount per Option by which \$3.85 exceeds the applicable exercise price of the Option. The aggregate amount of the cash consideration payable to holders of Options who elect to conditionally surrender their Options shall be loaned by the Offeror to PEER 1 and remitted to the depository for the Offer on behalf of PEER 1 in full satisfaction of the amounts owing to such holders of Options prior to Take-Up.
- (c) CCA and the Offeror acknowledge and agree that:
 - (i) the Offeror shall agree with PEER 1 to tendering arrangements in respect of the Offer in order to facilitate the conditional exercise of the Options and tender of the PEER 1 Shares to be issued as a result of such conditional exercise (including the ability of holders of Options to tender the PEER 1 Shares issuable upon exercise of such Options on the basis of guaranteed deliveries); and
 - (ii) holders of Options will be permitted to tender PEER 1 Shares issuable upon the exercise thereof to the Offer and for such purpose to exercise their Options, conditional upon, and immediately prior to the time that is immediately prior to, Take-Up, and all PEER 1 Shares that are to be issued pursuant to any such conditional exercise shall be accepted as validly tendered under the Offer, provided that the holders of such Options otherwise validly accept the Offer in accordance with its terms with respect to such PEER 1 Shares.
- (d) CCA, the Offeror and PEER 1 each acknowledge and agree that PEER 1 and all persons not dealing at arm's length with PEER 1 will not deduct any amount in computing its income under the Tax Act with respect to the cash consideration to be paid by PEER 1 to holders of Options under the arrangements entered into pursuant to Section 4.10(b) and will timely comply with the requirements described in subsection 110(1.1) of the Tax Act, including making and filing appropriate elections and delivering written notice of such elections to such holders of Options in accordance with the requirements set out in the Tax Act.
- (e) On the conditional exercise of Options, provided that the PEER 1 Shares acquired thereunder are tendered to the Offer, the Offeror shall direct the depository for the Offer to withhold from the proceeds of sale of such PEER 1 Shares otherwise payable to the Option holder and such depository shall remit to the relevant tax authority an amount sufficient to satisfy all applicable income tax and other source deductions arising on the exercise of the Option. On the conditional surrender of Options, the Offeror shall direct the depository for the Offer to withhold from the proceeds otherwise payable to the Option holder and such depository shall remit to the relevant tax authority an amount

sufficient to satisfy all applicable income tax and other source deductions arising on the surrender of the Options. The withholding amounts referenced in this Section 4.10(e) shall be determined by CCA provided that CCA shall consult with PEER 1 with respect to the manner in which such withholding amounts are to be determined.

- (f) The foregoing treatment of Options shall be described in the PEER 1 Circular.

4.11 Required Securities Laws Approvals

CCA and the Offeror will promptly take such action, including obtaining any exemption orders, consents or approvals, or filing any such documents as may be required under applicable Securities Laws, to permit the Offeror to make the Offer and perform each of its obligations hereunder, and PEER 1 shall co-operate in good faith in connection with any such action by CCA and the Offeror.

4.12 Employee Matters

From and after the Effective Time, CCA and the Offeror shall cause PEER 1 and its subsidiaries to comply with all of the obligations of PEER 1 and any of its subsidiaries under employment and other agreements with current or former employees of PEER 1 and Benefit Plans in accordance with their terms as in effect immediately before the Effective Time; provided that no provision of this Section 4.12 shall limit or restrict PEER 1 from terminating or amending any Benefit Plan in accordance with its terms, nor give any employees of PEER 1 any right to continued employment, nor impair in any way the right of PEER 1 or any of its subsidiaries to terminate the employment of any employees of PEER 1. For greater certainty, the parties agree that this Section 4.12 shall not benefit or create any right or cause of action in favor of any current or former employee.

ARTICLE 5 NOTICE AND CURE

5.1 Notice and Cure Provisions

CCA and the Offeror, on the one hand, and PEER 1, on the other hand, will give prompt notice to the other of the occurrence, or failure to occur, at any time from the date hereof until the date on which the Expiry Time occurs, of any event or state of facts of which it is aware which occurrence or failure would, or would be reasonably likely to:

- (a) cause any of its representations or warranties contained herein to be untrue or inaccurate on the date hereof or on the date on which the Expiry Time occurs (without giving effect to, applying or taking into consideration any materiality or Material Adverse Effect qualification already contained within such representation or warranty); or
- (b) result in the failure in any material respect to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by it on or prior to the date on which the Expiry Time occurs.

ARTICLE 6 AMENDMENT AND TERMINATION

6.1 Amendment

This Agreement may, at any time and from time to time prior to the Expiry Time, be amended by mutual written agreement of the parties hereto.

6.2 Understanding Regarding Proposed Amendments

The parties agree that if CCA proposes any amendment or amendments to this Agreement or to the Offer, or proposes an alternative transaction (such as a plan of arrangement or amalgamation) whereby CCA or a subsidiary of CCA would effectively acquire all of the PEER 1 Shares within approximately the same time periods and on economic terms (including at least the same amount and form of consideration per PEER 1 Share) and other terms and conditions (including, without limitation, tax treatment) and having consequences to PEER 1 and the PEER 1 Shareholders that, in the opinion of PEER 1, acting reasonably, are equivalent to or better than those contemplated by this Agreement (an “**Alternative Transaction**”), PEER 1 will support undertaking and completion of such Alternative Transaction in the same manner as the Offer and shall otherwise fulfill its covenants contained in this Agreement in respect of such Alternative Transaction, provided any such Alternative Transaction shall not be subject to a financing condition, and further provided that it can be effected subject to applicable Laws and the rights of the PEER 1 Shareholders. In the event of any proposed Alternative Transaction, the references in this Agreement to the Offer shall be deemed to be changed to “Alternative Transaction” with necessary modifications and all terms, covenants, representations and warranties of this Agreement (with the adjustments necessary to reflect the Alternative Transaction) shall be and shall be deemed to have been made in the context of the Alternative Transaction and, if requested by CCA, PEER 1 shall execute and deliver either an arrangement agreement in a customary form and consistent with the commercial terms of this Agreement or such other agreement giving effect to and evidencing such amendment as may be reasonably required as a result of such modification and adjustments.

6.3 Termination

This Agreement may be terminated at any time prior to the Effective Time:

- (a) by mutual written consent of CCA, the Offeror and PEER 1;
- (b) by PEER 1, if the Offeror does not mail the Offer by the Latest Mailing Time (other than as a result of a default or breach by PEER 1 of a material covenant or obligation hereunder) (except where the making of the Offer is delayed by: (i) an injunction or order made by a court or regulatory authority of competent jurisdiction; or (ii) the Offeror not having obtained any regulatory waiver, consent or approval which is necessary to permit the Offer to be made; provided that such injunction or order is being contested or appealed or such regulatory waiver, consent or approval is being actively sought, as applicable, in which case this Agreement shall not be terminated by PEER 1 pursuant to this Section 6.3(b) until the earlier of (A) 45 calendar days from the Latest Mailing Time and (B) the fifth Business Day following the date on which such injunction or order ceases to be in effect or such waiver, consent or approval is obtained, as applicable) or if the Offer (or any amendment thereto other than as permitted hereunder or as has been mutually agreed by the parties) does not conform in all material respects with the description of the Offer in this Agreement and such non-conformity is not cured within five Business Days from the date of receipt by CCA of written notice to that effect from PEER 1;
- (c) by the Offeror on or after the Latest Mailing Time, if any condition to making the Offer for the Offeror’s benefit is not satisfied or waived by such date;
- (d) by the Offeror if the Minimum Tender Condition or any other condition of the Offer shall not be satisfied or waived at the Expiry Time of the Offer, as such Expiry Time may be extended by the Offeror in its sole discretion, and the Offeror shall not elect to waive such condition; provided that the Offeror is not in then in breach of this Agreement so as to cause any condition of the Offer not to be satisfied;

