SUPPORT AGREEMENT

TRANSWORKS INFORMATION SERVICES LTD.

- and -

AV TRANSWORKS LTD.

- and -

MINACS WORLDWIDE INC.

June 23, 2006

DAVIES WARD PHILLIPS & VINEBERG LLP

TORYS LLP

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SUPPORT AGREEMENT

THIS AGREEMENT made the 23rd day of June, 2006.

B E T W E E N:

TRANSWORKS INFORMATION SERVICES LTD.,
a corporation existing under the laws of India,

(hereinafter called "**Parentco**"),

- and -

AV TRANSWORKS LTD.,
a corporation existing under the laws of the Province of Ontario,

(hereinafter called the "**Offeror**"),

- and -

MINACS WORLDWIDE INC.,
a corporation existing under the laws of the Province of Ontario,

(hereinafter called the "**Company**").

WHEREAS the Offeror is a wholly-owned subsidiary of Parentco;

AND WHEREAS the Offeror desires to acquire all of the common shares (the "**Common Shares**") in the capital of the Company, including all Common Shares issuable on the exercise of outstanding stock options (the "**Options**") granted pursuant to the Company's stock option plan (the "**Stock Option Plan**") prior to the date hereof and all Convertible Securities (as defined herein), and is prepared to make the Offer (as defined herein) to acquire such Common Shares;

AND WHEREAS contemporaneously herewith, the Offeror has entered into an agreement (the "**Lock-Up Agreement**") with the Locked-up Shareholders (as defined herein) and the Company pursuant to which, among other things, the Offeror has agreed to make, directly or indirectly, an offer to purchase all the issued and outstanding Common Shares on the terms and subject to the conditions set forth in the Lock-up Agreement and such Locked-up Shareholders have agreed to tender to the Offeror all of the Common Shares held or hereafter acquired by them (or that they are now entitled to acquire) and to support the Offer;

AND WHEREAS the board of directors of the Company (the "**Board of Directors**") has determined, after receiving financial and legal advice and following the receipt and review of recommendations from its special committee of directors established to consider the Offer (the "**Special Committee**"), its legal counsel and financial advisors (including the Financial Advisor), that it would be advisable and in the best interests of the Company and the holders of Common Shares (other than the Offeror and its affiliates) (the "**Shareholders**") and the holders of Options and Convertible Securities (together with the Shareholders, the "**Securityholders**") and for the Board of Directors to cooperate with the Offeror and take all reasonable action to support the Offer and to recommend acceptance of the Offer to the Shareholders in writing, all on the terms and subject to the conditions contained herein;

AND WHEREAS the Board of Directors has determined that it would be advisable and in the best interests of the Company for it to enter into this Agreement;

NOW THEREFORE THIS AGREEMENT WITNESSES that, in consideration of the mutual covenants and agreements hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each party, the parties hereto hereby covenant and agree as follows:

ARTICLE 1

INTERPRETATION

1.1 Definitions

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

"**Acquisition Proposal**" has the meaning set out in Section 6.2(a)(i);

"**affiliate**" has the meaning given to that term in the *Securities Act* (Ontario);

"**Alternative Transaction**" has the meaning set out in Section 6.9(b);

"**applicable laws**" has the meaning set out in Section 3.2(c);

"**associate**" has the meaning given to that term in the *Securities Act* (Ontario);

"**Benefit Plans**" has the meaning set out in Section 4.27(a);

"**Bid Circular**" has the meaning set out in Section 2.1(c);

"**Board of Directors**" has the meaning set out in the fourth recital hereof;

"**Books and Records**" means all information in any form relating to the Company's and the Subsidiaries business, including books of account, financial and accounting information and records, personnel records, fixed asset register and marketing and advertising materials (whether in written, printed, electronic or computer printout form, or stored on computer discs or other data and software storage and media devices);

“**business day**” means any day other than a Saturday, Sunday, a statutory or civic holiday observed in the Province of Ontario, Canada or in the State of Maharashtra, India, or a day that is observed as a religious holiday in accordance with the practices of Orthodox Judaism;

“**Canadian Subsidiary**” means Millman Insurance Ltd., TIQ TOQ Inc., and any other subsidiary of the Company incorporated or governed by the laws of Canada or those laws applicable within Canadian provinces;

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

“**Claim**” means any act, omission or state of facts and any demand, action, suit, proceeding, claim, assessment, judgment, settlement or compromise relating thereto which gives rise, pursuant to Section 6.7, to a right to indemnification upon the indemnified party giving notice of such claim in respect thereof to the indemnifying party;

“**Code**” means Internal Revenue Code of 1986, as amended;

“**Common Shares**” has the meaning set out in the second recital hereof;

“**Company’s 2006 Budget**” means the budget in the form contained in the Data Room Information;

“**Company Intellectual Property**” means any and all Intellectual Property that is wholly owned by the Company or its Subsidiaries;

“**Convertible Securities**” has the meaning set out in Section 4.4;

“**Data Room Information**” means the documents made available to the Offeror or the Offeror’s counsel on or before June 23, 2006 as described in the Disclosure Statement, including in the index to an IntraLinks website, a copy of which is annexed to the Disclosure Statement, together with the documents provided to the Offeror or the Offeror’s counsel on or before the date hereof and consisting of a confidential information memorandum, any written responses to requests for information made by the Offeror or the Offeror’s counsel provided by the Company or any of its Subsidiaries, their respective employees or counsel or financial advisors (including the Financial Advisor) to the Company and/or any of its Subsidiaries;

“**Deferred Share Units**” means deferred share units granted pursuant to the Deferred Share Unit Plan of the Company established in 2003;

“**Directors Circular**” has the meaning set out in Section 2.1(h)(iv);

“**Disabling Mechanism**” means a disabling mechanism or protection feature designed to prevent use of Technology, or a computer virus, worm, software lock, drop dead device, Trojan horse routine, trap door, time bomb or any other codes or instructions that may be used to access, modify, delete, damage or disable any Technology or any computer system on which any of the Technology is installed or in connection with which it may operate;

“**Disclosure Statement**” means the disclosure statement of the Company delivered to the Offeror and Parentco contemporaneously with the execution and delivery of this Agreement;

“**Effective Time**” has the meaning set out in Section 5.1;

“**Employees**” has the meaning set out in Section 4.18(e);

“**Environmental Laws**” has the meaning set out in Section 4.20;

“**ERISA**” means the Employee Retirement Income Security Act of 1974. as amended;

“**Expense Reimbursement Amount**” has the meaning set out in Section 7.4(b);

“**Expiry Time**” means 11:59 p.m. (Toronto time) on the final acceptance date of the Offer stipulated in the Bid Circular or, if the Offeror extends the final acceptance date for the Offer, the time and date designated by the Offeror as the final acceptance date for the extended Offer;

“**Fairness Opinion**” means the opinion of the Financial Advisor, to be included in the Directors Circular, to the effect that the consideration under the Offer is fair from a financial point of view to the Shareholders;

“**Financial Advisor**” means Genuity Capital Markets, the financial advisor to the Company;

“Financial Warrants” means the warrants, with an exercise price at $4.10 per Common Share, to purchase 1,545,000 Common Shares issued by the Company to CCFL Subordinated Debt Fund (III) Limited Partnership and Royal Bank of Canada, through its division, RBC Capital Partners, pursuant to the Warrant Agreement;

“**fully-diluted basis**” means, with respect to the number of outstanding Common Shares at any time, such number of outstanding Common Shares calculated assuming that (i) all Options to acquire Common Shares are exercised and Common Shares are issued pursuant thereto, whether or not such Options are exercisable by the holder and (ii) all outstanding Convertible Securities, including the Financial Warrants, are converted or exercised, whether or not such Convertible Securities are convertible or exercisable by the holder;

“**Governing Documents**” has the meaning set out in Section 4.1;

“**Guarantees**” has the meaning set out in Section 4.28;

‘‘**HSR Act**’’ means the United States Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended’;

“**Intellectual Property**” means all foreign and domestic intellectual property rights, including all patents, patent applications, patent rights, trademarks, trademark applications, trade names, service marks, service mark applications, copyrights, copyright applications, all rights and interests in and to Technology, computer programs and other computer software (including, without limitation, all source and object code, algorithms, architecture, structure, display screens, layouts and development tools), domain names, inventions, designs, samples, specifications, schematics, know-how, trade secrets, proprietary processes and formulae, and development tools, promotional materials, databases, customer lists, supplier, vendor and dealer lists and marketing research, and all documentation and media constituting, describing or relating to the foregoing, including without limitation, manuals, memoranda and records and the rights to register the foregoing; and all licenses of, future income and proceeds from, and rights to damages and profits by reason of the infringement of, any of the intellectual property listed above;

“**Internal Reorganization**” has the meaning set out in Section 5.1(b)(vi);

“**Latest Mailing Time**” has the meaning set out in Section 2.1(c);

“**Licensed Intellectual Property**” means all right and interest of the Company or its Subsidiaries in and to any and all Intellectual Property that is licensed by the Company or its Subsidiaries from another person;

“**Lock-up Agreement**” has the meaning set out in the third recital hereof;

“**Locked-up Shareholders**” means the estate of Elaine Minacs, 1351715 Ontario Limited and 950321 Ontario Limited;

“**Material Adverse Effect**” means a change, effect, event, circumstance, fact or occurrence which, individually or together with any other event, change or occurrence has, or would reasonably be expected to have, a material adverse effect on the financial condition, business, properties, assets, liabilities (including contingent liabilities) or results of operations (financial or otherwise) of the Company and its Subsidiaries, taken as a whole, other than any change, effect, event, circumstance, fact or occurrence (i) relating solely to general political, economic or financial conditions, (ii) relating solely to the state of securities or commodities markets in general, (iii) solely attributable to the announcement of this Agreement and the transactions contemplated herein, (iv) relating solely to the industries in which Company and its Subsidiaries operate in general and not to the Company or its Subsidiaries in any specific manner, (v) relating primarily to any action taken by Parentco or the Offeror or their respective affiliates or representatives in connection with the Offer or any breach of this Agreement by such parties, or (vi) which has been disclosed in the Public Documents filed by the Company as of the date hereof (to the extent of such disclosure), and in the case of clauses (i) and (iv), not having or reasonably expected to have a disproportionate effect on Company and its Subsidiaries, taken as a whole, as compared to other persons in the industries in which Company and its Subsidiaries operate;

“**Minimum Tender Condition**” has the meaning set out in Item (a) of Schedule 2.1(e);

“**OBCA**” means the *Business Corporations Act* (Ontario), as amended;

“**Offer**” has the meaning set out in Section 2.1(a);

“**Offer Price**” has the meaning set out in Section 2.1(b);

“**Options**” has the meaning set out in the second recital hereof;

“**Proposed Agreement**” has the meaning set out in Section 6.2(e);

“**Public Documents**” has the meaning set out in Section 4.8(b);

“**Required Closing Consents**” means the change of control consents specifically identified as such in the Disclosure Statement;

“**Securityholders**” has the meaning set out in the fourth recital hereof;

“**Shareholders**” has the meaning set out in the fourth recital hereof;

“**Special Committee**” has the meaning set out in the fourth recital hereof;

“**Stock Option Plan**” has the meaning set out in the second recital hereof;

“**Subsequent Acquisition Transaction**” has the meaning set out in Section 2.6;

“**Subsidiaries**” has the meaning set out in Section 4.2;

“**Superior Acquisition Proposal**” has the meaning set out in Section 6.2(a);

“**Tax**” and “**Taxes**” means, with respect to any entity, all income taxes (including any tax on or based upon net income, gross income, income as specially defined, earnings, profits or selected items of income, earnings or profits) and all capital taxes, gross receipts taxes, environmental taxes, sales taxes, use taxes, ad valorem taxes, value added taxes, transfer taxes, franchise taxes, licence taxes, withholding taxes, payroll taxes, employment taxes, Canada or Québec Pension Plan premiums, excise, severance, social security, workers compensation, employment or unemployment insurance or compensation, stamp taxes, occupation taxes, premium taxes, property taxes, windfall profits taxes, alternative or add-on minimum taxes, goods and services tax, harmonized sales tax, customs duties or other taxes, fees, imposts, assessments or charges of any kind whatsoever, together with any interest and any penalties or additional amounts imposed by any taxing authority (domestic or foreign) on such entity, and any interest, penalties, additional taxes and additions to tax imposed with respect to the foregoing;

“**Tax Returns**” means all returns, declarations, reports, information returns and statements required to be filed with any taxing authority relating to Taxes;

“Technology” means all trade secrets, know-how, technologies in development, computer software (including source code and object code), operating systems, websites and related code, browsers, website content, user interfaces, algorithms, architecture, structure, display screens, layouts, developments, development tools, typographies, instructions, templates, evaluation systems, servers, hardware, flowcharts, formulae and information, manufacturing, engineering and other drawings and manuals, processes, designs, lab journals, notebooks, data, databases, files, blueprints, research and development reports, agency agreements, technical information, technical assistance, engineering data, specifications or other technology or related information, whether completed or in the course of development, and any similar materials recording or evidencing expertise or information which are related to the business of the Company or its Subsidiaries;

"**Termination Fee**" has the meaning set out in Section 7.4(a);

"**Termination Fee Event**" has the meaning set out in Section 7.4(a);

"**Treasury Regulations**" means the Treasury Regulations accompanying the Code;

"**TSX**" means The Toronto Stock Exchange; and

"Warrant Agreement" means the warrant agreement dated October 31, 2001 between the Company, CCFL Subordinated Debt Fund (III) Limited Partnership and Royal Bank of Canada, through its division, RBC Capital Partners.

1.2 Construction

In this Agreement, unless otherwise expressly stated or the context otherwise requires:

(a) references to "herein", "hereby", "hereunder", "hereof" and similar expressions are references to this Agreement and not to any particular Section of or Schedule to this Agreement;

(b) references to an "Article", "Section", or "Schedule" are references to an Article, Section or Schedule of this Agreement;

(c) words importing the singular shall include the plural and vice versa, and words importing gender shall include the masculine, feminine and neuter genders;

(d) the use of headings is for convenience of reference only and shall not affect the construction or interpretation hereof; and

(e) the words "includes" and "including", when following any general term or statement, are not to be construed as limiting the general term or statement to the specific items or matters set forth or to similar items or matters, but rather as referring to all other items or matters that could reasonably fall within the broadest possible scope of the general term or statement.

1.3 Knowledge

Where any representation or warranty contained in this Agreement is expressly qualified by reference to the knowledge of the Company or any of its Subsidiaries, it shall be deemed to refer to the actual knowledge, after reasonable enquiry, of Bruce Simmonds, Chief Executive Officer of the Company, Gerry McDonald, Senior Vice-President and Chief Financial Officer of the Company and Glen Chow, Treasurer of the Company, and, in respect of section 4.32 only, also including Sandra Smith, Senior Vice President, General Motors.

