FORM 51-102F3
MATERIAL CHANGE REPORT

1. Name and Address of Company

Enablence Technologies Inc.
400 March Road
Ottawa, Ontario K2K 3H4

2. Date of Material Change

January 18, 2008

3. News Release

Attached as Schedule A is a copy of the news release issued by Enablence Technologies Inc. (the "Corporation") on January 17, 2008 via Marketwire in Canada.

4. Summary of Material Change

The Corporation announced that on January 17, 2008, it had signed a definitive agreement to acquire all of the outstanding shares of ANDevices, Inc., ("ANDevices") subject to certain approvals, consents and conditions. ANDevices is a supplier of Planar Lightwave Circuit based photonic devices for the Access, Metro and Long-Haul communication markets and is based in Fremont, California.

Under the terms of the definitive agreement, the Corporation will acquire, through a wholly owned US subsidiary, all the shares of ANDevices for an aggregate purchase price of US$13,500,000 and 9,085,113 common shares of Enablence. All conditions pursuant to the definitive agreement are expected to be fulfilled prior to February 15, 2008.

5. Full Description of Material Change

The Corporation announced that on January 17, 2008, it had signed an agreement and plan of merger between the Corporation, And Acquisition Corp., ANDevices and Gloria Wahl, as Stockholder Representative (the "Merger Agreement"), to acquire all of the outstanding shares of ANDevices, subject to certain approvals, consents and conditions. At the time of the signing of the Merger Agreement, ANDevices had received irrevocable proxies representing the requisite votes for approval of the Merger Agreement. A copy of the Merger Agreement is attached as Schedule B hereto.

ANDevices is a supplier of Planar Lightwave Circuit based photonic devices for the Access, Metro and Long-Haul communication markets and is based in Fremont, California.

Under the terms of the Merger Agreement, the Corporation will acquire, through its wholly owned Delaware subsidiary, And Acquisition Corp., all the shares of ANDevices for an aggregate purchase price of US$13,500,000 and 9,085,113 common shares of the Corporation. The price per share of US$2.45 was determined using the 20 day average of the Corporation's closing price on the TSX Venture Exchange.

Pursuant to the terms of the Merger Agreement, 10% of the share consideration will be placed in escrow pursuant to an escrow agreement for a period of 12 months from the closing date of the transaction and US$135,000 of the cash consideration will be placed in trust with the Stockholder Representative for at least 12 months from the closing date. In addition, following the closing date of the transaction, the Corporation's common shares issued to the shareholders of ANDevices will be subject to certain statutory and contractual restrictions on the sale of their shares.

All conditions pursuant to the Merger Agreement are expected to be fulfilled prior to February 15, 2008.

6. Reliance on subsection 7.1(2) or (3) of National Instrument 51-102

Not applicable.

7. Omitted Information

Not applicable.

8. Executive Officer

Dan Hilton
Vice-President, Finance & Administration
Enablence Technologies Inc.
400 March Road
Ottawa, Ontario K2K 3H4
Telephone: (613) 270-7852

DATED at Ottawa, Ontario, this 25th day of January, 2008.

ENABLENCE TECHNOLOGIES INC.

By: /s/ Dan Hilton
Name: Dan Hilton
Title: Vice-President, Finance & Administration

Schedule A

News Release

ENABLENCE TECHNOLOGIES INC
400 March Road,
Ottawa, Ontario,
Canada, K2K 3H4

For Immediate Release

Enablence Technologies to Acquire ANDevices

Ottawa, Ontario – January 17th, 2008 (TSXV: ENA) Enablence Technologies Inc. ("Enablence" or the "Corporation"), a developer of Fiber-to-the-Home (FTTH) transceivers for optical modems, today announced that it has signed a definitive agreement to acquire all of the outstanding shares of ANDevices Inc., ('ANDevices") subject to certain approvals, consents and conditions. ANDevices is a supplier of Planar Lightwave Circuit (PLC) based photonic devices for the Access, Metro and Long-Haul communication markets and is based in Fremont, California.

Under the terms of the definitive agreement, Enablence will acquire, through a wholly owned US Subsidiary, all the shares of ANDevices for an aggregate purchase price of US $13.5 million and 9,085,113 common shares of Enablence. All conditions pursuant to this agreement are expected to be fulfilled prior to February 15th 2008.

"The acquisition of ANDevices provides Enablence with a secure wafer fabrication facility for Fiber-to-the-Home transceivers, it also gives us the ability to expand our product portfolio and to continue to strengthen our leadership position in PLC based products," explained Arvind Chhatbar, the President and Chief Executive Officer of Enablence Technologies Inc.

"We are excited to become part of Enablence," commented Dr. Jacob Sun, the Chief Executive Officer of ANDevices. "We have been a key supplier of PLCs to Enablence and we provide complementary product offerings that will interface with Enablence's transceivers. We believe the synergies created by this acquisition will permit us to supply a range of new PLC based products for optical networks and other applications."

"This acquisition is part of Enablence's ongoing vertical integration strategy and allows us to maintain our competitive edge while increasing our global presence and product capabilities," added Mr. Chhatbar.

This is the second acquisition that Enablence has made in the past twelve months. In March of 2007, Enablence acquired Albis Optoelectronics a supplier of high speed photodetectors based in Zurich, Switzerland.

About ANDevices Inc.

ANDevices, Inc is a leading provider of photonic devices using its silica-on-silicon fabrication facility used for production of Planar Lightwave Circuit (PLC) products for Access, Metro and Long-Haul communication markets. ANDevices is located in Fremont, California.

About Enablence Technologies Inc.

Enablence products are used in optical modems that are located inside the consumer's homes (i.e. for the delivery of high speed data/voice/video). Enablence designs and manufactures optical components, in particular triplexers and diplexers, using its proprietary Planar Lightwave Circuit (PLC) "Dispersion Bridge" platform, for the Fiber-to-the-Home (FTTH) market. These devices are filters that are embedded on a chip that are capable of processing optical signals at a low cost.

The corporate headquarters for Enablence Technologies is located in Ottawa, Ontario Canada.

For further information contact:

Enablence Technologies Inc.
Arvind Chhatbar,
Chief Executive Officer
(613) 270-7859

Forward Looking Statements

The statements in this press release may contain forward looking statements that may involve a number of risks and uncertainties. Actual events or results could differ materially from the Corporation's expectations and projections. The TSX Venture Exchange has not approved this press release and does not accept responsibility for the adequacy or accuracy of this press release.

Schedule B

AGREEMENT AND PLAN OF MERGER

by and among

ENABLENCE TECHNOLOGIES INC.,

AND ACQUISITION CORP.,

ANDEVICES, INC.,

and

GLORIA WAHL

as Stockholder Representative

dated as of

January 17, 2008

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EXHIBITS

SCHEDULES

AGREEMENT AND PLAN OF MERGER

This AGREEMENT AND PLAN OF MERGER, dated as of January 17, 2008, by and among ENABLENCE TECHNOLOGIES INC., a Canadian corporation ("Parent"), AND ACQUISITION CORP., a Delaware corporation and a wholly owned direct subsidiary of Parent ("Merger Sub"), ANDEVICES, INC., a Delaware corporation (the "Company"), and, as Stockholder Representative. Certain capitalized terms used in this Agreement have the meanings ascribed to them in Article X, Section 10.1 hereof.

W I T N E S S E T H:

WHEREAS, the respective Board of Directors of each of Parent, Merger Sub and the Company have approved, and deemed it advisable and in the best interests of its shareholders and stockholders, respectively, to consummate, the merger ("Merger") upon the terms and subject to the conditions set forth herein;

WHEREAS, the Board of Directors of the Company, having carefully considered the long-term prospects and interests of the Company and the Stockholders, has approved the transactions contemplated hereby and has recommended to the Stockholders the approval and adoption of this Agreement and the consummation of the transactions contemplated hereby upon the terms and subject to the conditions set forth herein;

WHEREAS, as a condition of the Agreement and an inducement to Parent to enter into this Agreement and incur the obligations set forth herein, concurrently with the execution and delivery of this Agreement, holders of shares of Company Common Stock and Preferred Stock (collectively, the "Stockholders"), constituting at least the Required Vote, have delivered to the Secretary of the Company, and the Secretary of the Company has delivered to Parent, irrevocable proxies naming Parent and providing Parent the right to vote in all matters related to this Agreement and the Merger and any other transactions contemplated hereby, all in accordance with the applicable provisions of the Delaware General Corporation Law (the "Corporations Law"), the Charter and By-Laws;

WHEREAS, as a condition of the Agreement and an inducement to Parent to enter into this Agreement and incur the obligations set forth herein, Parent, the Company, the Stockholder Representative and the Escrow Agent will enter into an Escrow Agreement in the form of Exhibit A attached hereto (the "Escrow Agreement") on the Closing Date, pursuant to which a certain portion of the Merger Consideration is to be placed in an escrow account to secure the indemnification obligations of the Stockholders to Parent;

WHEREAS, the Boards of Directors of each of Parent, Merger Sub and the Company, and the sole stockholder of Merger Sub have approved this Agreement and the transactions contemplated hereby in accordance with the provisions of the Corporations Law; and

NOW, THEREFORE, in consideration of the foregoing and the respective representations, warranties, covenants and agreements set forth herein, the parties hereto agree as follows:

ARTICLE I

THE MERGER

1.1 The Merger. Upon the terms and subject to the conditions set forth in this Agreement, and in accordance with the applicable provisions of the Corporations Law, the Company shall be merged with and into the Merger Sub at the Effective Time of the Merger. Following the Merger, the separate corporate existence of the Company shall cease and the Merger Sub shall continue as the Surviving Corporation and shall succeed to and assume all the rights, properties, liabilities and obligations of Merger Sub in accordance with the Corporations Law.

1.2 The Closing. Closing of the Merger (the "Closing") shall take place at 10:00 a.m., Eastern time, on a date to be specified by the parties which shall be no later than the third (3rd) business day after satisfaction or waiver of all of the conditions set forth in Article VII of this Agreement (the "Closing Date"), at the offices of McCarthy Tétrault LLP, located at 40 Elgin Street, Suite 1400, Ottawa, Ontario, unless another time, date or place is agreed to in writing by the parties hereto.

1.3 Effective Time. Upon the terms and subject to the conditions set forth in Article VII of this Agreement, the parties hereto shall file the certificate of merger in such form as is required by the Corporations Law (the "Certificate of Merger") with the Secretary of State of the State of Delaware in accordance with the relevant provisions of the Corporations Law. The parties hereto shall make all other filings, recordings or publications required by the Corporations Law in connection with the Merger and the Merger shall become effective at the time of such filing of this Certificate of Merger (the time at which the Merger becomes effective being the "Effective Time").

1.4 Effects of the Merger. The Merger shall have the effects set forth in the Corporations Law.

1.5 Charter and By-Laws.

(a) Immediately after the Effective Time of the Merger, the certificate of incorporation of the Surviving Corporation shall be as set forth in Exhibit B to this Agreement (the "Charter"), and such certificate of incorporation shall be the certificate of incorporation of the Surviving Corporation until thereafter amended as provided by law and such certificate of incorporation of the Surviving Corporation.

(b) Immediately after the Effective Time of the Merger, the by-laws of the Surviving Corporation shall be as set forth in Exhibit E to this Agreement (the "By-Laws"), and such By-Laws shall be the by-laws of the Surviving Corporation until thereafter amended as provided by law and such by-laws of the Surviving Corporation.

1.6 Directors. The directors of Merger Sub at the Effective Time of the Merger shall be the directors of the Surviving Corporation (the "Board") until the earlier of their resignation or removal or until their respective successors are duly elected and qualified, as the case may be.

1.7 Officers. The officers of Merger Sub at the Effective Time of the Merger shall be the officers of the Surviving Corporation until the earlier of their resignation or removal or until their respective successors are duly elected and qualified, as the case may be.

ARTICLE II

CONVERSION OF SHARES

2.1 Conversion of Shares.

(a) Treatment of Company Common Stock. Subject to the limitations in this Agreement, each share of Company Common Stock issued and outstanding immediately prior to the Effective Time (other than shares of Company Common Stock to be cancelled pursuant to Section 2.1(c) and Dissenting Shares) shall, by virtue of the Merger and without any action on the part of the holder thereof, be cancelled and extinguished and automatically converted into the right to receive an amount of cash and Parent Common Shares equal to its portion of the Merger Consideration in accordance with the Charter as in effect on the date hereof and as set forth in Schedule 2.1(a) hereof (rounded down to the nearest whole share of Parent Common Shares), as adjusted pursuant to Sections 2.1(d) and 2.4 hereof, without interest, and subject to any escrow, set off, deduction or indemnification contemplated herein. At the Effective Time, all such shares of Company Common Stock shall no longer be outstanding and shall automatically be canceled and retired and shall cease to exist, and each holder of a certificate or certificates which immediately prior to the Effective Time represented outstanding shares of Company Common Stock (the "Common Stock Certificates") shall cease to have any rights with respect thereto, except the right to receive the Merger Consideration.

(b) Treatment of Preferred Stock. Subject to the limitations in this Agreement, each share of Preferred Stock, issued and outstanding immediately prior to the Effective Time (other than shares of Preferred Stock to be cancelled pursuant to Section 2.1(c) and Dissenting Shares, if any), shall, by virtue of the Merger and without any action on the part of the holder thereof, be cancelled and extinguished and automatically converted into the right to receive an amount of cash and Parent Common Shares equal to its portion of the Merger Consideration in accordance with the Charter as in effect on the date hereof and as set forth in Schedule 2.1(a) hereof (rounded down to the nearest whole share of Parent Common Shares), in each case, as adjusted pursuant to Sections 2.1(d) and 2.4 hereof without interest, and subject to any escrow, set off, deduction or indemnification contemplated herein. At the Effective Time, all shares of Preferred Stock shall no longer be outstanding and shall automatically be cancelled and retired and shall cease to exist, and each holder of a certificate or certificates which immediately prior to the Effective Time represented outstanding shares of Preferred Stock (the "Preferred Stock Certificates" and, together with the Common Stock Certificates, the "Certificates") shall cease to have any rights with respect thereto, except the right to receive Merger Consideration.

(c) Cancellation of Capital Stock Owned by the Company. Each share of Capital Stock that is owned by Company or any direct or indirect wholly owned subsidiary of Company immediately prior to the Effective Time shall be automatically cancelled and extinguished, and no consideration shall be delivered in exchange therefor.

(d) Adjustments.

(i) If at the Effective Time the Company shall have Company Securities in addition to the Company Securities set forth in Schedule 3.2(a) hereof, then, without waiving any right or remedy hereunder, Parent shall reallocate the Merger Consideration on a *pro rata* basis so that the aggregate Merger Consideration payable by Parent does not increase. No change in the outstanding Company Securities shall result in any increase to the amount of Merger Consideration payable by Parent.

(ii) The Merger Consideration (x) shall be adjusted to reflect fully the effect of any stock split, reverse split, stock dividend (including any dividend or distribution or distribution of securities convertible into Capital Stock), reorganization, recapitalization or other like change with respect to Capital Stock that occurs or has a record date after the date hereof and prior to the Effective Time and (y) may be reduced in connection with any successful indemnity claims brought in accordance with Article IX hereof.

(e) Taking of Necessary Action; Further Action. If, at any time after the Effective Time, any further action is necessary or desirable to carry out the purposes of this Agreement and to vest the Surviving Corporation with full right, title and possession to all assets, property, rights, privileges, powers and franchises of the Company and Merger Sub, the officers and directors of the Surviving Corporation shall be fully authorized in the name of either or both of the Company or Merger Sub or otherwise to take, and Parent and the Surviving Corporation shall cause such officers and directors to take, all such lawful and necessary action, so long as such action is not inconsistent with this Agreement.

2.2 Plan Options. At the Effective Time, each outstanding stock option, stock equivalent right or current or future right to acquire shares of Company Common Stock, to the extent unexercised (each, a "Plan Option"), shall have been exercised or otherwise expired in accordance with the terms of the Stock Plan, and following the Effective Time, no Plan Options shall remain outstanding and no holder of a Plan Option shall have the right to receive any security or other consideration from the Company, Parent or the Surviving Corporation upon the exercise or conversion of such Plan Option. At or before the Effective Time, the Stock Plan will be terminated by the Company.

2.3 Company Warrants. As of the Effective Time, all Company Warrants shall have been exercised or otherwise have expired in accordance with the terms of the applicable governing instrument. Following the Effective Time, no Company Warrants shall remain outstanding and no holder of a Company Warrant shall have the right to receive any security or other consideration from the Company, Parent or the Surviving Corporation upon the exercise or conversion of such Company Warrant.

2.4 Adjustment Amount. The Merger Consideration shall be adjusted as follows:

(a) Closing Adjustment. The Merger Consideration has been determined on the basis that the Company will have no cash and cash equivalents and short term investments as of the close of business on the day before the Closing Date. At or immediately prior to the close of business on the day before the Closing Date, cash or cash equivalents and short term investments valued in accordance with GAAP will be distributed by the Company to its employees, in accordance with the bonus pool arrangements passed by the board of directors of the Company, and any other indebtedness including any Bank Indebtedness in excess of $4,000,000, other than Accounts and up to $4,000,000 of Bank Indebtedness, will be repaid by the Company, as applicable.

(b) Not later than five (5) business days prior to the Closing Date, the Company, in the form of a statement certified as being accurate and complete shall prepare and deliver to Parent, a good faith estimate of the balance sheet of the Company as of the Closing Date (the "Preliminary Closing Balance Sheet") prepared in accordance with GAAP consistent with past practice setting forth the Company's good faith estimate of the estimated Net Working Capital as of the Closing Date (the "Preliminary Net Working Capital") and (ii) all relevant backup materials and schedules relating to the calculation of the Preliminary Net Working Capital, in detail reasonably acceptable to Parent. In calculating the Preliminary Net Working Capital, the Preliminary Balance Sheet shall include as current liabilities estimates of the full amount of the Merger Expenses of the Company. Included with the Preliminary Closing Balance Sheet shall be a schedule of all accounts receivable and accounts payable with details of aging (the "Accounts"). The Preliminary Closing Balance Sheet shall be accompanied by a statement setting forth the calculations showing the basis for the determination of such sums. If the Preliminary Net Working Capital is negative, then the Merger Consideration payable by Parent and Merger Sub at the Closing shall be decreased by an amount equal to the amount by which the Preliminary Net Working Capital is less than zero. If the Preliminary Net Working Capital is positive, then there shall be no adjustment to the Merger Consideration payable by Parent and Merger Sub at the Closing. The Merger Consideration as it may be adjusted pursuant to this Section 2.4(b) is referred to herein as the "Preliminary Adjusted Merger Consideration". Any such adjustment shall be made through a reduction of the Parent Common Shares held pursuant to the Escrow Agreement.

(c) Post-Closing Adjustments. As promptly as practicable after the Closing Date, and in any event not later than thirty (30) days after the Closing Date, Parent shall prepare and deliver to the Stockholder Representative an unaudited balance sheet of the Company as of the Closing Date (the "Closing Balance Sheet") prepared in accordance with GAAP, consistent with past practice. The Closing Balance Sheet shall be accompanied by (i) a statement (the "Closing Statement") setting forth (i) Parent's calculation of the Net Working Capital as of the Closing Date (the "Closing Net Working Capital") and (ii) all relevant backup materials and schedules relating to the calculation of the Closing Net Working Capital, in detail reasonably acceptable to the Stockholder Representative. In calculating the Closing Net Working Capital, the Closing Balance Sheet shall include as current liabilities the full amount of the Merger Expenses of the Company, to the extent not satisfied in full as of the Closing Date and will also include any amount resulting from undeductible expenses arising from tax matters under Section 280(G) of the Code. As part of the Closing Net Working Capital, the Parent will have verified the Accounts and determined that the payables of the Company do not exceed the collectible accounts receivable of the Company (the "Closing Accounts"). For the purposes hereof, an accounts receivable shall be deemed collectible if such account is not more than ninety (90) days past its due date as of the date of the Closing Statement or if the Company is aware or should be aware that the account receivable is doubtful in which case an appropriate allowance should be made in accordance with GAAP. The Closing Balance Sheet shall be accompanied by a statement setting forth the calculations showing the basis for the determination of such sums. Following delivery of the Closing Balance Sheet, Parent shall provide to the Stockholder Representative all information in its possession reasonably requested by the Stockholder Representative and shall give representatives of the Stockholder Representative reasonable access (during normal business hours with reasonable prior notice and in such a manner so as not to interfere unreasonably with the conduct of their business) to the premises, employees and other facilities of the Company and the Surviving Corporation and to any books and records of Parent related to the Company's business, in each case, as are reasonably necessary for purposes of reviewing, verifying and auditing the Closing Statement. Subject to the terms and conditions of this Section 2.4 and taking into account any adjustment that has already occurred pursuant to Section 2.4(b), if the Closing Net Working Capital is negative, then the Merger Consideration payable by Parent shall be decreased by an amount equal to the amount by which the Closing Net Working Capital is less than zero. If the Closing Net Working Capital is positive, then there shall be no adjustment to the Merger Consideration payable by Parent and Merger Sub, except to the extent that there was an overadjustment under Section 2.4(b). The Merger Consideration as it may be adjusted pursuant to this Section 2.4(c) is referred to herein as the "Final Adjusted Merger Consideration".

(d) Dispute Resolution. The Closing Statement shall become final and binding on the Stockholders and Parent as to the Closing Net Working Capital thirty (30) days following the date the Closing Statement is received by the Stockholder Representative (the "Dispute Deadline Date"), unless prior to the Dispute Deadline Date the Stockholder Representative delivers to Parent notice that the Closing Net Working Capital or Closing Statement shall not have been determined in accordance with the requirements of Section2.4(c). The Stockholder Representative's notice shall set forth all of the Stockholder Representative's disputed items together with the Stockholder Representative's proposed changes thereto, including an explanation in reasonable detail of the basis on which the Stockholder Representative proposes such changes. If the Stockholder Representative has delivered a timely notice of disagreement in accordance with this Section 2.4(d), then Parent and the Stockholder Representative shall use their good faith efforts to reach written agreement on the disputed items to determine the Closing Net Working Capital for a period of twenty (20) days (or such longer period as they may mutually agree) to resolve any disagreements with respect to the calculation of the Closing Net Working Capital. If, at the end of such period, they are unable to resolve such disagreements in a written agreement, then an independent accounting firm of mutually selected by the Stockholder Representative and Parent (the "Independent Auditor") shall resolve any remaining disagreements. If the Stockholder Representative and Parent do not promptly agree on the selection of the Independent Auditor, which shall occur no later than ten (10) days after the end of the twenty (20) day period referred to above, then the Stockholder Representative and Parent shall each select an independent accounting firm of nationally recognized standing and such two independent accounting firms shall jointly select the independent accounting firm of nationally recognized standing to act as Independent Auditor pursuant to this Section 2.4(d). The Independent Auditor shall determine (and written notice thereof shall be given to the Stockholder Representative and Parent) as promptly as practicable, but in any event within thirty (30) days of the date on which such dispute is referred to the Independent Auditor, based solely on written submissions detailing the disputed items forwarded by the Stockholder Representative and Parent to the Independent Auditor within ten (10) days following the Independent Auditor's selection whether and to what extent (if any) the Closing Net Working Capital requires adjustment. The determination of the Closing Net Working Capital by the Independent Auditor shall be final and binding upon Parent and the Stockholder Representative as to the Closing Net Working Capital. If the Independent Auditor determines that Parent is entitled to 50% or less of the portion of the Closing Net Working Capital in dispute, Parent shall pay all of the Independent Auditor's fees and expenses in connection with Section 2.4. If the Independent Auditor determines that Parent is entitled to more than 50% of the portion of the Closing Net Working Capital in dispute, the Stockholders shall pay to the Parent all of the Independent Auditor's fees and expenses in connection with Section 2.4 by way of further adjustment to and reduction of the Parent Common Shares held under the Escrow Agreement.

(e) Final Closing Statement. The Closing Net Working Capital shall be deemed to be finally determined in the amount set forth in the Closing Statement on the Dispute Deadline Date unless a dispute notice is given in accordance with Section 2.4(d), with respect to the calculation thereof. If such a dispute notice is given, the Closing Net Working Capital shall be deemed finally determined on the date that the Independent Auditor gives notice to Parent and the Stockholder Representative of its determination with respect to all disputes regarding the calculation thereof, or, if earlier, the date on which the Stockholder Representative and Parent agree in writing on the amount thereof, in which case the Closing Net Working Capital shall be calculated in accordance with such determination or agreement, as the case may be. The Closing Statement as accepted by the Stockholder Representative (by absence of notice pursuant to Section 2.4(d)) or as determined by the Independent Auditor shall be referred to as the "Final Closing Statement".

(f) Payment of Final Adjustment to the Merger Consideration. Within five (5) business days after the determination of the Final Closing Statement, an amount equal to the difference between the Preliminary Adjusted Merger Consideration and the Final Adjusted Merger Consideration shall be paid by the Escrow Agent from the Escrow Amount based on the Acquisition Share Price, to Parent if the Preliminary Adjusted Merger Consideration is greater than the Final Adjusted Merger Consideration including any Independent Auditor's fees as described in Section 2.4(d).

2.5 Escrow.

(a) At the Effective Time, Parent shall withhold ten percent (10%) of the Parent Common Shares forming part of the Merger Consideration otherwise payable to the Stockholders (the "Escrow Amount"). Concurrent with the Closing, Parent, the Stockholder Representative and the Escrow Agent shall enter into the Escrow Agreement. Within three (3) business days after the Closing Date, Parent shall cause the Escrow Amount to be deposited with the Escrow Agent.

(b) At the Effective Time, $135,000 of the cash consideration forming part of the Merger Consideration otherwise payable to the Stockholders (the "Stockholder Representative Fund") will be paid to the Stockholder Representative to be held in trust. The Stockholder Representative will retain the Stockholder Representative Fund during the Escrow Period and for such further period where the services of the Stockholder Representative are required pursuant to the provisions of this Agreement and the Escrow Agreement; provided, however upon the completion of such period, any remaining amounts in the Stockholder Representative Fund will be distributed to the Stockholders in proportion to each Stockholder's share of the Merger Consideration.

(c) The adoption of this Agreement and the approval of the Merger by the Stockholders necessary to obtain the Required Vote shall constitute approval of the Escrow Agreement and of all the arrangements relating thereto, including the placement of the Escrow Amount in escrow and the irrevocable appointment by the Stockholders of the Stockholder Representative (together with his permitted successor) as their true and lawful agent and attorney-in-fact to enter into the Escrow Agreement, to exercise all or any of the powers, authority and discretion conferred on the Stockholder Representative under this Agreement or the Escrow Agreement, to waive or amend any terms and conditions of this Agreement or the representative to the extent of their respective interests in the Escrow Amount with respect to any matter, suit, claim, action or proceeding arising with respect to any transaction contemplated by this Agreement or the Escrow Agreement, including the defense, settlement, compromise of any claim, action or proceeding for which Parent or Merger Sub may be entitled to indemnification and the Stockholder Representative agrees to act as, and to undertake the duties and responsibilities of, such agent and attorney-in-fact; provided, that the Stockholder Representative shall not have the authority to make any amendments or waive any provisions with regard to the foregoing agreements if such amendment or waiver shall create further material obligations of a Stockholder under the terms of such agreements or if such amendment or waiver adversely changes the Merger Consideration due to a Stockholder disproportionately to other Stockholders, without the consent of the Stockholder so affected. Additionally, the Stockholders hereby appoint Andrew D. Wahl as the alternate to the Stockholder Representative (the "Alternate Stockholder Representative") to perform and fulfill all of the duties and the functions of the Stockholder Representative in the event that the Stockholder Representative indicates that he or she is otherwise unavailable to act at a certain time. In the event of the death or permanent disability of any Stockholder Representative, or his or her resignation as Stockholder Representative, the Alternate Stockholder Representative shall become the Stockholder Representative and a successor Alternate Stockholder Representative shall be elected by a majority vote of the Stockholders with each such Stockholder (or his, her or its successors or assigns) to be given a vote equal to the number of votes represented by the shares of Company Stock held by the Stockholder immediately prior to the Closing Date. In the event that the Alternate Stockholder Representative is unable or unwilling to assume the duties and responsibilities of the Stockholder Representative, a successor Stockholder Representative shall be elected following the procedure set forth in the preceding sentence. This power of attorney is coupled with an interest and is irrevocable; provided, however, that such power of attorney shall automatically terminate without the need of any additional action upon the termination of this Agreement or the Escrow Agreement, pursuant to the terms thereof.

2.6 Payment and Surrender of Certificates.

(a) Prior to the Effective Time, Parent or Merger Sub shall designate Computershare Trust Company of Canada to act as Payment Agent in connection with the Merger (the "Payment Agent"). Subject to the terms of Sections 2.5 and 2.9 hereof, at or prior to the Effective Time, Parent will provide to, or cause the Surviving Corporation to provide to, and shall deposit in trust with, the Payment Agent, the Merger Consideration.

(b) The Company shall prior to the Effective Time provide to each holder of record of any Capital Stock a letter of transmittal and instructions for use in effecting the surrender of the Certificates in exchange for such holder's portion of the Merger Consideration as set forth on Schedule 2.1(a). Subject to the terms of Sections 2.5 and 2.9 hereof, upon surrender of a Company Certificate, except for holders of Plan Options or Company Warrants who will not be in possession of a Company Certificate, to the Payment Agent, together with such letter of transmittal, duly executed, the holder of such Company Certificate, shall be entitled to receive in exchange therefor that portion of the Merger Consideration then due, without interest, represented by such Company Certificate, less any required Tax withholdings in accordance with Section 2.12 hereof, and the Company Certificate shall forthwith be cancelled; provided, that, Parent may satisfy such obligation to any such holder, in part, by depositing a portion of the Merger Consideration to which such holder would otherwise be entitled, into escrow pursuant to the terms of Section 2.5 and the Escrow Agreement. Until surrendered as contemplated by this Article II, from and after the Effective Time each Company Certificate shall be deemed to represent only the right to receive its portion of the Merger Consideration then due and shall not evidence any interest in, or any right to exercise the rights of a shareholder of Parent or the stockholder of the Surviving Corporation. If the Merger Consideration is to be paid to a Person other than the one in whose name the Company Certificate surrendered in exchange therefor is registered, it shall be a condition to such payment that such Company Certificate be properly endorsed (or accompanied by an appropriate instrument of transfer) and accompanied by evidence that any applicable stock transfer taxes and other applicable taxes have been paid or provided for.

2.7 Termination of Payment Fund. At any time after six (6) months following the Effective Time, Parent shall be entitled to require the Payment Agent to deliver to it any funds or stock which had been deposited with the Payment Agent and have not been disbursed in accordance with this Article II (including, without limitation, interest, dividends, and other income received by the Payment Agent in respect of the funds or stock made available to it), and after the funds have been delivered to Parent, Stockholders entitled to payment in accordance with this Article II shall be entitled to look solely to Parent (subject to abandoned property, escheat or other similar applicable laws) for payment of the Merger Consideration upon surrender of the Certificates held by them, without any interest thereon. Any Merger Consideration remaining unclaimed as of a date which is immediately prior to such time as such amounts would otherwise escheat to or become property of any government entity shall, to the extent permitted by applicable Law, become the property of Parent free and clear of any claims or interest of any Person previously entitled thereto.

2.8 No Liability. Notwithstanding anything to the contrary in this Article II, none of the Payment Agent, the Surviving Corporation or any party hereto shall be liable to any Person in respect of any cash delivered to a public official pursuant to any applicable abandoned property, escheat or similar law.

2.9 Dissenting Shares; Appraisal Rights. If Stockholders are entitled to appraisal rights in connection with the Merger pursuant to the Corporations Law, any Dissenting Shares will not be converted into the right to receive a portion of the Merger Consideration as provided in Section 2.1 hereof, but will be entitled to such rights (but only such rights) as may be determined to be due with respect to such Dissenting Shares pursuant to the Corporations Law.

The Company will give Parent prompt notice (and in any case, within two (2) business days) of any demand received by the Company for appraisal of shares of Company Common Stock or Preferred Stock, and Parent will have the right to control all negotiations and proceedings with respect to such demand. The Company agrees that, except with Parent's prior written consent, it will not voluntarily make any payment with respect to, or settle or offer to settle, any such demand for appraisal. If any Stockholder fails to make an effective demand for payment or otherwise loses his status as a holder of Dissenting Shares, then the appraisal right of such holder shall cease and such Dissenting Shares shall be deemed to have been converted at the Effective Time into, and shall become, the right to receive such Merger Consideration to which such Company Stockholder would have been entitled pursuant to Section 2.1, subject to the provisions of this Agreement. "Dissenting Shares" means any shares of Company Common Stock or Preferred Stock that are outstanding immediately prior to the Effective Time with respect to which dissenters' rights to obtain payment for such Dissenting Shares in accordance with the Corporations Law, as applicable, have been duly and properly exercised and perfected in connection with the Merger.

2.10 No Further Ownership Rights in Capital Stock. From and after the Effective Time, no shares of Capital Stock will be deemed to be outstanding, and holders of Certificates formerly representing such Capital Stock shall cease to have any rights with respect thereto except as provided herein or by applicable law. At the Effective Time, the stock transfer books of Company shall be closed and no further registration or transfer of Capital Stock shall thereafter be made. If, after the Effective Time, Certificates are presented to the Surviving Corporation or the Payment Agent for any reason, they shall be canceled and exchanged as provided in this Article II, subject to Section 2.6 and the Escrow Agreement.

2.11 Lost, Stolen or Destroyed Certificates. In the event any Certificates shall have been lost, stolen or destroyed, the Payment Agent shall issue in exchange for such lost, stolen or destroyed Certificates, upon the making of an affidavit of that fact by the holder thereof, such Merger Consideration as may be required pursuant to Section 2.1 hereof; provided, however, that Parent or the Surviving Corporation may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed Certificates to deliver a bond in such sum as it may reasonably direct as indemnity against any claim that may be made against Parent, the Surviving Corporation or the Payment Agent with respect to the Certificates alleged to have been lost, stolen or destroyed.