- (e) by PEER 1 or the Offeror, if the Offeror does not take up and pay for the PEER 1 Shares tendered pursuant to the Offer by the Outside Date, provided that the right to terminate this Agreement pursuant to this clause shall not be available to the Party seeking to terminate if any action of such Party or its affiliates, or any failure of such Party or its affiliates to perform any of its obligations under this Agreement required to be performed by it, shall have resulted in a condition contained in Schedule A not having been satisfied prior to the Outside Date;
- (f) by PEER 1 or the Offeror, if any court of competent jurisdiction or other Governmental Entity shall have issued an order, decree or ruling enjoining or otherwise permanently prohibiting or restraining any of the Contemplated Transactions, including the Offer and any Subsequent Acquisition Transaction and such order, decree or ruling has become final and non-appealable, provided that if the Offeror is seeking to terminate this Agreement pursuant to this Section 6.3(f), it shall have used all commercially reasonable efforts to remove such order, decree, ruling or injunction;
- (g) by PEER 1, if CCA or the Offeror shall have breached, or failed to comply with, any of its covenants or obligations under this Agreement in any material respect, or if any representation or warranty of the Offeror contained in this Agreement shall have become inaccurate in any material respect provided that (i) CCA and the Offeror shall be provided with prompt written notice of such breach, non-compliance or inaccuracy and shall have 10 Business Days from receipt of such notice to cure such breach, non-compliance or inaccuracy and (ii) the collective effect of all such breaches, non-compliances and/or inaccuracies would prevent the completion of the Offer by the Outside Date;
- (h) by the Offeror, if:
 - (i) PEER 1 or its subsidiaries or affiliates or any of its or their respective Representatives have breached any covenant or obligation in Section 4.6 or Section 4.7 in any material respect; or
 - (ii) PEER 1 shall have breached, or failed to comply with, any of its other covenants or obligations under this Agreement in any material respect, or if any representation or warranty of PEER 1 contained in this Agreement shall have become inaccurate in any material respect; provided that, in the case of this clause (ii) only, (A) PEER 1 shall be provided with prompt written notice of such breach, non-compliance or inaccuracy and shall have 10 Business Days from receipt of such notice to cure such breach, non-compliance or inaccuracy and (B) the collective effect of all such breaches, non-compliances and/or inaccuracies shall have a Material Adverse Effect or otherwise prevent the completion of the Offer by the Outside Date;
- (i) by the Offeror:
 - (i) if the PEER 1 Board or any committee thereof fails to promptly publicly reaffirm its approval of, and recommend, the Offer in accordance with Section 4.7(c);
 - (ii) if the PEER 1 Board or any committee thereof withdraws, modifies, changes or qualifies its approval or recommendation of the Offer in any manner adverse to CCA or the Offeror or remains neutral beyond the five Business Day period set out in Section 4.6(a)(iv) in respect of an Acquisition Proposal; or

- (iii) if the PEER 1 Board recommends or approves, or publicly proposes to recommend or approve, an Acquisition Proposal; and
- (j) by PEER 1 in order to enter into an agreement with any Person in respect of a Superior Proposal (other than a confidentiality and standstill agreement referred to in Section 4.6(e)), subject to compliance in all material respects with Sections 4.6 and 4.7 and provided that PEER 1 shall have previously or concurrently paid the Termination Fee specified in Section 6.4(a)(ii).

6.4 Termination Fee

- (a) If:
 - (i) the Offeror shall exercise its termination rights pursuant to Section 6.3(h)(i) or Section 6.3(i);
 - (ii) PEER 1 shall exercise its termination rights pursuant to Section 6.3(j); or
 - (iii) in a case where neither (i) nor (ii) above is applicable, if the Offeror shall exercise its termination rights pursuant to Section 6.3(d) (but only where the Minimum Tender Condition shall not have been satisfied or waived at the Expiry Time of the Offer) and:
 - (A) following the date hereof and prior to the date on which this Agreement is terminated, an Acquisition Proposal is publicly announced or made, or any Person has publicly announced an intention to make an Acquisition Proposal; and
 - (B) either
 - (1) an Acquisition Proposal is completed within 12 months following the date of termination of this Agreement; or
 - (2) an agreement in respect of an Acquisition Proposal (other than a confidentiality or standstill agreement contemplated by Section 4.6(e)) is entered into by PEER 1 within 12 months following the date of termination of this Agreement and is later consummated (whether or not within 12 months after such termination);

then in any such case PEER 1 shall pay to CCA a termination fee of \$18.5 million (the “**Termination Fee**”) in immediately available funds to an account designated by CCA. Such payment shall be due (i) in the case of the exercise of termination rights specified in Section 6.4(a)(i) within two Business Days following such termination, (ii) in the case of termination by PEER 1 pursuant to Section 6.4(a)(ii), as a condition to termination; and (iii) in the case of the exercise of the termination rights specified in Section 6.4(a)(iii)(B)(1) or 6.4(a)(iii)(B)(2), concurrently with the completion of the Acquisition Proposal. Under no circumstances shall PEER 1 be obligated to make more than one payment pursuant to this Section 6.4.

For the purposes of Section 6.4(a)(iii), the term “Acquisition Proposal” shall be read such that all references to “20%” in the definition of Acquisition Proposal are references to “50%”.

- (b) Unless the Termination Fee is paid, the Offeror shall be entitled to an expense reimbursement payment of \$2.5 million (the “**Expense Reimbursement**”) if this Agreement is terminated pursuant to Section 6.3(h)(ii), in which case the Expense Reimbursement will be paid to the Offeror (or an assignee) promptly upon, and in any event within two Business Days of, such termination, except in a circumstance where PEER 1 is entitled to terminate this Agreement pursuant to Section 6.3(g), in which case no Expense Reimbursement will be payable hereunder.
- (c) The Termination Fee shall be paid by PEER 1 to the Offeror by wire transfer in immediately available funds to an account specified in writing by the Offeror.
- (d) Upon written notice to PEER 1, the Offeror may assign its right to receive the Termination payment to any of its affiliates.
- (e) Any obligation to make a payment as a result of this Section 6.4 shall survive the termination of this Agreement.

6.5 Liquidated Damages

CCA and the Offeror acknowledge that, in the circumstances in which a Termination Fee becomes payable pursuant to Section 6.4, such Termination Fee to be paid represents payment of liquidated damages which are a genuine pre-estimate of the damages which CCA and the Offeror will suffer or incur as a result of the event giving rise to such damages and the result of termination of this Agreement and is not a penalty. PEER 1 irrevocably waives any right it may have to raise a defence that any such liquidated damages are excessive or punitive. CCA and the Offeror agree that the payment of the amount pursuant to Section 6.4 is the sole and exclusive remedy of CCA and the Offeror in respect of the events giving rise to the payment of the Termination Fee.

6.6 Remedies

The parties hereto acknowledge and agree that an award of money damages would be inadequate for any breach of this Agreement by any party or its Representatives and any such breach would cause the non-breaching party irreparable harm. Accordingly, the parties hereto agree that, in the event of any breach or threatened breach of this Agreement by one of the parties, the non-breaching party will also be entitled, without the requirement of posting a bond or other security, to such equitable relief, including injunctive relief and specific performance. Such remedies will not be the exclusive remedies for any breach of this Agreement but will be in addition to all other remedies available at Law or equity to each of the parties.

ARTICLE 7 GENERAL

7.1 Notices

All notices and other communications which may or are required to be given pursuant to any provision of this Agreement shall be given or made in writing and shall be deemed to be validly given if served personally or by telecopy in each case addressed to the particular Party at:

- (i) If to PEER 1, at:

PEER 1 Network Enterprises, Inc.
555 West Hastings Street
Suite 1000

Vancouver, British Columbia
V6B 4N5

Attention: Lance Tracey
Telecopier No.: (604) 683-4634

with a copy (which shall not constitute notice) to:

Torys LLP
79 Wellington Street West
Suite 3000
Toronto, Ontario
M5K 1N2

Attention: Matthew Cockburn
Telecopier No.: (416) 865-7380

(ii) If to CCA or the Offeror at:

Cogeco Cable Inc.
5 Place Ville Marie
Suite 1700
Montreal, Québec
H3B 0A2

Attention: Christian Jolivet
Telecopier No.: (514) 874-0776

with a copy (which shall not constitute notice) to:

McCarthy Tétrault LLP
1000 De La Gauchetière St. West
Suite 2500
Montreal, Québec
H3B 0A2

Attention: Patrick Boucher
Telecopier No.: (514) 875-6246

or at such other address of which any Party may, from time to time, advise the other parties by notice in writing given in accordance with the foregoing. The date of receipt of any such notice shall be deemed to be the date of delivery or telecopying thereof.

7.2 Assignment

This Agreement shall not be assigned by operation of Law or otherwise other than as expressly permitted by this Agreement, except that the Offeror may assign all or any portion of its rights under this Agreement to any affiliate, provided such affiliate executes and delivers a counterpart of this Agreement pursuant to which it agrees to be bound by the terms of this Agreement as if it were the Offeror but no such assignment shall relieve CCA and the Offeror of their obligations hereunder.

7.3 Binding Effect

This Agreement shall be binding upon and shall enure to the benefit of the parties hereto and their respective successors and permitted assigns and no third party shall have any rights hereunder except as provided in Section 4.9.

7.4 Waiver

Each of the Offeror and CCA, on the one hand, and PEER 1, on the other hand, may:

- (a) extend the time for performance of any of the obligations or other acts of the other;
- (b) waive compliance with the other's agreements or the fulfilment of any conditions to its own obligations contained herein; or
- (c) waive inaccuracies in any of the other's representations or warranties contained herein or in any document delivered by the Party granting such extension or waiver;

provided, however, that any such extension or waiver shall be valid only if set forth in an instrument in writing signed on behalf of the other Party.

7.5 Further Assurances

Subject to the conditions herein provided, each Party agrees to use all reasonable efforts to take, or cause to be taken, all action and to do, or cause to be done, all things necessary, proper or advisable to consummate and make effective as promptly as is practicable the transactions contemplated by the Offer and this Agreement, including from time to time and without any further consideration: (a) the execution and delivery of such documents or instruments as the other Party may reasonably require; (b) obtaining such information, documents or consents required in connection with the preparation of the Offeror Circular and the PEER 1 Circular, (c) using commercially reasonable efforts to obtain all necessary waivers, consents and approvals, including the Key Third Party Consents and (d) effecting all necessary registrations and filings, including, but not limited to, filings under applicable Laws and submissions of information requested by Governmental Entities. Each of the Parties shall cooperate in all reasonable respects with the other Party in taking such actions.