ARTICLE 2

THE OFFER

2.1 The Offer

(a) The Offeror shall promptly publicly announce its intention to make an offer and, subject to the terms and conditions set forth below, the Offeror shall make an offer to purchase all of the outstanding Common Shares, including Common Shares issuable upon the exercise of the Options and the Financial Warrants (the "**Offer**"). The term "Offer" shall include any further amendments to, or extensions of, such Offer, made in accordance with the terms of this Agreement including, without limitation, increasing the consideration, removing or waiving any condition or extending the date by which Common Shares may be deposited.

(b) The Offer shall be made on the basis of $5.50 cash per Common Share (the "**Offer Price**").

(c) The Offeror shall mail the Offer and accompanying take-over bid circular (such circular, together with the Offer, being referred to herein as the "**Bid Circular**") in accordance with applicable laws to each registered Shareholder and to each other Securityholder as soon as reasonably practicable and not later than the earlier of (i) the latest mailing time prescribed under applicable laws, and (ii) 11:59 p.m. (Toronto time) on July 10**,** 2006 (such time on such date being referred to herein as the "**Latest Mailing Time**"); provided, however, that if the mailing of the Offer is delayed by reason of (i) an injunction or order made by a court or regulatory authority of competent jurisdiction, (ii) the Offeror not having obtained any regulatory waiver, consent or approval which is necessary to permit the Offeror to mail the Offer or (iii) the failure of the Company to provide the Offeror with a shareholders list and a list of all holders of Options and Convertible Securities, then, provided that such injunction or order is being contested or appealed or such regulatory waiver, consent or approval is being actively sought or the Offeror is making efforts to obtain such lists, as applicable, the Latest Mailing Time shall be extended for a period ending on the earlier of July 31, 2006 and the fifth business day following the date on which such injunction or order ceases to be in effect or such waiver, consent or approval or lists are obtained, as applicable.

(d) Prior to the mailing of the Bid Circular, the Offeror shall provide the Company with an opportunity to review and comment on it, recognizing that whether or not such comments are appropriate will be determined by the Offeror, acting reasonably.

(e) The Offeror agrees that, provided all of the conditions to the Offer set out in Schedule 2.1(e) hereto shall have been satisfied or waived by the Offeror at or prior to the Expiry Time, the Offeror shall take up and pay for all of the Common Shares tendered under the Offer as soon as reasonably possible and in any event not later than two business days following the time at which it becomes entitled to take up such Common Shares under the Offer pursuant to applicable laws.

(f) The Offer will be made in accordance with applicable laws and shall be open for acceptance for a period of 35 calendar days or such longer minimum period as may be prescribed under applicable laws, subject to the right of the Offeror to extend the period during which Common Shares may be deposited under the Offer (i) to a maximum of 60 calendar days in order to contest or appeal any injunction or order made by a court or regulatory authority of competent jurisdiction against the take-up and/or payment for the Common Shares tendered to the Offer, (ii) to a maximum of 60 calendar days in order to seek any regulatory waiver, consent or approval which is necessary to permit the Offeror to take up and pay for the Common Shares tendered to the Offer, or (iii) after having taken up all of the Common Shares tendered to the Offer, in order to permit other Securityholders to tender their Common Shares to the Offer. The Offer shall be subject to the conditions set forth in Schedule 2.1(e). The Offeror shall use all reasonable efforts to consummate the Offer, subject to the terms and conditions hereof and thereof.

(g) It is understood and agreed that the Offeror may, in its sole discretion, modify, waive or reduce the Minimum Tender Condition or any other term or condition of the Offer; provided that the Offeror will not, without the consent of the Company, (i) increase the Minimum Tender Condition, (ii) decrease the consideration per Common Share, (iii) change the form of consideration payable under the Offer (other than to add additional consideration or the option of shareholders to choose one or more alternative forms of consideration in addition to the form of consideration contemplated herein), (iv) decrease the number of Common Shares in respect of which the Offer is made, or (v) modify the conditions to the Offer or impose additional conditions to the Offer, in any case in a manner which is materially adverse to the Securityholders. The Offeror shall provide a draft of any such amendment, modification or change of the Offer to the Company and shall give the Company one clear business day to provide any comments as to the terms and conditions of such proposal amendment, modification or change.

(h) The obligation of the Offeror to make the Offer and to mail to Securityholders the Bid Circular is conditional on the prior satisfaction of the following conditions, all of which conditions (other than the condition set out in subparagraph (v) below) are included for the sole benefit of the Offeror and any or all of which may be waived by the Offeror in whole or in part in its sole discretion (other than the condition set out in subparagraph (v) below, which may be waived only with the consent of the Company, and the condition set out in subparagraph (vi) below, which must be waived if the Offeror has failed to use its reasonable efforts to obtain such assurances) without prejudice to any other right it may have under this Agreement and which shall be deemed to have been waived (for purposes of this section only) by the commencement of the Offer:

(i) the obligations of the Offeror hereunder shall not have been terminated pursuant to Section 7.1;

(ii) unless caused by the Offeror, no circumstance, fact, change, event or occurrence shall have occurred or come into existence that would render it impossible for one or more of the conditions set out on Schedule 2.1(e) hereto to be satisfied and, without limiting the generality of the foregoing, the Company shall not have breached any of its representations, warranties, covenants or other agreements contained in this Agreement (for representations, warranties, covenants or other agreements qualified as to materiality or to Material Adverse Effect and for all other representations, warranties, covenants or other agreements, in any respect that would have a Material Adverse Effect);

(iii) the Board of Directors shall have recommended that Shareholders accept the Offer and shall not have withdrawn such recommendation or changed such recommendation in a manner that has substantially the same effect as the withdrawal thereof;

(iv) the Board of Directors shall have prepared and approved in final form, for distribution by the Company on the date the Offer is made, a directors circular recommending acceptance of the Offer (the "**Directors Circular**") which circular shall contain (i) a recommendation that Shareholders accept the Offer and (ii) a copy of the Fairness Opinion;

(v) no cease trade order, injunction or other prohibition under applicable laws shall exist against the Offeror making the Offer or taking up or paying for Common Shares deposited under the Offer;

(vi) assurances satisfactory to the Offeror, acting reasonably, shall have been received by the Offeror that all waivers, rulings or orders the Offeror considers necessary in order to distribute the Bid Circular or to take up and pay for Common Shares under the Offer have been or will be obtained from securities commissions or other regulatory authorities; and

(vii) no Material Adverse Effect shall have occurred since March 31, 2006.

2.2 Fairness Opinion and Company Support of the Offer

(a) The Company represents and warrants to and in favour of the Offeror and Parentco and acknowledges that the Offeror and Parentco are relying upon such representations and warranties in entering into this Agreement, that:

(i) the Financial Advisor has been retained and has delivered the Fairness Opinion to the Board of Directors;

(ii) the Board of Directors, upon consultation with its legal counsel and the Financial Advisor, has determined that the consideration to be received under the Offer is fair from a financial point of view to the Shareholders and that it is in the best interests of the Company and the Shareholders for the Offer to be made and the Board of Directors to support it and, accordingly, has approved the Offer and this Agreement, the making of a recommendation that the Shareholders accept the Offer, and will recommend that the Shareholders accept the Offer; and

(iii) after reasonable inquiry, the Board of Directors has been advised and believes that each director and officer of the Company holding more than 1% of the Common Shares (including Common Shares issuable upon the exercise of Options held by such person) intends to tender or cause to be tendered under the Offer all Common Shares (including Common Shares issuable upon the exercise of Options held by such person) of which he or she, whether directly or through holding companies or trusts for his or her benefit, is the beneficial owner.

(b) The Company shall prepare and make available for distribution contemporaneously with, but separately from, the Bid Circular, sufficient copies of the Directors Circular (including copies translated into French if required under applicable laws), prepared in accordance with applicable laws, which shall reflect the foregoing determinations and recommendations, and the Company shall take (subject to the exercise by the Board of Directors of its fiduciary duties pursuant to, and as permitted under, Section 2.2(c)) all reasonable action to support and ensure the success of the Offer, and which shall include the Fairness Opinion to the Board of Directors. Prior to the final approval of the Directors Circular by the Board of Directors, the Company shall provide the Offeror with an opportunity to review and comment on it, recognizing that whether or not such comments are appropriate will be determined by the Company and the Board of Directors, acting reasonably.

(c) Notwithstanding the foregoing, if after the date hereof (i) another *bona fide* written Acquisition Proposal is made, (ii) any representation or warranty of the Offeror herein shall be untrue or incorrect in any material respect, or (iii) the Board of Directors is otherwise required in the exercise of its fiduciary duties to do so, then the Board of Directors shall be entitled to not make such a positive recommendation, to make a negative recommendation or to withdraw, modify or change any recommendation regarding the Offer which it has previously made, provided that, if applicable,

(i) the Board of Directors has determined in accordance with Section 6.2(a) hereof that such Acquisition Proposal is a Superior Acquisition Proposal; and

(ii) the Board of Directors has complied with its obligations under Section 6.2 hereof, and the Offeror has declined to amend this Agreement and the Offer in the manner contemplated in Section 6.2(e) hereof.

If the Board of Directors so withdraws, modifies or changes its recommendation regarding the Offer, the Company and the Board of Directors shall be entitled to cause any such withdrawal, modification or change to be reflected in a public announcement and in an amendment to the Directors Circular.

(d) The Company shall provide the Offeror, as soon as practicable after the execution and delivery of this Agreement, with a list of Shareholders and a list of participants in book based nominee registrants together with their addresses and respective holdings of Common Shares. The Company shall concurrently provide the Offeror with the names, addresses and holdings of all persons holding Options or Convertible Securities and the details of such Options and Convertible Securities. The Company shall from time to time furnish the Offeror with such additional information, including updated or additional lists of Shareholders and other Securityholders, mailing labels and lists of securities positions and other assistance as the Offeror may reasonably request in order to be able to communicate the Offer to Securityholders and to such other persons as are entitled to receive the Offer under applicable law.

2.3 Standstill

The Company consents, pursuant to Confidentiality and Standstill Agreement dated April 17, 2006 between Parentco and the Company, to the making of the Offer, the entering into of the Lock-up Agreement with the Locked-up Shareholders and the consummation of the transactions contemplated herein; provided, however, that if the Offer is not made hereunder or this Agreement is terminated for any reason, each of Parentco and the Company agrees that it will continue to be bound by the terms and conditions of such Confidentiality and Standstill Agreement. The Offeror acknowledges that it is an “Affiliate” under such Confidentiality and Standstill Agreement and that its affiliates will be treated as “Affiliates” thereunder. The Offeror shall ensure that neither it nor any of its shareholders or affiliates shall acquire (otherwise than pursuant to the Offer, a compulsory acquisition pursuant to section 188 of the OBCA or a Subsequent Acquisition Transaction), or enter into any other agreement to acquire, directly or indirectly, any securities of the Company prior to the termination of this Agreement.

2.4 Outstanding Stock Options

Subject to the receipt of all necessary regulatory approvals, the Company shall make such amendments to the Stock Option Plan, if any, as may be necessary, and take all such other steps as may be necessary or desirable, to allow all persons holding Options pursuant to the Stock Option Plan who may do so under applicable laws to exercise their Options on an accelerated vesting basis for all of those Options which are “in-the-money” based on the Offer Price, and to tender under the Offer all Common Shares issued in connection with such exercise. The Company may also make any necessary amendments to the terms of the Convertible Securities which are “in-the-money” based on the Offer Price to permit the tender under the Offer of all Common Shares issuable upon the conversion or exercise of the Convertible Securities, conditional upon the Offeror agreeing to take up such Common Shares. Subject to the receipt of any necessary regulatory approvals, the Company shall permit holders of Options to elect to receive a payment equal to the Offer Price less the exercise price pursuant to the Option, on cancellation of the holders’ “in-the-money” Options in lieu of exercising the holders’ “in-the-money” Options.

2.5 Directors

Upon the purchase by the Offeror of such number of Common Shares calculated on a fully-diluted basis representing at least 50.1% of the outstanding Common Shares, the Offeror shall designate its nominees to replace all members of the Board of Directors, and any committees thereof, and the Company consents to use its reasonable commercial efforts to cause such members of the Board of Directors to resign, in a manner to allow the nominees of the Offeror to be appointed by the Board of Directors immediately after each such resignation.

2.6 Subsequent Acquisition Transaction

If, within 120 days after the date of the Offer, the Offer has been accepted by Shareholders holding not less than 90% of the outstanding Common Shares, excluding Common Shares held at the date of the Offer by or on behalf of the Offeror, or an affiliate or an associate of the Offeror, the Offeror may, to the extent possible, acquire the remainder of the Common Shares from those Shareholders who have not accepted the Offer pursuant to section 188 of the OBCA. If that statutory right of acquisition is not available, the Offeror may pursue other means of acquiring the remaining Common Shares not tendered to the Offer. The Company agrees that, in the event the Offeror takes up and pays for Common Shares tendered under the Offer representing at least 66-2/3% of the outstanding Common Shares, it will assist the Offeror in connection with any proposed amalgamation, statutory arrangement, capital reorganization or other transaction involving the Company and the Offeror or an affiliate of the Offeror (a "**Subsequent Acquisition Transaction**") to acquire the remaining Common Shares, provided that the consideration offered in connection with the Subsequent Acquisition Transaction is at least equivalent in value to the consideration offered under the Offer.

2.7 Performance of the Offeror

Parentco unconditionally and irrevocably guarantees, and covenants and agrees to be jointly and severally liable with Bidco for, the due and punctual performance of each and every obligation of the Offeror arising under this Agreement, including without limitation, the making of the Offer, subject to the terms and conditions of this Agreement.

2.8 Parentco Co-Investors

The Company acknowledges that Parentco may transfer a portion of its interest in Offeror to certain other parties so long as the transferee agrees to be bound by all of the obligations of Parentco contained in this Agreement, and such agreement to be bound is in form and substance satisfactory to the Company, acting reasonably.

ARTICLE 3

REPRESENTATIONS AND WARRANTIES OF THE OFFEROR AND PARENTCO

Each of the Offeror and Parentco jointly and severally represents and warrants to the Company as follows, and acknowledges that the Company is relying upon these representations and warranties in connection with the entering into of this Agreement:

3.1 Organization

The Offeror is validly existing under the laws of the Province of Ontario, Parentco is validly existing under the laws of India, and each has the requisite corporate power and authority to conduct its business as it is now being conducted. All of the issued and outstanding shares and other ownership interests of the Offeror are validly issued, fully paid and non-assessable. The Offeror is a wholly-owned subsidiary of Parentco.