2.12 Tax Withholding. Parent or Surviving Corporation shall be entitled to deduct and withhold from the cash component of the Merger Consideration or other payment otherwise payable pursuant to this Agreement or the Escrow Agreement, the amounts required to be deducted and withheld under the Code, or any provision of state, local or foreign Tax law. To the extent that amounts are so deducted and withheld, (i) Parent or Parent's agent shall furnish a statement to such holder indicating the amounts deducted or withheld, and (ii) such deducted and withheld amounts shall be treated for all purposes of this Agreement as having been paid to such holder in respect of whom such deduction and withholding was made.

2.13 Tax Treatment.

(a) The parties intend, by executing this Agreement, to adopt a plan of reorganization within the meaning of Section 368(a) of the Code.

(b) Parent and Merger Sub shall have received from Company a certificate pursuant to Treasury Regulation Section 1.897-2(h)(2), certifying that the capital stock of the Company is not a "U.S. real property interest" within the meaning of Section 897(c)(1) of Code and that the Company is not, and has not been during the five (5) years preceding the date of the certificate, a "United States real property holding corporation" within the meaning of Section 897(c)(2) of the Code.

2.14 Taxes. In no event shall Parent or the Surviving Corporation bear any Tax imposed in connection with any Stockholder's receipt of the Merger Consideration to which such Stockholder is entitled.

2.15 Further Assurances. If at any time after the Effective Time the Surviving Corporation shall determine, in its sole discretion, or shall be advised, that any deeds, bills of sale, assignments, instruments, assurances or any other actions or things are necessary or desirable to consummate the Merger or vest, perfect or confirm of record or otherwise in the Surviving Corporation its right, title or interest in, to or under any of the rights, properties or assets of either of the Company or Merger Sub acquired or to be acquired by the Surviving Corporation as a result of, or in connection with, the Merger or otherwise to carry out the purpose and intent of this Agreement, then the officers and directors of the Surviving Corporation shall be authorized to execute and deliver, in the name and on behalf of either the Company or Merger Sub, all such deeds, bills of sale, instruments of conveyance, assignments, instruments and assurances and to take and do, in the name and on behalf of each such corporation or otherwise, all such other actions and things necessary to consummate the Merger and to carry out the purpose and intent of this Agreement or as may be necessary or desirable to vest, perfect or confirm any and all right, title or interest in, to and under such rights, properties or assets in the Surviving Corporation.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF THE COMPANY

The Company hereby represents and warrants to Parent and Merger Sub, that as of the date hereof and the Closing Date, except as set out in the Company SOE:

3.1 Authorization, Execution and Approvals.

(a) The Company is a company duly incorporated and is a valid and subsisting company, and in good standing under the laws of the State of Delaware, and has all requisite corporate power and authority to own and operate its properties and assets and to carry on the Business. Since incorporation, the Company has never had any subsidiaries or affiliated companies.

(b) The Company is duly qualified to do business as a foreign corporation and is in good standing in each jurisdiction where the character of the property owned or leased by it or the nature of its activities make such qualification necessary. The Company does not own or lease property outside of the State of California. The Company has delivered to Parent true and complete copies of the Charter and By-Laws of the Company, as amended and in effect on the date hereof.

(c) The Company has requisite corporate power and authority to execute, deliver and perform its obligations under this Agreement and under the Escrow Agreement on the terms and conditions herein set forth and under the Escrow Agreement, and to carry out the provisions hereof and thereof.

(d) This Agreement and the Escrow Agreement, assuming due authorization, execution and delivery of the same by the other parties thereto, constitute valid, binding and enforceable agreements of the Company.

(e) Schedule 3.1(e) sets forth a true and complete list of each consent, waiver, authorization or approval of any governmental or regulatory authority pursuant to Applicable Laws and each declaration to or filing or registration with any such governmental or regulatory authority that is required in connection with the execution and delivery of this Agreement and the Escrow Agreement by the Company or the performance by the Company of its obligations hereunder or thereunder.

(f) Except as set forth in Schedule 3.1(f) of the Company SOE, no consent, waiver, authorization, approval or other action by any Person (other than any such consents, approvals, waivers or actions described in Section 3.1(e)) under any contract, agreement, indenture, lease, instrument or other document to which the Company is a party or by which it is bound is required or necessary for the:

(i) execution, delivery and performance of this Agreement and the Escrow Agreement by the Company;

(ii) the consummation of the transactions contemplated by this Agreement and the Escrow Agreement;

(iii) the change of control of the Company; or

(iv) any assignment of any such contract, agreement, indenture, lease, instrument or other document by the Company.

(g) The execution, delivery and performance of this Agreement and the Escrow Agreement and the completion of the transactions contemplated by this Agreement and the Escrow Agreement have been authorized by all necessary corporate action on the part of the Company and no other corporate proceedings or approvals are required on the part of the Company to authorize this Agreement or the Escrow Agreement or to consummate the transactions contemplated by this Agreement or the Escrow Agreement. The performance of and compliance with the terms of this Agreement and the Escrow Agreement, do not, and upon Closing will not, conflict with or result in the breach of, or the acceleration of, any terms, provisions or conditions of or constitute a default under the Certificate of Incorporation or By-Laws of the Company or any indenture, mortgage, deed of trust, agreement, lease, franchise, certificate, consent, permit or other instrument to which the Company is a party or is bound or any judgment, decree, order, rule or regulation of any court or administrative body by which the

Company is bound or any Applicable Laws or result in the creation or imposition of any Lien on any asset of the Company.

3.2 Capital Structure

(a) The authorized and issued capital of the Company is set forth in Schedule 3.2(a). The Company has reserved for issuance upon the exercise of options or warrants outstanding the stock specifically identified as such in Schedule 3.2(a). All outstanding shares of Capital Stock have been duly authorized and validly issued, are fully paid and non-assessable, and were issued in accordance with the registration or qualification requirements of the Securities Act and any relevant state securities laws or pursuant to valid exemptions therefrom, and are owned of record by the Persons set forth in Schedule 3.2(a) and, to the Company's knowledge, are free and clear of all Liens other than Liens for current Taxes not yet due and payable.

(b) Except as set out in Schedule 3.2(a) of the Company SOE: (i) no Person has any right to require the Company to issue any shares in its capital; (ii) there are no outstanding securities of the Company which are convertible into or exchangeable for shares in the capital of the Company; (iii) there are no outstanding options on, rights to subscribe for, or warrants to purchase, any of the unissued shares in the capital of the Company; (iv) and there are no rights to participate in the proceeds from the sale of the Business (collectively, the "Company Securities"). There are no outstanding obligations of the Company, actual or contingent, to issue or deliver or to repurchase, redeem or otherwise acquire any Company Securities.

(c) Effective upon Closing, no person has any right, present or future, contingent or absolute, to purchase from the Company any Company Securities, including any options, whether vested or unvested ("Company Options") to purchase any capital stock of the Company or any warrants ("Company Warrants") to purchase any capital stock of the Company. Full details of the amounts and exercise prices under all the Company Options and the Company Warrants are contained in Schedule 3.2(a).

(d) There are no voting trusts or other agreements or understandings to which the Company is a party with respect to the voting of any capital stock of the Company which by their terms will survive the Closing.

(e) Schedule 2.1(a) accurately reflects the allocation of the Merger Consideration as required under the Charter of the Company.

3.3 Financial Statements

(a) The financial statements of the Company, consisting of the balance sheets and the related statements of income, retained earnings and changes in financial position for the three year period ended on the Balance Sheet Date, together with the notes thereto all in U.S. dollars (collectively, the "Financial Statements"):

(i) are attached hereto as Schedule 3.3(a);

(ii) are in accordance with the books and accounts of the Company as at the Balance Sheet Date;

(iii) are true and correct and present fairly the financial position of the Company as at the Balance Sheet Date and the results of operations, cash flows and stockholder's equity for the periods then ended;

(iv) have been prepared in accordance with generally accepted accounting principles in the U.S. ("GAAP") consistently applied throughout the periods presented; and

(v) present fairly all of the assets and liabilities of the Company and its consolidated Subsidiaries as at the Balance Sheet Date, including all contingent liabilities of the Company at the Balance Sheet Date.

(b) The Company maintains a system of internal accounting controls sufficient to provide reasonable assurance that (i) transactions are executed in accordance with management's general or specific authorizations; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles and to maintain asset accountability; and (iii) access to assets is permitted only in accordance with management's general and specific authorization. Since incorporation, neither the Company, nor to the Company's knowledge, any director, officer, employee, auditor, accountant or representative of the Company has received or otherwise become aware of any complaint, allegation, assertion or claim, whether written or oral, regarding the accounting or auditing practices, procedures, methodologies or methods of the Company or of their internal controls over financial reporting, including any complaint, allegation, assertion or claim that the Company has engaged in questionable accounting or auditing practices. There have been no instances of fraud, whether or not material, that occurred during any period covered by the Financial Statements involving the management of the Company or other employees of the Company who have a role in preparation of the Financial Statements.

(c) The inventory reflected on the Balance Sheet is good and merchantable material, of a quality and quantity usable or saleable in the ordinary course of the Business and is carried on the books and records in accordance with GAAP. Pursuant to the foregoing, items which are not of a quality usable and saleable in the ordinary course of the Business have been written down to net realizable value.

(d) Since the Balance Sheet Date, except for activities by the Company personnel related to the negotiation of this Agreement or as otherwise expressly contemplated by this Agreement, the affairs of the Company and the Business have at all times been carried on and operated in the ordinary course and no event or circumstance has occurred outside the ordinary course which has had or is capable of having a Material Adverse Effect.

(e) Except as set forth in the Balance Sheet or in Schedule 3.3(e) of the Company SOE, there are no liabilities of the Company of any kind whatsoever, whether accrued, contingent, absolute, determined, determinable or otherwise, and there is no existing condition, situation or set of circumstances which could reasonably be expected to result in such a liability.

(f) There have been no payments since the Balance Sheet Date of a material liability of the Company which was incurred on or before the Balance Sheet Date and not disclosed or reflected in the Financial Statements.

(g) Since the Balance Sheet Date, except as set forth in Schedule 3.3(g) of the Company SOE:

(i) no dividends or other distribution of any kind have been declared or paid by the Company, and there has not been any repurchase, redemption or other acquisition by the Company of any outstanding shares of capital or other securities of, or other ownership interests in, the Company;

(ii) no material capital expenditures or commitments therefor have been made by the Company;

(iii) the Company has maintained insurance on the assets of the Company as they were insured on the Balance Sheet Date;

(iv) there has been no Material Adverse Change in the Business and no damage or destruction of any assets of the Company having a Material Adverse Effect or the right or capacity of the Company to carry on the Business;

(v) the Company has not paid or agreed to pay any compensation, pension, bonus, share of profits or other benefit to, or for the benefit of, any employee, director, or officer of the Company except in the normal course of business; the Company has not increased the compensation paid or payable of any director, officer or management employee; the Company has not granted any severance or termination pay to any director, officer or employee of the Company (nor has the Company amended their respective existing severance policies and arrangements); and the Company has not entered into any employment, deferred compensation or other similar arrangement (or any amendment to any such existing arrangement) with any director, officer or employee of the Company;

(vi) the Company has not discharged or satisfied any Lien or paid any obligation or liability of the Company other than current liabilities in the ordinary course of business; and;

(vii) the Company has conducted the Business in the ordinary course consistent with past practices, and there has not been:

(1) any amendment of any outstanding Company Securities;

(2) any incurrence, assumption or guarantee by the Company of any indebtedness for borrowed money;

(3) any making of any loan, advance or capital contributions to or investment by the Company in any Person;

(4) any transaction or commitment made, or any contract or agreement entered into, by the Company relating to its assets or business (including the acquisition or disposition of any assets) or any relinquishment by the Company of any contract or other right, material to the Company, other than transactions and commitments in the ordinary course of business;

(5) any incurrence of any liabilities or obligations (absolute, accrued, contingent or otherwise) except non-material items incurred in the ordinary course of business and consistent with past practice, none of which exceeds $10,000 (counting obligations or liabilities arising from one transaction or a series of similar transactions, and all periodic installments or payments under any lease or other agreement providing for periodic installments or payments, as a single obligation or liability), or increased, or experienced any change in any assumptions underlying or methods of calculating, any bad debt, contingency or other reserves other than trade payables incurred in the ordinary course of business and consistent with past practice;

(6) any disposal of, or grant or permission to lapse any rights to, any Company IP or disposal of or disclosure to any Person, other than representatives of Parent, of any trade secret;

(7) any Lien incurred by the Company other than in the ordinary course of business;

(8) any filing of any amendment to any Tax Return, made any election relating Taxes, changed any election relating to Taxes already made, adopted or changed any accounting method relating Taxes, entered into any closing agreement relating to Taxes, settled any claim or assessment relating to Taxes or consented to any claim or assessment relating to Taxes or any waiver of the statute of limitation for any such claim or assessment; and

(9) any cancellation of, material changes in, material amendment to or defaults on any license agreements or strategic alliance agreements, which cancellations, changes, amendments or defaults would in the aggregate have a Material Adverse Effect.

3.4 Company Assets

(a) Except as disclosed in Schedule 3.4(a), the Company has good and marketable title to and possession of all property and assets reflected on the Balance Sheet or acquired after the Balance Sheet Date, free and clear of all Liens. With respect to leased property and assets, the Company is in compliance with such leases in all respects and holds a valid leasehold interest free of any Liens. All facilities, machinery, equipment, fixtures, vehicles and other properties owned, leased or used by the Company to conduct its business are in good operating condition and repair and reasonably fit and usable for the purposes for which they are being used.

(b) The assets owned or leased by the Company, or which it otherwise has the right to use, constitute all of the assets reasonably necessary to conduct the Business as currently conducted by the Company.

(c) The Company has not guaranteed, or agreed to guarantee, any debt, liability or other obligation of any Person. The Company is not indebted or under any obligation to the Stockholders on any account whatsoever.

(d) Except as stated on the Balance Sheet or Schedule 3.4(d) of the Company SOE or incurred since the Balance Sheet Date in the ordinary course of business, the Company has not incurred any indebtedness, contingent or otherwise, to any party.

(e) There are no developments affecting any of the properties or assets presently used in the Business, pending or, to the knowledge of the Company, threatened, which might have a Material Adverse Effect.

(f) All accounts, notes receivable and other receivables (other than receivables collected since the Balance Sheet Date) reflected on the Balance Sheet are, and all accounts and notes receivable of the Company at the Closing Date will be, valid and genuine. All accounts, notes receivable and other receivables of the Company at the Balance Sheet Date have been included in the Balance Sheet.

3.5 Litigation and Suits

(a) Except as set out in Schedule 3.5(a) of the Company SOE, the Company has no notice of and has not been served with notice of any actions, suits, judgments, investigations or proceedings and, to the best of the knowledge of the Company, none are pending or threatened against the Company, or any current or former director, officer or employee of the Company in his or her capacity as director, officer or employee of the Company at law or in equity or before or by any federal, state, municipal or other governmental department, commission, court, board, bureau or other Governmental Authority.

(b) There is no agreement, judgment, injunction, order or decree binding upon the Company which has or would have the effect of prohibiting or materially impairing any business practice of the Company, any acquisition of property by the Company or the overall conduct of the business conducted or to be conducted by the Company.

(c) Except as set out in Schedule 3.5(c) of the Company SOE, the Company has not entered into any agreement under which the Company is restricted from selling, licensing or otherwise distributing any of its products to any class of customers, in any geographic area, during any period of time or in any market or market segment.

3.6 Material Contracts

(a)

(i) Except for agreements, contracts, plans, leases, arrangements or commitments in excess of $10,000 set out in Schedule 3.6(a) (the "Material Contracts"), true and complete copies of which have been provided to Parent, the Company is not a party to or subject to:

(1) any lease providing for annual rentals in excess of $10,000;

(2) any contract for the purchase of materials, supplies, goods, services, equipment or other assets providing for annual payments by the Company in excess of $10,000;

(3) any sales, distribution or other similar agreement providing for the sale by the Company of materials, supplies, goods, services, equipment or other assets providing for annual payments to the Company in excess of $10,000;

(4) any partnership, joint venture or other similar contract, arrangement or agreement;

(5) any contract relating to indebtedness for borrowed money or the deferred purchase price of property (whether incurred, assumed, guaranteed or secured by any asset), except contracts relating to indebtedness incurred in the ordinary course of business in an amount not in excess of $10,000;

(6) any license agreement, franchise agreement or agreement in respect of similar rights granted to or held by the Company;

(7) any agency, dealer, sales representative or other similar agreement;

(8) any contract or other document that limits the freedom of the Company to compete in any line of business or with any Person or in any area or which would so limit the freedom of the Company after the Closing Date;

(9) any contract with publishers, distributors, resellers or localization or translation partners; or

(10) any other contract or commitment not made in the ordinary course of business that is material to the Company.

(ii) Each agreement, contract, plan, lease, arrangement and commitment disclosed in any schedule to this Agreement or required to be disclosed pursuant to Section 3.6(a) is a valid and binding agreement of the Company and is in full force and effect in accordance with its terms, and to the knowledge of the Company, no other party thereto is in breach or default under the terms of any such agreement, contract, plan, lease, arrangement or commitment.

(iii) The transactions contemplated by this Agreement and the Merger, including, without limitation, the change of control of the Company, shall not affect the Company's rights, trigger any additional obligations of the Company or otherwise be or cause a breach of any of the Material Contracts.

(iv) With respect to any oral agreements and expressions of interest, letters of understanding, memoranda of understanding and like agreements between the Company and any third party, the Company does not have any liability under any such agreements which is not reflected on the Balance Sheet.

(v) No party to any Material Contract has provided any notice to terminate such Material Contract.

(b) The Company is not negotiating, and for the last sixty (60) days has not negotiated, with any Person to enter into any Material Contract.

(c) Except as set out in Schedule 3.6(c) of the Company SOE, there are no exclusivity provisions or similar such provisions in any contract, agreement or other commitment with any Person that the Company has provided, or is or will be providing, any products or services to.

(d) Except as set out in Schedule 3.6(d) of the Company SOE, there are no "most favored nations" or similar such favorable pricing or commercial terms in any contract, agreement or other commitment with any Person that the Company has provided, or is or will be providing, any products or services to.

(e) Except as set out in Schedule 3.6(e) of the Company SOE, the Company is neither bound by nor entitled to any "non-solicit" or "no hire" or similar such obligations.

(f) Except as set out in Schedule 3.6(f) of the Company SOE, the Company does not have any contract, agreement or other commitment with, or obligation to, any customers, resellers, distributors, agents or other such similar third parties that has a term or lasts for a period of time longer than three (3) years (including any automatic renewals or renewals that are not in the Company's sole election or control).

(g) The Company has no power of attorney outstanding or any obligations or liabilities (whether absolute, accrued, contingent, or otherwise), as guarantor, surety, co-signer, endorser, co-maker or indemnitor in respect of the obligation of any Person.

(h) Set forth in Schedule 3.6(h) of the Company SOE is a list of all insurance policies and fidelity bonds placed by the Company covering the assets, business, equipment, properties, operations, employees, officers and directors of the Company. There is no claim by the Company pending under any of such policies or bonds as to which coverage has been questioned, denied or disputed by the underwriters of such policies or bonds. All premiums payable under all such policies and bonds have been paid, and the Company is otherwise in full compliance in all material respects with the terms and conditions of all such policies and bonds. Unless otherwise set forth in Schedule 3.6(h) of the Company SOE, such policies of insurance and bonds (or other policies and bonds providing substantially similar insurance coverage) have been in effect since the date of incorporation of the Company and remain in full force and effect. Such policies of insurance and bonds are of the type and in amounts customarily carried by Persons conducting businesses similar to those of the Company and based in California. The Company does not know of any threatened termination of, or premium increase with respect to, any of such policies or bonds. During the last six (6) months, the Company has not been refused any insurance with respect to its assets or operations, nor has its coverage been limited by any insurance carrier to which it has applied for any such insurance or with which it has carried insurance.

3.7 No Violations

(a) The Company is not in violation of, and has not violated, any applicable provisions of any Applicable Laws or, to the knowledge of the Company, any other laws, statutes, ordinances or regulations, including Laws relating to the protection of the environment.

(b) Schedule 3.7(b) of the Company SOE describes in all material respects each license, approval and permit (a "Permit") held by the Company that is material to the Business, together with the name of the Governmental Authority or entity issuing such Permit. The Company has all Permits necessary or desirable for the conduct of the Business. Such Permits are valid and in full force and effect, and none of such Permits will be terminated or impaired or become terminable as a result of the transactions contemplated hereby.

(c) The Company is not in default under, and no condition exists that with notice or lapse of time or both would constitute a default under: (i) any mortgage, loan agreement, indenture or evidence of indebtedness for borrowed money to which the Company is a party or by which the Company or any material amount of their respective assets is bound; or (ii) any judgment, order or injunction of any court, arbitrator or governmental body, agency, official or other Governmental Authority.

3.8 Brokers and Finders. Except as disclosed in Schedule 3.8 of the Company SOE, there is no investment banker, broker, finder, other intermediary or any other Person which has been retained by or is authorized to act on behalf of the Company which might be entitled to any fee or commission from Parent, Merger Sub or the Company upon consummation of the transactions contemplated by this Agreement.

3.9 Related Party Transactions. There are no loans, leases, royalty agreements or other continuing transactions between the Company and any Stockholder, any Affiliate of any Stockholder, or any member of any Stockholder's family. None of the officers or directors of the Company or, to the knowledge of the Company, the Stockholders (a) has any material direct or indirect interest in any entity which does business with the Company; (b) has any direct or indirect interest in any material property, asset or right which is material and is used by the Company in the conduct of the Business; or (c) has any contractual relationship with the Company other than such relationships which occur from being an officer, director or shareholder of the Company. Since the Balance Sheet Date there has not been any payment by the Company to any Stockholder or, to the knowledge of the Company, any of a Stockholder's Affiliates or family members, or charge by any Stockholder or any of its Affiliates or family members to the Company or other transaction between the Company and a Stockholder or, to the knowledge of the Company, any of a Stockholder's Affiliates or family members, except in any such case in the ordinary course of business of the Company consistent with past practice.

3.10 Customers and Suppliers. Within the last twelve (12) months of the date hereof, no customer and no supplier of the Company has cancelled or otherwise terminated, or made any written indication to the Company to cancel or otherwise terminate its relationship with the Company, or has materially decreased its services or supplies to the Company in the case of any such supplier, or its usage of the services or products of the Company in the case of such customer, and no such supplier or customer has indicated its intention to cancel or otherwise terminate its relationship with the Company or to decrease materially its services or supplies to the Company or its usage of the services or products of the Company.

3.11 Intellectual Property Rights

(a) Except as listed in Schedule 3.11(a) of the Company SOE:

(i) the Owned IP (including without limitation any component of the Software) does not include any third party Intellectual Property Rights;

(ii) the Company holds all right, title and interest to the Owned IP free and clear of any Liens;

(iii) the Owned IP is not owned by or registered in the name of any current or former owner, stockholder, partner, director, executive, officer, employee, salesman, agent, customer, representative or contractor or other party nor does any such person have any interest therein or right thereto, including but not limited to the right to royalty payments or moral rights, and there does not exist any document or other evidence of any such interest or right;

(iv) to the Company's knowledge, the Owned IP does not infringe, misuse, misappropriate or otherwise violate the Intellectual Property Rights of any third party;

(v) the Company has the right to transfer, convey or assign to any third party without consent, waiver or payment to any person whatsoever the full right, title and interest of the Company in the Owned IP including the right to assign to any third party the Company's right to transfer, convey or assign the Owned IP to another;

(vi) the Company has the exclusive right, and has the right to grant to others the exclusive or non-exclusive right, to use, modify, create derivative works of, publish, distribute, sublicense, and otherwise fully exploit the Owned IP and to obtain, enforce, and defend all Intellectual Property Rights therein; and

(vii) the Company is not a party to any contract or commitment or under any obligation to pay any royalty, license or other fee with respect to the use of Owned IP.

(b) The Intellectual Property Rights listed on Schedule 3.11(b) of the Company SOE include all of the Intellectual Property Rights and, for greater certainty, include all:

(i) patents, filed patent applications or draft patent applications with the date the inventions were first publicly disclosed and the name of at least one of the inventors;

(ii) registered copyrights;

(iii) registered or applied for trade-marks; and

(iv) domain names (including account IDs and passwords as necessary to permit the Company to administer the domain name), used in the Business.

(c)

(i) The Company has not taken or failed to take any action which would prejudice the obtaining of patents, or the validity of any patents (the "Valid Patents"), based on the patentable subject matters or draft patent applications listed in Schedule 3.11(b);

(ii) other than with respect to patents, the Company has not taken or failed to take any action which would prejudice any registration (a "Valid Registration") of Owned IP, including a failure to pay all necessary or required fees;

(iii) the Company has no reason to believe that Parent would be unable to obtain the Valid Registrations and the Valid Patents; and

(iv) the Company has provided in Schedule 3.11(b) all information necessary to allow the Parent to obtain the Valid Registrations and the Valid Patents.

(d) The Company is not in breach of any agreement, license or other obligation in respect of the Licensed IP and except as set out in Schedule 3.11(d), is not required to pay any royalty, license or other fee with respect to the use of the Licensed IP.

(e) Except as listed in Schedule 3.11(e) of the Company SOE, the Company has the full right and authority to Commercialize the Company IP without violating the rights of any third party, and the transactions contemplated by this Agreement and the Merger, including, without limitation, the change of control of the Company, shall not affect the Company's rights, trigger any additional obligations or liabilities of the Company or otherwise detract from or adversely impact the Company's full right and authority to Commercialize the Company IP (including future development of its Software) without violating the rights of any third party (including any Intellectual Property Rights or contractual rights, including without limitation any rights of exclusivity).

(f) The Licensed IP listed at Schedule 3.11(f) of the Company SOE is an accurate and complete list of all Licensed IP used in or relating to the Technology or otherwise material to the operation of the Business.

(g) None of the Licensed IP identified in Schedule 3.11(f) is licensed to the Company on an exclusive basis.

(h) The Company is not under any obligation, and the transactions contemplated by this Agreement and the Merger, including, without limitation, the change of control of the Company, shall not create any obligation, that would require the Owned IP or any technology proprietary to Company or any licensor of Company to be licensed to or licensed back to any third party.

(i) To the Company's knowledge, the Company IP and the use, copying, development, publication, commercialization, or other exploitation of the Company IP by the Company or by Parent (including its Affiliates) or its licensees, successors, or assigns, does not violate or infringe or constitute a misappropriation or misuse of the Intellectual Property Rights or other rights of any Person.

(j) The Company has not received or does not know of any notices, demands or statements (either written or oral) of any claim, pending or threatened claim, proceeding, dispute, action, or other matter in respect of a claim that:

(i) the Company is not the sole owner of the Owned IP;

(ii) that the Company does not have the right to use and exploit the Company IP as used in the Business or for the unrestricted manufacture, marketing and distribution of the Technology;

(iii) the Company IP infringes, misuses, misappropriates or otherwise violates the Intellectual Property Rights of any third party; or

(iv) would otherwise conflict with the representations and warranties in this Agreement.

(k) The Company has not received any offers of or invitations from a third party to obtain a license to such third party's Intellectual Property Rights for use in or by the Technology or the Owned IP.

(l) To the Company's knowledge, no other Person has infringed, misused or misappropriated the Company IP or the Technology and no Person is infringing, misusing or misappropriating the Company IP or the Technology.

(m) The Company is not obligated to provide, or has not entered into any other agreements or transactions that are conditional upon providing future enhancements, features not presently available on, or other modifications in respect of its Technology, including the Software or other products of the Company.

(n) All of the Owned IP was conceived, created, developed, written and tested, to the extent applicable, only by the individuals ("Developers") listed in Schedule 3.11(n) of the Company SOE.

(o) All Developers, at the time they wrote any Software, were either full-time employees of the Company employed as software programmers who validly assigned their Intellectual Property Rights (and assigned or waived all related rights including moral rights) in the Owned IP to the Company pursuant to written and signed agreements or were contractors who assigned their Intellectual Property Rights (and assigned or waived all related rights including moral rights) in the Owned IP to the Company pursuant to written agreements, and no further consents, assignments, waivers or other action is required for the employees' or contractors' Intellectual Property Rights (or any related rights) to be assigned to, transferred to, or otherwise fully vested in the Company (including obtaining any consents or waivers from the employees or consultants).

(p) All Developers have executed non-disclosure and confidentiality agreements prior to providing services to the Company.

(q) No Developer or third party contractor to the Company has any basis to claim ownership of all or any portion of the Company IP.

(r) No third party materials create any obligation that would require the Company IP to be licensed to or licensed back to any third party.

(s) The Company has not (i) incorporated Open Source Materials into, or combined Open Source Materials with any Technology owned or developed by the Company or otherwise used in the Business; or (ii) distributed Open Source Materials.

(t) The Company has not provided any consulting, professional or other services to any other Person.

(u) Except as listed in Schedule 3.11(u) of the Company SOE, all customers and end users of the Technology are bound to end user license terms applicable to the Company IP or to the Technology.

(v) Except as listed in Schedule 3.11(v) of the Company SOE, no distributors, sales agents, representatives or other persons have been granted the right to market, sublicense or support any Company IP in or to the Technology on an exclusive basis.

(w) Schedule 3.11(w) of the Company SOE lists all licenses, maintenance or support agreements, professional services or development contracts (other than requests for proposals and proposals which are referred to in such agreements), copies of each of which have been made available to Parent.

(x) The Company has adequately maintained all trade secret rights in the Technology and Owned IP and has maintained the confidentiality of all portions of the Technology and Owned IP that are not patented.

(y) Except as listed in Schedule 3.11(y) of the Company SOE, the Company is current on all accounts, and has not been involved in fee disputes, with any independent contractors or other consulting services providers performing services for the Company.

(z) All non-disclosure and confidentiality agreements between the Company and third parties are in the Company's standard form and to the extent not in the Company's standard form, do not impose materially different terms on the Company than as otherwise provided in the Company's standard form, copies of which have been provided to parent.

(aa) No (i) government funding; (ii) facilities of a university, college, other educational institution or research center; or (iii) funding from any Person (other than funds received in consideration for shares in the capital of the Company) was used in the development of the Owned IP and no current or former employee, consultant or independent contractor of the Company, who was involved in, or who contributed to, the creation or development of any of the Owned IP, has performed services for any government, university, college or other educational institution or research center during a period of time during which such employee, consultant or independent contractor was also performing services for the Company.

(bb) None of the Company IP or Company's Technology includes any cryptographic programs or algorithms, including any encryption software.

3.12 Taxes

(a) The Company has duly filed in a timely manner all Tax Returns with the appropriate Tax Authority which the Company was required to file under any Applicable Laws; the Company has duly completed and has correctly reported all income and other amounts and information required to be reported thereon; and all such Tax Returns are complete and correct and have been prepared in compliance with all Applicable Laws.

(b) Other than Taxes for which sufficient reserves have been established on the Balance Sheet, the Company has duly and timely paid all Taxes due and owing by the Company (whether or not such Taxes are shown or required to be shown on a Tax Return) including all installments or estimated payments on account of Taxes for the current year that are due and payable by the Company and has duly and timely withheld from any amount paid or credited by the Company to or for the account or benefit of any Person, including any employee, shareholder, creditor, non-resident person or other third party, the amount of all Taxes and other deductions required by any Applicable Laws to be withheld from any such amount and has duly and timely remitted the same to the appropriate Governmental Authority.

(c) The Company has not requested nor entered into any agreement or other arrangement or executed any waiver providing for any extension of time (i) within which to file any Tax Return covering any Taxes for which the Company may be liable; (ii) to file any elections, designations or similar filings relating to Taxes for which the Company is or may be liable; (iii) within which the Company is required to pay or remit any Taxes or amounts on account of Taxes; or (iv) within which any Tax Authority may assess or collect Taxes for which the Company is or may be liable. No "consent" within the meaning of former Section 341(f) of the Code has been filed with respect to the Company.

(d) The accrual for Taxes on the Balance Sheet (excluding any amount recorded which is attributable solely to timing differences between book and Tax income) would be adequate to pay all Tax liabilities of the Company if its current tax year were treated as ending on the date of such Balance Sheet and the Company is entitled to the entire amount of and has made proper claim for any refund of Taxes included in the Balance Sheet, whether as a receivable, a prepaid expense or as a reduction of a Liability.

(e) The Company has established reserves (excluding any amount which is attributable solely to timing differences between book and Tax income) that are reflected on the Balance Sheet in an amount not less than all Taxes of the Company that are not yet due and payable and that relate to periods, or portions thereof, ending on or prior to the Closing Date.

(f) There are no actions, suits, proceedings, investigations, audits or claims now pending or threatened, against the Company in respect of any Taxes and to the knowledge of the Company, there are no matters under discussion, audit or appeal with any Tax Authority relating to Taxes.

(g) There are no unresolved questions or claims concerning the Company's Tax liability that have been received by the Company from any Tax Authority.

(h) No claim has ever been made by a Tax Authority in a jurisdiction where the Company does not file Tax Returns that the Company is or may be subject to Taxes assessed by such jurisdiction or a filing requirement in that jurisdiction.

(i) The Company is not a party to or bound by any Tax allocation or Tax sharing agreement or any other allocations by election or otherwise to similar or equivalent effect.

(j) There are no Liens for Taxes (other than for current Taxes not yet due and payable) upon the assets of the Company.

(k) All transactions between the Company and any Person with whom it was not dealing at arm's length were conducted at arm's length prices as defined in Section 482 of the Code and the related regulations and the Company has made or obtained records or documents supporting these prices sufficient to meet the requirements of Section 6662 of the Code and the regulations thereunder.