7.6 Expenses

The parties agree that all out-of-pocket expenses of the parties relating to the transactions contemplated hereby, including legal fees, accounting fees, financial advisory fees, regulatory filing fees, stock exchange fees, all disbursements of advisors and printing and mailing costs, shall be paid by the Party incurring such expenses, except as provided herein.

7.7 Publicity

CCA and PEER 1 agree to make a joint news release with respect to this Agreement and the transactions contemplated herein as soon as practicable after the date hereof. CCA, the Offeror and PEER 1 further agree that, from the date hereof until the earlier of the completion of the Offer and the termination of this Agreement, except as required by applicable Laws, neither CCA, the Offeror nor PEER 1 shall make any public announcement or statement with respect to the Offer or this Agreement without the approval of the other Parties, such approval not to be unreasonably withheld or delayed, except to the extent necessary to comply with applicable Securities Laws. Moreover, in any event, each Party agrees to give prior notice to the other Party of any public announcement relating to the Offer and

agrees to consult with the other Party, and acting reasonably and in good faith, to consider comments provided by the other Party, prior to issuing each such public announcement.

7.8 Governing Laws

This Agreement shall be governed by and construed in accordance with the Laws of the Province of British Columbia and the federal Laws of Canada applicable therein and shall be treated in all respects as a British Columbia contract. The parties to this Agreement hereby attorn to the non-exclusive jurisdiction of the courts of the Province of British Columbia.

7.9 Time of Essence

Time shall be of the essence in this Agreement.

7.10 Severability

If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule or Law of public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties shall negotiate in good faith to modify this Agreement so as to effect the original hereby are fulfilled to the fullest extent possible.

7.11 Director and Officer Liability

No director or officer of the Offeror or CCA shall have any personal liability whatsoever to PEER 1 or any third party beneficiary under this Agreement or any other document delivered in connection with the transactions contemplated hereby on behalf of the Offeror or CCA. No director or officer of PEER 1 shall have any personal liability whatsoever to the Offeror or CCA under this Agreement or any other document delivered in connection with the transactions contemplated hereby on behalf of PEER 1.

7.12 Counterparts

This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument.

[Signature page follows]

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the date first written above.

PEER 1 NETWORK ENTERPRISES, INC.

Per: *(s) Fabio Banducci*

Name: Fabio Banducci

Title: President and Chief Executive Officer

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the date first written above.

COGECO CABLE INC.

Per: (s) Pierre Gagné

Name: Pierre Gagné

Title: Chief Financial Officer

0957926 B.C. LTD.

Per: (s) Pierre Gagné

Name: Pierre Gagné

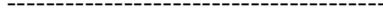
Title: Chief Financial Officer

SCHEDULE A OFFER TERMS

1. General Terms. The Offer shall be made by a take-over bid circular prepared in all material respects in compliance with applicable Securities Laws.
2. Consideration. The Offeror shall offer to acquire the PEER 1 Shares for consideration consisting of \$3.85 in cash (the “**Offer Price**”) for each PEER 1 Share.
3. Conditions of the Offer. Subject to applicable Laws and the provisions of the Agreement, the Offeror shall have the right to withdraw the Offer (or extend the period of time during which the Offer is open for acceptance) and shall not be required to Take-Up, purchase or pay for, any PEER 1 Shares deposited under the Offer unless all of the following conditions are satisfied or waived by the Offeror at or prior to the Expiry Time:
 - (a) there shall have been validly deposited under the Offer and not withdrawn a number of PEER 1 Shares which constitute, together with any PEER 1 Shares directly or indirectly owned by the Offeror or its affiliates constitute at least 66 $\frac{2}{3}$ % of the PEER 1 Shares outstanding at the Expiry Time on a Fully-Diluted Basis;
 - (b) none of the Lock-Up Agreements with the Major Shareholders shall have been terminated in accordance with its terms;
 - (c) all outstanding Options shall have been exercised or cancelled at or prior to the Take-Up in accordance with the terms of the Stock Option Plan;
 - (d) all government or regulatory approvals, waiting or suspensory periods, waivers, permits, consents, reviews, orders, rulings, decisions, and exemptions (including, without limitation, those of any stock exchanges or other securities or regulatory authorities and the Antitrust Approvals) which in the Offeror’s reasonable judgement are necessary to obtain in connection with the Offer, any Compulsory Acquisition or any Subsequent Acquisition Transaction shall have been obtained or concluded on terms and conditions satisfactory to the Offeror, acting reasonably;
 - (e) there shall not be in force any final and non-appealable judgement, injunction, order or decree, there shall not have been passed any Law prohibiting, preventing, restraining or enjoining the consummation of the transactions contemplated by the Agreement;
 - (f) no act, action, suit or proceeding shall have been threatened or taken before or by any domestic or foreign court or tribunal or governmental agency or other regulatory authority or administrative agency or commission or by any elected or appointed public official or private person (including, without limitation, any individual, corporation, firm, group or other entity) in Canada or elsewhere, whether or not having the force of law, and no law, regulation or policy shall exist or have been proposed, enacted, promulgated, amended, applied or otherwise come into effect or existence, in either case:
 - (i) to cease trade, enjoin, prohibit or impose material limitations or conditions on the purchase by or the sale to the Offeror of the PEER 1 Shares or the right of Offeror to own or exercise full rights of ownership of the PEER 1 Shares, or the consummation of any Contemplated Transaction;

- (ii) which, if the Offer (or the consummation of any Contemplated Transaction) were consummated, would reasonably be expected to have a Material Adverse Effect;
 - (iii) which would prevent the ability of the Offeror or its affiliates to effect a Contemplated Transaction; or
 - (iv) seeking to prohibit or limit the ownership or operation by the Offeror of any material portion of the business or assets of PEER 1 or any of its subsidiaries or to compel the Offeror to dispose of or hold separate any material portion of the business or assets of PEER 1 or any of its subsidiaries as a result of any of the Contemplated Transactions;
- (g) this Agreement shall not have been terminated in accordance with its terms;
- (h) all representations and warranties of PEER 1 in Schedule C (in each case without giving effect to any materiality qualifications or limitations therein) shall be true and correct as at the Expiry Time as if made at and as of such time (except to the extent such representations and warranties speak solely as of an earlier date, in which event such representations and warranties shall be true and correct to such extent as of such earlier date), except for any breach or failure of such representations and warranties to be true and correct that would not, individually or in the aggregate, constitute a Material Adverse Effect;
- (i) PEER 1 shall have observed and performed its covenants and obligations set out in the Agreement in all material respects to the extent that such covenants were to have been observed or performed by PEER 1 at or prior to the Expiry Time, unless the failure of PEER 1 to comply with such covenants or obligations, individually or in the aggregate, would not constitute a Material Adverse Effect;
- (j) a Material Adverse Effect shall not exist or have occurred; and
- (k) the Offeror shall not have become aware of any untrue statement of material fact, or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made and at the date it was made (after giving effect to all subsequent filings prior to the date of the Offer in relation to all matters covered in earlier filings), in any document filed by or on behalf of PEER 1 with any securities commission or similar securities regulatory authority in any of the provinces of Canada since June 30, 2010, including without limitation any annual information form, financial statement, material change report or management proxy circular or in any document so filed or released by PEER 1 to the public, which the Offeror shall have determined has or would reasonably be expected to have a Material Adverse Effect.

The foregoing conditions are for the exclusive benefit of CCA and the Offeror and may be asserted by CCA or the Offeror regardless of the circumstances giving rise to any such assertion, including an action or inaction by CCA or the Offeror. The Offeror may, in the Offeror's sole discretion, waive any of the foregoing conditions, in whole or in part, at any time and from time to time, both before and after the Expiry Time, without prejudice to any other rights which the Offeror may have. The failure by the Offeror at any time to exercise any of the foregoing rights will not be deemed to be a waiver of any such right and each such right shall be deemed to be an ongoing right which may be asserted at any time and from time to time.



SCHEDULE B
ANTITRUST APPROVALS

1. HSR Compliance means that the parties shall have made the requisite filings under the *Hart-Scott-Rodino Antitrust Improvements Act*, and the applicable waiting period shall have expired or been terminated.