3.2 Authority Relative to this Agreement

Each of the Offeror and Parentco 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 each of the Offeror and Parentco and the performance by each of them of its obligations hereunder have been duly authorized by its board of directors and no other corporate proceedings on its part are necessary to authorize this Agreement and the performance of its obligations hereunder. This Agreement has been duly executed and delivered by each of the Offeror and Parentco and constitutes its legal, valid and binding obligation, enforceable by the Company against it in accordance with its terms, subject, however, to limitations with respect to enforcement imposed by law in connection with bankruptcy, insolvency or similar proceedings and to the extent that equitable remedies such as specific performance and injunction are in the discretion of the court from which they are sought. The execution and delivery by each of the Offeror and Parentco of this Agreement and the performance by it of its obligations hereunder do not:

(a) violate, conflict with or result in a breach of any provision of:

  (i) its certificate of incorporation or by-laws;

  (ii) any agreement, contract, indenture, deed of trust, mortgage, bond, instrument, licence, franchise or permit to which it is a party or by which it is bound; or

  (iii) any law, regulation, order, judgment or decree to which it is subject or by which it is bound;

(b) give rise to any right of termination, or acceleration of indebtedness, under any such agreement, contract, indenture, deed of trust, mortgage, bond, instrument, licence, franchise or permit, except for any right of termination or acceleration of indebtedness which would not, individually or in the aggregate, prevent or materially delay consummation of the transactions contemplated by this Agreement; or

(c) result in the imposition of any encumbrance, charge or lien upon any of its assets, other than any such violations, conflicts, breaches, rights or encumbrances, charges or liens which will not, individually or in the aggregate, prevent or materially delay consummation of the transactions contemplated by this Agreement.

Other than in connection with or in compliance with applicable corporate and securities laws and policies and the rules and regulations of stock exchanges on which Common Shares are listed or posted for trading (collectively, "**applicable laws**"), no authorization, consent or approval of, or filing with, any public body, court or authority is necessary on the part of the Offeror or Parentco for the consummation of the transactions contemplated by this Agreement, except for such authorizations, consents, approvals and filings as to which the failure to obtain or make would not, individually or in the aggregate, prevent or materially delay consummation of the transactions contemplated by this Agreement.

3.3 Financing Arrangements

The Offeror and Parentco have and, at the Expiry Time, will have sufficient funds or will have made adequate arrangements (as such term is understood for purposes of section 96 of the *Securities Act* (Ontario)) to ensure that the required funds are available to effect payment in full for all of the Common Shares acquired pursuant to the Offer (assuming 100% of the Common Shares are tendered under the Offer).

3.4 Lock-up Agreements

The Offeror has entered into the Lock-up Agreement with the Locked-up Shareholders and, except as disclosed to the Company, has not entered into any other agreements with such holders or other Securityholders in respect of the Offer.

3.5 Ownership of Common Shares

None of the Offeror, Parentco or any director or senior officer of the Offeror or Parentco beneficially owns any Common Shares, Options or Convertible Securities and, to the knowledge of the Offeror or Parentco after reasonable enquiry, no associate of any director or senior officer of the Offeror or Parentco beneficially owns any Common Shares, Options or Convertible Securities.

3.6 Knowledge

As of the date of this Agreement, neither Parentco nor the Offeror has knowledge of any fact or circumstance that would adversely affect its ability to make the Offer hereunder.

ARTICLE 4

REPRESENTATIONS AND WARRANTIES OF THE COMPANY

The Company represents and warrants to the Offeror and Parentco as follows, and acknowledges that the Offeror and Parentco are relying upon these representations and warranties in connection with the entering into of this Agreement:

4.1 Organization and Qualification

The Company is validly existing as a corporation under the laws of the Province of Ontario and has full corporate power and authority to own its assets and conduct its business as now owned and conducted. The Company is duly qualified to carry on business, and is in good standing, in each jurisdiction in which the character of its properties, owned or leased, or the nature of its activities makes such qualification necessary, except where the failure to be so qualified will not, individually or in the aggregate, have a Material Adverse Effect. Copies of the Articles of Amalgamation of the Company dated August 31, 1997, the Articles of Amendment of the Company dated July 21, 1999 and May 25, 2001 and the by-laws of the Company (collectively, the "**Governing Documents**") contained in the Data Room Information are accurate and complete as of the date hereof and have not been amended or superseded, and the Company has not taken any action to amend or supersede such documents.

4.2 <u>Subsidiaries</u>

Except for the Subsidiaries of the Company disclosed in the Disclosure Statement (the "**Subsidiaries**"), the Company does not have an equity interest that is greater than 5% in any person, company, partnership, joint venture or other business organization. Copies of the constating documents of the Subsidiaries, including all constating documents, contained in the Data Room Information are accurate and complete as of the date hereof and have not been amended or superseded, and the Company or its Subsidiaries have not taken any action to amend or supersede such documents. Each of the Subsidiaries is duly organized and validly existing under the laws of its jurisdiction of incorporation or organization, has the corporate power and authority to own its assets and conduct its business as currently owned and conducted by it and is 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 qualified would not, individually or in the aggregate, have a Material Adverse Effect in respect of the Company. The Company's ownership interest in each of the Subsidiaries is disclosed in the Disclosure Statement. All of the outstanding shares in the capital of each of the Subsidiaries that is a corporation are validly issued, fully-paid and non-assessable and, except as disclosed in the Disclosure Statement, all such shares are owned free and clear of all liens, claims or encumbrances.

4.3 <u>Compliance with Laws and Licences</u>

Except as disclosed in the Disclosure Statement, the Company and each of the Subsidiaries has complied with and is in compliance with all laws and regulations applicable to the operation of their respective businesses, except where failure to comply would not, individually or in the aggregate, have a Material Adverse Effect. Each of them has all licences, permits, orders or approvals of, and has made all required registrations with, any governmental or regulatory body that is required in connection with the ownership of their respective assets or the conduct of their respective operations and the Company and each of the Subsidiaries has fully complied with and each is in compliance with all such licences, permits, orders, approvals and registrations, except where failure to so comply would not, individually or in the aggregate, have a Material Adverse Effect. None of the Company or any of the Subsidiaries has received any notice, whether written or oral, of revocation or non-renewal of any such licences, permits, orders, approvals or registrations, or of any intention of any government or regulatory authority to revoke or refuse to renew any of such licences, permits, orders, approvals or registrations, and to the best of the knowledge of the Company and each of the Subsidiaries, all such licences, permits, orders, approvals and registrations shall continue to be effective and any required renewals thereof shall be available in order for the Company and the Subsidiaries to continue to conduct their respective businesses as they are currently being conducted and in accordance with the existing plans of the Company and the Subsidiaries. None of the Company or any of the Subsidiaries is in conflict with, or in default (including cross defaults) under or in violation of (a) its articles or by-laws or equivalent organizational documents, or (b) any agreement or understanding to which it or by which any of its properties is bound or affected, except for any conflict, default or breach, which would not, individually or in the aggregate, have a Material Adverse Effect. The Company and its Subsidiaries are in compliance with all current third party certifications (including Customer Operations Performance Center and ISO certifications) as to the Company and its Subsidiaries operations, and the Company has no reason to believe that any such certifications would not be renewed or granted on substantially the same terms.

4.4 Capitalization

The authorized equity capital of the Company consists of an unlimited number of Common Shares and an unlimited number of preferred shares. As at the date hereof, 22,129,184 Common Shares (and no other shares) are issued and outstanding and all such shares are fully-paid and non-assessable shares in the capital of the Company. In addition, as of the date hereof, there are outstanding 985,731 Options and 1,545,000 Convertible Securities (being the Financial Warrants) providing for the issuance of a total of 2,530,731 Common Shares upon the exercise thereof, the details of which are disclosed in the Disclosure Statement (of which Options in respect of 175,500 Common Shares are "out-of-the-money" based on the Offer Price, and all of which Options were issued under the Stock Option Plan). Except as described in the immediately preceding sentence and except for the Deferred Share Units, there are no options, warrants, conversion privileges, calls or other rights, agreements, arrangements, commitments or obligations of the Company or the Subsidiaries to issue or sell any shares of any capital stock of the Company or of any of the Subsidiaries or securities or obligations of any kind convertible into or exchangeable for any shares of capital stock of the Company, any of the Subsidiaries or any other person, nor are there outstanding any stock appreciation rights, phantom equity or similar rights, agreements, arrangements or commitments based upon the book value, income or any other attribute of the Company or any of the Subsidiaries (collectively "**Convertible Securities**"). The holders of outstanding Common Shares are not entitled to pre-emptive or other similar rights. Since October 31, 2001, no event has occurred that would require an adjustment be made in accordance with Article 4 of the Warrant Agreement or otherwise, and no adjustment has been made to any terms of the Financial Warrants set out in the Warrant Agreement. The Warrant Agreement has not been amended in any manner.

4.5 Authority Relative to this Agreement

The Company 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 Company and the consummation by the Company of the transactions contemplated by this Agreement have been duly authorized by the Board of Directors and no other corporate proceedings on the part of the Company are necessary to authorize this Agreement and the performance by the Company of its obligations hereunder, other than the approval of the Directors Circular and the amendment of the Stock Option Plan as provided herein by the Board of Directors. This Agreement has been duly executed and delivered by the

Company and constitutes a legal, valid and binding obligation of the Company, enforceable by the Offeror and Parentco against the Company in accordance with its terms, subject, however, to limitations with respect to enforcement imposed by law in connection with bankruptcy, insolvency or similar proceedings and to the extent that equitable remedies such as specific performance and injunction are in the discretion of the court from which they are sought. The execution and delivery by the Company of this Agreement and performance by it of its obligations hereunder and the completion of the Offer will not:

(a) violate, conflict with or result in a breach of any provision of:

(i) the Governing Documents, or the certificate of incorporation or by-laws or other constating documents of any of the Subsidiaries;

(ii) any agreement, contract, indenture, deed of trust, mortgage, bond, instrument, licence, franchise or permit to which it or any of the Subsidiaries is bound; or

(iii) any law, regulation, order, judgment or decree to which it or any of the Subsidiaries is subject or by which it or any of the Subsidiaries is bound,

except for any violation, conflict or breach which would not individually or in the aggregate, have a Material Adverse Effect;

(b) except as disclosed in the Disclosure Statement, give rise to any right of termination, or acceleration of indebtedness, or cause any indebtedness to come due before its stated maturity, under any indenture, deed of trust, mortgage, bond, instrument, licence, permit or material agreement to which the Company or any of the Subsidiaries is bound, except for any right of termination, or acceleration of indebtedness which would not, individually or in the aggregate, have a Material Adverse Effect; or

(c) except as disclosed in the Disclosure Statement, give rise to any rights of first refusal or change in control or influence or any restriction or limitation under any such agreement, contract, indenture, deed of trust, mortgage, bond, instrument, licence, franchise or permit, or result in the imposition of any encumbrance, charge or lien upon any of the Company's assets or the assets of any of the Subsidiaries, except for any rights of first refusal or change in control or any restriction or limitation under any such agreement, contract, indenture, deed of trust, mortgage, bond, instrument, licence, franchise or permit which would not, individually or in the aggregate, have a Material Adverse Effect.

Other than in connection with or in compliance with the provisions of applicable laws, no authorization, consent or approval of, or filing with, any public body, court or authority is necessary for the consummation by the Company of its obligations under this Agreement.

4.6 Material Agreements

Except as referred to in the Public Documents filed by the Company as of the date hereof and as disclosed in the Disclosure Statement, there are no contracts, agreements, leases, indentures, guarantees or other commitments or rights material to the conduct of the business of the Company and the Subsidiaries. The Disclosure Statement sets forth a complete list of each agreement between the Company or its Subsidiaries and existing customers of the Company which is currently projected by management to account for annual revenues of greater than or equal to $1 million in 2006. Except as disclosed in the Disclosure Statement, no approval, consent, notice or waiver of any person is needed in order that the contracts, agreements, leases, indentures, guarantees or other commitments or rights referred to in the foregoing sentences continue in full force and effect following consummation of the transactions contemplated hereby.

4.7 Shareholder and Similar Agreements

Except for the agreements disclosed in the Disclosure Statement, the Company is not party to any (a) shareholder, pooling, voting trust or other agreements relating to the issued and outstanding shares of the Company or any of the Subsidiaries, or (b) written agreements or understanding with any director or officer of the Company or any of the Subsidiaries or, to the knowledge of the Company, oral agreements or understandings with such individuals.

4.8 Filings

(a) The Company is a reporting issuer in each of the Provinces of British Columbia, Alberta, Ontario, Quebec and Nova Scotia (and in no other jurisdiction) and is not in default in the performance of its obligations under the securities legislation of such provinces and is in compliance with the applicable rules and regulations of the TSX.

(b) Documents or information filed by the Company under applicable law, including the Company's: (a) 2005 Annual Report to Shareholders for the financial year ended December 31**,** 2005; (b) management information circular dated April 17, 2006 in respect of the annual meeting of Shareholders to be held on June 6, 2006; (c) the annual information form dated March 31, 2006 for the fiscal year ended December 31, 2005; (d) interim consolidated financial statements for the three months ended March 31, 2006; and (e) any material change reports that have been filed by the Offeror between December 31, 2005 and the date hereof and any such documents or information filed by the Offeror after the date hereof and before the time the Offeror takes up and pays for the Common Shares deposited under the Offer (collectively, the "**Public Documents**") will be, as of their respective dates, in compliance in all material respects with applicable laws and do 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 therein, in light of the circumstances under which they were made, not misleading as of the respective dates.

(c) The Company is not required to file reports with the U.S. Securities and Exchange Commission pursuant to Section 12(g) of the *Securities Exchange Act of 1934*, as amended.

4.9 Books and Records

(a) The Books and Records of the Company and the Subsidiaries: (i) have been maintained in accordance with good business practices on a basis consistent with prior years; (ii) are stated in reasonable detail and accurately and fairly reflect the transactions and dispositions of the assets of the Company and the Subsidiaries; and (iii) accurately and fairly reflect the basis for the consolidated financial statements of the Company, in each case, in all material respects. The Company has (A) designed and maintains disclosure controls and procedures to ensure material information relating to the Company and its Subsidiaries is made known to management of the Company by others within those entities and (B) designed and maintains a system of internal accounting controls sufficient to provide reasonable assurances that (i) transactions are executed in accordance with management's general or specific authorization; (ii) transactions are recorded as necessary (1) to permit preparation of financial statements in conformity with generally accepted accounting principles in Canada and (2) to maintain accountability for assets and liabilities; and (iii) access to assets is permitted only in accordance with management's general or specific authorization. To the knowledge of the Company, all facts related to any possible material fraud that involves management or other employees who have a significant role in the Company's internal controls have been disclosed to the Company's auditors and the audit committee of the Board of Directors.