(l) The Company does not have any Liability for Taxes of another person under (a) Treas. Reg. §1.1502-6 (or any similar provision of state, local or foreign law), (b) as a successor or transferee, (c) under any contract or indemnity, or (d) otherwise.

(m) The Company has not filed any elections, designations or similar filings which will be applicable for any period ending after the Closing other than as would be reflected in the Tax Returns. No election with respect to Taxes has been made during the current fiscal year and no such election will be made without the prior written consent of the Company, which consent will not be unreasonably withheld or delayed.

(n) The Company has never been a member of a group filing a consolidated United States federal income Tax Return.

(o) The Company is not a party to any plan or arrangement that could, as a result of any of the transactions contemplated by this Agreement either alone or upon the occurrence of any additional or subsequent event, result in the payment (whether in cash or property or the vesting of property) of amounts that would not be deductible under Section 280G of the Code.

(p) The Company has charged, collected and remitted on a timely basis all Taxes as required under applicable legislation to be charged, collected or remitted by it, on any sale, supply or delivery whatsoever, made by the Company.

(q) The Company is not a "United States real property holding corporation" as defined in Section 897(c)(2) of the Code.

(r) The Company will not be required to recognize after the Closing Date any taxable income in respect of any accounting method adjustments required to be made under the Code for a taxable period ending on or prior to the Closing Date.

(s) The Company has not taken any action, nor to the Company's knowledge is there any fact or circumstance other than the valuation of the Parent Common Shares, that could reasonably be expected to prevent the Merger from qualifying as a reorganization within the meaning of Section 368(a) of the Code.

(t) As of the Closing Date, all of the Company's net operating loss carryovers and capital loss carryovers will not have been affected by Section 382, 383 or 384 of the Code, but rather will be fully available to offset future ordinary income or capital gain as the case may be.

(u) The Company has disclosed on its federal income Tax Returns all positions taken therein that could give rise to a substantial understatement of federal income tax within the meaning of Section 6662 of the Code.

(v) The Company has not engaged in any transaction that is the same or substantially similar to one of the types of transactions that the Internal Revenue Service has determined to be a tax avoidance transaction and identified by notice, regulation, or other form of published guidance as a listed transaction, as set forth in Treas. Reg. Section 1.6011-4(b)(2). The Company has not entered into any reportable transaction as defined in Treas. Reg. Section 1.6011-4(b).

(w) The Company is not a party to any contract and/or has not granted any compensation, equity or award that could be deemed deferred compensation includable in the gross income of the recipient pursuant to Section 409A of the Code, and the Company has no liability or obligation to make any payments or to issue any equity award or bonus that could be includable in the gross income of the recipient pursuant to Section 409A of the Code

3.13 Environmental Matters.

(a) The term "Hazardous Material" as used in this Agreement shall mean any substance that has been designated by any Governmental Authority or by applicable federal, state or local law to be radioactive, toxic, hazardous or otherwise a danger to health or the environment, including, without limitation, (i) PCBs, asbestos, petroleum, urea-formaldehyde, (ii) all substances listed as hazardous substances pursuant to the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. §§ 9601, et seq., or deemed as a hazardous waste pursuant to the Solid Waste Disposal Act, as amended, 42 U.S.C. §§ 6901, et seq., (iii) defined as a "hazardous waste," "extremely hazardous waste" or "restricted hazardous waste" or "hazardous material" under applicable state laws and regulations, (iv) designated as a "hazardous substance" pursuant to Section 311 of the Clean Water Act, 33 U.S.C. § 1251, et seq. (33 U.S.C. § 1321) or U.S.C. § 1317, or (iv) defined as a "hazardous waste" pursuant to Section 1004 of the Resource Conservation and Recovery Act, 42 U.S.C. § 6901, et seq. (42 U.S.C. §6903).

(b) The term "Hazardous Materials Activities" as used in this Agreement shall mean the transportation, storage, use, sale, manufacture, disposal, release of any Hazardous Material or the exposure of any employee or other person to Hazardous Materials.

(c) The Company currently holds all environmental approvals, permits, licenses, registrations, clearances and consents (the "Environmental Permits") necessary for the conduct of the Company's Hazardous Material Activities and other businesses of the Company as such activities and businesses are currently being conducted.

(d) No action, proceeding, revocation proceeding, amendment procedure, writ, injunction or claim, or notice of violation is pending, or to the Company's knowledge, threatened concerning any Environmental Permit, Hazardous Material, or any Hazardous Materials Activity of the Company. The Company is not aware of any fact or circumstance which could involve the Company in any litigation or otherwise impose upon the Company any liability relating to any Hazardous Materials Activities.

3.14 Employees and Employee Benefits

(a) Schedule 3.14(a) of the Company SOE sets forth a true and complete list of (a) the names, titles, job descriptions and compensations (including employee Benefit Arrangements of any kind or nature and the dates of the last compensation increase and the amount thereof) including annual salaries of all employees of the Company; (b) the wage rates for non-salaried employees of the Company (by classification); and (c) a list of all employee handbooks and/or other manuals relating to the employees of the Company, true and complete copies of which have been made available to Parent. As of the date of this Agreement, none of the employees has indicated to the Company that they intend to resign or retire as a result of the transactions contemplated by this Agreement or otherwise.

(b) Schedule 3.14(b) of the Company SOE lists each Benefit Arrangement of the Company and each other Benefit Arrangement that covers any employee of the Company, copies or descriptions of all of which have previously been made available or furnished to Parent. The Company has provided Parent with complete age, salary, service and related data as of the most recent practicable date for employees of the Company.

(c) Each Benefit Arrangement has been maintained in material compliance with its terms and with the requirements prescribed by any and all Applicable Laws.

(d) With respect to the employees and former employees of the Company, there are no employee post-employment life insurance, medical or health plans in effect (except to the extent continued benefits are required to be provided under the *Consolidated Omnibus Budget Reconciliation Act of 1985* and the regulations thereunder, or any similar state law).

(e) All contributions and payments required to have been paid under each Benefit Arrangement, determined in accordance with prior funding and accrual practices, as adjusted to include proportional accruals for the period ending on the Closing Date, will be discharged and paid on or prior to the Closing Date, and in the case of the current month, accrued on the books of the Company. Except as disclosed in writing to Parent prior to the Closing Date, there has been no amendment to, written interpretation of or announcement (whether or not written) by the Company relating to, or change in employee participation or coverage under, any Benefit Arrangement that would increase materially the expense of maintaining such Benefit Arrangement above the level of the expense incurred in respect thereof for the fiscal year ended prior to the date hereof.

(f) Except as set forth on Schedule 3.14(f) of the Company SOE, no employee of the Company will become entitled to any bonus, retirement, severance or similar benefit or enhanced benefit or any accumulation of the time of payment or vesting of any benefit solely as a result of the transactions contemplated hereby.

(g) At no time has the Company or any ERISA Affiliate ever been obligated to contribute to a “multiemployer plan” as defined in Section 3(37) of ERISA. At no time has the Company or an ERISA Affiliate ever maintained, contributed or been obligated to contribute to a plan subject to Title IV of ERISA. Neither the Company nor any ERISA Affiliate has any outstanding liability under Title IV of ERISA.

(h) Each Benefit Arrangement which is intended to be qualified under Section 401(a) of the Code is so qualified and each trust forming a part thereof is exempt from tax pursuant to Section 501(a) of the Code.

(i) No Benefit Arrangement provides health and medical benefits after termination of employment except as required by Applicable Law or as disclosed in Schedule 3.14(b).

(j) No condition exists that would prevent the Company from amending or terminating any Benefit Arrangement other than any limitations imposed by Applicable Law.

(k) Each Benefit Arrangement has been administered in all material respects in accordance with its terms and the Company and each ERISA Affiliate has met its obligations with respect to each Benefit Arrangement and has made all required contributions thereto. The Company, each ERISA Affiliate and each Benefit Arrangement is in compliance with the currently applicable provisions of ERISA, the Code and all Applicable Law. All filings and reports as to each Benefit Arrangement required to have been submitted to any Governmental Authority have been submitted in a timely fashion.

(l) No act or omission has occurred and no condition exists with respect to any Benefit Arrangement that would subject the Company or an ERISA Affiliate to (i) any fine, penalty, tax or liability of any kind imposed under ERISA or the Code or (ii) any contractual indemnification or contribution obligation protecting any fiduciary, insurer or service provider with respect to any Benefit Arrangement.

(m) The Company is in compliance and has complied with all other Applicable Laws in relation to the employment or engagement of all employees and consultants of the Company, including, without limitation, workers compensation, work visas and immigration laws and regulations. There are no facts or circumstances that would adversely affect the status of work visa or immigration application of the employees of the Company.

(n) The Company is in compliance, in all material respects, with the Federal Fair Labor Standards Act and all Applicable Laws relating to employment discrimination, employee welfare and labor standards. The Company has not received, during the three (3) year period immediately prior to the date hereof, any written claim by any past or present employee of the Company that such employee was subject to a wrongful discharge or any employment discrimination by the Company, or their management arising out of or relating to such employee's race, sex, age, religion, national origin, ethnicity, handicap or any other protected characteristic under Applicable Law.

(o) The Company is in compliance, in all material respects, with the Federal Occupational Safety and Health Act, the regulations promulgated thereunder and all other Applicable Laws relating to the safety of employees or the workplace or relating to the employment of labor, including without limitation, any provisions thereof relating to wages, bonuses, collective bargaining, equal pay and the payment of social security and similar payroll taxes. No proceedings are pending before any federal, state, municipal or other court, governmental, regulatory or administrative body or agency, or private arbitration tribunal relating to labor or employment matters, and the Company has not received any notice from any governmental, regulatory or administrative body or agency of any pending investigation by any such body or agency, or, to the knowledge of the Company, threatened material claim by any such body or agency or other third party relating to labor or employment matters.

(p) From the enactment of the Worker Adjustment and Retraining Notification Act of 1988 (the "WARN Act") to the date of this Agreement, neither the Company has not effectuated (i) a "plant closing" (as defined in the WARN Act) affecting any site of employment or one or more facilities or operating units within any site of employment or facility of the Company thereto, or (ii) a "mass layoff" (as defined in the WARN Act) affecting any site of employment or facility of the Company, nor has the Company been affected by any transaction or engaged in layoffs or employment terminations sufficient in number to trigger application of any similar state or local law. None of the employees of the Company has suffered an "employment loss" (as defined in the WARN Act) during the ninety (90) day period prior to the execution of this Agreement.

(q)

(i) The Company is not a party to any collective bargaining agreement, contract or legally binding commitment to any trade union or employee organization or group in respect of or affecting employees;

(ii) the Company is not currently engaged in any labor negotiation;

(iii) the Company is not a party to any application, complaint or other proceeding under any statute related to collective bargaining agreements;

(iv) the Company has not experienced any strikes, grievances, claims or unfair labor practices, or similar disputes in connection with any employee during the past five (5) years;

(v) none of the employees of the Company are represented by any labor organization or employee association and the Company has no knowledge of any current union organizing activities among the employees of the Company, nor does any question concerning representation exist concerning such employees; and

(vi) the Company has not engaged in any labor practice that has been or may hereafter be determined by a court or other regulatory authority of competent jurisdiction to be "unfair" or otherwise in contravention of Applicable Laws and the Company is not aware of any pending or threatened complaint regarding any alleged unfair labor practices.

(r) The Company has not engaged in any:

(i) transaction or acted or failed to act in a manner that violates the fiduciary requirements of Section 404 of ERISA; or

(ii) “prohibited transaction” within the meaning of Section 406(a) or 406(b) of ERISA, or of Section 4975(c) of the Code, with respect to any Benefit Arrangement. To the best of the knowledge of the Company, no other “party in interest”, as defined in Section 3(14) of ERISA, or “disqualified person”, as defined in Section 4975(e)(2) of the Code, has engaged in any such “prohibited transaction”.

(s) The Company has complied with, and satisfied, the requirements of Part 6 of Subtitle B of Title I of ERISA and Section 4980(b) of the Code, and all regulations thereunder (“COBRA”) with respect to each Benefit Arrangement that is subject to the requirements of COBRA. Each Benefit Arrangement that is a group health plan, within the meaning of Section 9805(a) of the Code, has complied with and satisfied the applicable requirements of Sections 9801 and 9802 of the Code.

(t) Each Benefit Arrangement that is a health plan within the meaning of Section 1171(5) of Part C, Title XI of the Social Security Act, has complied with and satisfied the applicable requirements of Part C, Title XI of the Social Security Act and the regulations applicable thereto.

3.15 Privacy Laws

(a) The Company has not collected any personally identifiable information from any individuals other than its employees and contractors, and the Company has complied with, and the execution, delivery and performance of this Agreement do and will comply with, all applicable laws, including Privacy Laws, and with its external and internal privacy policies relating to the use, collection, storage, retention, disclosure and transfer of any personally identifiable information.

(b) No decision, judgment or order, whether statutory or otherwise, is pending or has been made, and no notice has been given pursuant to any Privacy Laws, requiring the Company to take (or to refrain from taking) any action with respect to the Personal Information.

(c) The Company has no Privacy Policies.

3.16 Miscellaneous

(a) Neither the Company, nor, to the knowledge of the Company, any of its officers, directors, employees or agents or other Person acting on behalf of any of them have (i) engaged in any activity prohibited by the United States Foreign Corrupt Practices Act of 1977 or any other similar law, regulation, decree, directive or order of any Governmental Authority and (ii) without limiting the generality of the preceding clause (i), used any corporate or other funds for unlawful contributions, payments, gifts or entertainment, or made any unlawful expenditures relating to political activity to government officials or others. The Company, nor any of its or their directors, officers, employees or agents of other Persons acting on behalf of any of them, has accepted or received any unlawful contributions, payments, gifts or expenditures.

(b) The Company has delivered or made available true and complete copies of each document which has been requested by Parent or its counsel in connection with their technical, legal and accounting review of the Company.

(c) The minute books and stock record books of the Company contain all (i) minutes of meetings of the stockholders and boards of directors, (ii) written statements of actions taken by the stockholders and boards of directors without a meeting, and (iii) records of the issuance, transfer, transfer and cancellation of all shares of capital stock and other securities, in each case since the date of incorporation of the Company, as the case may be. Such minute book and stock record book are true and complete in all material respects.

(d) The Company has fully provided Parent with all the information that Parent has requested for deciding whether to enter into this Agreement. No representation or warranty of the Company contained in this Agreement and the schedules and exhibits attached hereto (when read together) contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained herein or therein not misleading.

(e) Except as expressly contemplated by this Agreement and the schedules and exhibits hereto, there are not any material facts relating to the Business and the Company IP that could reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect on the business conducted or proposed to be conducted by the Company or to materially adversely affect the Company IP, the Company's Software or the Company's Technology.

(f) The Board, by unanimous written consent or at a meeting duly called and held, has by the unanimous vote of all directors (i) determined that the Merger is fair and in the best interests of the Company and the Stockholders, (ii) approved the Merger and this Agreement in accordance with the provisions of the Corporations Law, and (iii) directed that this Agreement and the Merger be submitted to the Company Stockholders for their approval and resolved to recommend that the Stockholders vote in favor of the approval of this Agreement and the Merger.

(g) The information supplied by the Company for inclusion in the information statement to be sent to the Stockholders in connection with the meeting of the Stockholders to consider the Merger (the "Stockholders Meeting") or in connection with any written consent of the Stockholders (such information statement as amended or supplemented is referred to herein as the "Information Statement") shall not, on the date the Information Statement is first mailed to the Stockholders, at the time of the Stockholders Meeting or written consent of the Stockholders and at the Effective Time, contain any statement which is false or misleading with respect to any material fact, or omit to state any material fact necessary in order to make the statements made therein, in light of the circumstances under which they are made, not false or misleading. Whenever any event occurs which should be set forth in an amendment or supplement to the Information Statement, the Company will promptly inform Parent of such occurrence and cooperate in making any appropriate amendment or supplement, and/or mailing to the Stockholders, such amendment or supplement.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF PARENT AND MERGER SUB

Parent or Merger Sub represent and warrant to the Company and the Stockholders as set forth below, except as set out in Parent SOE:

4.1 Organization of Parent and Merger Sub. Each of Parent, its material subsidiaries (which material subsidiaries are set forth in the Parent Schedules) and Merger Sub is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation, has the corporate power to own, lease and operate its property and to carry on its business as now being conducted and as proposed to be conducted, and is duly qualified to do business and in good standing as a foreign corporation in each jurisdiction in which the failure to be so qualified would have a Material Adverse Effect on Parent. Parent owns, directly or indirectly through one or more subsidiaries, 100% of the capital stock of each of its subsidiaries. Except as set forth in the Parent SEDAR Reports (as defined below), Parent does not directly or indirectly own any equity or similar interest in, or any interest convertible into or exchangeable or exercisable for any interest in, any corporation, partnership, joint venture or other business association or entity other than the securities of any publicly-traded entity held for investment only and constituting less than 5% of the outstanding capital stock of any such entity. Parent has delivered or made available a true and correct copy of the Certificate of Incorporation and By-laws or other charter documents of Parent and Merger Sub, each as amended to date, to counsel for the Company.

4.2 Capital Structure.

(a) The authorized capital stock of Parent consists of an unlimited number of common shares and an unlimited number of preferred shares, issuable in series. As of January 15, 2008, 161,568,686 common shares and no preferred shares were issued and outstanding. All such shares have been duly authorized, and all such issued and outstanding shares have been validly issued, are fully paid and nonassessable and are free of any liens or encumbrances other than any liens or encumbrances created by or imposed upon the holders thereof. As of January 15, 2008, Parent had reserved (i) 23,400,000 common shares for issuance to employees, directors and consultants pursuant to Parent's 2005 Stock Option Plan, as amended, under which options were outstanding for 11,000,000 shares, and (ii) 5,046,803 common shares for issuance upon exercise of outstanding warrants. All Parent Common Shares subject to issuance as aforesaid, upon issuance on the terms and conditions specified in the instruments pursuant to which they are issuable, shall be duly authorized, validly issued, fully paid and nonassessable. Parent SOE includes a list of all issuances of capital stock by Parent since January 1, 2007 (other than issuances pursuant to the option plans and options described in clause (i) above (the "Parent Stock Option Plan")).

(b) The Parent Common Shares to be issued pursuant to the Merger will, upon issuance, be duly authorized, validly issued, fully paid and non-assessable.

(c) Merger Sub was formed for the purpose of participating in the Merger as contemplated in this Agreement. Merger Sub has engaged in no other business activities and has conducted its operations only as contemplated by this Agreement.

(d) Parent currently has available, and at the Effective Time will have available, sufficient cash or cash equivalents to enable it and Merger Sub to perform their obligations under this Agreement.

4.3 Authority.

(a) Parent and Merger Sub have all requisite corporate power and authority to enter into this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized by all necessary corporate action on the part of Parent and Merger Sub subject only to the approval of the Merger by the sole stockholder of MergerSub. This Agreement has been duly executed and delivered by Parent and Merger Sub and constitutes the valid and binding obligations of Parent and Merger Sub, enforceable in accordance with its terms, except as enforceability may be limited by bankruptcy and other similar laws and general principles of equity. The execution and delivery of this Agreement does not, and the consummation of the transactions contemplated hereby will not, conflict with, or result in any violation of, or default under (with or without notice or lapse of time, or both), or give rise to a right of termination, cancellation or acceleration of any obligation or loss of a benefit under any provision of the Certificate of Incorporation or By-laws of Parent and Merger Sub.

(b) No consent, approval, order or authorization of, or registration, declaration or filing with, any Governmental Authority is required by or with respect to Parent and Merger Sub in connection with the execution and delivery of this Agreement by Parent and Merger Sub or the consummation by Parent and Merger Sub of the transactions contemplated hereby,(i) the filing of the Certificate of Merger with the Delaware Secretary of State, (ii) the filing of a material change report with the Canadian securities regulatory authorities, (iii) the listing of Parent Common Shares issuable pursuant to the Merger on the TSX Venture Exchange, (v) such consents, approvals, orders, authorizations, registrations, declarations and filings as may be required under applicable federal and state securities laws and the laws of any foreign country other than Canada or any province thereof, and (vi) such other consents, authorizations, filings, approvals and registrations which, if not obtained or made, would not have a Material Adverse Effect on Parent.

4.4 SEDAR Filings, Parent Financial Statements.

(a) Parent has filed all forms, reports and documents required to be filed with the Canadian securities regulatory authorities ("Canadian Authorities") since January 1, 2007. All such required forms, reports and documents are referred to herein as the "Parent SEDAR Reports". As of their respective dates, the Parent SEDAR Reports (i) were prepared in accordance with the requirements of all applicable Canadian securities laws ("Applicable Canadian Securities Laws") and the rules and regulations of Applicable Canadian Securities Laws applicable to such Parent SEDAR Reports, (ii) did not at the time they were filed (or if amended or superseded by a filing prior to the date of this Agreement, then on the date of such filing) contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to made the statements therein, in the light of the circumstances under which they were made, not misleading. No material change report has been filed by the Company on a confidential basis. None of Parent's subsidiaries is required to file any form, reports or other documents with the Canadian Authorities.

(b) Each of the consolidated financial statements (including, in each case, any related notes thereto) contained in the Parent SEDAR Reports (the "Parent Financial Statements") (x) complies as to form in all material respects with the published rules and regulations under Applicable Canadian Securities Laws with respect thereto, (y) was prepared in accordance with Canadian GAAP applied on a consistent basis throughout the periods involved (except as may be indicated in the notes thereto) and (z) fairly presented the consolidated financial position of Parent and its subsidiaries as at the respective dates thereof and the consolidated results of its operations and cash flows for the periods indicated, except that the unaudited interim financial statements were or are subject to normal and recurring year-end adjustments which were not or are not expected to be material in amount. The unaudited balance sheet of Parent as of October 31, 2007 contained in the Parent SEDAR Reports is hereinafter referred to as the "Parent Balance Sheet."

(c) The Parent is in material compliance with the by-laws, rules and regulations of the TSX Venture Exchange.

(d) The Parent is a reporting issuer in all the Provinces of Canada except Quebec and is not included on a list of defaulting reporting issuers maintained by any Canadian Authorities or any equivalent list as such lists are published on or before the Closing Date.

4.5 Absence of Certain Changes or Events. Since the date of the Parent Balance Sheet, except with respect to the actions contemplated by this Agreement or as disclosed in the Parent SEDAR Reports filed prior to the date of this Agreement, Parent and its subsidiaries have conducted their businesses only in the ordinary course and in a manner consistent with past practice and, since such date, there has not been (i) any Material Adverse Change in Parent, or any development that reasonably would be expected to cause a Material Adverse Change in Parent; (ii) any material change by Parent in its accounting methods, principles or practices; or (iii) any material revaluation by Parent of any of its assets including, without limitation, writing down the value of capitalized software or inventory or writing off notes or accounts receivable other than in the ordinary course of business.

4.6 Taxes.

(a) Parent and each of its subsidiaries has timely filed all Tax Returns relating to Taxes required to be filed by Parent and each of its subsidiaries, except such Returns which are not material to Parent. All such Returns were correct and complete in all material respects. Parent and each of its subsidiaries has paid all Taxes shown to be due on such Returns, or is contesting them in good faith. None of Parent and its subsidiaries currently is the beneficiary of any extension of time within which to file any Return.

(b) Except as is not material to Parent, Parent and each of its subsidiaries as of the Effective Time will have withheld with respect to its employees all federal and provincial income taxes, and other Taxes required to be withheld.

(c) Except as is not material to Parent, no audit or other examination of any Tax Return of Parent or any of its subsidiaries is presently in progress, nor has Parent or any of its subsidiaries been notified of any request for such an audit or other examination.

(d) Neither Parent nor any of its subsidiaries has any liability for unpaid federal, provincial, local or foreign Taxes which have not been accrued for or reserved against on the Parent Balance Sheet in accordance with Canadian GAAP, whether asserted or unasserted, contingent or otherwise, which is material to Parent.

(e) Neither Parent nor Merger Sub has taken any action, nor to their knowledge is there any fact or circumstance other than the valuation of the Parent Common Shares, that could reasonably be expected to prevent the Merger from qualifying as a reorganization within the meaning of Section 368(a) of the Code. The Parent or any qualified subsidiary will have been engaged in an "active trade or business outside the United States" within the meaning of Treasury Regulation Section 1.367(a)-2T(b)(2) and (3) for the entire thirty six (6) month period immediately before the Effective Time and Parent does not have any intention to substantially dispose of or discontinue such business.

4.7 Governmental Authorization. Parent holds all permits, licenses, variances, exemptions, orders and approvals of all Governmental Entities which are material to the operation of Parent's business as currently conducted (the "Parent Permits"). Parent is in material compliance with the terms of the Parent Permits. Except as disclosed in the Parent SEDAR Reports filed prior to the date of this Agreement, the business of Parent is not being conducted in violation of any law, ordinance or regulation of any Governmental Authority, except for violations or possible violations which individually or in the aggregate are not, and insofar as reasonably can be foreseen, in the future will not be, material to Parent. As of the date of this Agreement, no investigation or review by any Governmental Authority with respect to Parent is pending or, to the knowledge of Parent, threatened, nor, to the knowledge of Parent, has any Governmental Authority indicated an intention to conduct the same, other than, in each case, those the outcome of which, as far as reasonably can be foreseen, will not be material.

4.8 Litigation

(a) Except as disclosed in the Parent SEDAR Reports, copies of which have been made available to counsel for the Company, there is no action, suit, proceeding, claim, arbitration or investigation pending, or as to which Parent or any of its subsidiaries has received any notice of assertion nor, to Parent's knowledge, is there a reasonable basis to expect such notice of assertion against Parent or any of its subsidiaries which, if determined adversely to Parent or any of its subsidiaries reasonably would be expected to have a Material Adverse Effect on Parent, or which in any manner challenges or seeks to prevent, enjoin, alter or materially delay any of the transactions contemplated by this Agreement.

(b) No order prohibiting the sale of the Parent Common Shares by the Parent has been issued by the Canadian Authorities and no proceedings for this purpose have been instituted, or are pending, contemplated or threatened.

4.9 Compliance With Laws. Parent and each of its subsidiaries has complied in all material respects with, is not in material violation of, and has not received any notices of violation with respect to, any federal, provincial, state or local statute, law or regulation with respect to the conduct of its business, or the ownership or operation of its business, except in any such case as reasonably would not be expected to have a Material Adverse Effect on Parent.

4.10 Brokers and Finders. There is no investment banker, broker, finder, other intermediary or any other Person which has been retained by or is authorized to act on behalf of Parent who might be entitled to any fee or commission from Parent or any of its respective Affiliates upon consummation of the transactions contemplated by this Agreement.

4.11 Approvals.

(a) The Boards of Directors of Parent and Merger Sub have, on or prior to the date hereof, unanimously approved this Agreement and the Merger and have heretofore adopted the resolutions contained in the Parent SOE.

(b) Except for the final approval of the Merger by the TSX Venture Exchange and certain filings with applicable Canadian Authorities following the Closing Date, all consents, approvals, permits, authorizations or filings as may be required under the Applicable Canadian Securities Laws, necessary for the execution and delivery of this Agreement, the issuance of the Parent Common Shares, and the completion of the transaction contemplated hereby, have been made or obtained, as applicable.

4.12 Auditors.

(a) Deloitte & Touche LLP (the "Parent Auditors"), who audited the Financial Statements and who provided their audit report thereon are independent public accountants as required under the Applicable Canadian Securities Laws and are registered under the Canadian Public Accountability Board.

(b) Since April 30, 2006 there has been no reportable event (within the meaning of National Instrument 51-102) with the Parent Auditors.

4.13 Transfer Agent. Computershare Trust Company of Canada, at its office in Toronto, Ontario, has been duly appointed as the transfer agent and registrar for the Parent Common Shares.

ARTICLE V

COVENANTS OF THE COMPANY AND THE STOCKHOLDERS

The Company covenants and agrees to perform as follows:

5.1 Conduct of Business Pending Merger. Except as otherwise specifically provided in this Agreement, from the date of this Agreement to the earlier of the Effective Time or termination, the Company agrees to (a) conduct the Business only in the ordinary and usual course of business and consistent with past practices, and (b) use its commercially reasonable efforts to preserve intact its present business organization, keep available the services of its present officers, key employees and consultants and preserve its present relationships with licensors, licensees, customers, suppliers, key employees and others having business relationships with it. Without limiting the generality of the foregoing, and except as otherwise specifically provided in this Agreement, since January 1, 2008, the Company has not, and hereafter the Company will not, directly or indirectly, prior to the Effective Time, without the prior written consent of Parent or except as disclosed by the Company in any schedule attached hereto:

(a) propose or adopt any amendment to or otherwise change the Company Charter or By-Laws;

(b) authorize for issuance, sale, pledge, disposition or encumbrance, or issue, sell, pledge, accelerate, dispose of or encumber (whether through the issuance or granting of options, warrants, commitments, subscriptions, rights to purchase, convertible securities or otherwise), any capital stock of any class or any other securities of, or any other ownership interest in, the Company;

(c) reclassify, combine, split or subdivide any shares of its capital stock, declare, set aside or pay any dividend or other distribution (whether in cash, securities or property or any combination thereof) in respect of any class or series of its capital stock, other than any dividend declared prior to the date hereof;

(d) redeem, purchase or otherwise acquire, or propose or offer to redeem, purchase or otherwise acquire, any outstanding Capital Stock or other securities of the Company;

(e) organize any subsidiary, acquire any capital stock or equity securities of any corporation or acquire any equity or ownership interest (financial or otherwise) in any business;

(f) (i) incur, assume or prepay any material liability, or incur any indebtedness for borrowed money other than in accordance with the Company's current financing arrangements, (ii) assume, guarantee, endorse or otherwise become liable or responsible (whether directly, contingently or otherwise) for the obligations of any third party, (iii) make any loans, advances or capital contributions to, or investments in, any third party, (iv) mortgage or pledge any of its material properties or assets, tangible or intangible, or create or suffer to exist any Lien thereupon, or (v) authorize any new capital expenditures for property, plant and equipment which, individually or in the aggregate, are in excess of $10,000 per fiscal quarter.

(g) make any change in the compensation payable or to become payable to any of its officers, directors, employees, agents or consultants (other than normal recurring salary or bonus adjustments to non-officer employees in the ordinary course of business consistent with past practice) or to persons providing management services, or enter into or amend, in any material respect, any Benefit Arrangement or make any loans to any of its officers, directors, employees, Affiliates, agents or consultants (other than reasonable travel advances) or make any change in its existing borrowing or lending arrangements for or on behalf of any such persons pursuant to an employee benefit plan or otherwise;

(h) license (except for non-exclusive licenses in the ordinary course of business) or otherwise transfer, dispose of, abandon, permit to lapse or dedicate to the public domain any of the Company's rights, including, without limitation, Intellectual Property Rights, in the Company IP or dispose of or disclose to any Person any trade secret, formula, process or know-how not theretofore a matter of public knowledge other than in the ordinary course of business consistent with past practice and subject to appropriate confidentiality restrictions;

(i) enter into any material contract or transaction other than in the ordinary course of business, consistent with past practices;

(j) cancel any debts or waive, release or relinquish any contract rights or other rights of substantial value other than in the ordinary course of business, consistent with past practices;

(k) draw down any additional funds in respect of its Bank Indebtedness;

(l) authorize, recommend, propose or enter into or announce an intention to authorize, recommend, propose or enter into a term sheet, letter of intent, agreement in principle or a definitive agreement with respect to any merger, consolidation, liquidation, dissolution, or business combination, any acquisition of a material amount of property or assets or securities, or any disposition of a material amount of property or assets or securities;

(m) make any change with respect to accounting policies or procedures in effect as of the Company's fiscal year ended December 31, 2007;

(n) pay, discharge or satisfy any material claims, liabilities or obligations (absolute, accrued, asserted or unasserted, contingent or otherwise) other than the payment, discharge or satisfaction in the ordinary course of business, consistent with past practices, of liabilities reflected or reserved against in the Financial Statements or incurred in the ordinary course of business consistent with past practices since the date thereof;

(o) commit or agree (in writing or otherwise) to take any of the foregoing actions or any action, or fail to take any action, that would cause the failure of the conditions set forth in Article VII; or

(p) file any amendment to any Tax Return or make any election relating to Taxes, change any election relating to Taxes already made, adopt or change any accounting method relating to Taxes, enter into any closing agreement relating to Taxes, settle any claim or assessment relating to Taxes or consent to any claim or assessment relating to Taxes or any waiver of the statute of limitations for any such claim or assessment.

5.2 No Solicitation of Competing Transaction.

(a) None of the Company or any Affiliate of the Company shall (and the Company shall not authorize or permit the officers, directors, employees, representatives and agents of the Company and each Affiliate of the Company, including, but not limited to, investment bankers, attorneys and accountants, to), directly or indirectly, solicit offers from, negotiate with or provide financial or operational or other non-public information to, any Person or group (other than Parent or any of its Affiliates or representatives) for the purpose of determining any interest in acquiring any of the capital stock or material assets of the Company, whether by merger, tender offer, exchange offer, sale of assets or similar transactions involving the Company or any division or operating or principal business unit of the Company (an "Acquisition Proposal").

(b) The Company will promptly notify Parent of the existence of any proposal, discussion, negotiation or inquiry received by the Company, and the Company will promptly communicate to Parent the terms of any proposal, discussion, negotiation or inquiry which it may receive (and will immediately provide to Parent copies of any written materials received by the Company in connection with such proposal, discussion, negotiation or inquiry) and the identity of the party making such proposal or inquiry or engaging in such discussion or negotiation.

(c) Neither the Board nor any committee thereof shall (i) withdraw or modify, or propose to withdraw or modify, in a manner adverse to Parent or Merger Sub, the approval or recommendation by the Board or any such committee of this Agreement or the Merger, (ii) approve or recommend or propose to approve or recommend, any Acquisition Proposal or (iii) enter into any agreement with respect to any Acquisition Proposal.