SCHEDULE C
REPRESENTATIONS AND WARRANTIES OF PEER 1

1. **Organization and Subsidiaries.** Each of PEER 1 and each of its subsidiaries has been duly incorporated or formed under applicable Law, is validly existing and has full corporate power and authority to own its properties and conduct its business as presently owned and conducted and is duly registered, licensed or otherwise qualified to carry on business in each jurisdiction in which the character of its properties or the nature of its activities makes such qualification necessary, except where the failure to be so registered, licensed or otherwise qualified would, individually or in the aggregate, not have a Material Adverse Effect.
2. **Subsidiaries.**
 - (a) PEER 1 has no subsidiaries other than PEER 1 Network (USA) Inc., PEER 1 (UK) Ltd., NetBenefit (UK) Limited, NetBenefit France SAS and VIA Hosting Services, Inc.
 - (b) All of the outstanding shares and all other ownership interests in the subsidiaries of PEER 1 are duly authorized, validly issued, fully paid and non-assessable and, except as disclosed in the PEER 1 Disclosure Letter and except pursuant to restrictions on transfer contained in the articles of the applicable subsidiary, all such shares and other ownership interests are owned directly or indirectly by PEER 1, free and clear of all Encumbrances. Except as disclosed in the PEER 1 Disclosure Letter, neither PEER 1 nor any of its subsidiaries has any ownership interest (other than an ownership interest in a subsidiary of PEER 1 and ownership of any marketable securities of publicly-listed issuers or Governmental Entities) in any Person.
 - (c) Except as disclosed in the PEER 1 Disclosure Letter, there are no outstanding contractual or other obligations of PEER 1 or any of its subsidiaries to repurchase, redeem or otherwise acquire any of their respective securities or with respect to the voting or disposition of any outstanding securities of any of them.
3. **Capitalization.**
 - (a) The authorized share capital of PEER 1 consists of an unlimited number of common shares and an unlimited number of preferred shares, issuable in series of which, as at December 20, 2012, there were 126,965,038 PEER 1 Shares outstanding. Except as disclosed in the PEER 1 Disclosure Letter, as at the date hereof, there were no options, warrants, conversion privileges or other rights (whether pre-emptive or contractual), agreements, arrangements or commitments obligating PEER 1 or any of its subsidiaries to issue or sell any shares of the capital of PEER 1 or any of its subsidiaries or securities or obligations of any kind convertible into or exchangeable for any shares of the capital of PEER 1 or any of its subsidiaries. The PEER 1 Disclosure Letter sets forth all securities of PEER 1 issued, issuable or outstanding, as at the date hereof, and all Options outstanding under the Stock Option Plan.
 - (b) All securities of PEER 1 have been issued in compliance with all applicable Laws, including applicable Securities Laws. All outstanding PEER 1 Shares and the PEER 1 Shares to be issued on the exercise of Options have been duly authorized. The outstanding PEER 1 Shares are, and the PEER 1 Shares to be issued on the exercise of Options will be, when issued, validly issued and outstanding as fully paid and non-

assessable shares of PEER 1, and are not and will not be subject to, or issued in violation of, any pre-emptive rights.

- (c) As of the date of this Agreement, PEER 1 is not a “foreign private issuer” (as such term is defined in Rule 405 under the United States Securities Act of 1933, as amended).
- (d) There are no outstanding securities, bonds, debentures or other evidences of indebtedness of PEER 1 or its subsidiaries to which are attached any right to vote (or other than the Options that are convertible into or exercisable for securities to which are attached any right to vote) with the holders of the PEER 1 Shares on any matter. No holder of securities issued by PEER 1 or its subsidiaries has any right to compel PEER 1 or its subsidiaries to register or otherwise qualify securities for public sale in Canada, the United States or elsewhere.
- (e) Except as disclosed in the PEER 1 Disclosure Letter, PEER 1 is not a party to, or aware of any shareholder, pooling, voting or other agreement relating to the issued and outstanding shares of PEER 1 or any of its subsidiaries.

4. Authority and Absence of Conflicts.

- (a) PEER 1 has the requisite corporate power and authority to enter into this Agreement and to perform its obligations hereunder. The execution and delivery of this Agreement by PEER 1 and the consummation by PEER 1 of the transactions contemplated by this Agreement have been duly authorized by the PEER 1 Board and no other proceedings on the part of PEER 1 are necessary to authorize this Agreement, or the PEER 1 Circular or the transactions contemplated hereby, other than, with respect to the approval of the PEER 1 Circular and other documents relating thereto, the approval of the PEER 1 Board.
- (b) This Agreement has been duly executed and delivered by PEER 1 and constitutes a legal, valid and binding obligation of PEER 1, enforceable against PEER 1 in accordance with its terms subject to the qualification that such enforceability may be limited by bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium or other Laws of general application affecting rights of creditors generally and to general principles of equity.
- (c) Except as set forth in the PEER 1 Disclosure Letter, the execution and delivery by PEER 1 of this Agreement and performance by it of its obligations hereunder and the completion of the transactions contemplated hereby, will not:
 - (i) result (with or without notice or the passage of time) in a violation or breach of, or constitute a default under, require any consent or authorization to be obtained under or give rise to any right of termination, amendment, cancellation, suspension, acceleration, penalty or payment obligation or right of purchase or sale or pre-emptive or participation right, under any provision of:
 - (A) the certificate of incorporation, articles, by-laws or other constating documents of PEER 1 or any subsidiary of PEER 1;
 - (B) except in connection with any Antitrust Approvals, any material Law, regulation, order, judgment or decree; or

- (C) except as could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, any Contract by which PEER 1 or any of its subsidiaries is bound; or
 - (ii) cause the suspension or revocation of any material Authorization of PEER 1 or any of its subsidiaries currently in force; or
 - (iii) give rise to any right of termination or acceleration of indebtedness, or cause any indebtedness to come due before its stated maturity or cause any available credit to cease to be available; or
 - (iv) result in any payment (including retention, severance, unemployment, compensation, golden parachute, bonus or otherwise) becoming due to any director, officer or employee of PEER 1 or any of its subsidiaries, or materially increase any benefit payable to such director, officer or employee by PEER 1 or any of its subsidiaries, or result in the acceleration of time or payment or vesting of any such benefits; or
 - (v) result in the imposition of any Encumbrance (other than Permitted Encumbrances or Encumbrances arising from or in connection with any financing or other arrangement entered into by the Offeror or CCA) upon any of the assets of PEER 1 or the assets of any of its subsidiaries, except as could, individually or in the aggregate, not reasonably be expected to have a Material Adverse Effect.
5. **Third Party Consents.** Except as set forth in the PEER 1 Disclosure Letter, there is no requirement to obtain any Third Party Consents in connection with, and no change in any obligation or right under or in any term or condition of any Contract by which PEER 1 or any of its subsidiaries is bound will occur (and no right to cause any such change will arise) as a result of, the execution and delivery by PEER 1 of this Agreement, the performance by PEER 1 of its obligations hereunder and the completion by PEER 1 and the Offeror of the transactions contemplated by this Agreement except for any Third Party Consents which, if not given or received, would not, individually or in the aggregate reasonably be expected to have a Material Adverse Effect.
6. **Absence of Changes.** Since June 30, 2012, except as set forth in the PEER 1 Disclosure Letter or as Publicly Disclosed by PEER 1 prior to the date of this Agreement, (a) there has not been a Material Adverse Effect; (b) the business of PEER 1 and its subsidiaries has been carried on in the ordinary course of business in all material respects; (c) neither PEER 1 nor any of its subsidiaries has incurred any liabilities or obligations of any nature (whether accrued, absolute, contingent or otherwise) which would, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect; (d) there has not been any incurrence, assumption or guarantee by PEER 1 or any of its subsidiaries of any debt for borrowed money, any creation or assumption by PEER 1 or any of its subsidiaries of any Encumbrance or any making by PEER 1 or any of its subsidiaries of any loan, advance or capital contribution to, or investment in, any other Person which would, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect; (e) there has not been any acquisition, exclusive license or sale by PEER 1 or any of its subsidiaries of any material property or assets other than in the ordinary course of business; (f) there has been no dividend or distribution of any kind declared, paid or made by PEER 1 on any of its shares; (g) PEER 1 has not effected or passed any resolution to approve a split, consolidation or reclassification of any of the outstanding PEER 1 Shares; and (h) except in the ordinary course of business, neither PEER 1 nor any of its subsidiaries has increased the compensation paid or payable to its employees or changed any benefit to which its employees or

former employees are entitled under any Benefit Plan or created any new Benefit Plan or modified, amended or terminated any Benefit Plan.