(b) To the knowledge of the Company, neither the Company nor any of its Subsidiaries, nor any of their respective directors, officers, employees, auditors or accountants has received or otherwise had or obtained knowledge of any material complaint, allegation, assertion or claim, whether written or oral, regarding the accounting or auditing practices, procedures, methodologies or methods of the Company or any of its Subsidiaries or their respective internal accounting controls, including any material complaint, allegation, assertion or claim that the Company or any of its Subsidiaries has engaged in questionable accounting or auditing practices. To the knowledge of the Company, all facts related to any suspected material violation of applicable securities legislation, breach of fiduciary duty or similar violation by the Company or any of its officers, directors, employees or agents that has come to the attention of counsel representing the Company or any of its Subsidiaries, whether or not employed by the Company or any of its Subsidiaries, have been reported to the Board of Directors or any committee thereof or to any director or officer of the Company.

4.10 Financial Statements

The audited consolidated balance sheets and related consolidated statements of operations and retained earnings, and consolidated statements of changes in financial position of the Company for the financial years ended December 31, 2005, December 31, 2004 and December 31, 2003 and the unaudited consolidated balance sheet and consolidated statements of operations and consolidated changes in financial position of the Company as at and for the period ended March 31, 2006 comply as to form in all material respects with the published rules and regulations of the Canadian Securities Regulatory Authorities and the TSX, were prepared in accordance with generally accepted accounting principles in Canada consistently applied and fairly present the consolidated financial condition of the Company at the respective dates indicated and the results of operation and cash flows of the Company (on a consolidated basis) for the period covered thereby.

4.11 Accounts Receivable

The accounts receivable of the Company and its Subsidiaries are *bona fide* and good and collectible at their face amounts in the ordinary course of business (subject to no defence, counterclaim or set-off known to the Company) except to the extent of any reserves provided for doubtful accounts in the ordinary course of business, consistent with past practice.

4.12 Undisclosed Liabilities

None of the Company and the Subsidiaries has any liabilities or obligations of any nature, whether accrued, absolute, contingent, determined, determinable or otherwise required to be reflected or reserved against in a consolidated balance sheet or in the notes to the consolidated financial statements of the Company and the Subsidiaries under generally accepted accounting principles in Canada, and there is no existing condition, situation or set of circumstances which could be expected to result in such a liability or obligation, except liabilities or obligations which, individually or in the aggregate, would not have a Material Adverse Effect.

4.13 Off-Balance Sheet Arrangements

Neither the Company nor any of its Subsidiaries is a party to, or has any commitment to become a party to, any joint venture, off balance sheet partnership or any similar agreement (including any agreement or arrangement relating to any transaction or relationship between or among the Company and any of its Subsidiaries, on the one hand, and any unconsolidated entity, including any structured finance, special purpose, or limited purpose entity or person, on the other hand, or any "off balance sheet arrangements" (as contemplated by Section 1.8 of Form 51-102F1 of National Instrument 51-102 (*Continuous Disclosure Obligations*) of the Canadian Securities Regulatory Authorities)), where the result, purpose or effect of such agreement is to avoid disclosure of any material transaction involving, or material liabilities of, the Company or any of its Subsidiaries in the Company's or such Subsidiary's published financial statements or any other documents filed by the Company with the Canadian Securities Regulatory Authorities in each of the jurisdictions where the Company is a reporting issuer and with the TSX under applicable securities legislation.

4.14 Related Party Transactions

Except as set out in the Disclosure Statement and the Public Documents filed by the Company as of the date hereof, there are no contracts, agreements, arrangements, understandings, commitments or other transactions currently in place between the Company or any of its Subsidiaries, on the one hand, and (i) to the knowledge of the Company, any officer or director of the Company or any of its Subsidiaries, (ii) any holder of record, or to the knowledge of the Company, or beneficial owner of 5% or more of the Common Shares, or (iii) to the knowledge of the Company, any affiliate, associate or other person not dealing at arm's length with any such officer, director, holder of record, or beneficial owner, on the other hand.

4.15 Interest in Properties

(a) Except as set out in the Disclosure Statement, each of the Company and the Subsidiaries has good and valid title to all of its properties and assets, free and clear of any material claims or encumbrances.

(b) All material tangible assets of the Company and its Subsidiaries are in good condition, repair and (where applicable) proper working order, having regard to the use and age thereof, except only for reasonable wear and tear. The assets of the Company and its Subsidiaries are adequate and sufficient for the conduct of their business as currently conducted.

4.16 Absence of Certain Changes or Events

Except as disclosed in the Public Documents filed by the Company as of the date hereof, since December 31, 2005: (a) the Company and the Subsidiaries have conducted their respective businesses only in the usual, ordinary and regular course and consistent with past practice; (b) no liability or obligation of any nature (whether absolute, accrued, contingent or otherwise) which has had or is reasonably likely to have a Material Adverse Effect, has been incurred; and (c) there has not been any event which has had or is reasonably likely to have a Material Adverse Effect.

4.17 No Defaults

Neither the Company nor any of the Subsidiaries is in default under or has repudiated, and there exists no event, condition or occurrence which, after notice or lapse of time or both, would constitute such a default under any material contract or agreement to which it is a party (including, for greater certainty, any material contract or agreement relating to Company Intellectual Property or to the Licensed Intellectual Property) which would, if terminated due to such default, individually or in the aggregate, have a Material Adverse Effect. Except as set out in the Disclosure Statement, neither the Company nor any of its Subsidiaries have given or received notice of an intention to terminate, cancel, fail to renew or change the terms of such material contract or agreement.

4.18 Severance and Employment Agreements

(a) Except as disclosed in the Disclosure Statement, neither the Company nor any of the Subsidiaries has entered into any written or oral agreement or understanding providing for severance or termination payments to any director, officer, employee or consultant in connection with the termination of his or her position or his or her employment (i) following a change in control of the Company or (ii) for any reason in respect of directors, officers, employees or consultants with an annual salary (including bonus) of $100,000 or greater.

(b) Neither the Company nor any of the Subsidiaries is a party to any collective bargaining agreement, except as disclosed in the Disclosure Statement, or subject to any application for certification for employees not covered under a collective bargaining agreement nor are there any current pending or threatened strikes or lock-outs at either the Company or any of the Subsidiaries.

(c) Except as disclosed in the Disclosure Statement, neither the Company nor any of the Subsidiaries is subject to any material claim for wrongful dismissal, constructive dismissal or any other material tort claim, actual or, to the knowledge of the Company, threatened, or any material litigation, investigation or complaint, actual or, to the knowledge of the Company, threatened, relating to employment, termination of employment or status of employees, consultants or independent contractors and, to the knowledge of the Company, each independent contractor is in fact an independent contractor.

(d) Except as disclosed in the Disclosure Statement, each of the Company and the Subsidiaries has operated in accordance, in all material respects, with all applicable laws with respect to employment and labour, including, but not limited to, employment and labour standards, occupational health and safety, employment equity, pay equity, workers compensation, human rights and labour relations and there are no current, pending or, to the knowledge of the Company, threatened proceedings, investigations or complaints with respect to any of the areas listed herein.

(e) The Disclosure Statement sets out a complete and accurate list of all individuals as at the date hereof who are full-time or part-time employees or individuals engaged on contract to provide employment services or sales or other agents or representatives of the Company and each of the Subsidiaries and whose annual salary (including bonuses and incentive compensation) for the year ended December 31, 2005 exceeded $100,000 ("**Employees**"), together with their years of service, age and salary, bonus and incentive compensation for the year ended December 31, 2005. Such list also indicates those Employees on lay-off or leave of absence.

(f) Except as disclosed in the Disclosure Statement, neither the Company nor any of the Subsidiaries has made any commitment to provide, or any representation in respect of, any general increase in the compensation of any employees (including any increase pursuant to a Benefit Plan) or any increase in any such compensation or bonus payable to any employee, or to make any loan to, or to engage in any transaction with, any employee, except in the usual, ordinary and regular course of business, consistent with past practice or pursuant to existing written employment agreements.

(g) All accruals for unpaid vacation pay, premiums for employment insurance, health premiums, Canada Pension Plan premiums, accrued wages, salaries and commissions, severance pay and Benefit Plan payments have been accurately reflected in the Books and Records of the Company. Except as disclosed in the Disclosure Statement, neither the Company nor any of the Subsidiaries has any material liabilities or material obligations in respect of any retired or former employee.

4.19 <u>Litigation, Etc.</u>

Except as disclosed or reflected in the Public Documents filed by the Company as of the date hereof and other than as disclosed in the Disclosure Statement, there is no claim, action, proceeding or investigation pending or, to the knowledge of the Company, threatened against or relating to the Company or any of the Subsidiaries or affecting any of their properties or assets before or by any court or governmental or regulatory authority or body which, if adversely determined, would have a Material Adverse Effect or would be reasonably likely to prevent or materially delay consummation of the transactions contemplated by this Agreement, nor is the Company aware of any basis for any such claim, action, proceeding or investigation. Neither the Company nor any of the Subsidiaries is subject to any outstanding order, writ, injunction or decree which has had or would have a Material Adverse Effect or prevent or materially delay consummation of the transactions contemplated by this Agreement.

4.20 Environmental

All operations of the Company and the Subsidiaries have been, and are now, in compliance with all laws or regulations relating to the protection of the environment, employee occupational health or safety or the storage, handling or transportation of hazardous or toxic materials (collectively "**Environmental Laws**"), except where the failure to be in compliance would not, individually or in the aggregate, have a Material Adverse Effect. Neither the Company nor any Subsidiary is aware of, or is subject to:

(a) any proceeding, application, order or directive which relates to environmental health or safety matters, or the presence of any environmental or health and safety condition, in each case which may require any material work, repairs, construction or expenditures; or

(b) any circumstance with respect to the breach of or any potential liability under any Environmental Laws applicable to the Company or any Subsidiary, including, without limitation, any regulations respecting the use, storage, treatment, transportation, release, discharge, presence or disposition of any pollutants, contaminant, waste of any nature, hazardous material, toxic substance, dangerous substance or dangerous good as regulated under or defined in any applicable Environmental Laws,

which would, individually or in the aggregate, have a Material Adverse Effect. Except as included in the Data Room Information or as set out in the Disclosure Statement, there are no reviews, investigations, audits, assessment (including Phase I, II or III Environmental Site Assessments) or reports, whether prepared internally or externally, or material correspondence with third parties, including regulators, in each case that relate to legal liability in connection with the environment or employee health or safety, compliance with or potential liability pursuant to Environmental Laws, or the existence or management of any issues or circumstances relevant to environmental or health and safety matters.

4.21 Taxes

(a) Except as disclosed in the Disclosure Statement, the Company and each of the Subsidiaries have timely filed, or caused to be filed, all Tax Returns required to be filed by them (all of which returns were correct and complete in all material respects) and have timely paid, collected, withheld or remitted, or caused to be paid, collected, withheld or remitted, all Taxes that are due and payable (including all instalments on account of Taxes for the current year, that are due and payable by the Company whether or not assessed (or reassessed) by the appropriate governmental entity) and have paid all assessments and reassessments received in respect of Taxes, in each case except for any such Tax Returns or Tax assessments or reassessments the non-filing or non-payment of which have not, individually or in the aggregate, had a Material Adverse Effect, and the Company has provided adequate accruals in accordance with generally accepted accounting principles in Canada in its most recently published consolidated financial statements for any Taxes for the period covered by such financial statements that have not been paid, whether or not shown as being due on any Tax Returns. Since such publication date, no material Tax liability not reflected in such statements or otherwise provided for has been assessed, proposed to be assessed, incurred or accrued other than in the ordinary course of business. There is no assessment or reassessment under review or appeal with any governmental entity or court of competent jurisdiction.

(b) Except as set out in the Disclosure Statement, there are no proceedings, investigations, audits or claims now pending or, to the knowledge of the Company, threatened against the Company or any of the Subsidiaries in respect of any Taxes and there are no matters under discussion, audit or appeal with any governmental entity relating to Taxes.

(c) Except as disclosed in the Disclosure Statement, there are no material proposed (but unassessed) additional Taxes and none has been asserted in writing by the Canada Revenue Agency, Internal Revenue Services or any other taxing authority, including, without limitation, any sales tax authority, in connection with any of the Tax Returns referred to above or otherwise, and no waivers of statutes of limitations agreements or other arrangements providing for an extension of time with respect to the filing of any Tax Return or the payment of any Taxes have been given or requested with respect to the Company or any Subsidiary, in each case except for any such written notices or waivers which, individually or in the aggregate, have not had a Material Adverse Effect. No Tax liens have been filed other than for Taxes not yet due and payable which, individually or in the aggregate, would have a Material Adverse Effect.

(d) There are no liens for Taxes against the Company or any Subsidiary, other than liens for Taxes that are not yet due and payable or that are being contested in good faith.

(e) The Data Room Information contains true copies of all Tax Returns filed by the Company and each Subsidiary in each case in respect of the taxable years ended December 31, 2004, 2003, 2002 and 2001 and, if available, current drafts of the Tax Returns in respect of the taxable year ended December 31, 2005.

(f) No claim has ever been made by any governmental entity in a jurisdiction where the Company or any Subsidiary does not file Tax Returns that the Company or Subsidiary is or may be subject to Taxes or is required to file Tax Returns in that jurisdiction.

(g) No circumstances exist or could reasonably be expected to arise that may result in the Company or any Subsidiary being subject to the application of any of sections 78, 79 or 80 to 80.04 of the Canadian Tax Act or comparable provisions of any other legislation. Neither the Company nor any Subsidiary has claimed, nor will claim for any Tax Return for a period ending on or prior to the completion of the acquisition of the Common Shares by the Offeror, any reserve under any one or more of subparagraph 40(1)(a)(iii), paragraph 20(1)(m) or 20(1)(n) of the Canadian Tax Act or any equivalent provincial provision, if such amount could be included in the income of such entity for any period ending after the acquisition of the Common Shares by the Offeror. No circumstances exist or could reasonably be expected to arise as a result of matters existing before the acquisition of the Common Shares by the Offeror that may result in the Company or any Subsidiary being subject to the application of section 159 or 160 of the Canadian Tax Act or comparable provisions of any other legislation (including under section 1.1502-6 of the Treasury Regulations), or otherwise cause the Company or any Subsidiary to be liable for Taxes of any other person.

(h) Neither the Company nor any Subsidiary is a party to any Tax sharing, allocation, indemnity or similar agreement or arrangement, or any “closing agreement” as described in section 7121 of the Code, (whether or not written) pursuant to which the Company or any Subsidiary will have any obligation to make any payments after the acquisition of the Common Shares by the Offeror.

(i) Neither the Company nor any Subsidiary has, either directly or indirectly, transferred property to or acquired property from a person with whom it was not dealing at arm’s length for purposes of the Canadian Tax Act for consideration other than consideration equal to the fair market value of the property at the time of disposition or acquisition.

(j) Neither the Company nor any Subsidiary has been a party to a transaction whereby it has transferred or acquired property on a tax-deferred basis in respect of which the amount used to determine the proceeds of disposition for purposes of the Canadian Tax Act was different than the amount used for provincial or other Tax purposes.