5.3 Access; Confidentiality.

(a) The Company shall afford to the officers, employees, accountants and counsel of Parent, full access during normal business hours from the date hereof until the Effective Time or termination of this Agreement, to all its properties, books, contracts, commitments and records and, during such period, the Company shall furnish promptly to Parent all other information concerning its business, properties and personnel as Parent may reasonably request.

(b) All non-public information disclosed by any party (or its representatives) whether before or after the date hereof, in connection with the transactions contemplated by, or the discussions and negotiations preceding, this Agreement to any party (or its representatives) shall be kept confidential by such other party and its representatives, and shall not be used by any such persons other than as contemplated by this Agreement. Subject to the requirements of applicable law, Parent, Merger Sub and the Company will keep confidential, and each will cause their respective representatives to keep confidential, all such non-public information and documents unless such information (i) was already known to Parent, Merger Sub or the Company, as the case may be, as long as such information was not obtained in violation of a confidentiality obligation, (ii) becomes available to Parent, Merger Sub or the Company, as the case may be, from sources not known by Parent, Merger Sub or the Company, respectively, to be bound by a confidentiality obligation, (iii) is independently acquired by Parent, Merger Sub or the Company, as the case may be, as a result of work carried out by any representative of Parent, Merger Sub, or the Company, respectively, to whom no disclosure of such information has been made, (iv) is disclosed with the prior written approval of the Company, Parent, or Merger Sub, as the case may be, or (v) is or becomes readily ascertainable from publicly available information. Upon any termination of this Agreement, each party hereto will collect and deliver to the other, or certify as to the destruction of, all documents obtained by it or any of its representatives from another party then in its possession and any copies thereof.

(c) Notwithstanding anything to the contrary herein, none of Parent, Merger Sub or the Company, nor any of their respective subsidiaries shall be required to provide access to or to disclose information where such access or disclosure would violate or prejudice the rights of its customers, jeopardize the attorney-client privilege of the entity in possession or control of such information or contravene any law, rule, regulation, order, judgment, decree or binding agreement entered into prior to the date hereof. The parties will make appropriate disclosure arrangements under circumstances in which the restrictions of the immediately preceding sentence apply.

5.4 Necessary Consents; Notices.

(a) The Company shall use all reasonable efforts to obtain, prior to the Closing Date, all consents and authorizations of third parties, give notices to third parties and take such other actions as may be necessary or appropriate in connection with the execution of this Agreement and the consummation of the Merger and any other transactions contemplated hereby and to enable Parent and the Surviving Corporation to carry on the Business immediately after the Effective Time.

(b) The Company shall timely provide to the Stockholders and holders of Company Options and Company Warrants, all notices required to be given to such holders in connection with the execution of this Agreement and the consummation of the Merger and any other transactions contemplated hereby. The form and content of all such notices shall be approved in advance by Parent. The Company may permit the net exercise of outstanding Plan Options and accelerate or change the period of vesting or exercisability of any Plan Options.

5.5 Stockholder Sales of Parent Common Shares.

(a) The Company shall obtain, prior to the Closing Date, each Stockholder's consent to entering into an arrangement for the purpose of enforcing certain selling restrictions agreed to by the Stockholder, which restrictions include, for a period of twelve (12) months, following the statutory four month hold period in respect of the Parent Common Shares pursuant to Applicable Canadian Securities Laws, providing that as a group the

Stockholders, should any Stockholder desire to do so, the Stockholders as a group shall not sell in excess of one million Parent Common Shares during a one month period and shall not sell in excess of 250,000 Parent Common Shares during any one week period. These restrictions shall be applicable to 70% of the Parent Common Shares, not including the Escrow Shares, held by the Stockholders, as a group.

(b) Parent, acting reasonably, agrees to review trading volumes of its Parent Common Shares on the request of the Stockholder Representative or as part of its own determination, and, if trading volumes increase substantially, to reduce the various restrictions in place with the Stockholders, from time to time. Parent shall have no ability to decrease the amount of trading activity permitted pursuant to Section 5.5(a).

(c) In the event of a change of control, whereby a third party purchases in excess of 50% of the issued and outstanding Parent Common Shares or all or substantially all of the assets of Parent, the trading restrictions as set forth in Section 5.5(a), other than the statutory four month hold period pursuant to Applicable Canadian Securities Laws, shall be removed.

ARTICLE VI

OTHER COVENANTS

6.1 All Reasonable Efforts.

(a) Subject to the terms and conditions set forth in this Agreement and applicable Law, each of the parties shall cooperate with each other and shall use (and shall cause their respective Subsidiaries to use) all reasonable efforts to promptly (i) take or cause to be taken all actions, and do or cause to be done all things, necessary, proper or advisable under this Agreement and applicable laws to consummate and make effective the Merger and the other transactions contemplated by this Agreement as soon as practicable, including, preparing and filing as promptly as practicable (or at any specific time as the parties mutually agree) all documentation to effect all necessary filings, notices, petitions, statements, registrations, submissions of information, applications and other documents, (ii) obtain all approvals, consents, registrations, permits, authorizations and other confirmations required to be obtained from any third party necessary, proper or advisable under this Agreement and applicable laws to consummate the Merger and the other transactions contemplated by this Agreement, (iii) defend any lawsuits or other legal proceedings, whether judicial or administrative, challenging this Agreement or the consummation of the transactions contemplated by this Agreement and (iv) execute and deliver any additional instruments necessary to consummate the transactions contemplated by this Agreement. Subject to the terms and conditions set forth in this Agreement and applicable law, each of Parent and the Company will (1) promptly notify the other party of any communication to that party from any Governmental Authority in respect of any filing, investigation or inquiry concerning this Agreement or Merger; (2) if practicable, permit the other party the opportunity to review in advance all the information relating to Parent and its Subsidiaries or the Company, as the case may be, that appears in any filing made with, or written materials submitted to, any third party and/or any Governmental Authority in connection with the Merger and the other transactions contemplated by this Agreement and incorporate the other party's reasonable comments; (3) not participate in any substantive meeting or discussion with any Governmental Authority in respect of any filing, investigation, or inquiry concerning this Agreement or the Merger unless it consults with the other party in advance, and, to the extent permitted by such Governmental Authority, gives the other party the opportunity to attend; (4) furnish the other party with copies of all correspondences, filings, and written communications between it and its Subsidiaries and representatives, on the one hand, and any Governmental Authority or its respective staff, on the other hand, with respect to this Agreement and the Merger, except that any materials concerning valuation of the transaction or internal financial information may be redacted; and (5) use all reasonable efforts to offer to take, or cause to be taken, all other actions and do, or cause to be done, all other things necessary, proper or advisable to consummate and make effective the transactions contemplated hereby, including taking all such further action as reasonably may be necessary to resolve such objections, if any.

6.2 Publicity. The initial press release with respect to the execution of this Agreement shall be a joint press release acceptable to Parent and the Company. Thereafter, until the Effective Time, or the date this Agreement is terminated or abandoned pursuant to Article VIII hereof, neither the Company nor any of its respective Affiliates shall issue or cause the publication of any press release or other announcement with respect to the Merger or this Agreement without prior approval of Parent.

6.3 Notification of Certain Matters. The Company shall give prompt notice to Parent, and Parent shall give prompt notice to the Company, of the occurrence (or non-occurrence) of any event of which the Company or Parent, respectively, has knowledge, the occurrence (or non-occurrence) of which would be likely to cause any representation or warranty contained in this Agreement to be untrue or inaccurate in any respect and of the occurrence of any failure of either party to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by it hereunder such that any condition in Article VII would not be satisfied; provided, however, that (x) delivery of any notice pursuant to this Section 6.3 shall not limit or otherwise affect the remedies available to either party hereunder and (y) shall not constitute an admission by the party delivering such notice that any such representation or warranty has been breached.

6.4 Employees; Employee Benefits. Following the Effective Time and for a period of not less than six months thereafter, Parent shall provide employees of the Company who become employees of Parent or the Surviving Corporation (the "Retained Employees") with employee benefit plans providing coverage and benefits which are substantially similar to those currently provided by the Company. The preceding sentence shall not preclude the Surviving Corporation, Parent or any Subsidiary of Parent at any time following the Effective Time from terminating the employment of any Retained Employee, modifying or terminating employee benefit plans, from time to time, and shall not modify or alter the at-will status of any Retained Employee.

6.5 Preparation of Solicitation Statements.

(a) As soon as practicable after the execution of this Agreement, the Company shall prepare, with the cooperation of Parent, a solicitation statement for the solicitation of approval of the Stockholders describing this Agreement and the Merger and the transactions contemplated hereby and thereby. Parent shall provide such information about Parent as the Company shall reasonably request. The information supplied by the Company for inclusion in the solicitation statement to be sent to the Stockholders shall not, on the date the solicitation statement is first mailed to the Stockholders or at the Effective Time, contain any statement that, at such time, is false or misleading with respect to any material fact, or omit to state any material fact necessary in order to make the statements made therein, in light of the circumstances under which they are made, not false or misleading, or omit to state any material fact necessary to correct any statement in any earlier communication that has become false or misleading. Notwithstanding the foregoing, the Company makes no representation, warranty or covenant with respect to any information supplied by the Parent or Merger Sub that is contained in any of the foregoing documents. The information supplied by Parent or Merger Sub for inclusion in the solicitation statement shall not, on the date the solicitation statement is first mailed to the Stockholders or at the Effective Time, contain any statement that, at such time, is false or misleading with respect to any material fact, or omit to state any material fact necessary in order to make the statements therein, in light of the circumstances under which they are made, not false or misleading, or omit to state any material fact necessary to correct any statement in any earlier communication that has become false or misleading. Notwithstanding the foregoing, neither Parent nor Merger Sub shall make any representation, warranty or covenant with respect to any information supplied by the Company that is contained in any of the foregoing documents.

(b) The solicitation statement shall constitute a disclosure document for the offer and issuance of the Parent Common Shares to be received by the Stockholders in the Merger. Parent and the Company shall each use reasonable commercial efforts to cause the solicitation statement to comply with applicable federal and state securities laws requirements. Each of Parent and the Company agrees to provide promptly to the other such information concerning its business and financial statements and affairs as, in the reasonable judgment of the providing party or its counsel, may be required or appropriate for inclusion in the solicitation statement or in any amendments or supplements thereto, and to cause its counsel and auditors to cooperate with the other's counsel and auditors in the preparation of the solicitation statement. The Company will promptly advise Parent, and Parent will promptly advise the Company, in writing if at any time prior to the Effective Time either the Company or Parent shall obtain knowledge of any facts that might make it necessary or appropriate to amend or supplement the solicitation statement in order to make the statements contained or incorporated by reference therein not misleading or to comply with applicable law. The solicitation statement shall contain the recommendation of the Board of Directors of the Company that the Stockholders approve the Merger and this Agreement and the conclusion of the Board of Directors that the terms and conditions of the Merger are fair and reasonable to the Stockholders. Anything to the contrary contained herein notwithstanding, the Company shall not include in the solicitation statement any information with respect to Parent or its affiliates or associates, the form and content of which information shall not have been approved by Parent prior to such inclusion.

(c) The Company will provide the solicitation statement and all related documentation being sent to the Stockholders to Parent for approval, and such approval shall not be unreasonably withheld.

6.6 Irrevocable Proxies. Concurrently with the execution and delivery of this Agreement, (i) Stockholders holding at least the Required Vote of the Company Common Stock and at least the Required Vote of the Preferred Stock are executing and delivering to Parent irrevocable proxies pursuant to which each such Stockholder agrees to vote all of his, her or its shares of Company Stock to approve this Agreement and the Merger and any transactions related thereto, and grants Parent an irrevocable proxy to so vote such Stockholder's shares of Company Stock, in the form attached hereto as Exhibit D.

CONDITIONS

7.1 Conditions of Obligations of the Company. The obligation of the Company to effect the Merger is further subject to the satisfaction at or prior to the Closing Date of the following conditions, unless waived in writing by the Company:

(a) The representations and warranties of Parent and Merger Sub set forth in this Agreement shall be true and correct as of the date of this Agreement and as of the Closing Date with the same force and effect as though such representations and warranties had been made on and as of the Closing Date, except for representations and warranties that speak as of a specific date other than the Closing Date, which need only be true and correct as of such date.

(b) Each of Parent and Merger Sub shall have performed and complied, in all respects, with all obligations and covenants required to be performed or complied with by it under this Agreement at or prior to the Closing Date.

(c) The Company shall have received from Parent an officer's certificate certifying to the fulfillment of the conditions specified in Sections 7.1(a) and 7.1(b).

(d) The Escrow Agreement shall have been executed and delivered to Company and shall remain in full force and effect.

7.2 Conditions of Obligations of Parent. The obligation of Parent and Merger Sub to effect the Merger are further subject to the satisfaction at or prior to the Closing Date of the following conditions, unless waived in writing by Parent:

(a) The representations and warranties of the Company set forth in this Agreement shall be true and correct as of the date of this Agreement and as of the Closing Date with the same force and effect as though such representations and warranties had been made on and as of the Closing Date.

(b) The Company shall have performed and complied, in all respects, with all obligations and covenants required to be performed or complied with by it under this Agreement at or prior to the Closing Date.

(c) This Agreement shall have been adopted and the Merger shall have been approved by the Required Vote and such adoption and approval shall remain in effect.

(d) From the date of this Agreement through the Effective Time, the Company shall not have suffered a Material Adverse Effect.

(e) Parent will have completed business, financial and legal due diligence satisfactory to Parent with respect to the business, properties, assets, affairs and prospects of Company, provided that such due diligence investigation is not determined to have a Material Adverse Effect on the business, financial condition or results of operations of Company, as reasonably determined by Parent;

(f) All consents, permits and approvals of Governmental Authorities and other private third parties listed in Schedule 3.1(e) and 3.1(f) and identified with an asterisk shall have been obtained except where the failure to obtain any such consents or approvals could not individually or in the aggregate be reasonably expected to have a Material Adverse Effect on Company.

(g) Parent shall have received a legal opinion from DLA Piper US, LLP substantially in the form attached hereto as Exhibit G.

(h) As of the Effective Time, no litigation or proceeding shall be threatened or pending against Parent or the Company which seeks to enjoin or prevent the consummation of the Merger, or to require Parent or the Company to divest or hold separate any business in connection with the Merger, or which could have a Material Adverse Effect.

(i) As of the Effective Time, all the directors and officers of the Company will have executed resignations.

(j) As of the Effective Time, all the directors and officers of the Company will have executed releases substantially in the form attached hereto as Exhibit J.

(k) Each employee, officer and consultant of the Company shall have entered into a Proprietary Information and Inventions Agreement in the form previously provided by and approved by Parent.

(l) Each of the employees of the Company listed on Exhibit L-1 shall have executed and delivered to Parent an employment agreement, substantially in the form attached as Exhibit L-2, with appropriate modifications for position, salary and other variations.

(m) The Company Warrants shall have been exercised, terminated or redeemed in the manner required by Section 2.3 hereof.

(n) The Company Options shall have been exercised, terminated or redeemed in the manner required by Section 2.3 hereof.

(o) A certificate from an officer of the Company confirming that each holder of Company Stock has been mailed or delivered a copy of the Information Statement and the letters of transmittal, substantially in the forms attached hereto as Exhibit P-1 and P-2.

(p) Stockholders indicating that they will assert appraisal rights in accordance with the Corporations Law, for such Stockholder's shares of Capital Stock shall hold less than two percent (2%) of the outstanding shares of any class of Capital Stock.

(q) The Escrow Agreement shall have been executed and delivered to Parent and shall remain in full force and effect.

(r) Parent shall have received from the Company an officer's certificate certifying to the fulfillment of the conditions specified in Sections 7.2(a) and 7.2(b) inclusive.

ARTICLE VIII

TERMINATION AND AMENDMENT

8.1 Termination. This Agreement may be terminated at any time prior to the Effective Time, whether before or after approval of the matters presented in connection with the Merger by the Stockholders:

(a) by mutual written consent of the Company and Parent;

(b) by either the Company or Parent, if

(i) any Governmental Authority shall have issued an order, decree or ruling or taken any other action (which order, decree, ruling or other action the parties hereto shall use their reasonable efforts to lift), which permanently restrains, enjoins or otherwise prohibits the consummation of the Merger and such order, decree, ruling or other action shall have become final and non-appealable; or

(ii) if the Merger shall not have been consummated before March 31, 2008 (unless the failure to consummate the Merger by such date shall be due to the action or failure to act of the party seeking to terminate);

(c) by the Company, if Parent shall have breached in any material respect any of its representations, warranties or covenants contained in this Agreement;

(d) by Parent, if the Company shall have breached in any material respect any representation, warranty or covenant contained in this Agreement and such breach, if capable of being cured, shall not have been cured within five (5) days following receipt by the breaching party of written notice of such breach;

(e) by Parent, if a Material Adverse Effect on the Company shall have occurred; or

(f) by Parent, if the Merger is not approved and adopted by the Required Vote in accordance with the Corporations Law and the Charter or such adoption and approval does not remain in effect;

8.2 Effect of Termination. In the event of the termination of this Agreement by any party hereto pursuant to the terms of this Agreement, written notice thereof shall forthwith be given to the other party or parties specifying the provision hereof pursuant to which such termination is made, and there shall be no liability on the part of Parent or the Company except for material breach of this Agreement, which for greater certainty will not include failure to obtain necessary consents provided the Company has made reasonable commercial efforts prior to such termination, to the extent that such termination results.

ARTICLE IX

INDEMNIFICATION AND ESCROW

9.1 Indemnification by the Stockholders.

(a) The Stockholders (collectively, the "Indemnifying Parties" and individually, the "Indemnifying Party") shall indemnify and hold harmless each of Parent, Merger Sub and the Surviving Corporation and any employee, director, officer or agent (the "Indemnified Parties") of each of them against any claim, costs, loss, Tax, liability or expense (including reasonable attorneys' fees and expenses) or other damages (collectively, "Damages") arising, directly or indirectly, from or in connection with: (a) any inaccuracy in any of the warranties or representations of the Company in this Agreement, (b) any failure by the Company to perform or comply with any covenant or obligation of the Company in this Agreement**,** or (c) any Third Party Claim (as defined below) arising from or relating to a breach referred to in clause (a) or (b) above.

(b) An Indemnified Party shall, to the extent practicable and reasonably within its control and at the expense of the Indemnifying Parties, take commercially reasonable efforts to mitigate any Damages of which it has adequate notice, provided that the Indemnified Party shall not be obligated to act in contravention of applicable law or in contravention of reasonable and customary practices of a prudent person in similar circumstances. The Indemnifying Parties shall have the right, but not the obligation, and shall be afforded the opportunity by the Indemnified Party to the extent reasonably possible, to take commercially reasonable efforts to minimize the damages before such Damages actually are incurred by the Indemnified Party.

(c) Except as provided in this Section 9.1(c) and Sections 9.3 and 9.4, (i) the aggregate liability of the Indemnifying Parties for Damages under Section 9.1 shall not exceed the Escrow Amount, and (ii) the Indemnifying Parties shall not be liable until the aggregate Damages for which they or it would be otherwise liable exceed the Indemnifying Party's pro rata share of $100,000 except in accordance with Section 9.4.

(d) No Indemnifying Party shall have the right of contribution against the Company or Merger Sub with respect to any breach by the Company of any of its representations, warranties, covenants or obligations.

(e) Except as set forth in Sections 9.3 and 9.4, the rights of the Indemnified Parties under this Article IX and the Escrow Agreement shall be the exclusive remedy of the Indemnified Parties with respect to Damages resulting from or relating to any misrepresentation, breach of warranty or failure to perform any covenant of agreement contained in this Agreement.

9.2 Procedure for Third Party Claims. Promptly after receipt by an Indemnified Party under Section 9.1 of notice of the commencement of any action or demand or claim by a third party (a "Third Party Claim") which gives rise to Damages, such Indemnified Party shall, if a claim in respect thereof is to be made against an indemnifying party under such Section, give notice to the Stockholder Representative of its assertion of such claim for indemnification and of the commencement of the action of its assertion of such claim for indemnification and of the commencement of the action or assertion of the Third Party Claim with respect to which the claim for indemnification pertains. Except to the extent prejudiced thereby, failure to notify the Stockholder Representative shall not relieve the Stockholders of any liability that they may have to any Indemnified Party. If any such action shall be brought or a Third Party Claim shall be asserted against an Indemnified Party and it shall give notice to the Stockholder Representative of the commencement or assertion thereof, the Stockholder Representative shall, on behalf of the Stockholders, be entitled, at its own expense and not with recourse to the Escrow Fund to participate therein and, to the extent that it shall wish, to assume the defense thereof with counsel reasonably satisfactory to such Indemnified Party and, after notice from the Stockholder Representative to such Indemnified Party of its election to assume the defense thereof, the Stockholders shall not be liable to such Indemnified Party under this Article IX for any fees of other counsel or any other expense (unless such fees or expenses are incurred at the request of the Stockholder Representative), in each case subsequently incurred by such Indemnified Party in connection with the defense thereof. If the Stockholder Representative receives notice of any action or Third Party Claim, it shall promptly notify the Indemnified Party as to whether, at its expense and not with recourse to the Escrow Fund, it intends to control the defense thereof. If the Stockholder Representative defends an action, it shall have full control over the litigation or other proceeding, including settlement and compromise thereof, subject only to the following: (a) no compromise or settlement thereof may be effected by the Stockholder Representative without the Indemnified Party's consent unless (i) there is no finding or admission of any violation of law and no effect on any other claims that may be made against the Indemnified Party and (ii) the sole relief provided is monetary damages that are paid in full by the Stockholders or Stockholder Representative and (b) in the case of any proceeding in respect of Taxes, (i) at the request of the Indemnified Party, the litigation shall be jointly controlled by the Stockholder Representative and the Indemnified Party, and (ii) no compromise or settlement thereof may be effected by the Stockholder Representative without the Indemnified Party's consent, which consent may not be unreasonably withheld, conditioned or delayed. If notice is given to the Stockholder Representative of the commencement of any action and it does not, within twenty (20) days after the Indemnified Party's notice is given, give notice to the Indemnified Party of its election to assume the defense thereof, the Indemnified Party shall have full control over the litigation, including settlement and compromise thereof; provided, that any such settlement shall not be determinative of the existence of or amount of Damages relating to such claim, except with the consent of the Stockholder Representative, which consent shall not be unreasonably withheld, conditioned or delayed, and which shall be deemed to have been given unless the Stockholder Representative shall have objected within twenty (20) days after a written request for such consent by Parent.

9.3 Indemnity Period.

(a) No claim for indemnification under Section 9.1(a) of this Agreement may be made unless notice is given by the party seeking such indemnification to the party from whom indemnification is sought on or prior to the date that is twelve months following the Effective Time; provided, however, that the indemnity period for claims for indemnification from and against Damages arising, directly or indirectly, from or in connection with (A) any inaccuracy in any of the warranties or representations of the Company contained in Sections 3.11, 3.12 and 3.13, (B) any inaccuracy in any of the warranties or representations of the Company of which the Company had knowledge at any time prior to the date on which such warranty or representation is made, or (C) fraud, willful breach or intentional misrepresentation by the Company, in each case of Section 9.3(a)(A), (B) or (C) above shall be the expiration of the applicable statute of limitations except in respect of claims arising under Section 3.11 such indemnity period shall be for a period of three years from the expiry of the Escrow Period.

(b) Any claims described in Section 9.3(a)(A), (B) or (C) may be made directly against any one of or all of the Indemnifying Parties; provided, however each Indemnifying Party will only be liable up to the value of the Merger Consideration, based on the Acquisition Share Price, received by that Indemnifying Party, except with respect to DuPont who will only be liable up to its *pro rata* portion of any claim based on the portion of the Merger Consideration to which DuPont is entitled, up to the value of the Merger Consideration to which DuPont is entitled; provided, further that with respect to any claim made during the Escrow Period, the Indemnified Party will first claim against the Escrow Amount.

(c) Notwithstanding the provisions of Section 9.3(a) and (b), with respect to claims described in Section 9.3(a)(B) and (C), any Indemnifying Party, with the exception of DuPont, that is found to have to be individually liable for Damages pursuant to such claim shall be liable for the full amount of such Damages without any cap on liability.

9.4 Indemnification Basket. The provisions for indemnity contained in Section 9.1 shall become effective only in the event that the aggregate amount of all indemnifiable damages for which the Indemnifying Parties are liable under this Article IX exceeds one hundred thousand dollars ($100,000) (the "Indemnification Basket"); provided, however, that in the event the indemnification damages for which the Indemnifying Parties are liable exceed the Indemnification Basket, the Indemnifying Parties shall be responsible for the entire amount of all such damages beginning with the first dollar of loss, and consistent with Article IX hereof; provided, further, that the Indemnification Basket shall not apply to any claim for indemnification from and against Damages arising, directly or indirectly, from or in connection with (a) any inaccuracy in any of the warranties or representations of the Company contained in Sections 3.4(a), 3.11, 3.12 and 3.13, (b) any inaccuracy in any of the warranties or representations of the Company of which the Company had knowledge at any time prior to the date on which such warranty or representation is made, or (c) fraud, willful breach or intentional misrepresentation by the Company. For purposes of determining whether the Indemnification Basket has been satisfied with respect to any breach of the representations and warranties contained in Article III hereof that are qualified by a materiality or Material Adverse Effect qualifier or standard, any such representation or warranty so qualified shall be deemed breached if it is untrue or incorrect, without giving effect to such materiality or Material Adverse Effect qualifier or standard.

ARTICLE X

DEFINITIONS AND INTERPRETATION

10.1 Definitions. For all purposes of this Agreement, except as otherwise expressly provided or unless the context clearly requires otherwise:

"Accounts" has the meaning set forth in Section 2.4(b) hereof.

"Acquisition Proposal" has the meaning set forth in Section 5.2(a) hereof.

"Acquisition Share Price" means the common share price of $2.45 used to determine the Merger Consideration.

"Affiliate" means, with respect to any Person, any Person directly or indirectly controlling, controlled by, or under common control with such Person.

"Agreement" or "this Agreement" means this Agreement and Plan of Merger, together with the Exhibits and Schedules hereto.

"Alternate Stockholder Representative" has the meaning set forth in Section 2.5(b) hereof.

"Ancillary Agreements" means the Escrow Agreement and the Employment Agreements.

"Applicable Canadian Securities Laws" has the meaning set forth in Section 4.4(a).

"Applicable Laws" means any applicable domestic or foreign law including any statute, subordinate legislation or treaty, and any applicable guidelines, directive, rule, standard, requirement, policy, order, judgment, injunction, and/or decree of a Governmental Authority whether or not having the force of law.

"Audit" means any audit, assessment, or other examination relating to Taxes by any Tax Authority or any judicial or administrative proceedings relating to Taxes.

"Balance Sheet" means the balance sheet of the Company as of December 31, 2007 set forth on Schedule 3.3(a).

"Balance Sheet Date" means December 31, 2007.

"Bank Indebtedness" means all outstanding obligation due and owing to China Trust Bank from the Company.

"Benefit Arrangement" means each employment, severance or other similar contract, arrangement or policy (written or oral) and each plan or arrangement (written or oral) providing for severance benefits, insurance coverage (including any self-insured arrangements), workers' compensation, disability benefits, supplemental unemployment benefits, vacation benefits, retirement benefits or for deferred compensation, profit-sharing, bonuses, stock options, stock appreciation rights or other forms of incentive compensation or post-retirement insurance, compensation or benefits.

"Board" has the meaning set forth in Section 1.6 hereof.

"Business" means the business of the Company as currently conducted and as proposed to be conducted, including the development and worldwide commercialization, by the Company and by its successors and assigns, of the Company IP, Company's Software and Company's Technology.

"By-Laws" has the meaning set forth in Section 1.5(b) hereof.

"Canadian Authorities" has the meaning set forth in Section 4.4(a).

"Capital Stock" means Company Common Stock together with the Preferred Stock.

"Certificate of Merger" has the meaning set forth in Section 1.3 hereof.

"Certificates" has the meaning set forth in Section 2.1(b) hereof.

"Charter" means the certificate of incorporation of the Company.

"Closing" means the closing referred to in Section 1.2.

"Closing Accounts" has the meaning set forth in Section 2.4(c) hereof.

"Closing Balance Sheet" has the meaning set forth in Section 2.4(c) hereof.

"Closing Date" has the meaning set forth in Section 1.2 hereof.

"Closing Net Working Capital" has the meaning set forth in Section 2.4(c) hereof.

"Closing Statement" has the meaning set forth in Section 2.4(c) hereof.

"COBRA" has the meaning set forth in Section 3.14(s).

"Code" means the United States Internal Revenue Code of 1986, as amended.

"Commercialize" means to make and have made (including purchasing, licensing or otherwise acquiring products, services, Software, Technology or components or establishing facilities used in making or having made any product, service, Software or Technology), use, copy, reproduce, sell, import, export, offer for sale, license, market, distribute, practice any method or process claimed in any patent, benefit from or exploit any Intellectual Property Rights, and otherwise exploit worldwide in any manner whatsoever and grant sublicenses (and permit the grant of sublicenses) to do any or all of the foregoing.

"Common Stock Certificates" has the meaning set forth in Section 2.1(a) hereof.

"Company" has the meaning set forth in the preamble hereto.

"Company Common Stock" means the common stock, par value $0.001 per share, of the Company.

"Company IP" means the Owned IP and the Licensed IP including, without limitation, the Software.

"Company Options" has the meaning set forth in Section 3.2(c) hereof.

"Company Securities" has the meaning set forth in Section 3.2(b).

"Company SOE" means the schedule of exceptions dated the date of this Agreement and signed by an authorized senior officer of the Company and delivered to Parent and Merger Sub concurrently with this Agreement.

"Company Warrant" has the meaning set forth in Section 3.2(c) hereof and includes the warrants.

"Corporations Law" has the meaning set forth in the recitals hereto.

"Damages" has the meaning set forth in Section 9.1(a) hereof.

"Developers" has the meaning set forth in Section 3.11(n) hereof.

"Dispute Deadline Date" has the meaning set forth in Section 2.4(d) hereof.

"Dissenting Shares" has the meaning set forth in Section 2.9 hereof.

"Dupont" means E.I. Du Pont de Nemours and Company.

"Effective Time" has the meaning set forth in Section 1.3 hereof.

"Environmental Permits" has the meaning set forth in Section 3.13(c) hereof.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

"ERISA Affiliate" means any Person that is treated as a single employer with any member of the Company under Section 414 of the Code.

"Escrow Agent" means Computershare Trust Company of Canada, in its capacity as escrow agent under the Escrow Agreement, and includes any successor escrow agent appointed thereunder.

"Escrow Agreement" has the meaning set forth in the recitals hereto.

"Escrow Amount" has the meaning set forth in has the meaning set forth in Section 2.5 hereof.

"Escrow Fund" has the meaning set forth in the Escrow Agreement.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Final Adjusted Merger Consideration" has the meaning set forth in Section 2.4(c) hereof.

"Final Closing Statement" has the meaning set forth in Section 2.4(e) hereof.

"Financial Statements" has the meaning set forth in Section 3.3(a) hereof.

"GAAP" has the meaning set forth in Section 3.3(a)(iv) hereof.

"Governmental Authority" means any federal, provincial, state, regional, territorial, municipal, county, district, local or other governmental, administrative or regulatory authority or agency, including any ministry, department or other subdivision thereof.

"Hazardous Materials" has the meaning set forth in Section 3.13(a) hereof.

"Hazardous Materials Activities" has the meaning set forth in Section 3.13(b) hereof.

"Indemnification Basket" has the meaning set forth in Section 9.4 hereof.

"Indemnified Parties" and "Indemnified Party" has the meaning set forth in Section 9.1(a) hereof.

"Indemnifying Parties" and "Indemnifying Party" has the meaning set forth in Section 9.1(a) hereof.

"Independent Auditor" has the meaning set forth in Section 2.4(d) hereof.

"Information Statement" has the meaning set forth in Section 3.16(g) hereof.

"Intellectual Property Rights" means (i) any and all worldwide proprietary rights, whether registered or unregistered, provided under (a) patent law, (b) copyright law, (c) trade mark-law (including trade names), (d) design patent or industrial design law, (e) semi-conductor chip or mask work law, or (f) any other applicable statutory provision or common law principle, including trade secret law, and any laws applicable to Internet domain names, that may provide a right in ideas, formulae, algorithms, concepts, inventions, works, or know-how, or the expression or use thereof, and including all past, present, and future causes of action, rights of recovery, and claims for damage, accounting for profits, royalties, or other relief relating, referring, or pertaining to any of the foregoing, and (ii) any and all applications, registrations, licenses, sublicenses, agreements, or any other evidence of a right in any of the foregoing.

"Laws" means all statutes, laws, codes, ordinances, regulations, rules, orders, judgments, writs, injunctions, acts, guidelines, policies, directions or decrees of any Governmental Authority.

"Liability" means any liability (whether known or unknown, whether asserted or unasserted, whether absolute or contingent, whether accrued or unaccrued, whether liquidated or unliquidated, and whether due or to become due), including but not limited to, any liability for Taxes.

"Licensed IP" means all Technology and Intellectual Property Rights not owned by the Company, but used in the Business, including the rights to cure, modify, market, distribute, transfer, assign, sell, and support the same.

"Lien" or "Liens" means any mortgage, pledge, security interest, encumbrance, encroachment, claim, lease, right of possession, other defect in title or lien or charge of any kind (including any conditional sale or other title retention agreement or lease in the nature thereof), any sale of receivables with recourse against the Company, any filing or agreement to file a financing statement as debtor under the Uniform Commercial Code, or any similar statute (other than to reflect ownership by a third party of property leased to the Company under a lease which is not in the nature of a conditional sale or title retention agreement), or any subordination arrangement in favor of another Person.

"Material Adverse Change" means a material adverse change in the business, assets, financial condition, operations or results of operations of the Business or the Company.