7. **Financial Statements.** The audited consolidated financial statements of PEER 1 for the fiscal years ended June 30, 2012 and June 30, 2011 and the unaudited condensed interim consolidated financial statements of PEER 1 for the three months ended September 30, 2012 including the notes thereto and the related management's discussion and analysis (the "**PEER 1 Financial Statements**") were prepared in accordance with IFRS or Canadian GAAP, as applicable, and fairly present the assets, liabilities (whether accrued, absolute, contingent or otherwise), consolidated financial condition of PEER 1 and its subsidiaries at such dates indicated and the results of operations and cash flows of PEER 1 and its subsidiaries (on a consolidated basis) for the periods covered. The PEER 1 Financial Statements reflect appropriate and adequate reserves in accordance with IFRS or Canadian GAAP, as applicable, in respect of all contingent liabilities, if any, of PEER 1 and its subsidiaries on a consolidated basis. Except as Publicly Disclosed by PEER 1 prior to the date of this Agreement, there have been no material changes in the accounting methods, principles, practices or policies of PEER 1 since June 30, 2012. Except as disclosed in the PEER 1 Disclosure Letter, neither PEER 1 nor any of its subsidiaries nor, to PEER 1's knowledge, any of its or its subsidiaries respective Representatives has received or otherwise obtained knowledge of any material complaint, allegation, assertion, or claim, whether written or oral, regarding the accounting or auditing practices, procedures or methodologies or methods of PEER 1 or any of its subsidiaries or their respective internal accounting controls, including any material complaint, allegation, assertion or claim that PEER 1 or any of its subsidiaries has engaged in questionable accounting or auditing practices, which has not been resolved to the satisfaction of the audit committee of the PEER 1 Board.
8. **Undisclosed Liabilities.** Except as disclosed in the PEER 1 Disclosure Letter, neither PEER 1 nor any of its subsidiaries has any liabilities or obligations of any nature, whether or not accrued, contingent or otherwise, or any obligation to issue debt securities, or guarantee, assume, endorse, indemnify or otherwise become responsible for the obligations of any other Person except for: (a) liabilities and obligations that are specifically disclosed on or reserved against in the unaudited condensed interim consolidated statement of financial position of PEER 1 as of September 30, 2012 or in the notes thereto; (b) in connection with the transactions contemplated by this Agreement; and (c) liabilities and obligations incurred in the ordinary course of business since September 30, 2012, that are not and would not, individually or in the aggregate, with all other liabilities and obligations of PEER 1 and its subsidiaries (other than those disclosed on such balance sheet), reasonably be expected to have a Material Adverse Effect.
9. **Litigation.** Except as set forth in the PEER 1 Disclosure Letter or Publicly Disclosed by PEER 1 prior to the date of this Agreement, there is no claim, action, inquiry, suit, demand, hearing, arbitration, indictment, investigation or other civil, criminal, administrative or investigation proceeding pending or, to the knowledge of PEER 1, threatened against or relating to, PEER 1 or any of its subsidiaries or affecting any of their properties or assets before any Governmental Entity, nor is PEER 1 or any of its subsidiaries subject to any outstanding order, writ, injunction or decree, in each case that has had or is reasonably likely to have a Material Adverse Effect or that is reasonably likely to prevent or materially delay consummation of the transactions contemplated by this Agreement or the Offer.
10. **Disclosure Record.** PEER 1 has filed all documents or information required to be filed by it under applicable Securities Laws with the applicable securities regulatory authorities since July 1, 2011. After giving effect to all subsequent filings in relation to matters covered in earlier filings, the public filings Publicly Disclosed by PEER 1 under the provisions of applicable Securities Laws (a) do not contain any untrue statement of a material fact or omit to state a material fact

required to be stated therein or necessary in order to make the statements made therein, not misleading in light of the circumstances under which they were made and (b) as of their respective dates (and as of the dates of any amendments thereto), complied as to both form and content in all material respects with the requirements of applicable Securities Laws or were amended on a timely basis to correct deficiencies identified by securities commissions or similar securities regulatory authorities. PEER 1 has not filed any confidential material change report with any securities regulatory authority that at the date hereof remains confidential.

11. **Related Party Transactions.** Except as disclosed in the PEER 1 Disclosure Letter or as Publicly Disclosed by PEER 1 prior to the date of this Agreement, there have not been any, and there are no current Contracts, commitments, agreements, arrangements or other transactions (“**Related Party Transactions**”) other than ordinary course of business transactions between: (a) PEER 1 or any of its subsidiaries on the one hand; and (b) any officer or director of PEER 1 or any of its subsidiaries or, to PEER 1’s knowledge, any beneficial owner of 10% or more of the PEER 1 Shares, or any affiliate of any officer, director or such beneficial owner, on the other hand. Except as disclosed in the PEER 1 Disclosure Letter or as Publicly Disclosed by PEER 1 prior to the date of this Agreement, since January 1, 2011, there has been no claim, and there is not presently outstanding any claim by any past or present holder of securities of PEER 1 against PEER 1, or any past or present directors of PEER 1 in connection with any Related Party Transactions and to the knowledge of PEER 1 there are no facts which would substantiate any such claims.

12. **Tax Residency.** PEER 1 is not a “non-resident” of Canada for the purposes of the Tax Act.

13. **Taxes.** Except as disclosed or reflected in the PEER 1 Disclosure Letter:
 - (a) Each of PEER 1 and its subsidiaries has filed all material Tax Returns required to be filed by it on or before the date of this Agreement, and those Tax Returns were complete and correct in all material respects;

 - (b) Each of PEER 1 and its subsidiaries has (i) duly and timely paid all Taxes due and payable by it (including instalments on account of Taxes for the current year); (ii) duly and timely withheld or deducted all Taxes and other amounts required by Applicable Law to be withheld or deducted by it and has duly and timely remitted to the appropriate Governmental Entity such Taxes and other amounts required by Applicable Laws to be remitted by it; and (iii) duly and timely collected all amounts on account of Taxes required by Applicable Law to be collected by it on any sale, supply or delivery whatsoever and has duly and timely remitted to the appropriate Governmental Entity any such amounts required by Applicable Laws to be remitted by it.

 - (c) PEER 1 has made adequate provision in accordance with IFRS and all other applicable accounting rules and principles in its financial statements for all Taxes owing by PEER 1 or any of its subsidiaries (regardless of whether or not such Taxes are shown as being due on any Tax Returns) that have not been paid and that relate to periods ending on or prior to the date of this Agreement.

 - (d) To the knowledge of PEER 1, no deficiencies have been asserted with respect to Taxes of PEER 1 or any of its subsidiaries, and neither PEER 1 nor any of its subsidiaries is a party to any action, objection, appeal or proceeding for assessment, reassessment or collection of Taxes, and no such event has been asserted or, to the knowledge of PEER 1, threatened against PEER 1 or any of its subsidiaries or any of their respective assets. Neither PEER 1 nor any of its subsidiaries is aware of any fact or circumstance which could reasonably be expected to result in any such assertion, except where such

deficiencies, actions or proceedings would not be expected to, individually or in the aggregate, constitute a Material Adverse Effect. To the knowledge of PEER 1, no written claim has ever been made by any Governmental Entity in a jurisdiction where neither PEER 1 nor any of its subsidiaries files Tax Returns that it is or may be subject to taxation by that jurisdiction. Neither PEER 1 nor its subsidiaries has executed or filed with any Governmental Entity any agreement or waiver, nor entered into an arrangement of any kind, extending the period for assessment, reassessment or collection of any Taxes.

- (e) None of PEER 1 or its subsidiaries has provided to any Governmental Entity a waiver or extension of time for the assessment of Taxes.
- (f) Neither PEER 1 nor any of its subsidiaries is party to any material tax sharing agreement, tax indemnification agreement or other agreement or arrangement relating to Taxes with any Person.
- (g) To the knowledge of PEER 1, there has not been an acquisition of control (within the meaning of the Tax Act) of PEER 1 at any time subsequent to the end of the oldest taxation year of PEER 1 for which the normal reassessment period under the Tax Act has yet to expire.
- (h) For all transactions between PEER 1 or any of its subsidiaries and any Person who is not resident in Canada for purposes of the Tax Act with whom PEER 1 or such subsidiary was not dealing at arm's length for purposes of the Tax Act, PEER 1 or such subsidiary has made or obtained records or documents that meet the requirements of paragraphs 247(4)(a) to (c) of the Tax Act.
- (i) No subsidiary of PEER 1 that is created or organized in or under the laws of the United States or any political subdivision thereof is or has ever been a member of an affiliated group (other than a group the common parent of which is a subsidiary of PEER 1) filing a consolidated U.S. federal income Tax Return. Neither PEER 1 nor any of its subsidiaries has any liability for Taxes of any person (other than PEER 1 or any of its subsidiaries) arising from the application of U.S. Treasury Regulation section 1.1502-6 or any analogous provision of state or local law, or as a transferee or successor, by contract, or otherwise.
- (j) Neither PEER 1 nor any of its subsidiaries has been either a "distributing corporation" or a "controlled corporation" in a distribution occurring during the last five years in which the parties to such distribution treated the distribution as one to which Section 355 of the Code is applicable.
- (k) Neither PEER 1 nor any of its subsidiaries has engaged in any transaction that could give rise to a disclosure obligation as a "listed transaction" as defined under Section 6707A(c)(2) of the Code and Section 1.6011-4(b)(2) of the U.S. Treasury Regulation.
- (l) Neither PEER 1 nor any of its subsidiaries has agreed or is required to make any adjustments pursuant to Section 481(a) of the Code or any similar provision of state or local law by reason of a change in accounting method initiated by it or any other relevant party and neither PEER 1 nor any of its subsidiaries has any knowledge that the U.S. Internal Revenue Service has proposed any such adjustment or change in accounting method, nor has any application pending with any Governmental Entity requesting

permission for any changes in accounting methods that relate to the business or assets of PEER 1 or any of its subsidiaries.