(k) For all transactions between the Company or any Canadian Subsidiary and any person who is not resident in Canada for purposes of the Canadian Tax Act with whom the Company or Canadian Subsidiary was not dealing at arm’s length for purposes of the Canadian Tax Act, the Company or Canadian Subsidiary or U.S. Subsidiary has made or obtained records or documents that meet the requirements of paragraphs 247(4)(a) to (c) of the Canadian Tax Act and have properly complied with the requirements of sections 482 and 6662 (and any related sections) of the Code and the Treasury Regulations promulgated thereunder.

(l) Neither the Company nor any Subsidiary has constituted either a “distributing corporation” or a “controlled corporation” (in each case, within the meaning of section 355(a)(1)(A) of the Code) in a distribution of stock qualifying for tax-free treatment under section 355(e) of the Code (A) in the years prior to the date of this Agreement or (B) in a distribution that could otherwise constitute part of a “plan” or “series of related transaction” (within the meaning of section 355(e) of the Code) in conjunction with this transaction.

(m) No amount, economic benefit or other entitlement that could be received (whether in cash, property or the vesting of property) as a result of any of the transactions contemplated by this Agreement (alone or in combination with any other event) by any person who is a “disqualified individual” (as defined in Treasury Regulation section 1.280G-1) with respect to any of the Company or the Subsidiaries would be characterized as an “excess parachute payment” (as defined in section 280G(b)(1) of the Code) and no such disqualified individual is entitled to receive any additional payment from the Company or the Subsidiaries.

(n) Neither the Company nor any Subsidiary has ever participated in any reportable transaction, as defined in Treasury Regulation section 1.6011-4(b), required to be reported in a disclosure statement pursuant to Treasury Regulation section 1.6011-4(a).

(o) Neither the Company nor any Subsidiary has been a United States real property holding corporation within the meaning of section 897(c)(2) of the Code during the applicable period specified in section 897(c)(1)(A)(ii).

4.22 <u>Financial Derivatives</u>

Except for derivative contracts entered into for only hedging purposes as disclosed in the Data Room Information, none of the Company or its Subsidiaries has entered into any futures, forward, swap, option or other derivative contract.

4.23 <u>Fairness Opinion</u>

The Company has received the Fairness Opinion from the Financial Advisor, which Fairness Opinion shall be included in the Directors Circular.

4.24 <u>Intellectual Property</u>

(a) The Disclosure Statement sets out a complete and accurate list of all the registrations of, and applications for registration of, the Company Intellectual Property. All of the registrations and applications for registration of the Company Intellectual Property are valid and subsisting in good standing and are recorded in the name of the Company or its Subsidiaries, as applicable. No person has challenged the validity of any applications or registrations for the Company Intellectual Property or the ownership by the Company or its Subsidiaries of any of the Company Intellectual Property.

(b) The Company or its Subsidiaries exclusively own all right, title and interest in and to the Company Intellectual Property. The Company or its Subsidiaries are licensed to use the Licensed Intellectual Property. Neither the Company Intellectual Property nor the Licensed Intellectual Property is subject to any encumbrance, charge, lien, option, right of first refusal or offer or security interest of any kind, other than in respect of security interests granted to lenders under existing debt facilities, except in circumstances that, in the aggregate, would not have a Material Adverse Effect.

(c) The Company Intellectual Property and the conduct of the business of the Company and its Subsidiaries have not and do not infringe, misappropriate or otherwise violate any intellectual or industrial property rights of any other person in a manner that would have a Material Adverse Effect. To the knowledge of the Company, no other person or Intellectual Property owned by any other person has infringed, misappropriated or otherwise conflicted with or harmed any of the Company Intellectual Property or the right and interest of the Company or its Subsidiaries in the Licensed Intellectual Property in a manner that would have a Material Adverse Effect, and no proceedings have been instituted or are pending or threatened, and no claim has been received by the Company or its Subsidiaries, alleging any such violation that, in any such case, would have a Material Adverse Effect.

(d) The Company and its Subsidiaries have taken reasonable security measures and instituted industry-standard policies to protect the confidentiality of material confidential information and trade secrets of the Company and its Subsidiaries, and to the knowledge of the Company, those measures and policies have not been breached in any material manner.

(e) The Company and its Subsidiaries have all permissions and licenses necessary to use the Licensed Intellectual Property and no additional consent, permission or license from any person is required to use the Licensed Intellectual Property, other than normal course renewals.

(f) The Company Intellectual Property and the Licensed Intellectual Property are together sufficient to permit the business of the Company and its Subsidiaries to be carried on in the manner such business is being conducted by the Company and the Subsidiaries as of the date hereof.

4.25 Technology

(a) The hardware, software, internal networks and Technology infrastructure, and software comprising any part of the Technology are in good operating condition.

(b) Other than copyright protection and license enforcement restrictions included in the ordinary course of business of the Company or its Subsidiaries, no portion of the Technology contains any Disabling Mechanism other than Disabling Mechanisms that would not have a Material Adverse Effect.

(c) All Technology that is owned by the Company or any of its Subsidiaries (i) is operative in all material respects for its intended purposes; and (ii) has been maintained by or on behalf of the Company or its Subsidiaries in material compliance with all applicable contracts thereto.

4.26 Insurance

Policies of insurance in force as of the date hereof naming the Company or any of the Subsidiaries as an insured adequately cover all risks reasonably and prudently foreseeable in the operation and conduct of the business of the Company and each of the Subsidiaries for which, having regard to the nature of such risks and the relative cost of obtaining insurance, it is in the opinion of the Company, acting reasonably, prudent to seek such insurance rather than provide for self-insurance. All such policies of insurance are in full force and effect and in good standing and neither the Company nor any of its Subsidiaries is in default, whether as to payment of premium or otherwise, under the terms of any such insurance, nor has the Company or any Subsidiary failed to give any material notice or present any material claim under any such insurance in a due and timely fashion or received notice or otherwise has knowledge of any intent of an insurer to either claim any default on the part of the Company or any of its Subsidiaries or not to renew any policy of insurance on its expiry or to increase any deductible or cost. All such policies of insurance shall remain in full force and effect and shall not be cancelled or otherwise terminated as a result of the Offer. Each of the Offeror and Parentco acknowledges that the Company is in the process of purchasing additional directors' and officers' insurance, including "trailing" or "run-off" coverage, as set out in the Disclosure Statement.

4.27 Pension and Employee Benefits

(a) Each pension, benefit and compensation plan of the Company and the Subsidiaries has been established, registered, invested and administered in all material respects in compliance with all the terms thereof, and all applicable laws, including the terms of any funding and investment contracts or obligations applicable thereto, arising under or relating to each of the pension or retirement income plans or other employee compensation or benefit plans, agreements, policies, programs, arrangements or practices, whether written or oral, which are maintained or contributed to by or binding upon the Company or any of the Subsidiaries (collectively, the "**Benefit Plans**") and all Benefit Plans are fully funded and in good standing with such regulatory authorities as may be applicable. Each Benefit Plan is listed in the Disclosure Statement. No Benefit Plans other than the Minacs Pension Plan provide benefits after retirement or other termination of employment.

(b) No step has been taken, no event has occurred and no condition or circumstance exists that has resulted in or could reasonably be expected to result in any Benefit Plan being ordered or required to be terminated or wound up in whole or in part or having its registration under applicable legislation refused or revoked, or being placed under the administration of any trustee or receiver or regulatory authority or being required to pay any material Taxes, fees, penalties or levies under applicable laws. There are no actions, suits, claims (other than routine claims for payment of benefits in the ordinary course), trials, demands, investigations, arbitrations or other proceedings which are pending or threatened in respect of any of the Benefit Plans or their assets which would have a Material Adverse Effect.

(c) The Company and the Subsidiaries have no pension or retirement income plans, and have not made any agreements or promises with respect to same, except the Minacs Pension Plan. The Minacs Pension Plan currently, and has since its inception, provides benefits only on a defined contribution basis.

(d) No Benefit Plan is subject to Title IV of ERISA; a defined benefit plan as defined in Section 3(35) of ERISA; or a multiemployer plan as defined in section 3(37)(A) of ERISA. None of the Company, the Subsidiaries, or any trade or business (whether or not incorporated) which is or has ever been treated as a single employer with the Company or any Subsidiary under section 414(b), (c), (m) or (o) of the Code or has incurred any liability under Title IV of ERISA or section 412 of the Internal Revenue Code (United States Code Title 26), except for such liability that has been paid in full.

(e) The Company and the Subsidiaries have no stock option plans, share based incentive or deferral plans or similar arrangements other than the Stock Option Plan and the Deferred Share Units. The Disclosure Statement sets forth a complete, up-to-date and accurate list of all optionholders under the Stock Option Plan, together with the number of Options granted, the exercise price, vesting provisions and the expiry date thereof.

4.28 <u>Guarantees</u>

Except as set out in the Disclosure Statement, none of the Company nor the Subsidiaries has given or agreed to give, nor is it a party to or bound by, any guarantee of indebtedness, indemnity or suretyship of other obligations of any person (collectively, "**Guarantees**"), nor is it contingently responsible for such indemnity or suretyship or obligations, other than any Guarantees provided by the Company in respect of Subsidiaries or by Subsidiaries in respect of the Company or other Subsidiaries.

4.29 Restrictions on Business Activities

Except as set out in the Disclosure Statement, there is no agreement, judgment, injunction, order or decree binding upon the Company or any Subsidiary that has, or could reasonably be expected to have, the effect of prohibiting, restricting or impairing any business practice of the Company or any Subsidiary, any acquisition of property by the Company or any Subsidiary or the conduct of business by the Company or any Subsidiary as currently conducted.

4.30 Real Property

Except as disclosed in the Disclosure Statement, neither the Company nor any of the Subsidiaries is the beneficial or registered owner of, nor has any of them agreed to acquire, any real property or any interest in any real property. Neither the Company nor any of the Subsidiaries is a party to any lease or agreement in the nature of a lease in respect of any real property, whether as lessor or lessee, other than the leases disclosed in the Disclosure Statement, each of which leases is in good standing and in full force and effect without amendment thereto and neither the Company nor any of the Subsidiaries nor, to the knowledge of the Company, any other party thereto is in breach of any material covenants, conditions or obligations contained therein.

4.31 Rights of Other Persons

No person has any right of first refusal or option to purchase or any other right of participation in any of the material properties or assets owned by the Company or any of its Subsidiaries, or any part thereof.

4.32 Customers and Suppliers

The Disclosure Statement lists the top ten customers and top three suppliers, measured by gross revenues or cost, of the Company and the Subsidiaries in each of the last three completed fiscal years. The Disclosure Statement sets out all material information regarding material failures by the Company or Subsidiaries to meet contractual quality, performance or service levels for such top ten customers, including information relating to service credits, remedies or other compensation resulting from such failures. Other than as disclosed in the Disclosure Statement, to the knowledge of the Company there is no reason to believe that the benefits of any relationship with any of their customers or suppliers and current rates of compliance with contractual quality, performance or service levels with its customers will not continue in substantially the same manner as existing on the date hereof.

4.33 Foreign Corrupt Practices Act

Neither the Company nor any Subsidiary, director, officer, agent, employee or other person acting on behalf of the Company or any Subsidiary has, in the course of his, her or its actions for, or on behalf of, the Company or any Subsidiary, offered or made, directly or indirectly through any other person, any payments of anything of value (in the form of a contribution, gift, entertainment or other expense), to (a) any person employed by, or acting in an official capacity on behalf of, any governmental entity, or (b) any foreign or domestic government official, political party or official of such party, or any candidate for political office or employee thereof. Neither the Company, any Subsidiary, nor any director, officer, agent, employee or other Person acting on behalf of the Company or any Subsidiary has violated or is in violation of any provision of the *U.S. Foreign Corrupt Practices Act of 1977*, as amended, or made any bribe, rebate, payoff, influence payment, kickback or unlawful payment to any foreign or domestic government or political party official, employee, appointee or candidate.

4.34 Data Room Information

All Data Room Information (excluding any forecasts and projections or other forward-looking information or statements, about which no representation or warranty is being given) was accurate in all material respects as at its respective dates stated therein or, if any Data Room Information is undated, as at the date of its delivery to the IntraLinks website for purposes of the transactions contemplated by this Agreement or to the Offeror on a compact disc or in documentary form, except to the extent modified, amended or superseded by later dated or delivered Data Room Information.

ARTICLE 5

CONDUCT OF BUSINESS

5.1 Conduct of Business by the Company

The Company covenants and agrees that, prior to the earlier of (i) the appointment or election to the Board of Directors of persons designated by the Offeror who represent a majority of the directors of the Company and (ii) the termination of this Agreement (the "**Effective Time**"), unless the Offeror shall otherwise agree in writing or as otherwise expressly contemplated or permitted by this Agreement:

(a) the Company shall, and shall cause each of the Subsidiaries, to conduct its businesses only in, not take any action except in, and maintain its facilities in, the usual, ordinary and regular course of business;

(b) except for transactions involving the Company and one or more wholly-owned Subsidiaries or between wholly-owned Subsidiaries, or unless contemplated in the Company's 2006 Budget, the Company shall not directly or indirectly do or permit to occur any of the following:

(i) issue, sell, grant, pledge, lease, dispose of, encumber or agree to issue, sell, pledge, lease, dispose of or encumber (or permit any of the Subsidiaries to issue, sell, grant, pledge, lease, dispose of, encumber or agree to issue, sell, grant, pledge, lease, dispose of or encumber): (A) any additional shares of the Company or any of the Subsidiaries (other than pursuant to the exercise of Options and Financial Warrants currently outstanding) or any Convertible Securities; or (B) except in the ordinary course of business, any assets of the Company and the Subsidiary in excess of $100,000 in the aggregate, or any shares or other securities of the Subsidiaries;

(ii) amend or agree to amend any of the terms of any of the Options or Convertible Securities;

(iii) amend or propose to amend the articles, by-laws or other constating documents of the Company or any of the Subsidiaries;

(iv) split, combine or reclassify any outstanding Common Shares, or declare, set aside or pay any dividend or other distribution payable in cash, stock, property or otherwise with respect to the Common Shares;

(v) redeem, purchase or offer to purchase (or permit any of the Subsidiaries to redeem, purchase or offer to purchase) any Common Shares or other securities of the Company or any shares or other securities of the Subsidiaries;

(vi) reorganize, amalgamate or merge the Company or any of the Subsidiaries with any other person, company, partnership or other business organization whatsoever other than an internal *bona fide* reorganization of the Company or the wholly-owned Subsidiaries (an "**Internal Reorganization**");

(vii) reduce the stated capital of the Company or of any of the Subsidiaries;