"Material Adverse Effect" means a material adverse effect on the business, assets, financial condition, operations or results of operations of the Business or the Company or the Commercialization of the Company IP, Company's Software or Company's Technology.

"Material Contracts" has the meaning set forth in Section 3.6(a)(i) hereof.

"Merger" has the meaning set forth in the recitals hereto.

"Merger Consideration" means (1) $13,500,000 in cash, as adjusted pursuant to Sections 2.1(d) and 2.4 hereof, plus (2) 9,085,113 Parent Common Shares.

"Merger Expenses" has the meaning set forth in Section 11.2 hereof.

"Merger Sub" has the meaning set forth in the preamble hereto.

"Net Working Capital" means the excess of current assets over current liabilities of the Company, calculated on a consolidated basis; provided that for purposes of determining Net Working Capital, current assets shall exclude current accounts receivable that are over ninety (90) days past the invoice date and current liabilities shall exclude current Bank Indebtedness. Current assets and current liabilities shall be determined in accordance with GAAP, consistent with past practice.

"Open Source Materials" means software or other material (i) that is distributed as "free software", "open source software" or under a similar licensing or distribution model (including but not limited to the GNU General Public License (GPL), GNU Lesser General Public License (LGPL), Mozilla Public License (MPL), BSD licenses, the Artistic License, the Netscape Public License, the Sun Community Source License (SCSL), the Sun Industry Standards License (SISL) and the Apache License) or (ii) that require that software incorporated into, derived from or distributed with such material be (a) disclosed or distributed in source code form, (b) be licensed for the purpose of making derivative works, or (c) be redistributable at no charge.

"Owned IP" means all Technology, including without limitation the Software that is owned by the Company or any Company Subsidiary and used in the conduct of the Business, together with all Intellectual Property Rights therein.

"Parent" has the meaning set forth in the preamble hereto.

"Parent Auditors" has the meaning set forth in Section 4.12(a).

"Parent Balance Sheet" has the meaning set forth in Section 4.4(b).

"Parent Common Shares" means common shares of Parent.

"Parent Financial Statements" has the meaning set forth in Section 4.4(b) hereof.

"Parent Permits" has the meaning set forth in Section 4.7 hereof.

"Parent SEDAR Reports" has the meaning set forth in Section 4.4(a).

"Parent SOE" means the schedule of exceptions dated the date of this Agreement and signed by an authorized senior officer of Parent and delivered to the Company concurrently with this Agreement.

"Payment Agent" has the meaning set forth in Section 2.6(a) hereof.

"Permit" has the meaning set forth in Section 3.7(b) hereof.

"Person" means an individual, corporation, partnership, limited liability company, association, trust, joint stock company, joint venture or other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

"Personal Information" means the type of information regulated by Privacy Laws and collected, used, disclosed or retained by the Company including information regarding the Company's customers, suppliers, employees and agents, such as an individual's name, address, age, gender, identification number, income, family status, citizenship, employment, assets, liabilities, source of funds, payment records, credit information, personal references and health records.

"Plan Option" has the meaning set forth in Section 2.2 hereof.

"Preferred Stock" means the Series A Preferred Stock and Series B Preferred Stock.

"Preferred Stock Certificates" has the meaning set forth in Section 2.1(b).

"Preliminary Adjusted Merger Consideration" has the meaning set forth in Section 2.4(a) hereof.

"Preliminary Closing Balance Sheet" has the meaning set forth in Section 2.4(b) hereof.

"Preliminary Closing Statement" has the meaning set forth in Section 2.4(b) hereof.

"Preliminary Net Working Capital" has the meaning set forth in Section 2.4(b) hereof.

"Privacy Laws" means all applicable federal, provincial, state, municipal or other laws governing the collection, use, disclosure and retention of Personal Information.

"Privacy Policies" means all privacy, data protection and similar policies adopted or used by the Company in respect of Personal Information, including any complaints process.

"Regulatory Law" has the meaning set forth in Section 6.1(a) hereof.

"Required Vote" means (i) the approval of the holders of at least a majority of the Series A Preferred Stock and the Series B Preferred Stock then outstanding voting as a single class and (ii) the approval of the holders of at least a majority of the Preferred Stock and Company Common Stock then outstanding voting as a single class.

"Retained Employees" has the meaning set forth in Section 6.4 hereof.

"Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"Series A Preferred Stock" means the Series A Preferred Stock, par value $0.001 per share, of the Company.

"Series B Preferred Stock" means the Series B Preferred Stock, par value, $0.001 per share, of the Company.

"Software" means any computer program, operating system, applications system, firmware, software or rights thereto of any nature, whether operational, under development or inactive, including all object code, source code, program files, data files, computer related data, field and data definitions and relationships, data definition specifications, data models, program and system logic, interfaces, program modules, routines, sub-routines, algorithms, program architecture, design concepts, system designs, program structure, sequence and organization, screen displays and report layouts, technical manuals, user manuals and other documentation, whether in machine-readable form, programming language or any other language or symbols, and whether stored, encoded, recorded or written on disk, tape, film, memory, device, paper or other media of any nature.

"Stockholder Representative" means Gloria Wahl.

"Stockholder Representative Fund" has the meaning set forth in Section 2.5(b).

"Stockholders" has the meaning set forth in the recitals hereto.

"Stockholders Meeting" has the meaning set forth in Section 3.16(g) hereof.

"Stock Plan" means the Company's 2003 Stock Plan.

"Subsidiary" means, with respect to any other Person, any corporation or other organization, whether incorporated or unincorporated, of which (i) such party or any other Subsidiary of such party is a general partner (excluding partnerships, the general partnership interests of which held by such party or any Subsidiary of such party do not have a majority of the voting interest in such partnership) or (ii) at least a majority of the securities or other interests having by their terms ordinary voting power to elect a majority of the Board of Directors or others performing similar functions with respect to such corporation or other organization or a majority of the profit interests in such other organization is directly or indirectly owned or controlled by such party or by any one or more of its Subsidiaries, or by such party and one or more of its Subsidiaries.

"Surviving Corporation" means the successor or surviving corporation in the Merger.

"Tax" (and, with correlative meaning, "Taxes") means (i) all federal, state, local, foreign or other taxes, duties, fees, premiums, assessments, imposts, levies and other charges of any kind whatsoever that are similar in nature to taxes imposed by any Tax Authority, together with all interest, penalties, fines, additions to tax or other additional amounts imposed in respect thereof, imposed by any Tax Authority, including, but not limited to, those levied on, or measured by, or referred to as income, gross receipts, profits, capital, transfer, land transfer, sales, goods and services, ad valorem, use, value-added, excise, stamp, withholding, business, franchising, property (both real and personal), payroll, employee withholding, employment, occupation, health, social service, environmental, education and social security taxes, all surtaxes, all customs duties and import and export taxes, all license, franchise and registration fees and taxes, all unemployment or employment insurance, workers' compensation, health insurance, ERISA and other government pension plan premiums, U.S. Pension Benefit Guaranty Corporation premiums, and other obligations of the same or of a similar nature of any of the foregoing, which the Company is required to pay, withhold or collect, (ii) any liability for the payment of any amounts of the type described in (i) as a result of being a member of an affiliated, consolidated, combined or unitary group for any taxable period, and (iii) any liability for the payment of any amounts of the type described in (i) or (ii) as a result of being a transferee of or successor to any Person or as a result of any express or implied obligation to indemnify any other Person.

"Tax Authority" means any Governmental Authority responsible for the imposition of any Tax.

"Tax Returns" means all returns, declarations, reports, claims for refund, forms, designations, estimates, information statements and other documents relating to Taxes, including all schedules and attachments thereto, and including all amendments thereof, and the term "Tax Return" means any one of the foregoing Tax Returns.

"Technology" means technology and information of whatever nature or kind, in all cases whether or not subject to any Intellectual Property Rights and whether or not fixed in any medium or reduced to practice, including without limitation (i) the Software; (ii) business names, trade names, domain names, trading styles, logos, trade secrets, industrial designs and copyrights; (iii) inventions, formulae, product formulations, processes and processing methods, technology and techniques; (iv) know-how, trade secrets, research and technical data; and (v) software, studies, findings, algorithms, instructions, guides, manuals and designs.

"Third Party Claim" has the meaning set forth in Section 9.2.

"Valid Patents" has the meaning set forth in Section 3.11(c)(i) hereof.

"Valid Registration" has the meaning set forth in Section 3.11(c)(ii) hereof.

"WARN Act" has the meaning set forth in Section 3.14(p) hereof.

10.2 Interpretation.

(a) When a reference is made in this Agreement to a section or article, such reference shall be to a section or article of this Agreement unless otherwise clearly indicated to the contrary.

(b) Whenever the words "include", "includes" or "including" are used in this Agreement they shall be deemed to be followed by the words "without limitation."

(c) The words "hereof", "herein" and "herewith" and words of similar import shall, unless otherwise stated, be construed to refer to this Agreement as a whole and not to any particular provision of this Agreement, and article, section, paragraph, exhibit and schedule references are to the articles, sections, paragraphs, exhibits and schedules of this Agreement unless otherwise specified.

(d) The plural of any defined term shall have a meaning correlative to such defined term, and words denoting any gender shall include all genders. Where a word or phrase is defined herein, each of its other grammatical forms shall have a corresponding meaning.

(e) A reference to any party to this Agreement or any other agreement or document shall include such party's successors and permitted assigns.

(f) A reference to any legislation or to any provision of any legislation shall include any modification or re-enactment thereof, any legislative provision substituted therefor and all regulations and statutory instruments issued thereunder or pursuant thereto.

(g) The parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provisions of this Agreement.

ARTICLE XI

MISCELLANEOUS

11.1 Survival. The representations, warranties, covenants and agreements made by the Company herein shall survive any investigation made by the Parent and the closing of the transactions contemplated hereby. All statements as to factual matters contained in any certificate or other instrument delivered by or on behalf of the Company pursuant hereto in connection with the transactions contemplated hereby shall be deemed to be representations and warranties by the Company hereunder.

11.2 Fees and Expenses. Except as specifically provided to the contrary in this Agreement, all fees, costs and expenses (including but not limited to, all brokers' fees and the fees, costs and expenses of legal counsel, financial advisors, insurance, investment bankers, insurance and accountants), incurred, created or accelerated in connection with this Agreement and the consummation of the Merger or any of the other transactions contemplated hereby (the "Merger Expenses") shall be paid by the party incurring such expenses; provided, that if any legal action is instituted to enforce or interpret the terms of this Agreement, the prevailing party in such action shall be entitled, in addition to any other relief to which the party is entitled, to reimbursement of its actual attorneys fees. Any and all expenses and fees of the Payment Agent and the Escrow Agent shall be borne by the Parent.

11.3 Amendment. This Agreement may be amended by the written agreement by each of the parties hereto but no amendment shall be made that by law requires further approval by the Stockholders without such approval. This Agreement may not be amended except by an instrument in writing signed on behalf of Parent, Merger Sub and the Company.

11.4 Extension; Waiver. At any time prior to the Effective Time, the parties hereto may, to the extent legally allowed, (i) extend the time for the performance of any of the obligations or other acts of the other parties hereto, (ii) waive any inaccuracies in the representations and warranties contained herein or in any document delivered pursuant hereto and (iii) waive compliance with any of the agreements or conditions contained herein. Any agreement on the part of a party hereto to any such extension or waiver shall be valid only if set forth in a written instrument signed on behalf of such party.

11.5 Notices. All notices and other communications hereunder shall be in writing (and shall be deemed given upon receipt) if delivered personally, sent by facsimile transmission (receipt of which is confirmed) or by mail to the parties at the following addresses (or at such other address for a party as shall be specified by like notice):

(a) if to the Company, to

2933 Bayview Drive
Fremont, CA 94538
Attention: Chief Executive Officer
Facsimile No.: 510-226-8333

with a copy to

DLA Piper US, LLP
2000 University Avenue
East Palo Alto, Ca 94301
Attention: Andrew D. Zeif, Esq.
Facsimile No.: 650-833-2001

and

(b) if to Parent, to

400 March Road
Ottawa, Ontario
K2K 3H4
Attention: Chief Executive Officer
Facsimile No.: 613-270-7850

with a copy to

McCarthy Tétrault LLP
Barristers and Solicitors
40 Elgin Street, Suite 1400
Ottawa, ON K1P 5K6
Attention: Virginia K. Schweitzer, Esq.
Facsimile No.: (613) 563-9386

(c) if to the Stockholder Representative, to

Gloria Wahl
205 De Anza Boulevard, #14,
San Mateo, CA 94402
Facsimile No.: (650) 574-1870

11.6 Descriptive Headings. The descriptive headings herein are inserted for convenience only and are not intended to be part of or to affect the meaning or interpretation of this Agreement.

11.7 Currency. All references to "$" or "dollars" in this Agreement shall refer to dollars of the United States of America unless otherwise specifically noted.

11.8 Counterparts and Facsimile. This Agreement may be executed in two or more counterparts, all of which shall be considered one and the same agreement and shall become effective when two or more counterparts have been signed by each of the parties and delivered to the other parties, it being understood that all parties need not sign the same counterpart. This Agreement may be executed by facsimile signature.

11.9 Entire Agreement; Assignment. This Agreement (including the exhibits and schedules attached hereto) together with the Ancillary Agreements (a) constitutes the entire agreement and supersedes all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof, any provisions of such latter agreement which are inconsistent with the transactions contemplated by this Agreement being waived hereby, and (b) shall not be assigned by operation of law or otherwise except that Parent and Merger Sub may assign, in their sole discretion, any or all of their rights, interests and obligations hereunder to any direct wholly owned Subsidiary or Affiliate of Parent; provided, however, that such assignment shall not relieve Parent of its obligations hereunder and shall not affect the treatment of the Merger as a reorganization within the meaning of Section 368(a) of the Code.

11.10 Governing Law. This Agreement shall be governed and construed in accordance with the laws of the State of Delaware without regard to any applicable principles of choice or conflicts of law (whether of the State of Delaware or any other jurisdiction) that would cause the application of laws of any jurisdictions other than those of the State of Delaware.

11.11 Specific Performance. The parties hereto agree that if any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached, irreparable damage would occur, no adequate remedy at law would exist and damages would be difficult to determine, and that the parties shall be entitled to specific performance of the terms hereof, in addition to any other remedy at law or equity.

11.12 Severability. Any term or provision of this Agreement that is invalid or unenforceable in any situation in any jurisdiction shall not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offering term or provision in any other situation or in any other jurisdiction. If the final judgment of a court of competent jurisdiction declares that any term or provision hereof is invalid or unenforceable, the parties agree that the court making the terminations of invalidity or unenforceability shall have the power to limit the term or provision, to delete specific words or phrases, or to replace any invalid or unenforceable term or provision with a term or provision that is valid and enforceable and that comes closest to expressing the intention of the invalid or unenforceable term or provision, and this Agreement shall be enforceable as modified.

11.13 Submission to Jurisdiction. Each party (a) submits to the exclusive jurisdiction of the Delaware Chancery Court over all disputes arising out of or relating to this Agreement, (b) waives any claim of inconvenient forum or other challenge to venue in such court, (c) agrees to accept service of any summons, complaint or other initial pleading made in the manner provided for the giving of notices in Section 11.5, provided, that nothing in this Section 11.13 shall affect the right of any party to serve such summons, complaint or other initial pleading in any other manner permitted by law and (d) waives any right it may have to a trial by jury with respect to any action or proceeding arising out of or relating to this Agreement; provided, however that nothing in this Agreement shall prevent any party from applying to any court of competent jurisdiction for provisional or interim measures, including any claim for preliminary injunctive relief.

11.14 Parties in Interest. Except as set forth in Section 9.1 hereof, this Agreement shall be binding upon and inure solely to the benefit of each party hereto, and nothing in this Agreement, express or implied, is intended to or shall confer upon any other Person or persons any rights, benefits or remedies of any nature whatsoever under or by reason of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed by their respective officers thereunto duly authorized as of the date first written above.

ENABLENCE TECHNOLOGIES INC.

By: ______________________________
Name: ______________________________
Title: ______________________________

ANDEVICES, INC.

By: ______________________________
Name: ______________________________
Title: ______________________________

AND ACQUISITION CORP.

By: ______________________________
Name: ______________________________
Title: ______________________________

STOCKHOLDER REPRESENTATIVE:

By: ______________________________
Name ______________________________
Title: ______________________________

Exhibit A

THIS ESCROW AGREEMENT is made as of the • day of •, 2008

BETWEEN:

Enablence Technologies Inc., a company incorporated under the laws of Canada (the "Parent"),

- and -

Stockholder Representative (as defined below),

- and -

Computershare Trust Company of Canada, a trust company governed by the laws of Canada (the "Escrow Agent").

RECITALS:

A. The Parties other than the Escrow Agent are parties to an agreement and plan of merger dated as of January 17, 2008 (the **"Merger Agreement"**), under which Parent agreed to cause its wholly-owned Delaware subsidiary to be merged with the Company, and Parent agreed to issue its common shares to the Stockholders as partial consideration for the exchange of the stock of the Company held by the Stockholders.

B. Pursuant to Section 2.5 of the Merger Agreement, Parent and the Stockholders agreed that Parent and the Stockholder Representative would enter into an escrow agreement to provide for the deposit of the Escrowed Shares into escrow to be held as security for any claims for indemnification made by the Indemnified Parties pursuant to Article IX of the Merger Agreement.

C. The foregoing recitals are representations and statements of fact by Parent, the Stockholder Representative and the Company, and not by the Escrow Agent.

THEREFORE, the parties agree as follows:

ARTICLE 1
DEFINITIONS AND PRINCIPLES OF INTERPRETATION

1.1 Definitions

Whenever used in this Agreement, the words and terms listed below have the meanings set out below.

"Acquisition Share Price" means $2.45 per Escrowed Share.

"Agreement" means this escrow agreement, including all schedules, and all amendments or restatements, as permitted, and references to "Article" or "Section" mean the specified Article or Section of this Agreement.

“Authorized Investment” means a United States dollar denominated investment in certain short-term obligations such as Canadian treasury bills (US Pay), United States treasury bills and United States term deposits.

“Business Day” means any day of the week other than a Saturday or Sunday, or a statutory or civic holiday observed in Toronto, Ontario and San Jose, California.

“Claim” means a claim for Damages.

“Closing Date” has the meaning ascribed thereto in the Merger Agreement.

“Company” means ANDevices, Inc., a corporation governed by the laws of the State of Delaware.

“Damages” has the meaning ascribed thereto in the Merger Agreement.

“Effective Time” has the meaning ascribed thereto in the Merger Agreement.

“Escrowed Shares” means 908,511 common shares of Parent.

“Indemnified Parties” has the meaning ascribed thereto in the Merger Agreement.

“Merger Agreement” has the meaning ascribed thereto in Recital A.

“Notice of Claim” has the meaning ascribed thereto in Section 4.1(c).

“Objection Notice” has the meaning ascribed thereto in Section 4.1(d).

“Parties” means, collectively, all of Parent, the Stockholder Representative, the Company and the Escrow Agent, and “**Party**” means any one of them.

“Stockholders” means all of the Stockholders of the Company as set forth in Schedule 4.1(g).

1.2 Certain Rules of Interpretation

In this Agreement:

(a) **Consent –** Whenever a provision of this Agreement requires an approval or consent and such approval or consent is not delivered within the applicable time limit, then, unless otherwise specified, the Party whose consent or approval is required shall be conclusively deemed to have withheld its approval or consent.

(b) **Currency –** Unless otherwise specified, all references to money amounts are to lawful currency of the United States of America.

(c) **Governing Law –** This Agreement is a contract made under and shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable in the Province of Ontario.

(d) **Headings –** Headings of Articles and Sections are inserted for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

(e) **Including –** Where the word “including” or “includes” is used in this Agreement, it means “including (or includes) without limitation”.

(f) **No Strict Construction –** The language used in this Agreement is the language chosen by the Parties to express their mutual intent, and no rule of strict construction shall be applied against any Party.

(g) **Number and Gender –** Unless the context otherwise requires, words importing the singular include the plural and vice versa and words importing gender include all genders.

(h) **Severability –** If, in any jurisdiction, any provision of this Agreement or its application to any Party or circumstance is restricted, prohibited or unenforceable, such provision shall, as to such jurisdiction, be ineffective only to the extent of such restriction, prohibition or unenforceability without invalidating the remaining provisions of this Agreement and without affecting the validity or enforceability of such provision in any other jurisdiction or without affecting its application to other Parties or circumstances.

(i) **Statutory references –** A reference to a statute includes all regulations and rules made pursuant to such statute and, unless otherwise specified, the provisions of any statute or regulation which amends, supplements or supersedes any such statute or any such regulation.

(j) **Time –** Time is of the essence in the performance of the Parties’ respective obligations. All references to a time in this Agreement shall be Toronto time.

(k) **Time Periods –** Unless otherwise specified, time periods within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the period to the next Business Day following if the last day of the period is not a Business Day.

1.3 Entire Agreement

This Agreement and the agreements and other documents required to be delivered pursuant to this Agreement, constitute the entire agreement between the Parties and set out all the covenants, promises, warranties, representations, conditions, understandings and agreements between the Parties relating to the subject matter of this Agreement and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written. There are no covenants, promises, warranties, representations, conditions, understandings or other agreements, oral or written, express, implied or collateral between the Parties in connection with the subject matter of this Agreement except as specifically set forth in this Agreement and any document required to be delivered pursuant to this Agreement.

1.4 Schedules

The schedules to this Agreement, listed below, are an integral part of this Agreement:

Schedule	Description
Schedule 4.1(a)	Joint Direction of Parent and Stockholder Representative
Schedule 4.1(g)	Joint Direction of Parent and Stockholder Representative for Escrowed Share release
Appendix I to Schedule 4.1(g)	Proportionate Interests of the Stockholders and Mailing Addresses

ARTICLE 2
ESTABLISHMENT OF ESCROW

2.1 Deposit of Escrowed

The Escrowed Shares will be deposited by Parent with the Escrow Agent within three Business Days of Closing Date. The Escrow Agent shall acknowledge receipt of the Escrowed Shares by delivering to the Parties a written receipt executed by the Escrow Agent.

2.2 Appointment of Escrow Agent

The Stockholder Representative and Parent hereby appoint the Escrow Agent as escrow agent, and the Escrow Agent hereby accepts such appointment and agrees to act as escrow agent and to hold, safeguard and distribute the Escrowed Shares in accordance with the terms and conditions of this Agreement.

2.3 Registration of Escrowed Shares

While any Escrowed Shares are held by the Escrow Agent pursuant to this Agreement, they shall be registered in the name of Computershare Trust Company of Canada, as Escrow Agent.

2.4 Voting Rights of Escrowed Shares

All voting rights attached to the Escrowed Shares held in escrow from time to time will be at all times exercised by the Stockholder Representative pursuant to a power of attorney to be prepared by Parent's counsel and provided to the Escrow Agent for signature, from time to time.

2.5 Dividends and other distributions on account of the Escrowed Shares

(a) Any dividends or other distributions on account of the Escrowed Shares ("Income") will accrue to the benefit of and be allocated to the Stockholders in respect of the Escrowed Shares ultimately received by the Stockholders and shall be released to the Stockholders in accordance with the provisions set forth in Section 4.1(g) of this Agreement.

(b) Any Income related to the Escrowed Shares returned to Parent will accrue to the benefit of and be allocated to Parent.

(c) Upon receipt by the Escrow Agent of any Income, the Escrow Agent shall invest such funds ("Income Funds") from time to time in such Authorized Investments as may be specified by Parent and the Stockholder Representative pursuant to a written direction delivered by the Parent and Stockholder Representative substantially in the form of Schedule 2.5(c). If the Escrow Agent has not at any time received such written direction in respect of the Income Fund, such Income Fund shall be held in a segregated interest-bearing cash account to be held by the Escrow Agent at a Bank listed on Schedule I of the Bank Act (Canada); provided however that such Income Fund shall not be commingled with any other Income Fund. The Escrow Agent is authorized to liquidate in accordance with its customary procedures any portion of the applicable Income Fund consisting of investments to provide for payments required to be made under this Agreement. The Escrow Agent shall have no responsibility or liability for any diminution of the Escrow Fund resulting from any Authorized Investment made in accordance with this Section 2,5(c), including any losses on any investment liquidated prior to maturity in order to make a payment required hereunder.

(d) Any direction or notice provided by Parent and the Stockholder Representative to the Escrow Agent will specify the Income to be provided upon the release of the Escrowed Shares, if any.

(e) The mailing of a cheque or making of such payment or transfer by the Escrow Agent shall, to the extent of the sum represented thereby, satisfy and discharge all liability of the Escrow Agent with respect to such Income received.

ARTICLE 3
DUTIES OF ESCROW AGENT; FEES; REMOVAL OR RESIGNATION OF ESCROW AGENT

3.1 Duties and Liabilities of the Escrow Agent

(a) The Escrow Agent and its officers, directors, employees, agents and successors and assigns shall have no duties or responsibilities other than those expressly set forth in this Agreement, and shall have no liability or responsibility arising under any other agreement, including any agreement referred to in this Agreement, to which the Escrow Agent is not a party, and no implied duties or obligations shall be read into this Agreement against the Escrow Agent.

(b) The Escrow Agent shall not be liable for any action taken or omitted by it, or any action suffered by it to be taken or omitted, in good faith, and in the exercise of its own best judgment, and shall not be held liable for any error in judgment made in good faith, unless it is proved that the Escrow Agent was negligent or engaged in wilful misconduct.

(c) Subject to Section 3.1(b), the Escrow Agent shall be entitled to: (i) rely upon any order, judgment, certification, demand, notice, instrument or other writing delivered to it hereunder without being required to determine the authenticity or the correctness of any fact stated therein or the propriety or validity of the service thereof, and (ii) act in reliance upon any instrument or signature believed by it to be genuine and may assume that the person purporting to make any statement or execute any document in connection with the provisions hereof has been duly authorized to do so.

(d) The Escrow Agent may retain legal counsel, accountants, engineers, appraisers, other experts, agents, agencies and advisors as may be reasonably required for the purpose of discharging its duties or determining its rights under this Agreement, and the Escrow Agent shall not be held liable or responsible for the misconduct of any of them. Subject to Section 3.1(b), the Escrow Agreement shall incur no liability if it acts, or does not act, in accordance with the opinion and instruction of such legal counsel. The reasonable costs of such services shall be added to and be part of the Escrow Agent's fee hereunder.

(e) In the event of any disagreement between the other Parties hereto resulting in adverse claims or demands being made in connection with any of the Escrowed Shares or in the event that the Escrow Agent is in doubt as to what action (if any) it should take hereunder in connection with any of the Escrowed Shares, the Escrow Agent shall be entitled, at its discretion, to refuse to comply with any demands or claims on it, as long as such disagreement shall continue, and in so refusing the Escrow Agent may make no delivery or other disposition of any asset involved herein or affected hereby, and in so doing the Escrow Agent shall not be or become liable in any way or to any other Party for its failure or refusal to comply with such conflicting demands or adverse claims, and shall be entitled to continue so to refrain from acting and so to refuse to act until the Escrow Agent shall have received (i) a final non-appealable order of a court of competent jurisdiction directing delivery of such Escrowed Shares, or (ii) a written agreement executed by the Stockholder Representative and Parent directing delivery of such Escrowed Shares, in which event the Escrow Agent shall disburse such Escrowed Shares in accordance with such order or agreement.

(f) All distributions of the Escrowed Shares shall be subject to any withholding or other requirements of any applicable Laws in force at the time of the payment.

(g) Subject to Section 3.1(b), the Escrow Agent shall not be responsible or liable in any manner whatsoever for the sufficiency, correctness, genuineness or validity of any instrument deposited with it, or for the form or execution of such instrument, or for the identity, authority or right of any Person executing or depositing any such instrument.

(h) The Escrow Agent shall not be required to take notice of any default or to take any action with respect to such default involving any expense or liability, unless notice in writing of such default is delivered to the Escrow Agent in accordance with Section 5.1(c) and unless the Escrow Agent is indemnified, in a manner satisfactory to it, against such expense or liability.

(i) The Escrow Agent shall retain the right not to act and shall not be held liable for refusing to act unless it has received clear and reasonable documentation which complies with the terms of this Agreement. Such documentation must not require the exercise of any discretion or independent judgment on the part of the Escrow Agent.

(j) Each other Party hereby represents to the Escrow Agent that any account to be opened by, or interest to held by, the Escrow Agent in connection with this Agreement, for or to the credit of such Party, either (i) is not intended to be used by or on behalf of any third party; or (ii) is intended to be used by or on behalf of a third party, in which case such Party hereto agrees to complete and execute forthwith a declaration in the Escrow Agent's prescribed form as to the particulars of such third party.

(k) Subject to Section 3.1(b), no provision of this Agreement shall require the Escrow Agent to expend or risk its own funds or otherwise incur financial liability in the performance of its duties or the exercise of any of its rights or powers.

(l) The Escrow Agent shall retain the right not to act and shall, subject to Section 3.1(b), not be liable for refusing to act if, due to a lack of information or for any other reason whatsoever, the Escrow Agent, in its sole reasonable judgment, determines that such act may cause it to be in non-compliance with any applicable anti-money laundering or anti-terrorist legislation, regulation or guideline. Further, should the Escrow Agent, in its reasonable judgment, determine at any time that its acting under this Agreement has resulted in its being in non-compliance with any applicable anti-money laundering or anti-terrorist legislation, regulation or guideline, then the Escrow Agent shall have the right to resign on ten days written notice to the other parties to this Agreement, or such shorter period as agreed to by the parties to this Agreement, notwithstanding the provisions of Section 3.3(a) of this Agreement, provided (i) that the Escrow Agent’s written notice shall describe the circumstances of such non-compliance; (ii) that if such circumstances are rectified to the Escrow Agent’s satisfaction within such ten day period, then such resignation shall not be effective.

(m) The Parties acknowledge that the Escrow Agent may, in the course of providing services hereunder, collect or receive financial and other personal information about such parties and/or their representatives, as individuals, or about other individuals related to the subject matter hereof, and use such information for the following purposes:

(i) to provide the services required under this agreement and other services that may be requested from time to time;

(ii) to help the Escrow Agent manage its servicing relationships with such individuals;

(iii) to meet the Escrow Agent's legal and regulatory requirements; and

(iv) if social insurance numbers are collected by the Escrow Agent, to perform tax reporting and to assist in verification of an individual's identity for security purposes.

Each party acknowledges and agrees that the Escrow Agent may receive, collect, use and disclose personal information provided to it or acquired by it in the course of this Agreement for the purposes described above and, generally, in the manner and on the terms described in its Privacy Code, which the Escrow Agent shall make available on its website or upon request, including revisions thereto. Further, each party agrees that it shall not provide or cause to be provided to the Escrow Agent any personal information relating to an individual who is not a party to this Agreement unless that party has assured itself that such individual understands and has consented to the aforementioned uses and disclosures.

(n) Upon the Escrow Agent's delivery of all Escrowed Shares in accordance with the provisions of this Agreement, the Escrow Agent shall be automatically and immediately released from all obligations under this Agreement to any party hereto and to any other person with respect to the Escrowed Shares.

(o) Subject to Section 3.1(b), the Escrow Agent will not be liable to any of the other Parties hereunder for any action taken or omitted to be taken by it under or in connection with this Agreement. Under no circumstances will the Escrow Agent be liable for any special, indirect, incidental, consequential, exemplary, aggravated or punitive losses or damages hereunder, including any loss of profits, whether foreseeable or unforeseeable.

3.2 Fees, Costs and Expenses of the Escrow Agent

As full compensation for its services rendered under this Agreement, the Escrow Agent shall be entitled to remuneration in accordance with the Schedule of Fees provided by the Escrow Agent and executed by Parent and the Escrow Agent . The Escrow Agent shall be reimbursed for all reasonable out-of-pocket expenses or disbursements incurred or made by the Escrow Agent in the performance of its duties hereunder (except to the extent such expenses or disbursements were made or incurred as a result of the negligence or wilful misconduct of the Escrow Agent). All fees, expenses or disbursements payable under this Section 3.2 shall be paid by Parent. The Escrow Agent shall invoice Parent in arrears in respect of such fees, expenses and disbursements. Any amount owing under this Section and unpaid 30 days after request for such payment, will bear interest from the expiration of such 30 days at a rate per annum equal to the then current rate charged by the Escrow Agent, payable on demand. The foregoing section shall survive the termination of this Agreement or the resignation or removal of the Escrow Agent.

3.3 Resignation or Removal of the Escrow Agent

(a) The Escrow Agent may resign from its position as escrow agent and be discharged from all further duties and liabilities hereunder upon thirty days' written notice delivered to the Stockholder Representative and Parent, or such shorter notice as the Parties may agree. The Escrow Agent may be removed from its office as escrow agent by the Stockholder Representative and Parent upon 30 days' joint written notice delivered (by the Stockholder Representative and Parent) to the Escrow Agent, or such shorter notice as the Parties may agree. Upon any discharge or removal, the Escrow Agent shall deliver the Escrowed Shares as jointly directed by the Stockholder Representative and Parent, and shall execute such further assurances and documents as are required by the Stockholder Representative and Parent in connection with such transition.

(b) In the event of the resignation or removal of the Escrow Agent, the Stockholder Representative and Parent shall jointly appoint a successor escrow agent on terms and conditions substantially identical to the terms and conditions of this Agreement.

3.4 Indemnification of the Escrow Agent

The Stockholders and Parent shall be jointly and severally liable to indemnify the Escrow Agent, its officers, directors, employees and agents and hold them harmless from and against any and all loss, liability, damage, cost and expense of any nature incurred by the Escrow Agent arising out of or in connection with this Agreement or with the administration of its duties hereunder, including but not limited to, reasonable attorneys' fees and other costs and expenses of defending or preparing to defend against any claim of liability, unless and except to the extent such loss, liability, damage, cost and expense shall be caused by the breach by the Escrow Agent of its obligations under this Agreement or by the Escrow Agent's negligence, bad faith or wilful misconduct. The foregoing indemnification and agreement to hold harmless shall survive the termination of this Agreement or the resignation or removal of the Escrow Agent.

