

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

April 14, 2008

3. News Release

Attached as Schedule A is a copy of the news release issued by Enablence Technologies Inc. (the "Corporation") on April 14, 2008 via Marketwire in Canada.

4. Summary of Material Change

The Corporation announced that on April 14, 2008, it had signed a definitive agreement to acquire all of the outstanding shares of Wave7 Optics, Inc. ("Wave7 Optics") subject to certain approvals, consents and conditions. Wave7 Optics is a provider of optical broadband access systems, with a Fiber-to-the-Premise (FTTP) product portfolio featuring a variety of architectural options, based on IP and Ethernet standards for triple-play voice, video and data services.

Under the terms of the definitive agreement, the Corporation will acquire, through a wholly owned US subsidiary, all the shares of Wave7 Optics for an aggregate purchase price of US\$10,500,000 and 2,078,385 common shares of Enablence. All conditions pursuant to the definitive agreement are expected to be fulfilled prior to May 15, 2008.

5. Full Description of Material Change

The Corporation announced that on April 14, 2008, it had signed an agreement and plan of merger between the Corporation, W7 Acquisition Corp., Wave7 Optics and Robert Hower, as Stockholder Representative (the "Merger Agreement"), to acquire all of the outstanding shares of Wave7 Optics, subject to certain approvals, consents and conditions. At the time of the signing of the Merger Agreement, Wave7 Optics had received irrevocable proxies representing the requisite votes for approval of the Merger Agreement, subject to certain fiduciary conditions. A copy of the Merger Agreement is attached as Schedule B hereto.

Wave7 Optics is a provider of optical broadband access systems, with a Fiber-to-the-Premise (FTTP) product portfolio featuring a variety of architectural options, based on IP and Ethernet standards for triple-play voice, video and data services.

Under the terms of the Merger Agreement, the Corporation will acquire, through its wholly owned Delaware subsidiary, W7 Acquisition Corp., all the shares of Wave7 Optics for an aggregate purchase price of US\$10,500,000 and 2,078,385 common shares of the Corporation. The price per share of US\$1.684 was determined using the five day average of the Corporation's closing price on the TSX Venture Exchange.

Pursuant to the terms of the Merger Agreement, 40% 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\$75,000 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 which will be issued to certain shareholders of Wave7 Optics and the sale of their shares will be subject to certain statutory and contractual restrictions.

All conditions pursuant to the Merger Agreement are expected to be fulfilled prior to May 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) 270-7855

DATED at Ottawa, Ontario, this 23rd day of April, 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 Wave7 Optics

Ottawa, Ontario – April 15th, 2008 (TSXV: ENA) Enablence Technologies Inc. (“Enablence”), a supplier of planar lightwave circuit (PLC) based components for the Fiber-to-the-Home (FTTH), metro, and long haul telecommunication markets, today announced that it has signed a definitive agreement (“Agreement”) to acquire all of the outstanding shares of Wave7 Optics, Inc. (“Wave7 Optics”) subject to certain approvals, consents and conditions.

Under the terms of the Agreement, Enablence will acquire, through a wholly-owned US subsidiary, all the shares of Wave7 Optics for an aggregate purchase price of US \$10.5 million and 2,078,385 common shares of Enablence. All conditions pursuant to the Agreement are expected to be fulfilled prior to May 15, 2008.

Wave7 Optics is a global provider of FTTH systems that deliver voice, video, and data services. Wave7 Optics is deploying a universal access platform that supports Gigabit Ethernet Passive Optical Network (GE-PON) systems and Gigabit Passive Optical Network (GPON) systems, as well as point-to-point Ethernet. The platform is marketed under the name of Trident7™ and serves the needs of a broad range of service providers.

“This is an exciting acquisition for Enablence as Wave7 Optics is a recognized global leader in the FTTH systems market with a customer base of over a hundred FTTH service providers,” said Arvind Chhatbar, Chief Executive Officer of Enablence.

“In the FTTH market, vendors must meet the performance and volume requirements as well as the price targets that service providers are demanding,” explained Tom Tighe, President and Chief Executive Officer of Wave7 Optics. “The combination of our Trident7™ system and Enablence’s PLC technology will benefit our current customer base and position us for the global growth in FTTH deployments. We look forward to expanding our market reach as an Enablence company.”

“The optical block represents the most significant cost contributor to the ONT and the Enablence PLC technology solution offers a substantial opportunity for cost reduction,” stated Jim Farmer, Chief Technology Officer of Wave7 Optics. “Integrating Enablence’s PLC technology directly into the Trident7™ system provides us with further competitive advantage,” explained Mr. Farmer.

“Enablence will continue to develop, manufacture, and distribute PLC based transceivers to other system vendors in the marketplace,” noted Mr. Chhatbar.