(viii) except as contemplated under pre-existing contractual arrangements described in the Disclosure Statement, acquire or agree to acquire (by merger, amalgamation, acquisition of stock or assets or otherwise) any company, partnership or other business organization or division or make any investment either by purchase of shares or securities, contributions of capital (other than to any of the Subsidiaries), property transfer or purchase of, any property or assets of any other person, company, partnership or other business organization which individually or in the aggregate are in excess of $100,000 other than capital acquisitions that have been budgeted for in the Company's 2006 Budget;

(ix) enter into any joint venture or similar agreement, arrangement or relationship;

(x) except as contemplated under pre-existing contractual arrangements set out in the Disclosure Statement, incur or commit to incur any indebtedness, in excess of $100,000, for borrowed money or any other material liability or obligation or issue any debt securities, except for the borrowing of working capital in the ordinary course of business and consistent with past practice, or guarantee, endorse or otherwise as an accommodation become responsible for, the obligations of any other person, company, partnership or other business organization, or make any loans or advances, except in the ordinary course of business consistent with past practice;

(xi) except as set out in the Disclosure Statement, incur or commit to incur capital expenditures not contemplated in the Company's 2006 Budget;

(xii) adopt a plan of liquidation or resolutions providing for the liquidation or dissolution of the Company or any of the Subsidiaries other than in connection with an Internal Reorganization;

(xiii) pay, discharge or satisfy any material claims, liabilities or obligations other than the payment, discharge or satisfaction, in the ordinary course of business consistent with past practice, of liabilities reflected or reserved against in the Company's financial statements or incurred in the ordinary course of business consistent with past practice;

(xiv) authorize, recommend, propose or agree to any release or relinquishment of any material contractual right;

(xv) except for entering into foreign exchange option and forward contracts for hedging purposes only and for a period of no more than one year, enter into any interest rate, forward, swap, hedge or other similar financial obligations;

(xvi) except as set out in the Disclosure Statement, enter into any contract, agreement, arrangement, understanding, commitment or other transaction between the Company or its Subsidiaries and (i) any officer or director of the Company or any of its Subsidiaries, (ii) any holder of record or, to the knowledge of the Company, beneficial owner of 5% or more of the Common Shares or (iii) any affiliate, associate or other person not dealing at arm's length with any such officer, director, holder of record, or beneficial owner;

(xvii) sell, transfer, lease, license, mortgage, encumber or otherwise dispose of any of its properties or assets (including securities of Subsidiaries) other than in the ordinary course of business;

(xviii) make any investment (by contribution to capital, property transfers, purchase of securities or otherwise) in, or loan or advance (other than travel and similar advances to its employees in the ordinary course of business consistent with past practice) to, any person other than a direct or wholly-owned Subsidiary of the Company in the ordinary course of business consistent with past practice;

(xix) make any changes in financial or tax accounting methods, principles, policies or practices (or change an annual accounting period), except insofar as may be required by a change in generally accepted accounting principles in Canada or applicable law;

(xx) issue any broadly distributed communication of a general nature to Employees (including general communications relating to benefits and compensation) or customers relating to the transactions contemplated under this Agreement;

(xxi) abandon or fail to diligently pursue any application for any licence, permit, order, authorization, consent, approval or registration;

(xxii) waive, release, grant or transfer any rights of value or modify or change in any material respect any existing licence, lease, permit, material contract or other material document, other than in the ordinary course of business consistent with past practice;

(xxiii) enter into, amend or replace any indemnity agreement or other arrangement with any director, officer or insider of the Company; or

(xxiv) agree, in writing or otherwise, to take any of the foregoing actions, or take any action or agree, in writing or otherwise, to take any action that would in any material respect impede or delay the ability of the parties to satisfy any of the conditions under this Agreement;

(c) the Company shall not, and shall cause its Subsidiaries not to, enter into or modify any employment, consulting, severance, or similar agreements or arrangements with, or grant any bonuses, salary or fee increases, severance or termination pay to, any employees other than as disclosed in the Public Documents filed by the Company as of the date hereof or as provided in the agreements disclosed in the Disclosure Statement, take any action other than in the ordinary, regular, reasonable and usual course of business and consistent with past practice with respect to the grant of any such bonuses, salary or fee increases, severance or termination pay or with respect to any increase of benefits payable to such officers, employees and consultants in effect on the date hereof;

(d) except as disclosed in the Disclosure Statement, the Company shall not, and shall cause each of the Subsidiaries not to, adopt or amend any Benefit Plans;

(e) the Company shall, as soon as reasonably practicable, send a notice to all holders of Options advising them that the vesting of all outstanding unvested "in-the-money" Options based on the Offer Price has been accelerated as a result of the Offer. Subject to obtaining any required regulatory approvals, the Company shall permit holders of Options to elect to receive a payment equal to the Offer Price less the exercise price pursuant to the Option, on cancellation of the holders "in-the-money" Options in lieu of exercising the holders "in-the-money" Options. Except as expressly set forth herein, the Company will take no steps to amend the terms of the Options or the Convertible Securities without the Offeror's prior written consent;

(f) the Company shall ensure that all Deferred Share Units are redeemed on the basis that any unvested Deferred Share Units become vested effective as at and conditional on the completion of the Offer;

(g) the Company shall use its reasonable efforts and cause each of the Subsidiaries to use its 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 re-insurance companies of nationally recognized standing providing coverage equal to or greater than the coverage under the cancelled, terminated or lapsed policies for substantially similar premiums are in full force and effect;

(h) if the Company purchases “trailing” or “run-off” coverage for up to $25 million until six years after the Expiry Time under a directors’ and officers’ insurance policy by making a one-time, upfront payment prior to the time the Offeror has taken up and paid for Common Shares under the Offer, the cost of such “trailing” or “run-off” coverage shall not exceed $725,000. Except as set out in the prior sentence and in the Disclosure Statement, the Company shall not otherwise increase any coverage or premiums under any directors’ and officers’ insurance policy or implement or enter into any new policy;

(i) the Company shall:

(i) use its reasonable efforts, and cause each of the Subsidiaries to use its reasonable efforts to preserve intact their respective business organizations, assets (including intellectual property) and goodwill, to maintain their respective real property interests (including title to, leasehold interests in respect of any real property) in good standing, to keep available the services of its and their officers and Employees as a group and to maintain satisfactory relationships with suppliers, distributors, customers and others having business relationships with them;

(ii) not take any action, or permit any of the Subsidiaries to take any action, which would render, or which reasonably may be expected to render, any representation or warranty made by it in this Agreement untrue in any material respect at any time prior to the Effective Time if then made; and

(iii) promptly notify the Offeror first immediately orally and then promptly in writing of the occurrence of any change in the course of its or any of the Subsidiaries businesses or in the operation of its or any of the Subsidiaries properties which has a Material Adverse Effect and of any material governmental or third party complaints, investigations or hearings (or communications indicating that the same may be contemplated);

(j) except in the ordinary course of business or as set out in the Disclosure Statement, the Company shall not, and shall not permit any of the Subsidiaries to, authorize or propose, or enter into or modify any contract, agreement, commitment or arrangement, to do any of the matters prohibited by the other paragraphs of this Section 5.1;

(k) the Company and each of the Subsidiaries shall:

(i) duly and timely file all Tax returns required to be filed by it on or after the date hereof and all such Tax returns will be true, complete and correct in all material respects;

(ii) timely pay all Taxes which are due and payable;

(iii) not make or rescind any material express or deemed election relating to Taxes;

(iv) not make a request for a Tax ruling or enter into a closing agreement with any taxing authorities;

(v) not settle or compromise any material claim, action, suit, litigation, proceeding, arbitration, investigation, audit or controversy relating to Taxes that would have a Material Adverse Effect on the Company; and

(vi) 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 taxation year ending December 31, 2005, except as may be required by law;

(l) the Company shall use reasonable efforts to satisfy (or cause the satisfaction of) the conditions of the Offer set forth in Schedule 2.1(e) to the extent the same is within its control, and take, or cause to be taken, all other action and to do, or cause to be done, all other things necessary, proper or advisable under all applicable laws to support the Offer, including using its reasonable efforts to:

(i) obtain all necessary consents, approvals, waivers, permits, orders and authorizations required to be obtained by it or its Subsidiaries and provide all necessary notices required to be provided by it or its Subsidiaries, under applicable laws or from any person, including, for greater certainty, all Required Closing Consents;

(ii) cooperate with the Offeror to oppose, lift or rescind any injunction or restraining order or other order or action seeking to stop, or otherwise adversely affect the Offeror's ability to consummate the Offer; and

(iii) cooperate with the Offeror in connection with the performance by it of its obligations hereunder;

(m) the Company shall make or cooperate as necessary in the making of all necessary filings and applications under all applicable laws required in connection with the transactions contemplated herein and take all reasonable action necessary to be in compliance with such laws.

5.2 Covenants of the Offeror and Parentco

Each of the Offeror and Parentco covenants and agrees that, except as contemplated in this Agreement, until the Expiry Time or the day upon which this Agreement is terminated, whichever is earlier:

(a) it shall not take any action, or refrain from taking any action or permit any action to be taken or not taken inconsistent with this Agreement or which would reasonably be expected to significantly impede the consummation of the Offer;

(b) it shall make or cooperate as necessary in the making of all necessary filings and applications under all applicable laws required in connection with the transactions contemplated herein and take all reasonable action necessary to be in compliance with such laws;

(c) it shall use its reasonable efforts to conduct its affairs so all of its representations and warranties contained herein shall be true and correct in all material respects on and as of the Expiry Time as if made thereon;

(d) it shall not amend the Lock-up Agreement without the prior written consent of the Company; and

(e) it will use its reasonable efforts to complete any Subsequent Acquisition Transaction referred to in Section 2.6.

5.3 Consent to Certain Actions

If the Company shall be required to obtain the prior written consent of the Offeror to any action restricted pursuant to the provisions of Section 5.1, the Company shall provide a written request to the Offeror for the taking of such action and, if the Offeror has not responded in writing to the Company within five business days of the receipt by the Offeror of such request, the Offeror shall be deemed for the purposes of this Agreement to have consented to the taking of such action.

ARTICLE 6

MISCELLANEOUS

6.1 Further Assurances

Subject to the conditions herein provided, each party hereto 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: (i) the execution and delivery of such documents as the other party hereto may reasonably require, (ii) the making of the necessary filings by the Company and the Offeror under the HSR Act in a timely manner, and (iii) obtaining such information, documents or consents required in connection with the preparation of the Bid Circular, and shall use its best efforts to obtain all necessary waivers, consents and approvals, and to effect all necessary registrations and filings, including, but not limited to, filings under applicable laws and submissions of information requested by governmental authorities. Each of the parties hereto, where appropriate, shall reasonably cooperate with the other party in taking such actions.

6.2 No Solicitations, Opportunity to Match, Etc.

(a) On and after the date hereof, the Company and each of the Subsidiaries shall not, directly or indirectly, through any officer, director, Employee, advisor, representative, agent or otherwise,

(i) make, solicit, initiate, cause, facilitate, or encourage (including by way of furnishing information) inquiries from or submissions of proposals or offers from any other person, company, partnership or other business organization whatsoever (including any of its officers, employees, advisors, representatives or agents) relating to any liquidation, dissolution, recapitalization, merger, amalgamation, arrangement, share exchange offer, takeover bid, or acquisition or purchase of all or a material portion, on a consolidated basis, of the assets of, or any equity interest (including securities) in, the Company or any Subsidiaries or other similar transaction or business combination (any such foregoing inquiries, proposals or offers being referred to herein as an "**Acquisition Proposal**");

(ii) participate in any discussions or negotiations regarding, or furnish to any person any information other than a copy of this Agreement with respect to, or otherwise cooperate in any way with, or assist or participate in, facilitate or encourage, any effort or attempt by any other person to do or seek to do any of the foregoing;

(iii) withdraw the Board of Directors recommendation of the Offer or change such recommendation in a manner that has substantially the same effect as a withdrawal thereof; or

(iv) approve or recommend any Acquisition Proposal or enter into any agreement related to any Acquisition Proposal made by a third party after the date hereof;

provided, however, that nothing contained in this Section 6.2(a) or any other provision of this Agreement shall prevent the Board of Directors from receiving, considering, negotiating, approving, implementing and recommending to the Shareholders any *bona fide* written Acquisition Proposal made by a third party after the date hereof, that was not solicited on or after the date of this Agreement and which did not otherwise result from a breach of this Agreement and which is not subject to a financing contingency and (i) which is otherwise on terms and conditions in respect of which the Board of Directors determines in good faith (after consultation with the Financial Advisor and after receiving advice from its outside legal counsel that the failure to do so would be inconsistent with the fiduciary duties of the Board of Directors) that such Acquisition Proposal is likely, if consummated in accordance with its terms, to result in a transaction more favourable to the Shareholders than the Offer and (ii) is reasonably capable of completion 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) (any such Acquisition Proposal being referred to herein as a "**Superior Acquisition Proposal**").

(b) The Company shall immediately have ceased and caused to be terminated any existing solicitations, encouragements, activities, discussions or negotiations with any parties (other than the Offeror, its shareholders and affiliates and their representatives or agents) with respect to any potential Acquisition Proposal. The Company agrees not to release any third party from, or waive, any confidentiality, non-solicitation or standstill agreement to which the Company and such third party are parties, provided that the foregoing shall not prevent the Board of Directors considering and accepting any Superior Acquisition Proposal that might be made by any such third party if the remaining provisions of this Agreement are complied with. The Company shall immediately cease to provide any other party with access to confidential information concerning the Company and its Subsidiaries and shall immediately request the return and/or destruction of all information provided to any third parties that have entered into a confidentiality agreement with the Company relating to any potential Acquisition Proposal and shall use all reasonable efforts to ensure that such requests are honoured.

(c) The Company shall as soon as practicable following receipt thereof, provide notice to the Offeror of any future *bona fide* Acquisition Proposal or any request for non-public information relating to the Company or any of the Subsidiaries in connection with such a *bona fide* Acquisition Proposal or for access to the properties, books or records of the Company or any Subsidiary by any person or entity that informs the Company, any member of the Board of Directors or such Subsidiary that it is considering making, or has made, an Acquisition Proposal. Such notice to the Offeror shall be made, from time to time, first immediately orally and then promptly in writing, and shall indicate the identity of the person making such proposal or request and shall indicate all material terms and conditions thereof and such other details of the Acquisition Proposal or request known to the Company, including without limitation, the consideration proposed to be paid, and thereafter shall promptly keep the Offeror informed of all material developments affecting the status and terms of any such proposals, offers, inquiries or contacts and of the status of any such discussions or negotiations. Notwithstanding the foregoing (but for greater certainty without limiting the Offeror's rights under subsection (e) below), the Company shall not be required pursuant to this paragraph (c), to provide notice to the Offeror of any such proposal or request or to provide the identity of the person making such proposal or request, upon the advice of outside legal advisors, if the Company determines that the provision of such notice would be inconsistent with the proper discharge by the Board of Directors of its fiduciary duties.