ARTICLE 4
DISTRIBUTIONS OF ESCROWED SHARES

4.1 Distributions of Escrowed Shares

(a) If Parent is entitled to payment under the provisions of Section 2.4 of the Merger Agreement, Parent and the Stockholder Representative will provide a joint direction, in the form attached hereto as Schedule 4.1(a), to the Escrow Agent specifying the number of Escrowed Shares to be returned to Parent.

(b) If an Indemnified Party is entitled to indemnification in accordance with Article IX of the Merger Agreement for a Claim incurred by an Indemnified Party, Parent on behalf of such Indemnified Party shall be entitled, subject to the requirements and limitations described herein and in the Merger Agreement, to draw upon the Escrowed Shares for the amount of such Claim.

(c) From time to time (subject to the time and other limitations set forth in the Merger Agreement), Parent on behalf of Indemnified Parties may give written notice of any Claim for indemnification arising under Article IX of the Merger Agreement (a **"Notice of Claim"**) to the Stockholder Representative and the Escrow Agent. The Notice of Claim shall set out a reasonably detailed description of the basis for the Claim, including the provision(s) of the Merger Agreement giving rise to the Claim and the aggregate amount of the Claim.

(d) The Stockholder Representative shall have a period of 30 days after receipt of the Notice of Claim within which to object thereto by delivery to Parent and the Escrow Agent of a written notice (an **"Objection Notice"**) setting forth the reasons for the objection.

(e) If the Stockholder Representative does not deliver an Objection Notice within 30 days of receipt of a Notice of Claim, then the dollar amount of the Claim claimed in the Notice of Claim shall be deemed established for all purposes of this Agreement and the Merger Agreement and, at the end of such 30 days' period, the Escrow Agent shall distribute to Parent Escrowed Shares equal in value to the amount of the Claim so established, and for such purposes each Escrowed Share shall be valued at an amount equal to the Acquisition Share Price. The Escrow Agent shall not, and shall not be required to, inquire into or consider whether a Notice of Claim complies with the requirements of the Merger Agreement.

(f) If the Stockholder Representative delivers an Objection Notice within 30 days of receipt of a Notice of Claim, then the Escrow Agent shall distribute to Parent Escrowed Shares equal in value to the non-disputed portion of the Notice of Claim as provided in Section 4.1(e) above and shall make a distribution of Escrowed Shares with respect to the disputed portion of the Notice of Claim only in accordance with (i) joint written instructions of Parent and the Stockholder Representative, or (ii) a final non-appealable order of a court of competent jurisdiction. The Escrow Agent shall act on any such court order without further inquiry or question.

(g) On the first anniversary of the Effective Date, the Escrow Agent shall continue to hold Escrowed Shares with a value equal to any Claims for indemnification made under Article IX of the Merger Agreement which remain pending as of such date, and the Escrow Agent shall distribute, pursuant to a direction signed by the Stockholder Representative and Parent in the form of Schedule 4.1(g), the remaining Escrowed Shares and any Income to the Stockholders (in the proportions and registered in their names as set forth on Appendix I to Schedule 4.1(g)) on, or as soon as possible after, such date. Any Escrowed Shares held by the Escrow Agent after all Claims for indemnification made under Article IX of the Merger Agreement are resolved shall be distributed by the Escrow Agent to the Stockholders (in the proportions set forth on Schedule 4.1(g)) as soon as possible after such resolution.

ARTICLE 5
GENERAL

5.1 Notices

Any notice, consent or approval required or permitted to be given in connection with this Agreement (in this Section referred to as a "**Notice**") shall be in writing and shall be sufficiently given if delivered (whether in person, by courier service or other personal method of delivery, or by facsimile):

(a) in the case of a Notice to Parent, at:

Enablence Technologies Inc.
400 March Road
Ottawa, Ontario
K2K 3H4

Attention: Chief Executive Officer
Facsimile No.: 613-270-7850

with a copy to:

McCarthy Tetrault LLP
40 Elgin Street
Suite 1400
Ottawa, Ontario
K1P 5K6

Facsimile No.: (613) 238-2174
Attention: Virginia Schweitzer

(b) in the case of a notice to the Stockholder Representative, at:

Gloria Wahl
205 De Anza Boulevard, #14,
San Mateo, CA 94402

Facsimile No.: 650-574-1870

with a copy to:

DLA Piper US LLP
2000 University Avenue
East Palo Alto, CA 94301

Facsimile No.: (650) 833-2001
Attention: Andrew D. Zeif, Esq.

(c) in the case of a Notice to the Escrow Agent, at:

Computershare Trust Company of Canada
100 University Avenue
9th Floor, North Tower
Toronto, Ontario M5J 2Y1

Facsimile No. 416-981-9777

Attention: Manager, Corporate Trust

Any Notice delivered or transmitted to a Party as provided above shall be deemed to have been given and received on the day it is delivered or transmitted, provided that it is delivered or transmitted on a Business Day prior to 5:00 p.m. local time in the place of delivery or receipt. However, if the Notice is delivered or transmitted after 5:00 p.m. local time or if such day is not a Business Day then the Notice shall be deemed to have been given and received on the next Business Day.

Any Party may, from time to time, change its address by giving Notice to the other Parties in accordance with the provisions of this Section.

5.2 Assignment

Other than as expressly provided in this Section 5.2, neither this Agreement nor any of the rights or obligations under this Agreement shall be assignable or transferable by any Party without the prior written consent of the other Parties.

5.3 Enurement

This Agreement shall enure to the benefit of and be binding upon the Parties and their respective successors (including any successor by reason of amalgamation, dissolution or winding-up of any Party) and permitted assigns.

5.4 Amendment

No amendment, supplement, modification or waiver or termination of this Agreement and, unless otherwise specified, no consent or approval by any Party, shall be binding unless executed in writing by the Party to be bound thereby.

5.5 Further Assurances

The Parties shall, with reasonable diligence, do all such things and provide all such reasonable assurances as may be required to consummate the transactions contemplated by this Agreement, and each Party shall provide such further documents or instruments required by any other Party as may be reasonably necessary or desirable to effect the purpose of this Agreement and carry out its provisions.

5.6 Execution and Delivery

This Agreement may be executed by the Parties in counterparts and may be executed and delivered by facsimile and all such counterparts and facsimiles shall together constitute one and the same agreement.

IN WITNESS OF WHICH the Parties have executed this Agreement.

Enablence Technologies Inc.

By:________________________________
Name:
Title:

____
[Stockholder Representative]

Computershare Trust Company of Canada

By:________________________________
Name:
Title:

By:________________________________
Name:
Title:

SCHEDULE 2.5(C)

FORM OF JOINT INVESTMENT DIRECTION

<u>Joint Investment Direction</u>

To: **Computershare Trust Company of Canada**
(the "Escrow Agent")

Re: **Escrow agreement made as of •, 2008 (the "Agreement") between Enablence Technologies Inc., Stockholder Representative and the Escrow Agent**

Capitalized terms are as defined in the Agreement, unless otherwise noted.

Pursuant to Section 2.5(c) of the Agreement, the Parent and the Stockholder Representative hereby jointly direct the Escrow Agent to invest the Income Fund as set forth in Exhibit I attached hereto, and this joint direction shall constitute good and sufficient authority for so doing.

Dated this • day of •, 2008

Enablence Technologies Inc.

By:____________________________
Name:__________________________
Title:___________________________

Stockholder Representative:

By:______________________________
Name:____________________________

SCHEDULE 4.1(A)

FORM OF JOINT DIRECTION OF PARENT AND STOCKHOLDER REPRESENTATIVE

To: **Computershare Trust Company of Canada**
(the "Escrow Agent")

Re: **Escrow agreement made as of January 17, 2008 (the "Escrow Agreement") between the Enablence Technologies Inc., the Stockholder Representative and the Escrow Agent**

Capitalized terms are as defined in the Escrow Agreement, unless otherwise noted.

The undersigned hereby irrevocably direct the Escrow Agent in accordance with Section 4.1(a) of the Escrow Agreement to pay • Escrowed Shares to Enablence Technologies Inc., and this direction shall constitute good and sufficient authority for so doing.

Dated this • day of •, 2008

Enablence Technologies Inc.

By:____________________________
Name:__________________________
Title:____________________________

Stockholder Representative:

By:______________________________
Name:____________________________

SCHEDULE 4.1(G)

FORM OF JOINT DIRECTION OF PARENT AND STOCKHOLDER REPRESENTATIVE

To: Computershare Trust Company of Canada
(the "Escrow Agent")

Re: Escrow agreement made as of January 17, 2008 (the "Escrow Agreement") between the Enablence Technologies Inc., the Stockholder Representative and the Escrow Agent

Capitalized terms are as defined in the Escrow Agreement, unless otherwise noted.

The undersigned hereby irrevocably direct the Escrow Agent in accordance with Section 4.1(g) of the Escrow Agreement to distribute the Escrowed Shares as set forth in Appendix I, and this direction shall constitute good and sufficient authority for so doing.

Dated this • day of •, 2008

Enablence Technologies Inc.

By:____________________________
Name:__________________________
Title:____________________________

Stockholder Representative:

By:______________________________
Name:____________________________

Appendix I to Schedule 4.1(G)

Proportionate Interests of the Stockholders
<u>and Mailing Addresses for Distributions</u>

Last name	**First name**	**Address**	**No. of Shares**	**%**

Exhibit B

AMENDED AND RESTATED CERTIFICATE OF INCORPORATION

OF

AND ACQUISITION CORP.

And Acquisition Corp., a corporation organized and existing under and by virtue of the provisions of the General Corporation Law of the State of Delaware (the "**General Corporation Law**"),

DOES HEREBY CERTIFY:

1. That the name of this corporation is And Acquisition Corp., and that this corporation was originally incorporated pursuant to the Delaware General Corporation Law on January __, 2008 under the name And Acquisition Corp.

2. That in connection with the merger of ANDevices, Inc. with and into the corporation, the Agreement and Plan of Merger duly adopted by the respective Boards of Directors and stockholders of the constituent corporations to such merger provided for the amendment and restatement of the Certificate of Incorporation of this corporation in its entirety as follows:

FIRST: The name of the corporation (the "Corporation") is ANDevices, Inc.

SECOND: The address of the registered office of the Corporation in the State of Delaware is 160 Greentree Drive, Suite 101, Dover, Delaware, 19904, County of Kent, and the name of its registered agent at such address is National Registered Agents, Inc.

THIRD: The nature of the business or purposes to be conducted or promoted by the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware.

FOURTH: The total number of shares of all classes of capital stock which the Corporation shall have authority to issue is [1,000] shares of common stock, par value $0.001 per share (the "Common Stock").

FIFTH: In furtherance of and not in limitation of powers conferred by statute, it is further provided that:

(a) Subject to the limitations and exceptions, if any, contained in the by-laws of the Corporation, such by-laws may be adopted, amended or repealed by the board of directors of the Corporation; and

(b) Elections of directors need not be by written ballot unless, and only to the extent, otherwise provided in the by-laws of the Corporation; and

(c) Subject to any applicable requirements of law, the books of the Corporation may be kept outside the State of Delaware at such location or locations as may be designated by the board of directors of the Corporation or in the by-laws of the Corporation; and

(d) Except as provided to the contrary in the provisions establishing a class of stock, the number of authorized shares of such class may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of a majority of the stock of the Corporation entitled to vote, voting as a single class.

SIXTH: The Corporation shall indemnify each person who at any time is, or shall have been, a director or officer of the Corporation and was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he or she is or was a director or officer of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys’ fees), judgments, fines and amounts paid in settlement incurred in connection with any such action, suit or proceeding, to the maximum extent permitted by the General Corporation Law of the State of Delaware, as the same exists or may hereafter be amended; provided, however, that the foregoing shall not require the Corporation to indemnify or advance expenses to any person in connection with any action, suit, proceeding, claim or counterclaim initiated by or on behalf of such person. The foregoing right of indemnification shall in no way be exclusive of any other rights of indemnification to which any such director or officer may be entitled, under any by-law, agreement, vote of directors or stockholders or otherwise. No amendment to or repeal of the provisions of this Article SIXTH shall deprive a director or officer of the benefit hereof with respect to any act or failure to act occurring prior to such amendment or repeal. In furtherance of and not in limitation of the foregoing, the Corporation shall advance expenses, including attorneys' fees, incurred by an officer or director of the Corporation in defending any civil, criminal, administrative or investigative action, suit or proceeding in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such director or officer to repay such advances if it shall be ultimately determined that he is not entitled to be indemnified by the Corporation.

SEVENTH: Whenever a compromise or arrangement is proposed between this Corporation and its creditors or any class of them or between this Corporation and its stockholders or any class of them, any court of equitable jurisdiction within the State of Delaware may, on the application in a summary way of this Corporation or of any creditor or stockholder thereof or on the application of any receiver or receivers appointed for this Corporation under Section 291 of Title 8 of the Delaware Code or on the application of trustees in dissolution or of any receiver or receivers appointed for this Corporation under Section 279 of Title 8 of the Delaware Code order a meeting of the creditors or class of creditors, and/or of the stockholders or class of stockholders of this Corporation, as the case may be, to be summoned in such manner as the said court directs. If a majority in number representing three-fourths in value of the creditors or class of creditors, and/or of the stockholders or class of stockholders of this Corporation, as the case may be, agree to any compromise or arrangement and to any reorganization of this Corporation as a consequence of such compromise or arrangement, the said compromise or arrangement and the said reorganization shall, if sanctioned by the court to which the said application has been made, be binding on all the creditors or class of creditors, and/or on all the stockholders or class of stockholders, of this Corporation, as the case may be, and also on this Corporation.

EIGHTH: No director of the Corporation shall be personally liable to the Corporation or to any of its stockholders for monetary damages arising out of such director's breach of fiduciary duty as a director of the Corporation, except to the extent that the elimination or limitation of such liability is not permitted by the General Corporation Law of the State of Delaware, as the same exists or may hereafter be amended. No amendment to or repeal of the provisions of this Article EIGHTH shall deprive any director of the Corporation of the benefit hereof with respect to any act or failure to act of such director occurring prior to such amendment or repeal.

NINTH: The Corporation reserves the right to amend, alter, change or repeal any provision contained in this Certificate of Incorporation in the manner now or hereafter prescribed by the General Corporation Law of the State of Delaware and this Certificate of Incorporation, and all rights conferred upon stockholders herein are granted subject to this reservation.

IN WITNESS WHEREOF, the undersigned I have hereunto set my hand as of ___________, 2008.

AND ACQUISITION CORP.

By:_________________________________
Name:
Title:

Exhibit C

BY-LAWS

OF

ANDEVICES, INC.

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BY-LAWS

Section 1. NAME

The name of the corporation is ANDevices, Inc.

Section 2. OFFICES

2.1 Registered Office. The registered office shall be in the City of Dover, County of Kent, State of Delaware.

2.2 Other Offices. The corporation may also have offices at such other places both within and without the State of Delaware as the board of directors may from time to time determine or the business of the corporation may require.

Section 3. STOCKHOLDERS

3.1 Location of Meetings. All meetings of the stockholders shall be held at such place either within or without the State of Delaware as shall be designated from time to time by the board of directors, or if not so designated, at the registered office of the corporation. Notwithstanding the foregoing, the board of directors may, in its sole discretion, determine that the meeting shall not be held at any place, but may instead be held solely by means of remote communication as authorized by Section 211(a)(2) of the Delaware General Corporation Law. If so authorized, and subject to such guidelines and procedures as the board of directors may adopt, stockholders and proxyholders not physically present at a meeting of stockholders may, by means of remote communication, participate in a meeting of stockholders whether such meeting is to be held at a designated place or solely by means of remote communication, provided that (i) the corporation shall implement reasonable measures to verify that each person deemed present and permitted to vote at the meeting by means of remote communication is a stockholder or proxyholder, (ii) the corporation shall implement reasonable measures to provide such stockholders and proxyholders a reasonable opportunity to participate in the meeting and to vote on matters submitted to the stockholders, including an opportunity to read or hear the proceedings of the meeting substantially concurrently with such proceedings, and (iii) if any stockholder or proxyholder votes or takes other action at the meeting by means of remote communication, a record of such vote or other action shall be maintained by the corporation. Any adjourned session of any meeting shall be held at the place designated in the vote of adjournment.

3.2 Annual Meeting. The annual meeting of stockholders shall be held at 11:00 a.m. on the second Tuesday in May for each year, unless that day be a legal holiday at the place where the meeting is to be held, in which case the meeting shall be held at the same hour on the next succeeding day not a legal holiday, or at such other date and time as shall be designated from time to time by the board of directors, at which they shall elect a board of directors and transact such other business as may be required by law or these by-laws or as may properly come before the meeting.

3.3 Special Meetings. Special meetings of the stockholders, for any purpose or purposes, unless otherwise prescribed by law or by the certificate of incorporation, may be called by the president and shall be called by the president or secretary at the request in writing of a majority of the board of directors, or at the request in writing of the holders of at least a majority of all capital stock of the corporation issued and outstanding and entitled to vote at such meeting. Such request shall state the purpose or purposes of the proposed meeting and business to be transacted at any special meeting of the stockholders.

3.4 Notice of Meetings. Except as otherwise provided by law, whenever stockholders are required or permitted to take any action at a meeting, written notice of the meeting stating the place, date and hour of the meeting and, in the case of a special meeting, the purposes for which the meeting is called, shall be given to each stockholder entitled to vote at such meeting not less than ten nor more than sixty days before the date of the meeting. No action shall be taken at such meeting unless such notice is given, or unless waiver of such notice is given by the stockholders in accordance with Section 5.2. Prompt notice of all action taken in connection with such waiver of notice shall be given to all stockholders not present or represented at such meeting.

3.5 Stockholder List. The officer who has charge of the stock ledger of the corporation shall prepare and make, at least ten days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting for a period of at least ten days prior to the meeting, either (i) on a reasonably accessible electronic network, provided that the information required to gain access to such list is provided with the notice of the meeting, or (ii) during ordinary business hours, at the principal place of business of the corporation. In the event that the corporation determines to make the list available on an electronic network, the corporation may take reasonable steps to ensure that such information is available only to stockholders of the corporation. If the meeting is to be held at a place, then the list shall be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present. If the meeting is to be held solely by means of remote communication, then the list shall also be open to examination of any stockholder during the entire meeting on a reasonably accessible electronic network, and the information required to access such list shall be provided with the notice of the meeting.

3.6 Quorum of Stockholders. The holders of a majority of the stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders for the transaction of business except as otherwise required by law, by the certificate of incorporation or by these by-laws. Except as otherwise provided by law, no stockholder present at a meeting may withhold his shares from the quorum count by declaring his shares absent from the meeting.

3.7 Adjournment. Any meeting of stockholders may be adjourned from time to time to any other time and to any other place at which a meeting of stockholders may be held under these by-laws, which time and place shall be announced at the meeting, by a majority of votes cast upon the question, whether or not a quorum is present, or, if no stockholder is present or represented by proxy, by any officer entitled to preside at or to act as secretary of such meeting. At such adjourned meeting at which a quorum shall be present or represented any business may be transacted which might have been transacted at the original meeting. If the adjournment is for more than thirty days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

3.8 Voting; Proxies. Except as otherwise provided by the certificate of incorporation, each stockholder entitled to vote at any meeting of stockholders shall be entitled to one vote for each share of stock held by him which has voting power upon the matter in question. Every stockholder may authorize another person or persons to act for him by proxy in all matters in which a stockholder is entitled to participate, whether by waiving notice of any meeting, objecting to or voting or participating at a meeting, or expressing consent or dissent without a meeting. Every proxy must be signed or authorized by the stockholder or by his attorney-in-fact. No proxy shall be voted or acted upon after three years from its date unless such proxy provides for a longer period. Except as provided by law, a revocable proxy shall be deemed revoked if the stockholder is present at the meeting for which the proxy was given. A duly executed proxy shall be irrevocable if it states that it is irrevocable and, if, and only as long as, it is coupled with an interest sufficient in law to support an irrevocable power. A proxy may be made irrevocable regardless of whether the interest with which it is coupled is an interest in the stock itself or an interest in the corporation generally. The authorization of a proxy may but need not be limited to specified action, provided, however, that if a proxy limits its authorization to a meeting or meetings of stockholders, unless otherwise specifically provided such proxy shall entitle the holder thereof to vote at any adjourned session but shall not be valid after the final adjournment thereof.

3.9 Inspectors. The directors or the person presiding at the meeting may, and shall if required by law, appoint one or more inspectors of election and any substitute inspectors to act at the meeting or any adjournment thereof. Each inspector, before entering upon the discharge of his duties, shall take and sign an oath faithfully to execute the duties of inspector at such meeting with strict impartiality and according to the best of his ability. The inspectors, if any, shall determine the number of shares of stock outstanding and the voting power of each, the shares of stock represented at the meeting, the existence of a quorum and the validity and effect of proxies, and shall receive votes, ballots or consents, hear and determine all challenges and questions arising in connection with the right to vote, count and tabulate all votes, ballots or consents, determine the result, and do such acts as are proper to conduct the election or vote with fairness to all stockholders. On request of the person presiding at the meeting, the inspectors shall make a report in writing of any challenge, question or matter determined by them and execute a certificate of any fact found by them.

3.10 Action by Vote. When a quorum is present at any meeting, whether the same be an original or an adjourned session, a plurality of the votes properly cast for election to any office shall elect to such office and a majority of the votes properly cast upon any question other than an election to an office shall decide the question, except when a larger vote is required by law, by the certificate of incorporation or by these by-laws. No ballot shall be required for any election unless requested by a stockholder present or represented at the meeting and entitled to vote in the election.

3.11 Action Without Meetings. Unless otherwise provided in the certificate of incorporation, any action required to be taken at any annual or special meeting of stockholders of the corporation, or any action which may be taken at any annual or special meeting of such stockholders, may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted and shall be delivered to the corporation by delivery to its registered office in Delaware by hand or certified or registered mail, return receipt requested, to its principal place of business or to an officer or agent of the corporation having custody of the book in which the proceedings of meetings of stockholders are recorded. Each such written consent shall bear the signature of each stockholder who signs the consent. No written consent shall be effective to take the corporate action referred to therein unless written consents signed by a number of stockholders sufficient to take such action are delivered to the corporation in the manner specified in this paragraph within sixty days of the earliest dated consent so delivered.

If action is taken by consent of stockholders and in accordance with the foregoing, there shall be filed with the records of the meetings of stockholders the writing or writings comprising such consent.

If action is taken by less than unanimous consent of stockholders, prompt notice of the taking of such action without a meeting shall be given to those who have not consented in writing and a certificate signed and attested to by the secretary of the corporation that such notice was given shall be filed with the records of the meetings of stockholders.

In the event the action which is consented to is such as would have required the filing of a certificate under any provision of the Delaware General Corporation Law, if such action had been voted upon by the stockholders at a meeting thereof, the certificate filed under such provision shall state, in lieu of any statement required by such provision concerning a vote of stockholders, that written consent has been given under Section 228 of said General Corporation Law.

3.12 Organization. Meetings of stockholders shall be presided over by the chairman of the board of directors, if any, or in his absence by the president, or in his absence by a vice president, or in the absence of the foregoing persons by a chairman chosen at the meeting by the board. The secretary shall act as secretary of the meeting, but in his absence the chairman of the meeting may appoint any person to act as secretary of the meeting. The chairman of the meeting shall announce at the meeting of stockholders the date and time of the opening and the closing of the polls for each matter upon which the stockholders will vote.

3.13 Conduct of Meetings. The board of directors of the corporation may adopt by resolution such rules and regulations for the conduct of the meeting of stockholders as it shall deem appropriate. Except to the extent inconsistent with such rules and regulations as adopted by the board of directors, the chairman of any meeting of stockholders shall have the right and authority to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of such chairman, are appropriate for the proper conduct of the meeting. Such rules, regulations or procedures, whether adopted by the board of directors or prescribed by the chairman of the meeting, may include, without limitation, the following: (i) the establishment of an agenda or order of business for the meeting; (ii) rules and procedures for maintaining order at the meeting and the safety of those present; (iii) limitations on attendance at or participation in the meeting to stockholders of record of the corporation, their duly authorized and constituted proxies or such other persons as the chairman of the meeting shall determine; (iv) restrictions on entry to the meeting after the time fixed for the commencement thereof; and (v) limitations on the time allotted to questions or comments by participants. Unless and to the extent determined by the board of directors or the chairman of the meeting, meetings of stockholders shall not be required to be held in accordance with the rules of parliamentary procedure.

Section 4. DIRECTORS

4.1 Powers. The business of the corporation shall be managed by or under the direction of the board of directors which shall have and may exercise all the powers of the corporation and do all such lawful acts and things as are not by law, the certificate of incorporation or these by-laws directed or required to be exercised or done by the stockholders.

4.2 Number. The number of directors which shall constitute the whole board shall not be less than one. The first board shall consist of one director. Thereafter, the stockholders at the annual meeting shall determine the number of directors, and the number of directors may be increased or decreased at any time or from time to time by the stockholders or by the directors by a vote of a majority of the directors then in office, except that any such decrease by vote of the directors shall only be made to eliminate vacancies existing by reason of death, resignation or removal of one or more directors. The directors shall be elected at the annual meeting of the stockholders, except as otherwise provided in these by-laws. Directors need not be stockholders.

4.3 Tenure. Except as otherwise provided by law, by the certificate of incorporation or by these by-laws, each director shall hold office until the next annual meeting and until his successor is elected and qualified, or until he sooner dies, resigns, is removed or becomes disqualified.

4.4 Vacancies. Vacancies and any newly created directorships resulting from any increase in the number of directors may be filled by vote of the stockholders at a meeting called for the purpose, or by a majority of the directors then in office, although less than a quorum, or by a sole remaining director. When one or more directors shall resign from the board, effective at a future date, a majority of the directors then in office, including those who have resigned, shall have power to fill such vacancy or vacancies, the vote or action in writing thereon to take effect when such resignation or resignations shall become effective. The directors shall have and may exercise all their powers notwithstanding the existence of one or more vacancies in their number, subject to any requirements of law or of the certificate of incorporation or of these by-laws as to the number of directors required for a quorum or for any vote or other actions.

4.5 Committees. The board of directors may, by vote of a majority of the whole board, (a) designate, change the membership of or terminate the existence of any committee or committees, each committee to consist of one or more of the directors; (b) designate one or more directors as alternate members of any such committee who may replace any absent or disqualified member at any meeting of the committee; and (c) determine the extent to which each such committee shall have and may exercise the powers and authority of the board of directors in the management of the business and affairs of the corporation, including the power to authorize the seal of the corporation to be affixed to all papers which require it and the power and authority to declare dividends or to authorize the issuance of stock; excepting, however, such powers which by law, by the certificate of incorporation or by these by-laws they are prohibited from so delegating. In the absence or disqualification of any member of such committee and his alternate, if any, the member or members thereof present at any meeting and not disqualified from voting, whether or not constituting a quorum, may unanimously appoint another member of the board of directors to act at the meeting in the place of any such absent or disqualified member. Except as the board of directors may otherwise determine, any committee may make, alter and repeal rules for the conduct of its business, but unless otherwise provided by the board or such rules, its business shall be conducted as nearly as may be in the same manner as is provided by these by-laws for the conduct of business by the board of directors. Each committee shall keep regular minutes of its meetings and report the same to the board of directors upon request.

4.6 Regular Meeting. Regular meetings of the board of directors may be held without call or notice at such place within or without the State of Delaware and at such times as the board may from time to time determine, provided that notice of the first regular meeting following any such determination shall be given to absent directors. A regular meeting of the directors may be held without call or notice immediately after and at the same place as the annual meeting of the stockholders.

4.7 Special Meetings. Special meetings of the board of directors may be held at any time and at any place within or without the State of Delaware designated in the notice of the meeting, when called by the president, or by one-third or more in number of the directors, reasonable notice thereof being given to each director by the secretary or by the president or by any one of the directors calling the meeting.

4.8 Notice. It shall be reasonable and sufficient notice to a director to send notice by mail at least forty-eight hours or by telecopy or other form of electronic transmission at least twenty-four hours before the meeting, addressed to him at his usual or last known business or residence address or to give notice to him in person or by telephone at least twenty-four hours before the meeting. Notice of a meeting need not be given to any director if a written waiver of notice, executed by him before or after the meeting, is filed with the records of the meeting, or to any director who attends the meeting without protesting prior thereto or at its commencement the lack of notice to him. Neither notice of a meeting nor a waiver of a notice need specify the purposes of the meeting.

4.9 Quorum. Except as may be otherwise provided by law, by the certificate of incorporation or by these by-laws, at any meeting of the directors a majority of the directors then in office shall constitute a quorum. A quorum shall not in any case be less than one-third of the total number of directors constituting the whole board. Any meeting may be adjourned from time to time by a majority of the votes cast upon the question, whether or not a quorum is present, and the meeting may be held as adjourned without further notice.

4.10 Action by Vote. Except as may be otherwise provided by law, by the certificate of incorporation or by these by-laws, when a quorum is present at any meeting the vote of a majority of the directors present shall be the act of the board of directors.

4.11 Action Without a Meeting. Unless otherwise restricted by the certificate of incorporation or these by-laws, any action required or permitted to be taken at any meeting of the board of directors or of any committee thereof may be taken without a meeting if all the members of the board or of such committee, as the case may be, consent thereto in writing, and such writing or writings are filed with the records of the meetings of the board or of such committee. Such consent shall be treated for all purposes as the act of the board or of such committee, as the case may be.

4.12 Participation in Meetings by Conference Telephone. Unless otherwise restricted by the certificate of incorporation or these by-laws, members of the board of directors or of any committee thereof may participate in a meeting of such board or committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Such participation shall constitute presence in person at such meeting.

4.13 Compensation. Unless otherwise restricted by the certificate of incorporation or these by-laws, the board of directors shall have the authority to fix from time to time the compensation of directors. The directors may be paid their expenses, if any, of attendance at each meeting of the board of directors and the performance of their responsibilities as directors and may be paid a fixed sum for attendance at each meeting of the board of directors and/or a stated salary as director. No such payment shall preclude any director from serving the corporation or its parent or subsidiary corporations in any other capacity and receiving compensation therefor. The board of directors may also allow compensation for members of special or standing committees for service on such committees.

4.14 Interested Directors and Officers.

(a) No contract or transaction between the corporation and one or more of its directors or officers, or between the corporation and any other corporation, partnership, association, or other organization in which one or more of the corporation’s directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the board or committee thereof which authorizes the contract or transaction, or solely because his or their votes are counted for such purpose, if:

(1) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the board of directors or the committee, and the board or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or

(2) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the stockholders; or

(3) The contract or transaction is fair as to the corporation as of the time it is authorized, approved or ratified by the board of directors, a committee thereof, or the stockholders.

(b) Common or interested directors may be counted in determining the presence of a quorum at a meeting of the board of directors or of a committee which authorizes the contract or transaction.

4.15 Resignation or Removal of Directors. Unless otherwise restricted by the certificate of incorporation or by law, any director or the entire board of directors may be removed, with or without cause, by the holders of a majority of the stock issued and outstanding and entitled to vote at an election of directors. Any director may resign at any time by delivering his resignation in writing to the president or the secretary or to a meeting of the board of directors. Such resignation shall be effective upon receipt unless specified to be effective at some other time and without in either case the necessity of its being accepted unless the resignation shall so state. No director resigning and no director removed shall have any right to receive compensation as such director for any period following his resignation or removal, except where a right to receive compensation shall be expressly provided in a duly authorized written agreement with the corporation, or any right to damages on account of such removal, whether his compensation be by the month or by the year or otherwise; unless in the case of a resignation, the directors, or in the case of removal, the body acting on the removal, shall in their or its discretion provide for compensation.

Section 5. NOTICES

5.1 Form of Notice. Whenever, under the provisions of law, of the certificate of incorporation or of these by-laws, notice is required to be given to any director or stockholder, such notice may be given by mail, addressed to such director or stockholder, at his address as it appears on the records of the corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. Unless written notice by mail is required by law, written notice may also be given by telegram, cable, telecopy, commercial delivery service, telex or similar means, addressed to such director or stockholder at his address as it appears on the records of the corporation, in which case such notice shall be deemed to be given when delivered into the control of the persons charged with effecting such transmission, the transmission charge to be paid by the corporation or the person sending such notice and not by the addressee. Notice may also be given to any stockholder and to any director by any form of electronic transmission, to the same extent permitted by Section 232 of the Delaware General Corporation Law with respect to stockholders, and will be deemed given at the time provided therein. Oral notice or other in-hand delivery (in person or by telephone) shall be deemed given at the time it is actually given.

5.2 Waiver of Notice. Whenever notice is required to be given under the provisions of law, the certificate of incorporation or these by-laws, a written waiver thereof, signed by the person entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any meeting of the stockholders, directors or members of a committee of the directors need be specified in any written waiver of notice.

Section 6. OFFICERS AND AGENTS

6.1 Enumeration; Qualification. The officers of the corporation shall be a president, a treasurer, a secretary and such other officers, if any, as the board of directors from time to time may in its discretion elect or appoint, including, without limitation, a chairman of the board and one or more vice presidents. Any officer may be, but none need be, a director or stockholder. Any two or more offices may be held by the same person. Any officer may be required by the board of directors to secure the faithful performance of his duties to the corporation by giving bond in such amount and with sureties or otherwise as the board of directors may determine.

6.2 Powers. Subject to law, to the certificate of incorporation and to the other provisions of these by-laws, each officer shall have, in addition to the duties and powers herein set forth, such duties and powers as are commonly incident to his office and such additional duties and powers as the board of directors may from time to time designate.