14. **Compliance.**

- (a) PEER 1 has at all times for the past five years complied with its articles, by-laws and other constating documents, all Material Contracts and all applicable Laws, except where any failure to do so would not have a Material Adverse Effect. Without limiting the generality of the foregoing, PEER 1 and each of its subsidiaries have complied with, and are not in violation of, any, applicable Laws, and have not taken any action which is otherwise inconsistent with or prohibited by substantive provisions of the *Corruption of Foreign Public Officials Act* (Canada) and the U.S. *Foreign Corrupt Practices Act of 1977*, as amended other than non-compliance or violations which would not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect, or which would not materially impair the ability of PEER 1 to perform its obligations hereunder or would not reasonably be expected to prevent or materially delay the consummation of the Offer, any Compulsory Acquisition or any Subsequent Acquisition Transaction. Neither PEER 1 nor any of its subsidiaries has received any written notices or other correspondence from any Governmental Entity regarding any circumstances that have existed or currently exist that would lead to a loss, suspension or modification of, or a refusal to issue any permits that would reasonably be expected to restrict, curtail, limit or adversely affect the ability of PEER 1 or any of its subsidiaries to operate their respective businesses in a manner that would, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect.
- (b) PEER 1 has not paid or offered to pay any Consideration to a Governmental Official, directly or indirectly, if such offer or payment of Consideration was made with the intent of obtaining or retaining business and with corrupt intent. The preceding sentence will not apply with respect to modest gifts or reasonable meals or entertainment if given only to build general goodwill and if not given with corrupt intent.
- (c) To the knowledge of PEER 1, PEER 1's Books and Records accurately and fairly reflect business transactions and PEER 1 has internal accounting controls that provide reasonable assurances that such transactions are executed in accordance with management's authorization and are properly recorded.

15. **Authorizations.**

- (a) Except as would not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect, or would not reasonably be expected to materially impair the ability of PEER 1 to perform its obligations hereunder or prevent or materially delay the consummation of the Offer, any Compulsory Acquisition or any Subsequent Acquisition Transaction:
 - (i) PEER 1 and each of its subsidiaries possess all Authorizations necessary to properly conduct their respective businesses;
 - (ii) Each Authorization obtained by PEER 1 and its subsidiaries is in full force and effect and not subject to any dispute;
 - (iii) PEER 1 and its subsidiaries are in compliance with each of its Authorizations; and

- (iv) No event has occurred which, with the giving of notice, lapse of time or both, could constitute a default under, or in respect of, any of such Authorizations.
 - (b) Other than in connection with or in compliance with the Antitrust Approvals, no filing or registration by PEER 1 or any of its subsidiaries with, or authorization, consent or approval of, any Governmental Entity need be obtained by PEER 1 or its subsidiaries in connection with the performance of its obligations under this Agreement or the completion of a Compulsory Acquisition or a Subsequent Acquisition Transaction, except for any filing, registration, authorization, consent or approval which, if not obtained or made, would not reasonably be expected to materially impair the ability of PEER 1 to perform its obligations hereunder or prevent or materially delay the consummation of the Offer, any Compulsory Acquisition or any Subsequent Acquisition Transaction.
16. **Antitrust Approvals.** The aggregate value of the assets in Canada that are owned by Peer 1 or by corporations controlled by Peer 1, and the gross revenues from sales in or from Canada generated from such assets, all as determined in accordance with Part IX of the Competition Act and the Notifiable Transactions Regulations thereunder, do not exceed \$77 million.
17. **Owned Real Property.** Neither PEER 1 nor any of its subsidiaries is the legal or beneficial owner of, or subject to any agreement or option to own, any real property or any interest in any real property other than the Leased Real Property and rights appurtenant thereto.
18. **Leased Properties.**
- (a) The PEER 1 Disclosure Letter lists all leases or agreements to lease, licences and other similar agreements, together with all amendments, modifications, extensions and renewals thereof (collectively, the “**Leases**”) under which PEER 1 or any of its subsidiaries lease or have an option to lease, or have any other interest in the nature of a tenancy, licence or right to occupy premises in, any real property or immovable property (other than building access agreements, easements, rights of way, permits or other similar rights) (collectively, the “**Leased Real Property**”). Current, complete and correct copies of all Leases have been made available to the Offeror in the Data Room.
 - (b) PEER 1 or one or more of its subsidiaries is exclusively entitled to all rights and benefits as lessee under the Leases, and neither PEER 1 nor any of its subsidiaries has sublet, assigned, licensed or otherwise conveyed any rights in any Leased Real Property or in the Leases to any other Person, in each case except as set forth in the PEER 1 Disclosure Letter.
 - (c) Except for Permitted Encumbrances, each Lease is a valid and subsisting lease and the Leases are in all material respects in good standing, create good and valid leasehold estates in the Leased Real Property and are in full force and effect without amendment. With respect to the Leases (i) all rents, additional rents and other obligations required to be paid or performed thereunder have been duly paid and performed, (ii) there exists no event of default under any of the Leases or any event, occurrence, condition or act which, with the giving of notice, the lapse of time or both, would become a default under the Leases or which would give any lessor the right to terminate a Lease, charge any increase in rent or require any material penalty or similar material payment, and (iii) to the knowledge of PEER 1 or any of its subsidiaries, all of the covenants to be performed by any other party under the Leases have been fully performed.

- (d) The use by PEER 1 or its subsidiaries of the Leased Real Property is not in breach of any building, zoning or other statute, by-law, ordinance, regulation, covenant or restriction, and PEER 1 and its subsidiaries have adequate rights of ingress and egress for the operation of its business in the ordinary course, in each case except any use by PEER 1 or any of its subsidiaries or lack of rights which would not, individually or in the aggregate, have a Material Adverse Effect.
 - (e) Except as disclosed in the PEER 1 Disclosure Letter, the Leased Real Property and all buildings, improvements, appurtenances and fixtures thereon are in good operating condition and repair, subject to normal wear and tear. There are no defects or adverse physical conditions affecting any Leased Real Property or the buildings or improvements thereon, other than those that would not individually or in the aggregate, have a Material Adverse Effect.
 - (f) PEER 1 has all Contracts and Authorizations required for its current use of the Fibre-Optic Network, other than those the failure of which to have would not individually or in the aggregate have a Material Adverse Effect.
19. **Personal Property.** Except for Permitted Encumbrances, PEER 1 and its subsidiaries have good and valid title to, or a valid and enforceable leasehold interest in, all tangible personal property owned or leased, except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. Except for Permitted Encumbrances, PEER 1 and its subsidiaries' ownership of or leasehold interest in any such personal property is not subject to any Encumbrances, except for Encumbrances that would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.
20. **Environment.**
- (a) Except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, each of PEER 1 and its subsidiaries is and has always been in compliance with all, and has not violated any, Environmental Laws.
 - (b) Except as disclosed in the PEER 1 Disclosure Letter or as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, (i) neither PEER 1 nor any of its subsidiaries has Released, and, to the knowledge of PEER 1, no other Person has Released, any Hazardous Substances on, at, in, under or from any real property previously owned, leased or occupied or currently leased or occupied by PEER 1 or any of its subsidiaries and (ii) to the knowledge of PEER 1, there are no Hazardous Substances that could reasonably be expected to result in liability of or adversely affect PEER 1 or any of its subsidiaries under or related to any Environmental Law on, at, in, under or from any real property previously owned, leased or occupied or currently leased or occupied by PEER 1 or any of its subsidiaries.
 - (c) Except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, there are no pending or, to the knowledge of PEER 1, threatened claims, investigations, proceedings or orders, against PEER 1 or any of its subsidiaries arising out of any Environmental Laws.
 - (d) Except as disclosed in the PER 1 Disclosure Letter, neither PEER 1 nor any of its subsidiaries is in possession of any environmental assessments, reports, audits or other documents that relate to the current or past environmental condition of any real property previously owned, leased or occupied or currently leased or occupied by PEER 1 or any

of its subsidiaries that would, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