(d) If the Board of Directors receives a request for material non-public information from a party that proposes to the Company a *bona fide* Acquisition Proposal and the Board of Directors determines, in the manner contemplated by Section 6.2(a), that such proposal is likely to, if consummated in accordance with its terms, result in a Superior Acquisition Proposal and if, in the opinion of the Board of Directors, acting in good faith and after receiving advice from its outside legal advisors, the failure to provide such party with access to information regarding the Company would be inconsistent with the fiduciary duties of the Board of Directors, then, and only in such case, the Company may furnish information with respect to the Company and its

Subsidiaries to such party, only after such person enters into a confidentiality and standstill agreement which is customary in such situations and which is no less favourable to the Company, and no more favourable to the counterparty, than the confidentiality and standstill provisions of the Confidentiality Agreement dated April 17, 2006 between the Company and Parentco; provided that (i) such confidentiality and standstill agreement may not prohibit the Company providing the information required by this Section 6.2 regarding any Acquisition Proposal and (ii) the Company advises the Offeror of all such non-public information delivered to such party concurrently with its delivery to such party the Company delivers to the Offeror all such information previously provided to the Offeror.

(e) If the Company receives a *bona fide* Acquisition Proposal, the Company may not withdraw or modify in a manner adverse to the Offeror its approval or recommendation of the Offer and/or accept, approve, recommend or enter into an agreement (other than in accordance with Section 6.2(d)) providing for or facilitating such Acquisition Proposal (a "**Proposed Agreement**") unless such Acquisition Proposal is likely to, if consummated in accordance with its terms, result in a Superior Acquisition Proposal and:

(i) the Company has provided written notice to the Offeror to the effect that it believes that there is a Superior Acquisition Proposal and the Company has otherwise complied with its obligations under this Article 6, including providing all notices and information required under subsection (c) above;

(ii) to the extent that the Superior Acquisition Proposal includes non-cash consideration, the notice referred to in (i) includes the value in financial terms that the Board of Directors has, in consultation with the Financial Advisor, determined should be ascribed to such non-cash consideration; and

(iii) a period (the "**Match Period**") of three business days shall have elapsed from the date the Company provided the notice referred to in Section 6.2(e)(i).

During the Match Period, the Company acknowledges and agrees that the Offeror shall have the opportunity, but not the obligation, to offer to amend the terms of the Offer, and, if it does so, then the Board of Directors shall review any such proposal by the Offeror to amend the terms of this Offer, including, without limitation, an increase in, or modification of, the consideration to be received by the Shareholders, to determine whether the Acquisition Proposal to which the Offeror is responding would continue to be a Superior Acquisition Proposal when assessed against the amended Offer as is proposed by the Offeror. If the Board of Directors determines that the Acquisition Proposal would thereby cease to be a Superior Acquisition Proposal it shall promptly notify the Offeror of this determination, and if the amended Offer has then been mailed to Securityholders as provided above prior to 11:59 p.m. (Toronto time) on the sixth business day following the day on which the notice referred to above in Section 6.2(c)(i) is so provided to the Offeror, it will, concurrently with such mailing, cause the Company to enter into an amendment to this Agreement reflecting the offer by the Offeror to amend the terms of the Offer and will further agree not to enter into any Proposed Agreement and not to withdraw, modify or change any recommendation regarding the Offer save and except to reaffirm its recommendation of the amended Offer.

If, however the Board of Directors continues to believe, acting in good faith and in the proper discharge of its fiduciary duties (after consultation with the Financial Advisor and after receiving advice from its outside legal counsel) that the Acquisition Proposal would nonetheless remain a Superior Acquisition Proposal with respect to the Offeror's proposal to amend the Offer, and therefore rejects the Offeror's offer to amend the terms of this Agreement, the Company shall be entitled to enter into the Proposed Agreement upon payment to the Offeror of the amount payable pursuant to Section 7.4. The Company acknowledges and agrees that each successive modification of any Acquisition Proposal shall constitute a new Acquisition Proposal for purposes of the requirement of this Section 6.2(e) to initiate an additional Match Period.

(f) The Company shall ensure that the directors, officers and Employees of the Company and each of the Subsidiaries and any investment bankers, counsel or other advisors, representatives or agents retained by the Company are aware of the provisions of this Section 6.2, and the Company shall be responsible for any breach of this Section 6.2 by such directors, officers, Employees, investment bankers, counsel, advisors, representatives or agents.

6.3 <u>Notification of Certain Matters</u>

Each party shall give prompt notice to the other of: (a) the occurrence or failure to occur of any event, which occurrence or failure would cause or may cause any representation or warranty on its part contained in this Agreement to be untrue or inaccurate in any respect at any time from the date hereof to the Effective Time; and (b) any failure of such party, or any officer, director, employee or agent thereof, to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by it hereunder.

6.4 <u>Investigation</u>

Upon reasonable notice, the Company agrees to continue to provide the Offeror and its representatives with reasonable access without disruption to the conduct of the Company's business to all Books and Records, information, agreements, documents and files in its possession and control not protected by confidentiality obligations to third parties or solicitor/client privilege, and access to its personnel on an as requested basis as well as reasonable access to the properties of the Company and each of the Subsidiaries, in order to allow the Offeror to conduct such further due diligence investigations as the Offeror may consider necessary or advisable, for strategic planning, and for other valid business reasons and further agrees to assist the Offeror in all reasonable ways in any due diligence investigations which the Offeror may wish to conduct. Any investigation by a party hereto and its advisors, whether before or after the date hereof, shall not mitigate, diminish or affect the representations and warranties of the other party or parties, as applicable, contained in this Agreement or any document or certificate given pursuant hereto.

6.5 Shareholder Claims

The Company shall notify the Offeror of any claim brought by any present, former or purported holder of any securities of the Company in connection with the transactions contemplated by this Agreement prior to the Effective Time and shall consult with the Offeror prior to settling any such claim prior to the Effective Time.

6.6 Directors and Officers Insurance

In the event that the Offeror purchases Common Shares under the Offer, each of the Offeror and Parentco agrees that for the period from the Expiry Time until six years after the Expiry Time on a "trailing" or "run-off" basis, each of the Offeror and Parentco will cause the Company or any successor to the Company to maintain or acquire and maintain (if not already purchased by the Company as permitted by Section 5.1(h)) $25 million of "trailing" or "run-off" coverage under a directors' and officers' insurance policy on terms and conditions no less advantageous to the directors and officers of the Company than those contained in the policy in effect on the date hereof for all present and former directors and officers of the Company (as well as the additional coverage disclosed in the Disclosure Schedule), covering Claims made prior to or within one year after the Expiry Time; provided that such insurance being obtained solely on a "trailing" or "run-off" basis is available at a cost that is not greater than $725,000 in the aggregate for such six year period, in which event the Offeror and Parentco shall only be required to maintain or acquire and maintain (if not already purchased by the Company as permitted by Section 5.1(h)) that amount of such insurance which can be purchased for $725,000 in the aggregate for such six year period. Each of the Offeror and Parentco also hereby agrees that after the expiration of such six year period, it will use reasonable efforts to cause persons who are at that time directors and officers to be covered under its then existing directors and officers insurance policy, if any.

6.7 Directors and Officers Indemnification

(a) The Offeror shall cause the Company (or its successor) to keep the current indemnity agreements in place for the current directors and officers of the Company and the Offeror shall and shall cause the Company (or its successor) to indemnify the directors and officers of the Company and the Subsidiaries to the fullest extent to which the Offeror and the Company are permitted to indemnify such officers and directors under their respective charters, by-laws and applicable law from all Claims in connection with the Company and transactions contemplated under this Agreement, for a minimum period of six years following the completion of the Offer.

(b) The Offeror acknowledges that, prior to the time the Offeror takes up and pays for the Common Shares, the Company will provide a release (subject to the terms set out in Section 6.7(c) below) to each of the current members of the Board of Directors in respect of any action taken or not taken by the directors in their capacity as directors of the Company and will not object to such release or take any action to deny any director the benefits of such release (unless such release contravenes the terms set out in Section 6.7(c) below).

(c) The Company agrees that such release will not release any director with respect to (i) any claim made by a "complainant" under the *Business Corporations Act* (Ontario) in the name of or on behalf of the Company or (ii) any claim over by the Company against a director (by way of cross claim or claim over proceedings) in respect of an action brought by a third party against the Company, which complainant in the case of Section 6.7(c) (i) or third party plaintiff in the case of Section 6.7(c) (ii) has not commenced such claim or action at the suggestion of, or with the assistance or cooperation of, the Offeror, its affiliates or any of their respective officers, directors or employees (other than current or former officers, directors or employees of the Company and its Subsidiaries).

6.8 Employee Agreements

The Offeror acknowledges that it has read and understood the terms of the employee agreements disclosed in the Disclosure Statement including the severance and change of control provisions contained therein.

6.9 Transaction Structuring and Alternative Transaction

(a) The Offeror and the Company agree to cooperate in good faith and to take all reasonable steps and action after the date hereof, as are not adverse to the party requested to take any such step or action, to complete the Offer and the other transactions contemplated hereby in a manner which is most tax effective for the parties hereto and the Securityholders.

(b) In addition, in the event that the Offeror concludes that it is necessary or desirable to proceed with another form of transaction (such as a plan of arrangement or amalgamation) whereby the Offeror or its affiliates would effectively acquire all of the Common Shares within the same time periods and on economic terms and other terms and conditions (including, without limitation, tax treatment) and having consequences to the Company and its Shareholders which are equivalent to or better than those contemplated by this Agreement (an "**Alternative Transaction**") and which is permitted under the terms of the Lock-up Agreement without adversely affecting the commitment of the Locked-up Shareholders to the Offer and Alternative Transaction, the Company agrees to support the 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.

6.10 Required Securities Laws Compliance

The Offeror will promptly take such action, including obtaining any exemption orders, consent or approvals and filing any such documents, as may be required under applicable securities laws to permit the Offeror to make the Offer and perform the Offeror's other obligations hereunder.

ARTICLE 7

TERMINATION, AMENDMENT AND WAIVER

7.1 Termination

This Agreement may be terminated by notice in writing at any time prior to the Effective Time (unless otherwise stated):

(a) by mutual consent of the Offeror, Parentco and the Company;

(b) by the Company, when not in default of its obligations under this Agreement, if the Offeror does not mail the Offer within the time required by Section 2.1(c);

(c) by the Offeror or Parentco:

(i) at any time on or prior to the Latest Mailing Date, if any condition to making the Offer is not satisfied or waived by such date other than as a result of the Offeror's or Parentco's default hereunder;

(ii) if, prior to the termination of the Offer, the Board of Directors withdraws its recommendation regarding the Offer;

(iii) for any reason if the Minimum Tender Condition shall not be satisfied or any other condition of the Offer shall not be satisfied or waived by the Offeror at the Expiry Time other than as a result of the Offeror's or Parentco's default hereunder;

(iv) if, prior to the termination of the Offer, the Company receives an Acquisition Proposal which is a Superior Acquisition Proposal and the Board of Directors withdraws, modifies or changes its recommendation regarding the Offer in accordance with Section 6.2(e); or

(v) upon payment to the Offeror of the payment contemplated by Section 7.4, if the Company enters into a Proposed Agreement;

(d) by the Offeror, Parentco or the Company:

(i) if the Offeror has not taken up and paid for Common Shares deposited under the Offer within 45 days after the Bid Circular is mailed to the Securityholders, otherwise than as a result of the breach by such party of any material covenant or obligation under this Agreement or as a result of any representation or warranty of such party in this Agreement being untrue or incorrect in any material respect; provided, however, that if the Offeror's take-up and payment for Common Shares deposited under the Offer is delayed by

(A) an injunction or order made by a court or regulatory authority of competent jurisdiction, or

(B) the Offeror not having obtained any regulatory waiver, consent or approval which is necessary to permit the Offeror to take up and pay for Common Shares deposited under the Offer,

then, provided that such injunction or order is being contested or appealed or such regulatory waiver, consent or approval is being actively sought, as applicable, this Agreement shall not be terminated by the Company pursuant to this Section 7.1(d) until the earlier of

(I) the 60^{th} day after the Bid Circular in respect of the Offer is so mailed, and

(II) 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;

(ii) if the Offeror or Parentco (in the case of termination by the Company) or the Company (in the case of termination by the Offeror or Parentco) breaches or is in default of any material covenant or obligation under this Agreement or if any representation or warranty of another party under this Agreement is untrue or incorrect in any material respect and, in the case of a representation or warranty by the Company, the event or matter that makes such representation or warranty untrue or incorrect has had or is likely to have a Material Adverse Effect or in the case of each of the Offeror, Parentco or the Company, any such breach or default prevents or materially delays consummation of the transactions contemplated by this Agreement; and provided that the party proposing to terminate this Agreement shall be required to deliver written notice to the other parties specifying in reasonable detail all defaults or breaches of covenants, representations and warranties or other matters which such terminating party is asserting as the basis for the right of termination and shall be entitled to terminate this Agreement pursuant to this Section 7.1(d)(ii) only if such default or breach shall not have been cured at the earlier of the Expiry Time and the close of business on the second business day after the delivery of such notice; or

(iii) if the Offeror elects not to match a Proposed Agreement in accordance with the terms of Section 6.2.

7.2 Amendment

This Agreement may not be amended except by an instrument in writing signed by each of the parties hereto.

7.3 Waiver

At any time prior to the Effective Time, any party hereto may (a) extend the time for the performance of any of the obligations or other acts of any other party thereto or (b) waive compliance with any of the agreements of any other party or with any conditions to its own obligations, in each case only to the extent such obligations, agreements and conditions are intended for its benefit.