6.3 Election. The board of directors at its first meeting after each annual meeting of stockholders may choose a chairman of the board of directors and shall choose a president, a secretary and a treasurer. Other officers may be appointed by the board of directors at such meeting, at any other meeting or by written consent. At any time or from time to time, the directors may delegate to any officer their power to elect or appoint any other officer or any agents.

6.4 Tenure. Each officer shall hold office until the first meeting of the board of directors following the next annual meeting of the stockholders and until his successor is elected and qualified unless a shorter period shall have been specified in terms of his election or appointment, or in each case until he sooner dies, resigns, is removed or becomes disqualified. Each agent of the corporation shall retain his authority at the pleasure of the directors, or the officer by whom he was appointed or by the officer who then holds agent appointive power.

6.5 Chairman of the Board of Directors. The chairman of the board of directors, if any, shall have such duties and powers as shall be designated from time to time by the board of directors. Unless the board of directors otherwise specifies, the chairman of the board, or if there is none the president, shall preside, or designate the person who shall preside, at all meetings of the stockholders and of the board of directors.

6.6 President and Vice Presidents. The president shall be the chief executive officer and shall have direct and active charge of all business operations of the corporation and shall have general supervision of the entire business of the corporation, subject to the control of the board of directors. As provided in Section 6.5, in the absence of the chairman of the board of directors, the president shall preside at all meetings of the stockholders and of the board of directors at which he is present, except as otherwise voted by the board of directors.

The president or treasurer shall execute bonds, mortgages and other contracts requiring a seal, under the seal of the corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the board of directors to some other officer or agent of the corporation.

Any vice presidents shall have such duties and powers as shall be designated from time to time by the board of directors or by the president.

6.7 Treasurer and Assistant Treasurers. The treasurer shall be the chief financial officer of the corporation and shall be in charge of its funds and valuable papers, and shall have such other duties and powers as may be assigned to him from time to time by the board of directors or by the president.

Any assistant treasurers shall have such duties and powers as shall be designated from time to time by the board of directors, the president or the treasurer.

6.8 Secretary and Assistant Secretaries. The secretary shall record all proceedings of the stockholders, of the board of directors and of committees of the board of directors in a book or series of books to be kept therefor and shall file therein all writings of, or related to, action by stockholder or director consent. In the absence of the secretary from any meeting, an assistant secretary, or if there is none or he is absent, a temporary secretary chosen at the meeting, shall record the proceedings thereof. Unless a transfer agent has been appointed, the secretary shall keep or cause to be kept the stock and transfer records of the corporation, which shall contain the names and record addresses of all stockholders and the number of shares registered in the name of each stockholder. The secretary shall have such other duties and powers as may from time to time be designated by the board of directors or the president.

Any assistant secretaries shall have such duties and powers as shall be designated from time to time by the board of directors, the president or the secretary.

6.9 Resignation and Removal. Any officer may resign at any time by delivering his resignation in writing to the president or the secretary or to a meeting of the board of directors. Such resignation shall be effective upon receipt unless specified to be effective at some other time, and without in any case the necessity of its being accepted unless the resignation shall so state. The board of directors may at any time remove any officer either with or without cause. The board of directors may at any time terminate or modify the authority of any agent. No officer resigning and no officer removed shall have any right to any compensation as such officer for any period following his resignation or removal, except where a right to receive compensation shall be expressly provided in a duly authorized written agreement with the corporation, or any right to damages on account of such removal, whether his compensation be by the month or by the year or otherwise; unless in the case of a resignation, the directors, or in the case of removal, the body acting on the removal, shall in their or its discretion provide for compensation.

6.10 Vacancies. If the office of the president or the treasurer or the secretary becomes vacant, the directors may elect a successor by vote of a majority of the directors then in office. If the office of any other officer becomes vacant, any person or body empowered to elect or appoint that office may choose a successor. Each such successor shall hold office for the unexpired term of his predecessor, and in the case of the president, the treasurer and the secretary until his successor is chosen and qualified, or in each case until he sooner dies, resigns, is removed or becomes disqualified.

Section 7. CAPITAL STOCK

7.1 Stock Certificates. Each stockholder shall be entitled to a certificate stating the number and the class and the designation of the series, if any, of the shares held by him, in such form as shall, in conformity to law, the certificate of incorporation and the by-laws, be prescribed from time to time by the board of directors. Such certificate shall be signed by (i) the chairman of the board of directors or the president or a vice-president and (ii) the treasurer or an assistant treasurer or the secretary or an assistant secretary. Any or all of the signatures on the certificate may be a facsimile. In case an officer, transfer agent or registrar who has signed or whose facsimile signature has been placed on such certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the corporation with the same effect as if he were such officer, transfer agent, or registrar at the time of its issue.

7.2 Lost Certificates. The board of directors may direct a new certificate or certificates to be issued in place of any certificate or certificates theretofore issued by the corporation alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen or destroyed. When authorizing such issue of a new certificate or certificates, the board of directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificate or certificates, or his legal representative, to advertise the same in such manner as it shall require and/or to give the corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the corporation with respect to the certificate alleged to have been lost, stolen or destroyed.

Section 8. TRANSFER OF SHARES OF STOCK

8.1 Transfer on Books. Subject to any restrictions with respect to the transfer of shares of stock, shares of stock may be transferred on the books of the corporation by the surrender to the corporation or its transfer agent of the certificate therefor properly endorsed or accompanied by a written assignment and power of attorney properly executed, with necessary transfer stamps affixed, and with such proof of the authenticity of signature as the board of directors or the transfer agent of the corporation may reasonably require. Except as may be otherwise required by law, by the certificate of incorporation or by these by-laws, the corporation shall be entitled to treat the record holder of stock as shown on its books as the owner of such stock for all purposes, including the payment of dividends and the right to receive notice and to vote or to give any consent with respect thereto and to be held liable for such calls and assessments, if any, as may lawfully be made thereon, regardless of any transfer, pledge or other disposition of such stock until the shares have been properly transferred on the books of the corporation.

It shall be the duty of each stockholder to notify the corporation of his post office address.

Section 9. GENERAL PROVISIONS

9.1 Record Date. In order that the corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or to express consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the board of directors may fix, in advance, a record date, which shall not be more than sixty days nor less than ten days before the date of such meeting, nor more than sixty days prior to any other action to which such record date relates. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the board of directors may fix a new record date for the adjourned meeting. If no record date is fixed,

(a) The record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held;

(b) The record date for determining stockholders entitled to express consent to corporate action in writing without a meeting, when no prior action by the board of directors is necessary, shall be the day on which the first written consent is expressed; and

(c) The record date for determining stockholders for any other purpose shall be at the close of business on the day on which the board of directors adopts the resolution relating to such purpose.

9.2 Dividends. Dividends upon the capital stock of the corporation may be declared by the board of directors at any regular or special meeting or by written consent, pursuant to law. Dividends may be paid in cash, in property, or in shares of the capital stock, subject to the provisions of the certificate of incorporation.

9.3 Payment of Dividends. Before payment of any dividend, there may be set aside out of any funds of the corporation available for dividends such sum or sums as the directors from time to time, in their absolute discretion, think proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the corporation, or for such other purpose as the directors shall think conducive to the interest of the corporation, and the directors may modify or abolish any such reserve in the manner in which it was created.

9.4 Checks. All checks or demands for money and notes of the corporation shall be signed by such officer or officers or such other person or persons as the board of directors may from time to time designate.

9.5 Fiscal Year. The fiscal year of the corporation shall begin on the first of January in each year and shall end on the last day of December next following, unless otherwise determined by the board of directors.

9.6 Seal. The board of directors may, by resolution, adopt a corporate seal. The corporate seal shall have inscribed thereon the name of the corporation, the year of its organization and the word "Delaware." The seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise. The seal may be altered from time to time by the board of directors.

Section 10. INDEMNIFICATION

It being the intent of the corporation to provide maximum protection available under the law to its officers and directors, the corporation shall indemnify its officers and directors to the full extent the corporation is permitted or required to do so by the General Corporation Law of Delaware; provided, however, that the foregoing shall not require the corporation to indemnify or advance expenses to any person in connection with any action, suit, proceeding, claim or counterclaim initiated by or on behalf of such person. In furtherance of and not in limitation of the foregoing, the corporation shall advance expenses, including attorneys' fees, incurred by an officer or director of the corporation in defending any civil, criminal, administrative or investigative action, suit or proceeding in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such director or officer to repay such advances if it shall ultimately be determined that he is not entitled to be indemnified by the corporation. The corporation shall have the power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or who is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against any liability asserted against such person and incurred by such person in any such capacity, or arising out of such person's status as such, whether or not the corporation has the power to indemnify such person under the General Corporation Law of Delaware.

Section 11. AMENDMENTS

These by-laws may be altered, amended or repealed or new by-laws may be adopted by the stockholders or by the board of directors when such power is conferred upon the board of directors by the certificate of incorporation, at any regular meeting of the stockholders or of the board of directors or at any special meeting of the stockholders or of the board of directors. If the power to adopt, amend or repeal by-laws is conferred upon the board of directors by the certificate of incorporation, it shall not divest or limit the power of the stockholders to adopt, amend or repeal by-laws.

Exhibit D

IRREVOCABLE PROXY

The undersigned stockholder of ANDevices, Inc., a Delaware corporation ("Company"), hereby irrevocably appoints the members of the Board of Directors of Enablence Technologies Inc., a Canadian corporation ("Enablence"), and each of them, as the sole and exclusive attorneys and proxies of the undersigned, with full power of substitution and resubstitution, to the full extent of the undersigned's rights with respect to the shares of capital stock of the Company beneficially owned by the undersigned on or after the date hereof (the "Shares"), until such time as that certain Agreement and Plan of Merger dated as of January 17, 2008 (the "Merger Agreement"), among Enablence, And Acquisition Corp., a Delaware corporation and a wholly-owned subsidiary of Enablence ("Merger Sub"), and the Company, shall be terminated in accordance with its terms or the Merger (as defined in the Merger Agreement) is effective. Upon the execution hereof, all prior proxies given by the undersigned with respect to the Shares are hereby revoked and no subsequent proxies will be given.

This proxy is granted solely in consideration of Enablence entering into the Merger Agreement. The attorneys and proxies named above will be empowered at any time prior to termination of the Merger Agreement to exercise all voting and other rights (including, without limitation, the power to execute and deliver written consents and respects to the Shares) of the undersigned at every annual, special or adjourned meeting of Company stockholders, and in every written consent in lieu of such a meeting, or otherwise, in favor of approval of the Merger and the Merger Agreement and any matter that could reasonably be expected to facilitate the Merger, and against any proposal made in opposition to or in competition with the consummation of the Merger and against any merger, consolidation, sale of assets, reorganization or recapitalization of the Company with any party other than Enablence and its affiliates and against any liquidation or winding up of the Company.

The attorneys and proxies named above may only exercise this proxy to vote the Shares subject hereto at annual, special or adjourned meetings of the stockholders of Company, and in written consents in lieu of such meetings, in favor of approval of the Merger and the Merger Agreement and any mater that could reasonably be expected to facilitate the Merger, and against any proposal made in opposition to or in competition with the consummation of the Merger and against any merger, consolidation, sale of assets, reorganization or recapitalization of Company with any party other than Enablence and its affiliates, and against any liquidation or winding up of the Company, and may not exercise this proxy on any other matter. The undersigned stockholder may vote the Shares on all other matters.

Any obligation of the undersigned hereunder shall be binding upon the successors and assigns of the undersigned.

This proxy is irrevocable.

ANDEVICES, INC. SIGNATURE PAGE TO IRREVOCABLE PROXY

Date: ________________________________, 2008

Entity Stockholder:

Name of Entity: ______________________

By: __________________________

Its:

Individual Stockholder:

Name of Stockholder: _____________________________________

Signature of Stockholder: ______________________________________

Print Name of Stockholder: _____________________________________

Exhibit G

Matters to be Addressed in Opinion of Target's Counsel

Based and relying upon the foregoing, and subject to the qualifications hereinafter expressed, we are of the opinion that, on the date hereof:

1. The Company is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware.

2. The Company has the requisite corporate power and authority to own, operate and lease its properties and to conduct its business as now being conducted.

3. The Company is duly qualified to do business as a foreign corporation in California.

4. The authorized capital of the Company consists of • shares of Common Stock and • shares of Series A Preferred Stock, of which • are issued and are outstanding and • shares of Series B Stock, of which • are issued and outstanding. Immediately prior to the Effective Time, (a) the outstanding Company Securities were held of record by the persons and in the respective numbers set forth on Schedule 3.2(a) to the Merger Agreement and (b) all of the outstanding Company Securities had been validly issued and were fully paid and non-assessable.

5. To our knowledge, except as set forth on Schedule 3.2(a) to the Merger Agreement, there are no outstanding subscriptions, options, warrants, conversion rights or other rights, securities, agreements or commitments obligating the Company to issue, sell or otherwise dispose of shares of its capital stock, or any securities or obligations convertible into, or exercisable or exchangeable for, any shares of its capital stock.

6. The Company has the corporate power and authority to execute and deliver the Merger Agreement and to perform its obligations thereunder.

7. The Company has taken all necessary corporate action to authorize the execution and delivery of the Merger Agreement and the performance of its obligations thereunder.

8. The Company has duly executed and delivered the Merger Agreement.

9. The Merger Agreement constitutes a valid and legally binding obligation of the Company, enforceable against the Company in accordance with its terms.

10. The execution and delivery by the Company of the Merger Agreement does not, and the performance by the Company of the Company's obligations thereunder does not and will not:

    (a) contravene or result in a breach of or constitute a default under the certificate of incorporation or by-laws of the Company;

    (b) contravene or result in a breach of or constitute a default under the articles or by-laws of the Company;

    (c) contravene any law or regulation of the State of California, the Delaware General Corporation Law or the laws of the United States of America applicable therein binding on or applicable to the Company or its properties; or

    (d) contravene or result in a breach of or constitute a default under any Material Contract listed on Schedule 3.6(a) to the Merger Agreement except as otherwise set forth in Section 3.1(f) of the Schedule of Exceptions.

11. Except for the filing of a certificate of merger with the Secretary of State of Delaware, no consent, approval, order or authorization of, or registration, declaration or filing with, any governmental authority in the States of California or Delaware is required for the execution and delivery by the Company of the Merger Agreement and the performance by the Company of the Company's obligations thereunder.

12. Upon the filing of a certificate of merger with the Secretary of State of Delaware, the Merger will be duly consummated in accordance with the Delaware General Corporation Law, with the effect provided therein and in the Merger Agreement, and the Company Securities will be converted into the right to receive the Merger Consideration as set forth in Article II of the Merger Agreement. The allocation of the Merger Consideration among the securityholders of the Company as set forth in Schedule 2.1(a) is in accordance with the provisions of the Company's certificate of incorporation and the Delaware General Corporation Law.

13. We supplementally inform you that to our knowledge, there is no litigation, suit, arbitration, proceeding or governmental investigation that is pending or threatened against the Company.

EXHIBIT J

RELEASE

[Section 7.2(i)]

WHEREAS ANDEVICES, INC. (“Company”) entered into an agreement and plan of merger dated as of January 17, 2008 (the “Merger Agreement”) with ENABLENCE TECHNOLOGIES INC. (“Parent”), AND ACQUISITION CORP., a wholly owned subsidiary of Parent (“Merger Sub”) and Gloria Wahl, as stockholder representative (“Stockholder Representative”) to effect the merger of Company with Merger Sub and, as a condition of the closing of the merger, the Company has agreed to obtain from certain officers and directors of the Company releases of all claims against the Company;

AND WHEREAS • (the “undersigned”) is an officer **[and/or director]** of the Company and is providing the Company with this Release pursuant to the terms of the Merger Agreement;

NOW THEREFORE THIS RELEASE WITNESSES that in consideration of the closing of the merger and the payment to the undersigned of the sum of $1 of lawful money of Canada by the Company (the receipt and sufficiency of which are hereby acknowledged), the undersigned:

(a) The undersigned hereby releases and forever discharges the Company and its officers, directors, employees, corporate affiliates, successors, heirs, assigns, attorneys, agents, accountants, insurers and each of them in any and all capacity past or present, from any and all claims, demands, actions, causes of action, duties, debts, sums of money, suits, reckonings, contracts, controversies, agreements, promises, damages, responsibilities, obligation and liabilities of any kind, nature or description, direct or indirect, in law or in equity, in contract or tort or otherwise, which the undersigned as an officer **[and/or director]** of the Company or otherwise ever had, now has or may hereafter have for or by reason of or in any way arising out of any cause, matter or thing whatsoever existing up to the present time and, in particular, without in any way limiting the generality of the foregoing, for or by reason of or in any way arising out of any claims for money advanced, [director's fees], expenses, participation in profits, earnings or other remuneration whether authorized or provided for by by-law, resolution, contract or otherwise save and except matters arising under the Merger Agreement, the Escrow Agreement dated January 17, 2008 between Parent, Stockholder Representative and Computershare Trust Company of Canada **[and the employment agreement between Company and the undersigned dated •]**, it being the specific intent and purpose that this release and discharge shall extend to any and all matters, whether now known or unknown and whether specifically mentioned or not, which may exist in or might be claimed to exist at or prior to the date hereof; and the undersigned hereby expressly waives any and all claims or rights to assert that any matter, cause or thing of any kind or nature whatsoever has been, through oversight or error or intentionally or unintentionally, omitted from such matters.

(b) The undersigned hereby acknowledges that such undersigned has considered the possibility that the undersigned may not now know the nature or value of the claims that are generally released pursuant to paragraph (a) above and that such general release extends to all claims of every nature and kind, known or unknown, suspected or unsuspected, past, present or future, however arising, and that any and all rights granted to the undersigned pursuant to Section 1542 of the California Civil Code or any analogous applicable state or federal law or regulation are hereby expressly waived. Said Section 1542 of the Civil Code of the State of California reads as follows:

> "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOUR AT THE TIME OF EXECUTING THE RELEASE WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.";

and

(c) agrees that the undersigned shall not make any claim or take any proceedings with respect to any matter released and discharged in (a) above which may result in any claim arising against the Company for contribution or indemnity or other relief.

THE UNDERSIGNED HEREBY DECLARES that the undersigned has had the opportunity to seek independent legal advice with respect to this Release and the undersigned fully understands this Release.

THIS RELEASE shall be governed by and construed in accordance with the laws of the State of California.

THIS RELEASE shall enure to the benefit of and be binding upon the heirs and legal personal representatives of the undersigned and the successors and assigns of the Company respectively.

IN WITNESS WHEREOF the undersigned has executed this Release this • day of •, 2008.

SIGNED, SEALED AND DELIVERED	)	
in the presence of:	)	
	)	
______________________________	)	______________________________(s)
Witness	)	•

Exhibit L-1

List of Employees

1. Jacob Sun
2. Boris Grek
3. Kevin Schmidt
4. Lin Wenhua
5. Ted Chen
6. Anne Wang

Exhibit L-2

EMPLOYMENT AGREEMENT

THIS AGREEMENT made as of ●, 2008;

B E T W E E N:

ANDevices, Inc., a corporation incorporated under the laws of Delaware (the "Corporation")

OF THE FIRST PART,

- and -

●
(the "Employee")

OF THE SECOND PART.

WHEREAS the Corporation has entered into an agreement and plan of merger dated as of January 17, 2008 (the "Merger Agreement") between Parent (as defined below), And Acquisition Corp., a wholly-owned subsidiary of Parent ("Merger Sub"), ANDevices, Inc. ("Target") and Gloria Wahl, as stockholder representative to effect the merger of the Target with Merger Sub (the "Transaction");

AND WHEREAS it is a condition of the closing of the Transaction that the Employee enter into an Employment Agreement with the Corporation;

AND WHEREAS as part of the consideration for Merger Sub and its parent corporation, Enablence Technologies Inc., entering in the Merger Agreement and the Employee receiving certain proceeds in respect of the Merger Agreement, the Employee has agreed to be bound by certain non-competition obligations which are reflected in this Agreement;

NOW THEREFORE THIS AGREEMENT WITNESSES that, in consideration of the closing of the Transaction, the Employee's Employment, the covenants and agreements herein contained and the payment to the Employee of the sum of US $1 of lawful money of the United States by the Corporation (the receipt and sufficiency of which are hereby acknowledged), the parties hereto agree as follows:

ARTICLE 1 - DEFINITIONS

1.1 Confidential Information

"Confidential Information" means confidential information of the Corporation, including trade secrets, customer lists and other confidential information concerning the business and affairs of the Corporation. Confidential Information shall also include confidential information of third parties that the Corporation is obligated to maintain in confidence.

1.2 **Date of Termination**

"Date of Termination" means:

(a) if the Employee's employment with the Corporation terminates pursuant to Section 5.1 herein, the last day of the Employee's employment with the Corporation;

(b) if the Employee's employment with the Corporation is terminated by the Corporation or by the Employee, the date on which a proper Notice of Termination is given to or by the Employee; or

(c) if the Employee's employment with the Corporation terminates due to the Employee's death, the date of the death of the Employee.

1.3 **Non-Competition**

"Non-Competition" means any period during which the Corporation is obliged to make payments to the Employee pursuant to Section 5.5(a) or Section 5.5(b) and includes any period during which (but for the failure of the Employee to comply with the provisions of Article 6), the Corporation would have been obliged to make payments to the Employee pursuant to Section 5.5(a) or 5.5(b)

1.4 **Notice of Termination**

"Notice of Termination" means a notice of termination of the Employee's employment with the Corporation.

1.5 **Parent**

"Parent" means Enablence Technologies Inc., a corporation incorporated under the laws of Canada.

1.6 **Permanent Disability**

"Permanent Disability" means the Employee's absence from his duties with the Corporation on a full time basis for more than twelve (12) consecutive months as a result of the Employee's incapacity due to physical or mental illness.

1.7 **Severance Period**

"Severance Period" means the period (if any) from the Date of Termination to the earlier of: (a) six (6) months from the Date of Termination; and (b) January ● , 2010 or, if the term of the Employee’s employment with the Corporation is extended by the Corporation under paragraph 5.1(b), the last day of the extended term.

ARTICLE 2 - EMPLOYMENT

2.1 **Employment**

Subject to the terms and conditions of this Agreement, the Employee will be employed as **[title]** of the Corporation and the Employee will have the powers and authority to perform the duties and functions of a senior employee of a corporation, including achievement of the Sales Targets set out in Schedule “A” hereto, subject always to the control and direction of the Chief Employee Officer of the Parent (“CEO”) or any such person the CEO designates. The Employee may be re-assigned by the Corporation to an office other than the office of **[title]** of the Corporation upon the CEO, or any person designated by the CEO, notifying the Employee in writing of such re-assignment, in which event the Employee will, if so requested in such written notice, immediately resign from the office of **[title]** of the Corporation and will, subject to the terms and conditions hereof, continue to be employed by the Corporation in the office to which he has been re-assigned. In the event of any further change in the office of the Employee the provisions hereof will apply, with the necessary changes being made.

ARTICLE 3 - REMUNERATION AND BENEFITS

3.1 **Base Salary**

The Corporation will pay the Employee an annual base salary of US $•. Such salary will be payable semi-monthly in arrears by direct deposit.

3.2 **Benefits**

The Employee will be entitled to participate in all health, disability, death, pension and other employee benefit plans and programs of the Corporation in effect from time to time in accordance with their terms. The Corporation has provided the Employee with a written summary of the terms of the current employee benefit plans and programs of the Corporation, a copy of which the Employee hereby acknowledges receiving. All such plans and programs are subject to termination or modification from time to time in the discretion of the Corporation, and nothing contained herein shall require the Corporation to establish or maintain any such plan or program.

3.3 **Vacation**

The Employee will be entitled to • weeks paid vacation each calendar year. Such vacation entitlement will be pro-rated for any part of a calendar year. The Employee will take his vacation at a time or times reasonable for each of the Corporation and the Employee in the circumstances. Any vacation time taken must be taken in the calendar year to which the vacation time is allocated. The Employee may carry over up to • weeks of vacation time from one calendar year to another.

3.4 **Expenses**

The Corporation will reimburse the Employee for all reasonable out-of-pocket expenses properly incurred by him in the course of the Employee's employment with the Corporation, provided that the Employee provides the Corporation with appropriate statements and receipts verifying such expenses, in accordance with the Corporation’s expense reimbursement policies and procedures.

3.5 **[Hiring Bonus**

The Corporation will pay the Employee a hiring bonus in the gross amount of US $• on or about the date of commencement of employment.]

3.6 **Stock Option Plans**

(a) Upon approval by the Parent’s Board of Directors, the Employee will receive an option grant of • common shares, which options will be governed in accordance with the Parent’s Stock Option Plan. **[The options will vest over • with •% of the • common shares vesting at the end of each • period.]**

(b) The Employee will be entitled to participate in Parent’s Stock Option Plan, in effect from time to time during the term of this Agreement, subject to the approval of Parent’s Board of Directors.

ARTICLE 4 - EMPLOYEE'S COVENANTS

4.1 **Full Time Service**

The Employee will devote all of his working time, attention and effort to the business and affairs of the Corporation and its subsidiaries and will well and faithfully serve the Corporation and its subsidiaries and will use his best efforts to promote the interests of the Corporation and its subsidiaries.

4.2 **Duties and Responsibilities**

The Employee will duly and diligently perform all the duties assigned to him while in the employ of the Corporation, and will truly and faithfully account for and deliver to the Corporation all money, securities and things of value belonging to the Corporation which the Employee may from time to time receive for, from or on account of the Corporation.

4.3 **Rules and Regulations**

The Employee will be bound by and will faithfully observe and abide by all the rules and regulations of the Corporation from time to time in force which are brought to his notice or of which he should reasonably be aware.

4.4 **Confidential Information**

(a) The Employee acknowledges that, by reason of his employment with the Corporation, he will have access to Confidential Information. The Employee agrees that, during and after his employment with the Corporation, he will not disclose to any person, except in the proper course of his employment with the Corporation, or use for his own purposes or for any purposes other than those of the Corporation, any Confidential Information received by him.

(b) Any breach of Section 4.4(a) by the Employee will result in material and irreparable harm to the Corporation although it may be difficult for the Corporation to establish the monetary value flowing from such harm. The Employee therefore agrees that the Corporation, in addition to being entitled to the monetary damages which flow from the breach, will be entitled to injunctive relief in a court of appropriate jurisdiction in the event of any breach or threatened breach by the Employee of Section 4.4(a). In addition, the Corporation will be relieved of any further obligation to make any payments to the Employee or provide him with any benefits as outlined in Section 5.5, except those in Sections 5.5(a)(i) and (ii), in the event of a breach by the Employee of Section 4.4(a).

4.5 **Intellectual Property and Proprietary Rights Agreement**

The Employee will execute and agrees to be bound by an Intellectual Property and Proprietary Rights Agreement, in the form attached hereto as Schedule B.

ARTICLE 5 - TERM AND TERMINATION

5.1 **Term**

(a) Subject to paragraph 5.1(b) or earlier termination as outlined below, the Employee's employment with the Corporation will be for a two-year term ending on ●, 2010.

(b) The Corporation and the Employee may agree to extend the term of the Employee's employment under this Agreement upon such terms as are mutually agreed upon by them in writing provided such terms are agreed upon by no later than ●, 2009. If the parties do not agree to extend the term of the Employee's employment or if the parties are unable to mutually agree upon the terms of such extension, the Employee's employment will automatically terminate without any further notice or payments in lieu of such notice at the expiry of its term on ●, 2010 or earlier as outlined below.

5.2 **Termination by the Corporation**

The Corporation may terminate the Employee's employment with the Corporation at any time by giving a Notice of Termination to the Employee.

5.3 **Termination by the Employee**

The Employee may terminate his employment with the Corporation at any time by giving a Notice of Termination to the Corporation.

5.4 **Termination by Death of the Employee**

This Agreement and the employment of the Employee hereunder shall be automatically terminated by the death of the Employee.

5.5 **Payments on Termination Without Cause**

(a) If the Employee's employment with the Corporation is terminated by the Corporation pursuant to Section 5.2 for any reason other than Cause or Permanent Disability, and subject to and conditional upon the Employee complying with the provisions of Article 6, the Corporation will:

(i) pay to the Employee an amount equal to the salary earned by him up to the Date of Termination and any outstanding vacation pay calculated as of such Date;

(ii) reimburse the Employee in accordance with Section 3.4 for any expenses incurred by him up to and including the Date of Termination;

(iii) continue to pay to the Employee, except in the case of termination by Death of the Employee or Permanent Disability, an amount equivalent to the salary that would have been payable to him had his employment with the Corporation continued for the Severance Period, provided that the Employee (except in the case of termination by Death of the Employee) executes a general release in favor of the Corporation and its affiliates in form and substance acceptable to the Corporation. The Employee, at his discretion, choose to have such amount paid in a lump sum or semi-monthly;

(iv) maintain the Employee's benefits referred to in Section 3.2, except in the case of termination by Death of the Employee or Permanent Disability, for the Severance Period or, if that is not possible or if so requested by the Employee, pay to the Employee an amount equal to the cost to the Corporation of maintaining such benefits; and

(v) provide to the Employee any entitlement due to the Employee under the Stock Option Plan in accordance with the terms of such Plan and based on service up to the Date of Termination but not after the Date of Termination.

(b) The Corporation may deduct from the amounts payable by it to the Employee or for his benefit pursuant to Section 5.5(a) the amount of any employee contributions necessary to maintain the Employee's benefits under the Corporation's employee benefit plans and programs, any amounts owing to the Corporation by the Employee and all required statutory deductions.

5.6 **Payments on Termination by the Corporation for Cause or Permanent Disability**

(a) If the Employee's employment with the Corporation is terminated by the Corporation pursuant to Section 5.2 for Cause the Corporation will:

(i) pay to the Employee an amount equal to the salary earned by the Employee up to the Date of Termination and any outstanding vacation pay calculated as of such date;

(ii) reimburse the Employee in accordance with Section 3.4 for any expenses incurred by the Employee up to and including the Date of Termination; and

(iii) provide to the Employee any entitlement due to the Employee under the Stock Option Plan in accordance with the terms of such Plan and based on service up to the Date of Termination but not after the Date of Termination.

(b) For the purposes of this Agreement, **"Cause"** will mean:

(i) the wilful and continued failure by the Employee to substantially perform the Employee's duties, provided the Employee has written notice from the CEO outlining this failure with particulars of same and asking the Employee to substantially perform within the following thirty (30) days and provided the Employee fails to do so;

(ii) without limiting the generality of the foregoing, the failure of the Employee to make best efforts to ensure that the Corporation meets the Sales Targets set out in Schedule "A" hereto; provided, however, that any revenue resulting from development work, wafers and products made for Parent and any other subsidiaries of Parent shall be included as sales revenues for purposes of determining if the Sales Targets have been achieved;

(iii) an act of wilful misconduct or gross negligence that is materially harmful to the Corporation;

(iv) the Employee's plea of guilty or nolo contendre to, or conviction of, a criminal felony offense;

(v) the Employee’s material breach of any term of this Agreement;

(vi) the Employee’s repeated unexplained or unauthorized absence; or

(vii) the Employee’s material breach of a fiduciary duty owed to the Corporation.

(c) If the Employee's employment with the Corporation is terminated by the Corporation pursuant to Section 5.2 by reason of Permanent Disability only, the Corporation will:

(i) pay to the Employee an amount equal to the salary earned by him up to the Date of Termination and any outstanding vacation pay calculated as of such Date;

(ii) reimburse the Employee in accordance with Section 3.4 for any expenses incurred by him up to and including the Date of Termination;

(iii) continue to pay to the Employee an amount equal to his salary at the rate in effect immediately prior to such termination for the balance, if any, of the applicable elimination period for long term disability benefits stipulated in the Corporation's long term disability plan, if any (the **“Elimination Period”**);

(iv) maintain during the Elimination Period those of the Executive's benefits referred to in Section 3.2 which are normally continued for the Corporation's employees who are in receipt of either short term disability benefits; and

(v) provide to the Employee any entitlement due to the Employee under the Stock Option Plan in accordance with the terms of such Plan and based on service up to the Date of Termination but not after the Date of Termination.

5.7 **Return of Property**

Upon any termination of his employment with the Corporation, the Employee will deliver or cause to be delivered to the Corporation promptly all books, documents, money, securities, equipment or other property of the Corporation that are in the possession, charge, control or custody of the Employee.

5.8 **Provisions which Operate Following Termination**

Notwithstanding any termination of the Employee's employment under this Agreement for any reason whatsoever and with or without cause, the provisions of Sections 4.4, 5.5, 5.6, 5.7, 6.1, 6.2 and 6.3 of this Agreement and any other provisions of this Agreement necessary to give efficacy thereto will continue in full force and effect following such termination.

ARTICLE 6 - NON-COMPETITION AND NON-SOLICITATION

6.1 Non-Competition

(a) The Employee will not, without the prior written consent of the Corporation, at any time during the term of his employment and for a period of one (1) year following the termination of the Employee’s employment under this Agreement for whatever reason and with or without Cause either individually or in partnership or jointly or in conjunction with any person as principal, agent, employee, shareholder (other than a holding of shares listed on a Canadian or United States stock exchange that does not exceed one percent (1%) of the outstanding shares so listed) or in any other manner whatsoever carry on or be engaged in or be concerned with or interested in or advise, lend money to, guarantee the debts or obligations of or permit his name or any part of his name to be used or employed by any person engaged in or concerned with or interested in within North America, (i) the business of manufacturing optical components which directly competes with the business of the Corporation or its Parent; or (ii) the operation of an optical foundry which directly competes with the business of the Corporation or its Parent.