About Wave7 Optics, Inc.

Wave7 Optics is the industry leader in optical broadband access systems, with an expanding Fiber-to-the-Premise (FTTP) product portfolio featuring a variety of architectural options, based on IP and Ethernet standards for triple-play voice, video and data services. The company's universal access platform Trident7™ and Last Mile Link™ systems are rapidly gaining market share around the world with service providers in the IOC, CLEC, cable MSO, municipal, utilities and real estate development categories.

About Enablence Technologies Inc.

Using its Planar Lightwave Circuit (PLC) platform, Enablence Technologies is a developer of GE-PON, BPON and GPON products for the global rollout of Fiber-to-the-Home (FTTH). Enablence Technologies also has product offerings in the access, metro, and long haul markets and has two wholly-owned subsidiary companies: Albis Optoelectronics AG and ANDevices, Inc.

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.,

W7 ACQUISITION CORP.,

WAVE7 OPTICS, INC.,

and

ROBERT HOWER

as Stockholder Representative

dated as of

April 14, 2008

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AGREEMENT AND PLAN OF MERGER

This AGREEMENT AND PLAN OF MERGER, dated as of April 14, 2008, by and among ENABLENCE TECHNOLOGIES INC., a Canadian corporation ("Parent"), W7 ACQUISITION CORP., a Delaware corporation and a wholly owned direct subsidiary of Parent ("Merger Sub"), WAVE7 OPTICS, INC., a Delaware corporation (the "Company"), and ROBERT HOWER, as Stockholder Representative. Certain capitalized terms used in this Agreement have the meanings ascribed to them in Article X, Section 10.1 hereof.

WITNESSETH:

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 of Merger Sub with and into the Company (the "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 executions and deliver 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 Eleventh Amended and Restated Certificate of Incorporation of the Company ("Charter") and the by-laws of the Company ("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;

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, Merger Sub shall be merged with and into the Company at the Effective Time of the Merger. Following the Merger, the separate corporate existence of Merger Sub shall cease and the Company 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 but in any event no later than May 15, 2008 (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 with respect to the 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 the Certificate of Merger or such other time as may be specified therein (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 the Charter of the Company, 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 the By-Laws of the Company (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) Subject to adjustment as set forth in Section 2.1(e) below, the aggregate consideration to be paid by Parent for all of the outstanding capital stock of Company shall be U.S. ten million five hundred thousand dollars (US\$10,500,000) in cash plus an aggregate of 2,078,385 shares of Parent Common Stock, subject to adjustment (such consideration in the aggregate and as adjusted, the “Merger Consideration”). Such Merger Consideration shall be allocated as set forth in this Section 2.1.

(b) 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(d) 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 the holder’s portion, if any, 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 Section 2.1(e) hereof, without interest, and subject to any escrow, set off, deduction or indemnification contemplated herein. The Company covenants to deliver a draft Schedule 2.1(a) on the Execution Date (as defined below) and a final Schedule 2.1(a) at least two days prior to the Closing Date. 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, if any is allocable to such shares pursuant to the Charter.

(c) 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(d) 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, if any, 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 Section 2.1(e) 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, if any is allocable to such shares pursuant to the Charter.

(d) 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.

(e) 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 in accordance with the Charter 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 per share of Capital Stock (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, and as set forth in, Article IX hereof.

(iii) The number of shares of Parent Common Stock to be issued as part of the Merger Consideration 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 Parent Common Stock), reorganization, recapitalization or other like change with respect to Parent Common Stock that occurs or has a record date after the date hereof and prior to the Effective Time.

(iv) The cash portion of the Merger Consideration will be reduced at the Effective Time by amounts equal to the following amounts: (A) the amount of transactional costs incurred by the Company including any amounts owing by the Company to the investment banker or broker entitled to a fee in respect of the Merger as set forth in Schedule 2.1(e)(iv) that have not otherwise been paid by the Company at or prior to the Effective Time, and any amounts for insurance premiums described in Section 5.1(f); and (B) the amount of the Enablence Debt and accrued interest thereon, except any amount of the Enablence Debt that is unexpended by the Company and remains in the Company’s bank account (“Remaining Funds”). An officer of the Company will provide a certificate to Parent as to the amount and bank account details with respect to any such Remaining Funds, if any, at the Effective Time.

(v) A portion of the Merger Consideration will be applied in payment of the amounts payable to key employees under and in accordance with the Change of Control Bonus Plans and the amount of the Merger Consideration payable to the Stockholders will be reduced by such amount.

(f) Capital Stock of Merger Sub. Each share of common stock, par value \$0.01 per share, of Merger Sub issued and outstanding immediately prior to the Effective Time shall be converted into and exchanged for one validly issued, fully paid and non-assessable share of common stock of the Surviving Corporation. Each stock certificate of Merger Sub evidencing ownership of any such shares shall evidence ownership of such shares of capital stock of the Surviving Corporation.