7.4 <u>Termination Fee</u>

(a) The Offeror shall be entitled to a termination fee in the amount of $4,500,000 (the "**Termination Fee**") upon the occurrence of any of the following events (each a "**Termination Fee Event**") which shall be paid to the Offeror by the Company within the period of time specified in respect of each such Termination Fee Event:

(i) other than pursuant to Section 2.2(c)(ii), the Board of Directors shall have withdrawn its recommendation in favour of the Offer or changed its recommendation in a manner adverse to the Offeror or that has substantially the same effect as the withdrawal thereof or resolved to do so prior to the Expiry Time, in which case the Termination Fee shall be paid to the Offeror on the first business day following such action; or

(ii) the Board of Directors shall have recommended or approved the acceptance of an Acquisition Proposal, in which case the Termination Fee shall be paid to the Offeror on the first business day following such action; or

(iii) prior to the Expiry Time, the Company enters into a Proposed Agreement in accordance with Section 6.2(e), in which case the Termination Fee shall be paid to the Offeror on the first business day following the entering into of the Proposed Agreement; or

(iv) prior to the Expiry Time, this Agreement shall have been terminated by the Offeror, Parentco or the Company pursuant to Section 7.1(d)(iii) as a result of the Offeror having elected not to amend this Agreement and the Offer in accordance with Section 6.2(e), in which case the Termination Fee shall be paid to the Offeror on the day following the day on which this Agreement is so terminated;

(v) prior to the Expiry Time, an Acquisition Proposal which is a Superior Acquisition Proposal is publicly announced or any person has publicly announced an intention to make an Acquisition Proposal and, such Acquisition Proposal either has been accepted or has not expired, been withdrawn or been publicly abandoned, and:

(A) the Offer is not completed as a result of the Minimum Tender Condition not having been met; and

(B) more than 20% of the Common Shares are acquired under such Acquisition Proposal within the nine-month period following the Expiry Time,

in which case the Termination Fee shall be paid to the Offeror on the first business day following the acquisition of more than 20% of the Common Shares under any such Acquisition Proposal; or

(vi) the Company, the Board of Directors, or any director, officer, Employee or other agent or nominee of the Company or the Board of Directors shall take or fail to take, or permit the taking of or failure to take, any action the result of which is that the Financial Advisor shall be unable to deliver to the Company a written opinion in customary form that the Offer is fair to Shareholders from a financial point of view (such event being deemed to occur upon the determination by the Financial Advisor as to such inability) in which case the Termination Fee shall be paid to the Offeror on the first business day following the determination by the Financial Advisor that they will be unable to deliver such opinion.

(b) The Company shall pay, such amount (the "**Expense Reimbursement Amount**") as is required to reimburse the Offeror for all costs and expenses incurred in connection with the Offer, including all reasonable fees, costs and expenses of its financial, legal, auditing and other professional and other advisors and any and all other costs and expenses whatsoever and howsoever incurred (including, without limitation, any work, commitment, standby or other fees or reimbursable expenses of any person in connection with the financing of the Offer) up to a maximum of $1,125,000 if the Offeror or Parentco terminates this Agreement pursuant to Section 7.1(d)(ii), in which case the Expense Reimbursement Amount shall be paid on the first business day following termination of this Agreement**.**

(c) For greater certainty, in the event the Termination Fee and the Expense Reimbursement Amount are each payable, the Company shall only be obligated to make the Termination Fee payment.

(d) Any Termination Fee and any Expense Reimbursement Amount shall be paid by the Company by way of wire transfer in immediately available funds to an account specified by the Offeror.

7.5 Effect of Termination

If this Agreement is terminated as provided in Section 7.1, there shall be no liability or further obligation on the part of any party hereto or any of their respective shareholders, officers or directors, except for liability arising from a breach of any representations or warranties in this Agreement, a wilful breach of any covenants in this Agreement or fraud and any action with respect thereto must be commenced within twelve months of the date hereof; provided, however, that the obligations of the Company under Section 7.4 shall survive such termination and provided further however that the liability of the Company and its respective shareholders, officers and directors shall be limited collectively, including any payout of the Termination Fee, to an amount equal to the Termination Fee.

ARTICLE 8

GENERAL PROVISIONS

8.1 Brokers

The Company represents and warrants to the Offeror that, except for the Financial Advisor, for whose fees and expenses the Company shall be responsible, no broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission, or to the reimbursement of any of its expenses, in connection with the Offer or any similar transaction based upon arrangements made by or on behalf of the Company. The Company has a correct and complete copy of all agreements between the Company or any subsidiary or affiliate thereof and the Financial Advisor relating to the payment of fees and expenses to it.

8.2 Public Statements

Except as required by applicable law, none of the Offeror, Parentco or the Company shall make any public announcement or statement with respect to the Offer or this Agreement without the approval of the Company or Parentco and the Offeror, respectively, such approval not to be unreasonably withheld or delayed except to the extent necessary to comply with law. Moreover, in any event, to the extent practicable given time constraints, each party agrees to give prior notice to the other of any public announcement relating to the Offer, the Lock-up Agreement or affairs of the Company, and agrees to consult with each other prior to issuing each such public announcement and promptly after the entering into of this Agreement, it shall issue a press release announcing the entering into of this Agreement and in the case of the Offeror, its intention to make the Offer, which press release shall, in such case, be satisfactory in form and substance to the other party, acting reasonably.

8.3 Notices

All notices, consents, waivers, requests, demands and other communications hereunder shall be deemed to have been duly given and made if in writing and if served by personal delivery upon the party for whom it is intended or delivered by registered or certified mail, return receipt requested, or if sent by facsimile transmission, upon receipt of oral confirmation that such transmission has been received, to the person at the address set forth below, or such other address as may be designated in writing hereafter, in the same manner, by such person. The date of receipt of any such notice or other communication if delivered personally shall be deemed to be the date of delivery thereof, if sent by mail the date of receipt thereof, or if sent by facsimile transmission the date of such transmission.

If to the Offeror or Parentco:

TransWorks Information Services Ltd.
Teritex Building
Saki Vihar Road
Mumbai - 400 072
India

Fax: 011 91 22 2857 2517
Attention: Sivaramakrishnan Ganapathi

With a copy to:

Torys LLP
Suite 3000, 79 Wellington St. W.
TD Centre
Toronto, Ontario M5K 1N2

Fax: 416-865-7380
Attention: Patricia Koval

If to the Company:

Minacs Worldwide Inc.
180 Duncan Mill Road
7th Floor
Toronto, ON M3B 1Z6

Fax: 416-380-3830
Attention: Christine Croucher, Chair, Special Committee of Directors

With a copy to:

Davies Ward Phillips & Vineberg LLP
44th Floor, 1 First Canadian Place
Toronto, ON M5X 1B1

Fax: 416-863-0871
Attention: Carol Hansell

8.4 Currency

Unless otherwise indicated, all dollar amounts referred to in this Agreement are expressed in Canadian dollars.

8.5 Severability

If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated and the parties shall negotiate in good faith to modify the Agreement to preserve each party's anticipated benefits under this Agreement.

8.6 Entire Agreement, Assignment and Governing Law

(a) This Agreement and the Confidentiality and Standstill Agreement (together with all other documents and instruments referred to herein) constitute the entire agreement and supersede all other prior agreements and undertakings, both written and oral, among the parties with respect to the subject matter hereof. Notwithstanding the foregoing, in the event of any inconsistency between the terms and provisions of this Agreement and those contained in the Confidentiality and Standstill Agreement, the terms and provisions of this Agreement shall prevail.

(b) This Agreement: (a) is not intended to confer upon Securityholders or any other person not a party hereto any rights or remedies; (b) shall not be assigned by operation of law or otherwise, except that the Offeror may assign all or any portion of its rights under this Agreement to any affiliate of the Offeror or Parentco, but no such assignment shall relieve the Offeror of its obligations hereunder; and (c) shall be governed in all respects, including validity, interpretation and effect, by the laws of the Province of Ontario and the laws of Canada applicable therein, without giving effect to the principles of conflict of laws thereof.

(c) The parties hereto (collectively, the "**attorning parties**" and, individually, an "**attorning party**") agree that any suit, action or proceeding arising out of or relating to this Agreement against an attorning party or any of an attorning party's assets shall be brought in a court in the Province of Ontario and the attorning parties hereby irrevocably and unconditionally attorn and submit to the jurisdiction of all such courts. The attorning parties irrevocably waive and agree not to raise any objection any of them might now or hereafter have to the requirements of this Section 8.6(c) to bring any such suit, action or proceeding in an Ontario court or to the bringing of any such suit, action or proceeding in any such Ontario court including, without limitation, any objection that the place where such Ontario court is located is an inconvenient forum or that there is any other suit, action or proceeding in any other place relating in whole or in part to the same subject matter. Each attorning party agrees that any judgment or order against that attorning party in any such suit, action or proceeding brought in such an Ontario court shall be conclusive and binding upon that attorning party. Each attorning party consents to any such judgment or order of an Ontario court being recognized and enforced in the courts of its jurisdiction of incorporation or any other courts. Nothing in this Section 8.6(c) shall restrict the bringing of any suit, action or proceeding to enforce an Ontario judgment or order in the courts of any other jurisdiction.

8.7 Counterparts

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be original and all of which taken together shall be deemed to constitute one and the same instrument, and it shall not be necessary in making proof of this Agreement to produce more than one counterpart.

IN WITNESS WHEREOF, the parties have executed this Agreement.

TRANSWORKS INFORMATION SERVICES LTD.

by (SIGNED) SANJEER AGA
Name: Sanjeer Aga
Title: Director

(SIGNED) ADESH GUPTA
Name: Adesh Gupta
Title: Director

AV TRANSWORKS LTD.

by (SIGNED) SIVARAMAKRISHNAN GANAPATHI
Name: Sivaramakrishnan Ganapathi
Title: President and Chief Executive Officer

(SIGNED) KAILAS AGRAWAL
Name: Kailas Agrawal
Title: Chief Financial Officer

MINACS WORLDWIDE INC.

by (SIGNED) CHRISTINE COUCHER
Name: Christine Coucher
Title: Director

(SIGNED) DAVID DANZIGER
Name: David Danziger
Title: Director

SCHEDULE 2.1(e)

Conditions to the Offer

Subject to the provisions of the Support Agreement to which this schedule is attached (the "**Agreement**") or of the Offer, the Offeror shall have the right to withdraw or terminate the Offer (or amend the Offer to postpone taking up and paying for any Common Shares deposited under the Offer), and shall not be required to accept for payment, take up, purchase or pay for, or extend the period of time during which the Offer is open and postpone taking up and paying for, any Common 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 that number of Common Shares constituting at least 66 / 2/3% of the Common Shares calculated on a fully-diluted basis (the "**Minimum Tender Condition**"); and

(b) the Offeror shall have determined in its judgment, acting reasonably, that the Company and the Subsidiaries have not taken any material action, or disclosed any previously undisclosed material action taken by them, that might make it inadvisable for the Offeror to proceed with the Offer or to take up and pay for Common Shares deposited under the Offer;

(c) all regulatory approvals, reviews or decisions (including, without limitation, those of any stock exchanges or other securities regulatory authorities) which, in the Offeror's judgment, acting reasonably, are necessary or desirable in connection with the Offer (including a Subsequent Acquisition Transaction) shall have been obtained on terms satisfactory to the Offeror, and, for greater certainty, the waiting period (and any extension thereof) applicable to the Offer under the HSR Act shall have expired or shall have been terminated;

(d) the Required Closing Consents, identified in the Disclosure Statement as being required to be obtained or received prior to the Expiry Time, shall have been obtained or received and on terms satisfactory to the Offeror, acting reasonably;

(e) (i) 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 (ii) no law, regulation or policy shall have been proposed, enacted, promulgated or applied:

   (A) to cease trade, enjoin, prohibit or impose material limitations, damages or conditions on the purchase by or the sale to the Offeror of the Common Shares or the right of the Offeror to own or exercise full right of ownership of the Common Shares; or

(B) which, if the Offer were consummated, could, in the Offeror's judgment, materially adversely affect the Company and its Subsidiaries considered on a consolidated basis;

(f) there shall not exist any prohibition at law against the Offeror making the Offeror take up and pay for any Common Shares deposited under the Offer;

(g) there shall not exist or have occurred (or, if there does exist or shall have previously occurred, there shall not have been disclosed, generally by way of press release and material change report or to the Offeror in writing) any change (or any condition, event or development involving a prospective change) in the business, operations, assets, capitalization, financial condition, licences, permits, rights, privileges or liabilities, whether contractual or otherwise, of the Company or any of its Subsidiaries which could reasonably be expected to have a Material Adverse Effect;

(h) the Offeror shall not have become aware of any untrue statement of a 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 in relation to all matters covered in earlier filings) in any document filed by or on behalf of the Company with any regulatory authority in Canada or elsewhere, including, without limitation, any annual report, financial statements, material change report, press release or management proxy circular or in any document so filed or released by the Company to the public;

(i) there shall not have been any announcement of a material transaction by the Company or any other person involving the Common Shares or other securities of the Company and/or some or all of the assets of the Company to which Parentco or the Offeror is not a party and the announcement or effect of which precludes the Offeror from taking up or paying for Common Shares under the Offer or the announcement or effect of which results in the Offeror determining in its judgment, acting reasonably, not to proceed with the Offer;

(j) the Offeror shall have determined in its judgment, acting reasonably, that there does not exist any covenant, term or condition in any of the instruments or agreements to which any of the Company or its Subsidiaries is a party or to which they or any of their assets are subject that might make it inadvisable for the Offeror to proceed with the Offer and/or with taking up and paying for Common Shares deposited under the Offer (including, but not limited to, any covenant, term or condition that may be breached or cause a default or permit third parties to exercise rights against any of the Company or its subsidiaries, associates or entities which would have a Material Adverse Effect as a result of the Offeror making the Offer);

(k) the Offeror shall have determined, in its judgment, acting reasonably, that the Company and its Subsidiaries have not taken any action, or disclosed any previously undisclosed action taken by them, that might make it inadvisable for the Offeror to proceed with the Offer and/or with taking up and paying for Common Shares deposited under the Offer results in a Material Adverse Effect, including, without limiting the generality of the foregoing, (i) any issuance of securities or options to purchase securities (other than Common Shares issued on the exercise of stock Options or Convertible Securities outstanding prior to the public announcement of the Offer, as reflected in documents filed prior to that time by the Company with the securities regulatory authorities), (ii) any payments of dividends or other distributions, or (iii) any agreement or understanding involving the sale, disposition of or other dealing with the businesses or assets of the Company or the subsidiaries, or any part thereof or interest therein or relating to the Company's right to manage, operate or control the conduct of its business or any part thereof which is material to the Company and the Subsidiaries, taken as a whole, other than this Agreement;

(l) the Company and the Subsidiaries hold good and valid title, free and clear of any undisclosed adverse claims, rights, interests or other restrictions of any kind whatsoever to their material properties and assets;

(m) the Board of Directors of the Company shall not have withdrawn any recommendation made by it that holders of Common Shares accept the Offer or changed any such recommendation in a manner that has substantially the same effect or issued a recommendation that holders of Common Shares not accept the Offer;

(n) the Company shall not have entered into a Proposed Agreement;

(o) the Company shall have complied in all material respects with its covenants and obligations under this Agreement to be complied with at or prior to the Expiry Time, and all representations and warranties of the Company under this Agreement qualified by references to materiality or Material Adverse Effect shall be true and correct and all other representations and warranties of the Company shall be true and correct in all material respects; and

(p) the Lock-up Agreement shall not have been terminated.

The foregoing conditions are for the sole benefit of the Offeror and may be asserted by the Offeror regardless of the circumstances giving rise to any such condition or may be waived by the Offeror in whole or in part at any time and from time to time in its sole discretion, 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 shall not be deemed a waiver of any such right and each such right shall be deemed an ongoing right which may be asserted at any time and from time to time. Any determination by the Offeror concerning the events described in the foregoing conditions shall be final and binding on all parties hereto.