6.2 Non-Solicitation

(a) The Employee will not, without the prior consent of the Corporation, during the term of his employment or at any time for a period of twelve (12) months following the termination of the Employee's employment under the Agreement for whatever reason and with or without cause, either individually, or in partnership, or jointly, or in conjunction with any person as principal, agent, employee or shareholder (other than a holding of shares listed on a Canadian or United States stock exchange that does not exceed one percent (1%) of the outstanding shares so listed) or in any other manner whatsoever on his own behalf or on behalf of any other party, directly or indirectly solicit or gain the custom of for any competing business, or interfere with or endeavour to entice away from the Corporation any person that:

(i) is a client of the Corporation at the Date of Termination and with whom the Employee regular interaction during the Employee's employment;

(ii) was a client of the Corporation at any time during the Employee's employment at the Corporation and with whom the Employee had regular interaction during the Employee's employment; or

(iii) has been pursued as a prospective client by or on behalf of the Corporation at any time within twelve (12) months prior to the Date of Termination of this Agreement for whatever reason and in respect of whom the Corporation has not determined to cease all such pursuit;

Nor will the Employee interfere with or entice away any person who is an employee of the Corporation at the Date of Termination of this Agreement for whatever reason, provided, however, that the foregoing restrictions shall not prohibit or limit the right of the Employee to (a) make general solicitations that are not targeted specifically at the Corporation's employees; and (b) solicit or hire any former employee of the Corporation who has been terminated by the Corporation.

(b) The Employee confirms that all restrictions in Section 6.2(a) are reasonable and valid and the Employee waives all defences to the strict enforcement of such restrictions in Section 6.2(a) by the Corporation.

(c) Sections 6.2(a)(i), (ii) and (iii) are each separate and distinct covenants, severable one from the other and if any such covenant or covenants are determined to be invalid or unenforceable, such invalidity or unenforceability will attach only to the covenant or covenants as determined and all other such covenants will continue in full force and effect.

6.3 **Nature of Restrictions**

The Employee and the Corporation are of the belief that all of the restrictions set forth in Sections 6.1(a) and 6.2(a) above, including the period of time and the area therein specified, are reasonable, in view of the nature of the business in which the Corporation is engaged and proposes to engage, the state of its product development and the Employee's knowledge of this business. However, if such restrictions should be adjudged unreasonable or otherwise unenforceable in any judicial proceeding, then the period of time shall be reduced by such number of months or such area shall be reduced by elimination of such portion of such area, or both, as are deemed unreasonable, so that this covenant may be enforced in such area and during such period of time as is adjudged to be reasonable.

6.4 **Breach**

Any breach of the provisions of Sections 6.1(a) or 6.2(a) by the Employee will result in material and irreparable harm to the Corporation although it may be difficult for the Corporation to establish the monetary value flowing from such harm. The Employee therefore agrees that the Corporation, in addition to being entitled to the monetary damages which flow from the breach, will be entitled to injunctive relief in a court of appropriate jurisdiction in the event of any breach or threatened breach by the Employee of any of the provisions of Sections 6.1(a) or 6.2(a). In addition, the Corporation will be relieved of any further obligations to make any payments to the Employee or provide him with any benefits as outlined in Section 5.5, except those in Section 5.5(a)(i) and (ii), in the event of a breach by the Employee of any of the provisions of Sections 6.1(a) or 6.2(a).

ARTICLE 7 - ARBITRATION

7.1 **Submission to Arbitration**

The Employee and the Corporation agree that any dispute or controversy in connection with this Agreement, including its interpretation, will be conclusively settled by submission to binding arbitration (the "Arbitration") in San Jose, California in accordance with the rules of arbitration of the American Arbitration Association (the "AAA") then in effect. The Arbitration will be conducted before a single arbitrator mutually agreeable to the parties or, in the absence of agreement, an arbitrator selected by the AAA (the "Arbitrator"). The costs of the Arbitrator will be born equally by the parties. This Section 7.1 shall not prevent either party from seeking injunctive relief in any court of appropriate jurisdiction to the extent required to prevent irreparable harm.

ARTICLE 8 - GENERAL

8.1 **No Breach of Obligation to Others**

The Employee acknowledges and represents to the Corporation that in carrying out the Employee's duties and functions for the Corporation, the Employee will not disclose to the Corporation any confidential information of any third party. The Employee acknowledges and represents to the Corporation that the Employee has not brought to the Corporation nor will the Employee use in the performance of the Employee duties and functions with the Corporation any confidential materials or property of any third party. The Employee further acknowledges and represents that the Employee is not a party to any agreement with or under any legal obligation to any third party, that conflicts with any of the Employee's obligations to the Corporation under this Agreement.

8.2 **Notices**

Any demand, notice or other communication ("Communication") to be given in connection with this Agreement will be given in writing by personal delivery, by registered mail or by electronic means of communication addressed to the recipient as follows:

To the Corporation:

c/o Enablence Technologies Inc.
400 March Road
Ottawa, Ontario K2K 3H4

Attention: •

To the Employee:

[Employee's address]

or such other address, individual or electronic communication number as may be designated by notice given by either party to the other. Any Communication given by personal delivery will be conclusively deemed to have been given on the day of actual delivery of the Communication and, if given by registered mail, on the third day, other than a Saturday, Sunday or legal holiday in California, following the deposit of the Communication in the mail and, if given by electronic communication, on the day of transmittal of the Communication if given during the normal business hours of the recipient and on the business day during which such normal business hours next occur if not given during such hours on any day. If the party giving any Communication knows or ought reasonably to know of any difficulties with the postal system which might affect the delivery of mail, any such Communication may not be mailed but must be given by personal delivery or by electronic communication.

8.3 **Time of Essence**

Time will be of the essence of this Agreement.

8.4 **Deductions**

The Corporation will deduct all withholding taxes and other legally required deductions from any amounts to be paid to the Employee under this Agreement.

8.5 **Sections and Headings**

The division of this Agreement into Articles and Sections and the insertion of headings are for the convenience of reference only and will not affect the construction or interpretation of this Agreement. The terms “this Agreement”, “hereof”, “hereunder” and similar expressions refer to this Agreement and not to any particular Article, Section or other portion hereof and include any agreement or instrument supplemental or ancillary hereto. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles and Sections are to Articles and Sections of this Agreement.

8.6 **Number**

In this Agreement words importing the singular number only will include the plural and vice versa and words importing the masculine gender will include the feminine and neuter genders and vice versa and words importing persons will include individuals, partnerships, associations, trusts, unincorporated organizations and corporations and vice versa.

8.7 **Benefit of Agreement**

This Agreement will enure to the benefit of and be binding upon the heirs, executors, administrators and legal personal representatives of the Employee and the successors and permitted assigns of the Corporation respectively.

8.8 **Entire Agreement**

This Agreement constitutes the entire agreement between the parties with respect to the subject matter of this Agreement and cancels and supersedes any prior understandings and agreements between the parties to this Agreement with respect to the subject matter of this Agreement. There are no representations, warranties, forms, conditions, undertakings or collateral agreements, express, implied or statutory between the parties other than as expressly set forth in this Agreement.

8.9 **Pre-Contractual Representations**

The Employee hereby waives any right to assert a claim based on any pre-contractual representations, negligent or otherwise, made by the Corporation.

8.10 **Amendments and Waivers**

No amendment to this Agreement will be valid or binding unless set forth in writing and duly executed by both of the parties to this Agreement. No waiver of any breach of any provision of this Agreement will be effective or binding unless made in writing and signed by the party purporting to give the same and, unless otherwise provided in the written waiver, will be limited to the specific breach waived.

8.11 **Severability**

If any provision of this Agreement is determined to be invalid or unenforceable in whole or in part, such invalidity or unenforceability will attach only to such provision or part of such provision and the remaining part of such provision and all other provisions of this Agreement will continue in full force and effect.

8.12 **Governing Law**

This Agreement will be governed by and construed in accordance with the laws of the State of California and the laws of the United States of America applicable therein.

8.13 **Attornment**

The courts of the State of California will have jurisdiction to entertain any action arising under this Agreement. The Corporation and the Employee each hereby attorns to the jurisdiction of the courts of the State of California provided that nothing in this Agreement contained will prevent the Corporation from proceeding at its election against the Employee in the courts of any other state or country.

8.14 **Copy of Agreement**

The Employee hereby acknowledges receipt of a copy of this Agreement duly signed by the Corporation.

IN WITNESS WHEREOF the parties have executed this Agreement.

ANDevices, Inc.

By: ______________________________
Name:
Title:

WITNESS:

____
Signature

____
[Employee Name]

____
Name (Please print)

#5671642

SCHEDULE “A” – SALES TARGETS

The Employee shall be responsible for generating:

-

Exhibit P

The instructions accompanying this Letter of Transmittal should be read carefully before completing this Letter of Transmittal. Computershare Trust Company of Canada or your broker or other financial adviser can assist you in completing this Letter of Transmittal.

LETTER OF TRANSMITTAL

for the Exchange of Shares of Common Stock and Preferred Stock of

ANDevices, Inc.

Payment in cash and common shares of Enablence Technologies Inc. by

Computershare Trust Company of Canada

All stockholders must complete Box A.

All stockholders who are U.S. taxpayers must complete Box F.

Please review and sign the accompanying letter on page 4 and follow the accompanying instructions on page 5.

Box A – Signature of Registered Stockholders	**Box B – Delivery Instructions**
Must be Signed by All Registered Stockholders	To be completed **ONLY** if the check and share certificates are to be delivered to an address other than that in Box C. **MAIL TO:**
Signature(s)	Name
Print Name & Title(s) (If Applicable)	
Signature(s)	Street Address
Print Name & Title(s) (If Applicable)	City, State and Zip Code
Telephone Number	☐ indicates permanent address change

Box C – Descriptions of Shares Surrendered	**CERTIFICATE(S) ENCLOSED**	
Name and Address of Registered Holder(s) of the Common Stock, Series A Preferred Stock or Series B Preferred Stock	Certificate(s) Being Surrendered (Attach additional signed list, if necessary)	
	Certificate Number(s) and State Whether Common Stock, Series A Preferred Stock or Series B Preferred Stock	Number of Shares Formerly Represented by Each Certificate(s)
	Total Number of Shares Surrendered:	

☐ Lost Certificates. I have lost my certificate(s) for _________ shares of ___________________________Stock and require assistance in replacing the shares.

Box D – New Registration Instructions	Box E – Signature Guarantee
To be completed **ONLY** if the check and share certificate are to be issued in the name(s) of someone other than the registered holder(s) in Box C. Note **Medallion Guarantee** is required (see Box E). ISSUE TO:	If you have completed Box D, your signature must be **Medallion Guaranteed** by an eligible financial institution
Name	
Street Address	
City, State and Zip Code	
Telephone Number	Note: A notarization by a notary public is not acceptable.

Box F – Important Tax Information, Substitute Form W-9		
SUBSTITUTE Form W-9 Department of the Treasury Internal Revenue Service	Request for Taxpayer Identification Number (TIN) and Certification	**Part I** – Please provide your Social Security No. or Employer Identification No. below ____________________________
Part II – Please check appropriate box for your status	☐ Individual or Sole Proprietor ☐ Corporation ☐ Awaiting TIN	☐ Partnership ☐ Other Specify:_______________________
Part III Certification – Under penalties of perjury, I certify that : (1) The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), **and** (2) I am not subject to backup withholding because (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and (3) I am a U.S. person (including a U.S. resident alien). **Certification Instructions.** You must cross out item (2) above if you have been notified by the IRS that you are currently subject to backup withholding because you failed to report all interest and dividends on your tax return. ***See General Instructions for more information***		
PLEASE SIGN HERE ☞	Signature: ____	

YOU MUST COMPLETE THE FOLLOWING CERTIFICATE IF YOU CHECKED "AWAITING TIN" BOX IN PART II OF SUBSTITUTE FORM W-9

CERTIFICATE OF AWAITING TAXPAYER IDENTIFICATION NUMBER

I certify under penalties of perjury that a taxpayer identification number has not been issued to me, and either (1) I have mailed or delivered an application to receive a taxpayer identification number to the appropriate Internal Revenue Service Center or Social Security Administration Office or (2) I intend to mail or deliver an application in the near future. I understand that if I do not provide a taxpayer identification number by the time of payment, 28% of all reportable payments made to me will be withheld.

Signature ________________________________ Date ________________________________

Name (Please Print) ____

Ladies and Gentlemen:

In accordance with the Agreement and Plan of Merger (the "Merger Agreement"), dated January 17, 2008, between Enablence Technologies Inc. ("Enablence"), ANDevices, Inc. ("ANDevices"), AND Acquisition Corp ("Merger Sub") and, for the purposes of Article IX thereof, Gloria Wahl (the "Stockholder Representative") the above shares of the ANDevices Common Stock, Series A Preferred Stock and/or Series B Preferred Stock (collectively, "ANDevices Stock") is/are surrendered herewith in exchange for a portion of the Merger Consideration as set forth in Article II of the Merger Agreement. Capitalized terms used herein and not otherwise defined shall have the meaning set forth in the Merger Agreement.

As security for the indemnification obligations provided for in the Merger Agreement, Enablence has deposited 908,511 common shares of Enablence (the "Escrow Shares") with Computershare Trust Company of Canada (the "Escrow Agent") pursuant to that certain Escrow Agreement between Enablence, the Stockholder Representative and the Escrow Agent (the "Escrow Agreement"). The Escrow Shares represent 10% of the Parent Common Shares forming part of the Merger Consideration and will be withheld from each ANDevices Stockholder, (collectively, the "Indemnifying Securityholders") based on his, her or its portion of the Merger Consideration as provided in the Merger Agreement. Except to the extent that Enablence has provided a Notice of Claim, the Escrow Agent will hold the Escrow Shares until the date twelve (12) months after the Closing Date. The Escrow Shares remaining at the end of the 12-month period will be disbursed to the Indemnifying Securityholders in accordance with the Merger Agreement.

At the effective time, US$135,000 of the cash consideration forming part of the Merger Consideration otherwise payable to the Stockholders will be paid to the Stockholder Representative to be held in trust (the "Stockholder Representative Fund"). The Stockholder Representative will retain the Stockholder Representative Fund during the twelve (12) month escrow period and such further period where the services of the Stockholder Representative are required pursuant to the provisions of the Merger Agreement and Escrow Agreement.

By executing and delivering this Letter of Transmittal, the undersigned is acknowledging and approving the terms of the Merger Agreement, including the indemnification provisions contained in Article IX of the Merger Agreement, the appointment of the Stockholder Representative, and the power and authority of the Stockholder Representative to act on his, her or its behalf as contemplated by the Merger Agreement and the Escrow Agreement upon the terms and conditions set forth below.

The undersigned hereby approves the Escrow Agreement and all of the arrangements relating thereto, including the placement of the Escrow Shares in an escrow fund with the Escrow Agent (the "Escrow Fund") and the irrevocable appointment of Gloria Wahl as the Stockholder Representative (together with his permitted successor) as his, her or its true and lawful agent and attorney-in-fact to enter into the Escrow Agreement subject to termination of such relationship upon termination of the Merger Agreement or Escrow Agreement, to exercise all or any of the powers, authority and discretion conferred on the Stockholder Representative under the Merger Agreement or the Escrow Agreement, to waive or amend any terms and conditions of the Merger Agreement or the Escrow Agreement, to give and receive notices on their behalf and to be their exclusive representative to the extent of theft respective interests in the Escrow Fund with respect to any matter, suit, claim, action or proceeding arising with respect to any transaction contemplated by the Merger Agreement or the Escrow Agreement, including the defense, settlement or compromise of any claim, action or proceeding for which an Enablence Indemnified Person (as defined in the Merger Agreement) may be entitled to indemnification and the Stockholder Representative agrees to act as, and to undertake the duties and responsibilities of, such agent and attorney-in-fact; provided, that the Stockholder Representative shall not have the authority to make any amendments or waive any provisions with regard to the foregoing agreements if such amendment or waiver (i) shall create further obligations of an ANDevices Stockholder under the terms of such agreements or (ii) adversely changes the Aggregate Merger Consideration due to an ANDevices Stockholder disproportionately to other ANDevices Stockholders without the consent of the Stockholder so affected. This power of attorney is coupled with an interest and is irrevocable; provided, however, that such power of attorney shall automatically terminate without the need of any additional action by the undersigned upon the termination of the Merger Agreement or Escrow Agreement, pursuant to the terms thereof.

Furthermore, by executing and delivering this Letter of Transmittal, the undersigned is acknowledging that he, she or it has received a copy of the Information Statement dated _______, 2008 which contains (i) the Merger Agreement, (ii) a description of the transactions contemplated by the Merger Agreement, (iii) the form of the Escrow Agreement, (iv) a description of the transactions contemplated by the Escrow Agreement, (v) the notice of stockholder action by written consent required pursuant to Section 228 of the General Corporation Law of the State of Delaware (the "DGCL") to stockholders of ANDevices or has signed a stockholder consent, and (vi) the notice of appraisal rights required pursuant to Section 262 of the DGCL to stockholders of ANDevices.

The undersigned hereby, on behalf of himself, herself or itself and his, her or its successors, assigns, heirs, beneficiaries, creditors, representatives, agents and affiliates (the "Releasing Parties"), hereby fully, finally and irrevocably releases, acquits and forever discharges ANDevices, Enablence, Merger Sub, and each of the respective officers, directors, partners, members, stockholders, trustees, representatives, employees, principals, agents, affiliates, parents, subsidiaries (direct and indirect), joint ventures, predecessors, successors, assigns, beneficiaries, heirs, executors, personal or legal representatives, insurers and attorneys of any of them (collectively, the "Released Parties"), of and from any and all commitments, actions, debts, claims (including those claims related to any appraisal rights statutes such as Section 262 of the DGCL and any and all claims related to the fiduciary duties of the Board of Directors of ANDevices), counterclaims, suits, causes of action, damages, demands, liabilities, obligations, costs, expenses, and compensation of every kind and nature whatsoever, past, present or future, at law or in equity, whether known or unknown, contingent or otherwise, which such Releasing Parties, or any of them, had, has, may have had at any time in the past, or may have now or at any time in the future against the Released Parties, or any of them, including in connection with the surrender of the ANDevices Stock to Enablence in exchange for a portion of the Merger Consideration pursuant to the Merger Agreement; provided, however, this paragraph is not intended, nor shall it be construed, to release any claim a Releasing Party may have against any Released Party relating to (A) the payment of the Merger Consideration, less applicable withholdings, due to such Releasing Party on the terms and conditions set forth in the Merger Agreement, (B) the actions of the Stockholder Representative to the extent such claims may exist under the Merger Agreement, and (C) any claims that may be asserted by the Stockholder Representative on behalf of the undersigned under the Merger Agreement or the Escrow Agreement or an employment agreement between the undersigned and ANDevices, if applicable.

The undersigned hereby acknowledges that he, she or it has considered the possibility that the undersigned may not now know the nature or value of the claims that are generally released pursuant to paragraph 1 above and that such general release extends to all claims of every nature and kind, known or unknown, suspected or unsuspected, past, present or future, however arising, and that any and all rights granted to the undersigned pursuant to Section 1542 of the California Civil Code or any analogous applicable state or federal law or regulation are hereby expressly waived. Said Section 1542 of the Civil Code of the State of California reads as follows: "A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor."

The undersigned hereby represents and warrants that the undersigned (i) is the record and beneficial owner of the equity securities represented by the ANDevices Stock, (ii) has full right, power, legal capacity and authority to sell, transfer and deliver the ANDevices Stock, free and clear of any and all liens, restrictions, charges, encumbrances and adverse claims, (iii) there is no limitation or restriction on the sale, transfer and delivery of the ANDevices Stock, except as set forth in any legends appearing on the ANDevices Stock, in the underlying agreements pursuant to which such shares were issued or as required by applicable securities laws, (iv) was offered the Parent Common Shares in, and is a resident of the State as specified in Box C of this Letter of Transmittal and intends that the securities laws of that jurisdiction govern the issuance of the Parent Common Shares to the undersigned pursuant to the Merger, (v) is acquiring the Parent Common Shares as principal (as defined in all applicable securities laws) for its own account, and not for the benefit of any other person; (vi) is acquiring the Parent Common Shares for investment only and not with a view to resale or distribution and the undersigned has no present or contemplated agreement, undertaking, arrangement, obligation, indebtedness or commitment providing for the disposition of the Parent Common Shares; (vii) acknowledges that none of the Parent Common Shares have been, nor will they be, registered under the U.S. Securities Act of 1933 (the "Securities Act") or the securities laws of any state, and may not be offered or sold in the United States or to a U.S. Person (as such term is defined in Rule 902 promulgated under the Securities Act), unless an exemption from the registration requirements under the Securities Act and applicable state securities laws is available, and agrees not to offer, or sell the Parent Common Shares in the United States or to a U.S. Person, unless registered under the U.S. Securities Act or an exemption from registration under the Securities Act and applicable state securities laws is available; (viii) either alone or together with the purchaser representative, as described in the Information Statement, if any, has such knowledge and experience in financial and business affairs as to be capable of evaluating the merits and risks of the investment hereunder in the Parent Common Shares and is able to bear the economic risk of total loss of such investment; (ix) acknowledges that the undersigned has been encouraged to obtain independent legal, income tax and investment advice with respect to its acquisition of the Parent Common Shares and accordingly, has had the opportunity to acquire an understanding of the meanings of all terms contained herein relevant to the Shareholder for purposes of giving representations, warranties and covenants under this Letter of Transmittal.

[The undersigned agrees to enter into an arrangement with respect to the disposition of Parent Common Shares and acknowledges that the undersigned will not receive his, her or its Parent Common Shares until such time as that arrangement has been established.]

THE UNDERSIGNED ACKNOWLEDGES THAT THE TERMS OF THE TRANSACTIONS CONTEMPLATED BY THE COMPANY AND PARENT ARE HIGHLY CONFIDENTIAL AND AGREES TO KEEP THE NATURE AND TERMS OF THE MERGER, MERGER AGREEMENT AND ANY OF THE TRANSACTIONS CONTEMPLATED BY THE MERGER AGREEMENT STRICTLY CONFIDENTIAL AND NOT TO DISCLOSE OR REVEAL THE EXISTENCE, NATURE OR TERMS OF THE MERGER, THE MERGER AGREEMENT OR THE TRANSACTIONS CONTEMPLATED BY THE MERGER AGREEMENT TO ANY PERSON, UNLESS AND UNTIL SUCH INFORMATION IS PUBLICLY DISCLOSED BY THE COMPANY OR PARENT; PROVIDED, HOWEVER, THAT THE UNDERSIGNED MAY DISCUSS THE TERMS OF THE MERGER, THE MERGER AGREEMENT AND THE TRANSACTIONS CONTEMPLATED THEREBY WITH ANY PARTNERS, JOINT TENANTS, TENANTS IN COMMON, MEMBERS OR OTHER PERSONS HAVING A BENEFICIAL INTEREST IN THE SECURITIES BEING EXCHANGED PURSUANT TO THIS LETTER OF TRANSMITTAL AS WELL AS HIS, HER, ITS OR THEIR LEGAL, ACCOUNTING AND TAX ADVISERS. THE UNDERSIGNED HEREBY ACKNOWLEDGES RECEIPT OF THE INFORMATION STATEMENT RELATED TO THE MERGER AND A COPY OF THE MERGER AGREEMENT AND FURTHER ACKNOWLEDGES THAT HE, SHE OR IT UNDERSTANDS, AGREES AND ACCEPTS THE TERMS AND CONDITIONS OF THE MERGER AGREEMENT.

Delivery shall be affected and risk of loss and title to the ANDevices Stock shall pass only upon proper delivery of the ANDevices Stock and this Letter of Transmittal to the Escrow Agent. The undersigned understands and agrees that the method of delivery of the shares of ANDevices Stock and this Letter of Transmittal is at the election and risk of the holder of such shares of ANDevices Stock. If the undersigned chooses to deliver such shares by mail, registered mail with return receipt requested, properly insured, is recommended.

Certificate(s) must be endorsed and signatures guaranteed if a check and share certificate is to be issued in the name of anyone other than the registered holder or mailed to any person(s) other than the person(s) signing this Letter of Transmittal.

Enablence hereby reserves the absolute right to reject any and all certificate(s) representing ANDevices Stock or Letters of Transmittal not in proper form or to waive any irregularities or defects in the surrender of any certificates representing ANDevices Stock delivered in connection herewith, and Enablence's interpretation of the terms and conditions of the Agreement and this Letter of Transmittal with respect to such irregularities and defects shall be final and binding. All authority herein conferred shall survive the death or incapacity of the undersigned and all obligations of the undersigned hereunder shall be binding on the heirs, personal representatives, successors or assigns of the undersigned.

The undersigned acknowledges and agrees that in the event this Letter of Transmittal is executed or delivered by the undersigned prior to the Effective Time (as defined in the Merger Agreement), it shall be deemed to be executed and delivered as of the Effective Time and, accordingly, the representations, warranties, releases and agreements of the undersigned contained herein shall be effective as of the Effective Time.

The undersigned hereby acknowledges that the undersigned has read the Instructions accompanying this Letter of Transmittal.

PLEASE SIGN HERE

____ Dated:_____________________________________, 2008

____
Print Name

____ Dated:_____________________________________, 2008

____
Print Name

(Must be signed by registered holder(s) exactly as name(s) appear(s) on certificate(s) or by person(s) to whom the shares of ANDevices Stock surrendered have been assigned and transferred as evidenced by endorsements or stock powers transmitted herewith, with signatures guaranteed. If signing is by a trustee, executor, administrator, guardian, officer of a corporation, attorney-in-fact or other person acting in a fiduciary or representative capacity, please set forth the full title and enclose proper evidence of authority to so act.) (See Instruction 2)

General Instructions

(1) **Endorsement:** DO NOT endorse or otherwise sign certificates when completing this form.

(2) **Surrender of Certificates:** All stockholders must sign in Box A and in the space provided on the letter agreement on page *3.* The Letter of Transmittal should be completed and signed **exactly** as the surrendered certificates are registered and as legibly as possible. If any surrendered certificates are registered in different names on several certificates, it will be necessary to complete, sign and submit as many separate Letters of Transmittal as there are different registrations. **Letters of Transmittal executed by trustees, executors, administrators, guardians, officers of corporations, or others acting in a fiduciary capacity who are not identified as such in the registration must be accompanied by proper evidence of the signer's authority to act (i.e. corporate resolution, partnership agreement, etc.).**

(3) **New Registration:** Provide new registration instructions in Box D if different than those listed in Box C. A Medallion Guarantee is required. Please see instructions for **Signature Guarantee**.

(4) **Signature Guarantee:** Box E (Medallion Signature Guarantee) only needs to be completed if the person receiving cash payment and share certificate(s) will be different from the current registration as indicated in Box C. The guarantee is a form of signature verification which can be obtained from a firm that is a bank, broker, dealer, credit union, savings association or other entity which is a member in good standing of the **Securities Transfer Agents' Medallion Program.** Please see attached "Registration Changes" if a registration change is requested.

(5) **Deficient Presentments:** If you request a registration change that is not in proper form, the required documentation will be requested from you. Failure to provide the required documentation will result in cash payment and share certificate being issued to the registered stockholder(s) as shown in Box C.

(6) **Lost Certificates:** If your certificates are lost, please check the appropriate box below Box C, complete the Letter of Transmittal and return the Letter of Transmittal to Computershare Trust Company of Canada. There may be fees and additional documents required to replace lost certificates.

(7) **Address Changes:** If your permanent address should be changed on the records of Computershare Trust Company of Canada, please make the necessary changes in Box B and check the box labeled "indicates permanent address change".

(8) **Substitute Form W-9:** Under the Federal Income Tax Law, a non-exempt Stockholder is required to provide Computershare Trust Company of Canada with such Stockholder's certified Taxpayer Identification Number ("TIN"). If you are a U.S. person, please complete the Substitute Form W-9 found in Box F. FAILURE TO COMPLETE AND RETURN THIS FORM MAY RESULT IN BACKUP WITHHOLDING OF 28% OF ANY PAYMENTS MADE TO YOU PURSUANT TO THE MERGER. Additional information on completing the IRS Form W-9 and substitute forms can be found on the Internal Revenue website at www.IRS.gov.

(9) **Nonresident alien individuals or Foreign entities:** If you are a nonresident alien individuals or foreign entities that are exempt from the U.S. information, please complete the enclosed W-8 BEN Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding, or W-8ECI Certificate of Foreign Person's Claiming for Exemption from Withholding on Income Effectively Connected with the Conduct of a Trade or Business in the United States, as applicable, and provide all required supporting documentation to obtain an exemption, if you or your tax advisor believe that **Form W-8IMY** or **W-8EXP** are appropriate for your situation , please submit the appropriate form and provide all required supporting documentation to obtain an exemption. Copies of the W-8 forms can be found on the Internal Revenue website at www.IRS.gov, a copy of which is included for your convenience.

(10) **RETURNING CERTIFICATES FOR HOLDERS OF SHARES IN ANDEVICES**: Return this Letter of Transmittal with the certificate(s) to be exchanged **only** to Computershare Trust Company of Canada at the following address. If the certificates are sent by mail, registered mail with return receipt is requested and proper insurance is suggested. DO NOT send certificate(s) to ANDevices or Enablence.

By Mail or Overnight Courier to:

Computershare Trust Company of Canada
100 University Ave., 11th Floor
Toronto ON, M5J 2Y1

By Hand-Delivery to:

Computershare Trust Company of Canada
100 University Ave., 11th Floor
Toronto ON, M5J 2Y1

REGISTRATION CHANGES

Individual to Joint Tenants

- Complete Box D, “New Registration Instructions”, providing names in which payment will be made, form of tenancy. and the correct address.
- Provide the Taxpayer Identification Number (TIN) to be used in Box F, “Substitute Form W-9”. This box must be signed by the person(s) whose TIN are being provided certifying that the TIN is correct and that such person(s) is not subject to backup withholding.
- The holder whose name appears on the certificates must sign the Letter of Transmittal.
- The signature(s) must be Medallion guaranteed by an eligible financial institution.

Name Changes

- Complete Box D, “New Registration Instructions”, providing the shareholder’s name to whom payment should be made and the correct address.
- Provide the Taxpayer Identification Number (TIN) to be used in Box F, “Substitute Form W-9”. This box must be signed by the person whose TIN is being provided certifying that the TIN is correct and that such person is not subject to backup withholding.
- Sign the Letter of Transmittal as the name appears on the face of the certificate, write “Now Known As” and then sign with the new name.
- The signature(s) must be Medallion guaranteed by an eligible fmancial institution.

Divorce

- Complete Box D, “Special Registration Instructions”, providing the shareholder’s name to whom payment should be made and the correct address.
- Provide the Taxpayer Identification Number (TIN) to be used in Box F, “Substitute Form W-9”. This box must be signed by the person whose TIN is being provided certifying that the TIN is correct and that such person is not subject to backup withholding.
- If the shares are held in Joint Tenancy, both signatures are required and must be Medallion guaranteed. If one of the signatures cannot be obtained, a court certified copy of the Divorce Decree specifically awarding the shares to the transferee is required. The signature(s) must be Medallion guaranteed by an eligible financial institution.

Death of Shareholder

Certificates Registered in Individual Name

- Complete Box D, “New Registration Instructions”, providing the exact name and address of the person in whose name payment should be issued.
- Provide the Taxpayer Identification Number (TIN) to be used in Box F, “Substitute Form W-9”. This box must be signed by the person whose TIN is being provided certifying that the TIN is correct and that such person is not subject to backup withholding.
  Provide a certified copy of the Letters Testamentary dated within 60 days of the transfer, appointing the legal representative of the estate.
- The Letter of Transmittal must be signed by the legal representative of the estate.
- The signature must be Medallion guaranteed by an eligible financial institution.
- Provide an inheritance tax waiver if required.

Certificates Registered in Joint Tenancy (transfer to surviving Joint Tenant)

- Complete Box D, “New Registration Instructions”, providing the exact name and address of the surviving Joint Tenant in whose name payment should be issued.

- Provide the Taxpayer Identification Number (TIN) of the surviving Joint Tenant to be used in Box F, “Substitute Form W-9”. This box must be signed by the person whose TIN is being provided certifying that the TIN is correct and that such person is not subject to backup withholding.
- Provide a certified copy of the death certificate.
- Provide an inheritance tax waiver if required.
- The Letter of Transmittal must be signed by the surviving Joint Tenant.

Custodian Account — Minor Reaches Majority

- Complete Box D, “New Registration Instructions”, providing the exact name and address of the minor to whom payment should be made.
- Provide the Taxpayer Identification Number (TIN) of the minor in Box F, “Substitute Form W-9”. This box must be signed by the minor certifying that the TIN is correct and that such person is not subject to backup withholding.
- Provide a certified copy of the minor’s birth certificate.
- The Letter of Transmittal must be signed by the minor.
- The Letter of Transmittal may also be signed by the Custodian with his/her signature Medallion guaranteed by an eligible financial institution in place of the certified copy of the minor’s birth certificate.

Trust Accounts

Transfer from the name of a Trust

- Complete Box D, “New Registration Instructions”, providing the exact name and address of the person to whom payment should be made.
- Provide the Taxpayer Identification Number (TIN) to be used in Box F, “Substitute Form W-9”. This box must be signed by the person whose TIN is being provided certifying that the TIN is correct and that such person is not subject to backup withholding.
- The Letter of Transmittal must be signed by all trustees. (If only one trustee is signing, a Medallion guaranteed copy of the trust agreement is required as proof of authorization to sign individually.)
- The signature(s) must be Medallion guaranteed by an eligible financial institution.

Death of a Trustee

- Complete Box D, “New Registration Instructions”, providing the exact name and address of the person to whom payment should be made.
- Provide the Taxpayer Identification Number (TN) to be used in Box F, “Substitute Form W-9”. This box must be signed by the person whose TIN is being provided certifying that the TIN is correct and that such person is not subject to backup withholding.
- Provide a copy of the death certificate of the deceased trustee.
- The Letter of Transmittal must be signed by the remaining trustee(s) indicating their specific capacity in which they are signing, i.e., successor trustee, sole surviving trustee, etc. (Endorsement by trustees must be in correct capacity. If not, a Medallion certified copy of the trust agreement must be provided or a certificate of Fiduciary Authority must be completed by successor trustees with signatures Medallion guaranteed.)