21. **Books and Records.** The Books and Records and minute books of PEER 1 and its subsidiaries are maintained in all material respects in compliance with all applicable Laws. The minute books of PEER 1 and its subsidiaries, all of which have been made available to the Offeror in the Data Room, are complete and accurate in all material respects. The financial books and records of PEER 1 and its subsidiaries have been maintained in accordance with good business practices on a basis consistent with prior years and state in reasonable details and accurately and fairly reflect in all material respects the transactions and dispositions of assets of PEER 1 and its subsidiaries.
22. **Insurance.** Copies of all material policies of insurance in force on October 31, 2012 naming PEER 1 or any of its subsidiaries as an insured have been made available to the Offeror in the Data Room; such copies were true and accurate as of the date hereof and, since June 30, 2012, except as set forth in the PEER 1 Disclosure Letter, no material changes have been made to such policies (other than renewals on substantially the same terms). All premiums payable prior to the date hereof under material policies of insurance naming PEER 1 or any of its subsidiaries as an insured have been paid and neither PEER 1 nor any of its subsidiaries has failed to make a material claim thereunder on a timely basis except where such failure would not, individually or in the aggregate, have a Material Adverse Effect. Each of such material policies and other forms of insurance is in full force and effect on the date hereof and shall (or comparable replacement or substitutions therefor shall) be kept in full force and effect by PEER 1 through the Expiry Time. No written or, to the knowledge of PEER 1, other notice of cancellation or termination has been received by PEER 1 or any subsidiary of PEER 1 with respect to any such insurance policy.
23. **Intellectual Property.**
 - (a) PEER 1 and its subsidiaries own all right, title and interest, with a good and marketable title, free and clear of all Encumbrances or any other rights of others other than Permitted Encumbrances, and have the sole and exclusive right to use, or are the licensee, sub-licensee or franchisee, as the case may be, of all Intellectual Property used or held for use by PEER 1 or any of its subsidiaries that is necessary and material to the conduct of their respective businesses, which, to the knowledge of PEER 1, is the only Intellectual Property necessary for the operation of the business of PEER 1 and its subsidiaries as conducted as at the date of this Agreement.
 - (b) The PEER 1 Disclosure Letter lists all (i) material Intellectual Property that is owned, used or held for use by PEER 1 and each of its subsidiaries which has either been registered or applied for (“**Registered Intellectual Property**”), and (ii) material software that is authored or owned by PEER 1 or any of its subsidiaries.
 - (c) To the knowledge of PEER 1, all Registered Intellectual Property owned by PEER 1 or any of its subsidiaries, and used in the conduct of its business is valid, subsisting and enforceable. Where PEER 1 or any of its subsidiaries have registered or elected to pursue any registration of Registered Intellectual Property, PEER 1 and its applicable subsidiaries have taken all commercially reasonable measures to maintain such Registered Intellectual Property and to have, as necessary or appropriate, the recorded ownership of such Registered Intellectual Property.
 - (d) Except as disclosed in the PEER 1 Disclosure Letter, neither PEER 1 nor any of its subsidiaries has received any claim, notice or threat in writing from any Person (i) contesting the validity, enforceability, ownership or use of any Intellectual Property used

by PEER 1 or any of its subsidiaries in the conduct of its business, or (ii) claiming infringement, misappropriation or other conflict with or violation of the rights of any Person arising from the operation or conduct of PEER 1's business or any of its subsidiaries' businesses as currently operated or conducted, and to the knowledge of PEER 1, there is no reasonable basis for any of the foregoing. To the knowledge of PEER 1, the operation or conduct of PEER 1's business or any of its subsidiaries' businesses, including any Intellectual Property used by any of them, does not infringe or misappropriate any Intellectual Property of any Person, and there is no reasonable basis for same and no person is infringing or misappropriating any Owned Intellectual Property.

- (e) Except as disclosed in the PEER 1 Disclosure Letter, to the knowledge of PEER 1, there is no and has not been any material conflict, unauthorized use, infringement, misuse or misappropriation of any Intellectual Property owned, used or held for use by PEER 1 or any of its subsidiaries or any breach at any time of any duty or obligation owed to PEER 1 or any of its subsidiaries in respect of any Intellectual Property.
 - (f) Each of the current and former employees, agents and independent contractors of PEER 1 and each of the subsidiaries who has contributed to or participated in the conception or development of any material Intellectual Property owned by PEER 1 or its subsidiaries ("**Owned Intellectual Property**") and used by PEER 1 or its subsidiaries in the conduct of their business has entered into a written proprietary rights agreement with PEER 1 or the applicable subsidiary (i) assigning to PEER 1 or the applicable subsidiary any Intellectual Property rights in any developments, works, inventions or improvements produced or designed by such person during the term of and in the course of employment with PEER 1 or the applicable subsidiary; and (ii) which contains customary confidentiality and non-disclosure covenants; and, to the knowledge of PEER 1, there have not been any breaches of such agreements. None of PEER 1 or any of its subsidiaries owes any compensation, license fees, or royalty payments with respect to any developments, works, inventions or improvements produced or designed by current or former employees or independent contractors of PEER 1 or any of its subsidiaries.
 - (g) PEER 1 and its subsidiaries have taken all reasonable commercial measures to maintain the secrecy of their trade secrets, confidential information and know-how.
 - (h) To PEER 1's knowledge, since June 30, 2010, no Person has, in a manner that has or may reasonably be expected to cause a Material Adverse Effect, gained unauthorized access to any computers, computer software, firmware, middleware, servers, workstations, routers, hubs, switches, data communications lines or any other information technology equipment used by PEER 1 or its subsidiaries in their respective businesses.
24. **Warranty.** Each service delivered by PEER 1 has been in conformity with all contractual commitments and all express and implied warranties, and PEER 1 has no liability (and, to the knowledge of PEER 1, there is no basis for any present or future proceeding, charge, complaint, claim or demand against PEER 1 or Offeror giving rise to any liability) for damages in connection therewith, except as disclosed in the PEER 1 Disclosure Letter and except as could, individually or in the aggregate, not reasonably be expected to have a Material Adverse Effect.
25. **Relationships with Customers and Suppliers.** Except as disclosed in the PEER 1 Disclosure Letter, since July 1, 2011, neither PEER 1 nor any of its subsidiaries has received any written or other notice that any material customer, supplier, distributor or sales representative intends to

cancel, terminate or otherwise modify or not renew its relationship with PEER 1 or one or more of its subsidiaries and, to the knowledge of PEER 1, no such action has been threatened.

26. **Contracts.**

- (a) The PEER 1 Disclosure Letter contains a list of the following Contracts, correct, current and complete copies of which have been made available to the Offeror:
- (i) Contracts under which:
 - (A) PEER 1 or any of its subsidiaries is lessee of, or holds or uses, any machinery, equipment, vehicle or other tangible personal property owned by any other person involving the payment of more than \$500,000 on an annual basis; or
 - (B) PEER 1 or any of its subsidiaries is a lessor or sublessor of, or makes available for use by any other person, any tangible personal property owned or leased by PEER 1 or any of its subsidiaries, involving payment of more than \$500,000 on an annual basis other than tangible personal property made available for use by customers in the ordinary course of business;
 - (ii) licences from any third parties for use of any registered patents or of any software that is material to the businesses of PEER 1 or any of its subsidiaries other than : (A) commercially-available off-the shelf (shrink wrap or click wrap) software licensed to PEER 1 or any of its subsidiaries, or (B) operating system software licensed to PEER 1 or any of its subsidiaries, the termination of which would have or would reasonably be expected to cause a Material Adverse Effect;
 - (iii) licenses to any third parties of any Intellectual Property of PEER 1 or any of its subsidiaries;
 - (iv) any Contract under which material indebtedness of PEER 1 or any of its subsidiaries is outstanding or may be incurred or pursuant to which any real property interest or other material property or asset of PEER 1 or any of its subsidiaries is mortgaged, pledged or otherwise subject to an Encumbrance;
 - (v) Contracts under which PEER 1 or any of its subsidiaries has directly or indirectly guaranteed material indebtedness, liabilities or obligations (including the performance of any obligation) of any other Person, other than as disclosed in the Leases or in the ordinary course of business;
 - (vi) any Contract made outside of the ordinary course of business of PEER 1 or any of its subsidiaries and providing for the sale, purchase or exchange of, or option to sell, purchase or exchange, any property or asset where the sale price, purchase price or agreed value or fair value of such property exceeds \$100,000 and not Publicly Disclosed by PEER 1;
 - (vii) master terms and conditions of Contracts between PEER 1 or any of its subsidiaries with the 10 largest (by monthly recurring revenues) customers of PEER 1 or any of its subsidiaries for the year ended June 30, 2012, together with

those provisions included in any sales orders, schedules and other documents that materially modify such master terms and conditions; and

- (viii) other than any of the Contracts identified above, any other Contract which, if terminated or modified or if it ceased to be in effect, would reasonably be expected to have a Material Adverse Effect;

(the Contracts described in clauses (i) through (viii), together with all exhibits and schedules thereto and, collectively, with the Leases being, the “**Material Contracts**”).

- (b) Except as has not and would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect:
 - (i) neither PEER 1 nor any of its subsidiaries nor, to the knowledge of PEER 1, any of the other parties thereto, is in breach or violation of, or default (in each case, with or without notice or lapse of time or both) under, any Contract and neither PEER 1 nor any of its subsidiaries has (A) received or given any notice of default which remains uncured or (B) received or given any notice of cancellation or termination of any Contract;
 - (ii) to the knowledge of PEER 1, there exists no state of facts which after notice or lapse of time or both would constitute a default or breach of a Contract or give rise to any right to cancel or terminate any Contract; and
 - (iii) each of the Contracts is in full force and effect, is valid, binding and enforceable against the parties thereto, and has not been modified by any agreement (written or oral) and has not been assigned or transferred.