(g) 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, redeemed 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 and pursuant to Section 1.6.2 of the Company Warrants, all Company Warrants shall automatically and without any action on the part of the holder thereof become exercisable for the same securities and property as would have been payable for the capital stock of the Company issuable upon the exercise of the unexercised portion of the Company Warrants (the “Warrant Shares”) as if such Warrant Shares had been outstanding on and as of the Effective Time. For purposes of clarity, the Company Warrants are exercisable for shares of Company Common Stock Series B Preferred Stock and Series C Preferred Stock, and therefore are exercisable for Warrant Shares that shall have no value as of the Effective Time and that will receive no portion of the Merger Consideration. As a result, from and after the Effective Time, the Company Warrants will be exercisable for no consideration including no cash, securities or other property.

2.4 Indebtedness.

(a) As of the Effective Time, all outstanding indebtedness for money borrowed (including accrued but unpaid interest thereon), except Enablence Debt, will have been cancelled or converted into shares of Company Series D Preferred Stock, in accordance with the

terms of the applicable governing instrument. Following the Effective Time, no indebtedness for money borrowed, except Enablence Debt, shall remain outstanding.

(b) Parent and the Company each covenant to sign the Enablence Loan Documents concurrently with this Agreement

(c) Parent will advance the principal amount of the Enablence Loan to the Company on the date of execution this Agreement and the Enablence Loan Documents ("Execution Date") if such execution occurs during business hours or on the business day immediately following the Execution Date during business hours.

2.5 Escrow.

(a) At the Effective Time, Parent shall withhold 831,354 Parent Common Shares (subject to adjustment pursuant to Section 2.1(e)(iii)) 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, \$75,000 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 and shall use such funds to pay the fees and expenses incurred by the Stockholder Representative in the performance of its duties (as determined in his sole discretion); 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 Robert C. Bellas Jr. 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 Series D Stockholders with each such Series D 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 Series D Preferred Stock held by the Series D 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.

(d) Without limiting the foregoing, the stockholders of the Company and the parties hereto have agreed that it is desirable to designate the Stockholder Representative as their representative to act on behalf of the Stockholders of the Company for certain limited purposes, as specified herein. By adopting this Agreement by written consent of the stockholders and/or by returning the Letter of Transmittal, each Stockholder of the Company shall be deemed to have irrevocably authorized and appointed the Stockholder Representative to:

(i) negotiate, determine, defend and settle any disputes that may arise under or in connection with this Agreement, the Escrow Agreement or any other agreements executed in connection herewith; and

(ii) make, execute, acknowledge and deliver any releases, assurances, receipts, requests, instructions, notices, agreements, certificates and any other instruments, and generally do any and all things and take any and all actions that may be requisite, proper or advisable in connection with this Agreement, the Escrow Agreement or any other agreements executed in connection herewith.

(e) The Stockholder Representative will have no liability to the Stockholders with respect to actions taken or omitted to be taken in its capacity as Stockholder Representative, except with respect to the Stockholder Representative’s willful misconduct. The Stockholder Representative shall be entitled to engage such counsel, experts and other agents and consultants as it shall deem necessary in connection with exercising its powers and performing its function hereunder and (in the absence of bad faith on the part of the Stockholder Representative) shall be entitled to conclusively rely on the opinions and advice of such Persons. The Stockholder Representative shall be entitled to receive reimbursement from the Stockholder

Representative Fund for all for all costs, fees and expenses incurred in connection with the performance of the Stockholder Representative's duties as Stockholder Representative, including in connection with any disputes that may arise in connection with this Agreement, the Escrow Amount or the Escrow Agreement.

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) Concurrently with the Effective Time, the Company will provide to each holder of record of any Capital Stock a letter of transmittal, attached hereto as Exhibit P-1, and instructions for use in effecting the surrender of the Certificates in exchange for such holder's portion of the Merger Consideration, if any, 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 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, if any, 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 a declaration and executing of an indemnity agreement in favor of Parent, in forms acceptable to Parent, 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. 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, which for the purposes of this Article III will include any subsidiaries of the Company, hereby represents and warrants to Parent and Merger Sub, as follows, as of the date hereof and the Closing Date, except as set out in the Company SOE. The Company SOE delivered to Parent and Merger Sub concurrent with the execution of this

Agreement provides certain exceptions to and otherwise qualifies the representations or warranties of the Company contained in this Article III. Notwithstanding anything to the contrary contained in this Agreement, the information, descriptions and disclosures contained in the Company SOE related to a particular Section of this Article III will be deemed to be disclosed with respect to any other Section of this Article III, if it is apparent from such disclosures or descriptions that such disclosures or descriptions are applicable to the representations or warranties given in any another Section herein.