27. **Employment Matters.**

- (a) Except as disclosed in the Data Room or the PEER 1 Disclosure Letter, there are no written or oral agreements, arrangements, plans, obligations or understandings providing for severance or termination or other payments, rights or benefits in connection with the termination of the employment or engagement of, or resignation of, any director, officer or employee of, or independent contractor to PEER 1 or any of its subsidiaries following a change of control of PEER 1.
- (b) Except as disclosed in the PEER 1 Disclosure Letter, neither PEER 1 nor any of its subsidiaries is a party to any employment, engagement or similar agreement with any director or officer of PEER 1 or any of its subsidiaries.
- (c) Except as disclosed in the PEER 1 Disclosure Letter, PEER 1 has not declared or paid, or committed to declare or pay, any amount to any Person in respect of a performance or incentive or other bonus in connection with the completion of the Contemplated Transactions.
- (d) Neither PEER 1 nor any of its subsidiaries is a party to any collective bargaining or similar agreement for any employee or group of employees of PEER 1 or any of its subsidiaries.
- (e) No trade union, council of trade unions, employee bargaining agency or affiliated bargaining agent holds bargaining rights with respect to any employees of PEER 1 or any

of its subsidiaries by way of certification, interim certification, voluntary recognition, designation or successor rights.

- (f) To the knowledge of PEER 1, neither PEER 1 nor any of its subsidiaries is subject to:
- (i) any application for certification, or other formal recognition, as the legal bargaining agent of any employee or group of employees;
 - (ii) any threatened or apparent union organizing campaign;

and there is no unfair labour practice complaint, strike, work stoppage, picketing, lock-out, leafleting, boycott, slowdown, arbitration, grievance, complaint, charge or similar labour related dispute, disruption or proceeding pertaining to PEER 1 or any of its subsidiaries, other than those that would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

- (g) There is no litigation, legal action, suit, investigation, claim, counterclaim charge, grievance, dispute or proceeding of any kind pending or, to the knowledge of PEER 1, threatened with respect to any employee or former employee of PEER 1 or of any of its subsidiaries, other than those that would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.
- (h) PEER 1 and each of its subsidiaries is in compliance with all applicable Laws relating to workplace health and safety and workers' compensation, and there are no outstanding assessments, levies or penalties thereunder, other than as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

28. **Benefit Plans.** Except as disclosed in the PEER 1 Disclosure Letter, the Data Room contains true and complete copies of all material documents relating to the Benefit Plans. There are no entities other than PEER 1 or its subsidiaries participating in any Benefit Plan. Each of the Benefit Plans is and has been established, registered (where required), maintained, funded, invested and administered in compliance in all material respects with its terms and with applicable Laws. No Benefit Plan promises or provides any non-pension post-retirement benefits to any Person. None of the Benefit Plans require or permit a retroactive increase in premiums or payments, or require additional payments or premiums on the termination of any Benefit Plan or insurance contract in respect thereof. There has been no amendment to, announcement relating to, or change in employee participation or coverage under, any Benefit Plan that would materially increase the annual expense of maintaining such plan above the level of the expense incurred therefor for the most recent fiscal year. There are no outstanding actions, suits or claims pending or, to the knowledge of PEER 1, threatened concerning the assets held in the funding media for the Benefit Plans (other than routine claims for the payment of benefits submitted by members or beneficiaries in the normal course), and, there is no litigation, legal action, suit, investigation, claim, counterclaim or proceeding pending or, to the knowledge of PEER 1, threatened against or affecting any Benefit Plan which could, individually or in the aggregate, result in a Material Adverse Effect. None of PEER 1 nor any of its subsidiaries currently sponsors, maintains, contributes to or has any liability under any plan organized and administered to provide pensions for employees. None of the Benefit Plans is a multi-employer plan.

29. **Severance Liabilities.** Except as set out in the PEER 1 Disclosure Letter, neither PEER 1 nor any subsidiary of PEER 1 is subject to any liabilities for severance or other payments in connection with the termination or cessation of functions (whether voluntary or involuntary) of any Person in

excess of an aggregate of \$100,000 and PEER 1 will not automatically become subject to any such liabilities as a result of, or in connection with, the completion of the Offer.

30. **Reporting Issuer Status.** As at the date hereof PEER 1 is a reporting issuer under the Securities Laws of each of British Columbia, Ontario and Alberta is not on the list of reporting issuers in default under the Securities Laws of such Provinces and is in compliance in all material respects with all Securities Laws. No delisting, suspension of trading in or cease trading order with respect to any securities of PEER 1 and, to the knowledge of PEER 1, no inquiry or investigation (formal or informal) of the BCSC, the Ontario Securities Commission, the Alberta Securities Commission or the TSX is in effect or ongoing or, to the knowledge of PEER 1, expected to be implemented or undertaken with respect to PEER 1.
31. **Disclosure Controls and Procedures.** PEER 1 maintains a system of disclosure controls and procedures intended to ensure that the information disclosed by PEER 1 under applicable Securities Laws is recorded, processed, summarized and reported within the time periods specified in the Securities Laws and does not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made. To the knowledge of PEER 1, such disclosure controls and procedures are effective in timely alerting the Chief Executive Officer and Chief Financial Officer of PEER 1 to material information required to be included in PEER 1's periodic reports required under Securities Laws.
32. **Internal Control Over Financial Reporting.** PEER 1 maintains a system of internal controls over financial reporting intended to ensure that PEER 1's annual financial statements, together with the other financial information included in its annual filings, fairly present in all material respects the financial condition, results of operations and cash flows of PEER 1 as of the date of and for the periods presented in the annual filings. The annual and interim certifications filed by PEER 1 as part of the PEER 1 Public Documents have been true and accurate. To the knowledge of PEER 1 there is and there has been no fraud, whether or not material, involving management or any other employees who have a significant role in the internal control over financial reporting of PEER 1. PEER 1 has received no: (i) written complaints, allegations, assertions or claims from any source regarding accounting, internal accounting controls or auditing matters; or (ii) written expressions of concern from employees of PEER 1 or any of its subsidiaries regarding questionable accounting or auditing matters or questionable payments.
33. **United States Securities Laws.** Neither the PEER 1 Shares are nor any other securities of PEER 1 are, or are required to be, registered pursuant to Section 12 of the United States *Securities Exchange Act of 1934*, as amended, and PEER 1 is not, and is not required to be, registered as an investment company under the United States *Investment Company Act of 1940*, as amended.
34. **Fees.** Except for the fees of RBC Dominion Securities Inc., none of PEER 1 or any of its subsidiaries will be liable, directly or indirectly, for the fees, commissions or expenses of any broker, finder, investment banker or other similar agent or intermediary in connection with the Offer.

SCHEDULE D
REPRESENTATIONS AND WARRANTIES OF CCA PARTIES

35. **Organization.** The Offeror has been duly incorporated under applicable Law, is validly existing and has full corporate power and authority to own its properties and conduct its business as presently owned and conducted. CCA indirectly beneficially owns all of the issued and outstanding shares of the Offeror.
36. **Authority and Absence of Conflicts.**
- (a) Each of the CCA Parties has the requisite corporate power and authority to enter into this Agreement and to perform its obligations hereunder. The execution and delivery of this Agreement by the CCA Parties and the consummation by the CCA Parties of the transactions contemplated by this Agreement have been duly authorized by the board of directors of each of the CCA Parties and no other proceedings on the part of the CCA Parties are necessary to authorize this Agreement.
 - (b) This Agreement has been duly executed and delivered by the CCA Parties and constitutes a valid and binding obligation of the CCA Parties, enforceable against the CCA Parties in accordance with its terms subject to bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium and other Laws relating to or affecting creditors' rights generally and to general principles of equity.
 - (c) The execution and delivery by each of the CCA Parties of this Agreement and performance by it of its obligations hereunder and the completion of the transactions contemplated hereby, will not result in a violation or breach of, require any consent to be obtained under or give rise to any termination rights under any provision of:
 - (i) either CCA Party's certificate of incorporation, articles, by-laws or other constituting documents;
 - (ii) except in connection with any Antitrust Approvals, any Law, regulation, order, judgment or decree; or
 - (iii) any contract to which it is a party, except where such violation, conflict, breach, default or failure to obtain or deliver a consent, approval or notice would not, individually or in the aggregate, materially impede the completion of the transactions contemplated by this Agreement.
 - (d) Other than in connection with or in compliance with the Antitrust Approvals and except as otherwise contemplated herein, no filing or registration by the CCA Parties with, or authorization, consent or approval of, any Governmental Entity need be obtained by the CCA Parties in connection with the performance of their obligations under this Agreement or the making or the consummation of the Offer, or the completion of a Compulsory Acquisition or a Subsequent Acquisition Transaction, except for any filing, registration, authorization, consent or approval which, if not obtained or made, would not, individually or in the aggregate, materially impede the completion of the transactions contemplated by this Agreement.

37. **Sufficient Funds.** The Offeror has sufficient funds or adequate arrangements as such term is understood for purposes of Section 2.27 of *Multilateral Instrument 62-104 – Take-Over Bids and Issuer Bids* or Section 97.3 of the *Securities Act* (Ontario) for financing in place to ensure that it will, at the Expiry Time, have sufficient funds to pay in full the consideration under the Offer.
38. **Share Ownership.** Neither CCA nor the Offeror beneficially own any PEER 1 Shares or securities convertible or exchangeable for PEER 1 Shares.