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 only had one subsidiary, Wave7 Optics Northern Europe ApS, and no 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 except where the failure to be so qualified would not result in a Material Adverse Effect. Except as set forth in Schedule 3.1(b) of the Company SOE, the Company does not own or lease property outside the State of Georgia. 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 subject to applicable bankruptcy, insolvency, reorganizations, moratorium and similar laws affecting creditor's rights generally, and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding at law or in equity).

(e) Schedule 3.1(e) of the Company SOE 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) Except as set forth in Schedule 3.1(g) of the Company SOE and the filing of the Certificate of Merger with the Delaware Secretary of State, 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. Subject to the receipt of the consents set forth in Schedule 3.1(e) of the Company SOE 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) of the Company SOE. 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 Permitted Liens.

(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”). Except as set forth in Schedule 3.2(b) of the Company SOE, 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 will have 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) Except as set forth in Schedule 3.2(d) of the Company SOE, 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) As of the Closing Date, Schedule 2.1(a) of the Company SOE will accurately reflect the allocation of the 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 year ended December 31, 2006, together with the notes thereto all in U.S. dollars (collectively, the “Historical Statements”):

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

(ii) are in accordance with the books and accounts of the Company as at December 31, 2006;

(iii) are true and correct and present fairly in all material respects the financial position of the Company as at December 31, 2006 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 in all material respects all of the assets and liabilities of the Company as at December 31, 2006, including all contingent liabilities of the Company at December 31, 2006 required to be reflected in the

financial statements by GAAP, including open purchase orders and lease obligations.

(b) The draft unaudited 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 year ended on December 31, 2007 (collectively, the “Draft Financial Statements”):

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

(ii) are in accordance with the books and accounts of the Company as at December 31, 2007;

(iii) are true and correct and present fairly in all material respects the financial position of the Company as at December 31, 2007 and the results of operations, cash flows and stockholder’s equity for the periods then ended;

(iv) have been prepared in accordance with GAAP consistently applied throughout the periods presented; provided that the unaudited financial statements do not include materials to be included in notes to financials prepared in accordance with GAAP;

(v) present fairly in all material respects all of the assets and liabilities of the Company as at December 31, 2007, including all contingent liabilities of the Company at December 31, 2007 required to be reflected in the financial statements by GAAP, including open purchase orders and lease obligations; and

(vi) do not fail to disclose any material information which has not otherwise been specifically identified and disclosed to Parent.

(c) The unaudited interim financial statements of the Company for the three months period ended on March 31, 2008 (the “Interim Financial Statements”):

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

(ii) are in accordance with the books and accounts of the Company as at March 31, 2008;

(iii) are true and correct and present fairly in all material respects the financial position of the Company as at March 31, 2008 and the results of operations, cash flows and stockholder’s equity for the periods then ended; provided that the unaudited financial statements do not include materials to be included in notes to financials prepared in accordance with GAAP, nor do they reflect normal and recurring year end adjustments, which will not, individually or in the aggregate, be material;

(iv) have been prepared in accordance with GAAP consistently applied throughout the periods presented; and

(v) present fairly in all material respects all of the assets and liabilities of the Company as at March 31, 2008.

(d) 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 GAAP 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 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 Historical Statements, the Draft Financial Statements and the Interim Financial Statements (collectively the "Financial Statements").

(e) 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.

(f) Since the Balance Sheet Date, except for activities by the Company personnel related to the possible sale of the Company (including pursuant to this Agreement), capital raising activities and activities relating to the Company's limited cash position, 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 reasonably expected to have a Material Adverse Effect.

(g) There are no liabilities of the Company of any kind whatsoever, whether accrued, contingent, absolute, determined, determinable or otherwise, except (i) as set forth in the Interim Balance Sheet, (ii) as set forth in Schedule 3.3(g) of the Company SOE, (iii) liabilities incurred since the date of the Interim Balance Sheet in the ordinary course of business and consistent with past practice, and (iv) liabilities incurred in the ordinary course of business which are not required under GAAP to be included in the Interim Balance Sheet.

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

(i) Since the Interim Balance Sheet Date, except as set forth in Schedule 3.3(i) of the Company SOE or reflected in the Interim Financial Statements:

(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, in each case, 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 \$25,000 (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 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) of the Company SOE, 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 other than Permitted Liens. With respect to leased property and assets, the Company is in compliance with such leases in all material respects and holds a valid leasehold interest free of any Liens except for Permitted Liens and Liens that will be released or satisfied on or before the Effective Time. 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. Except as reflected in the Interim Financial Statements, the Company is not indebted or under any obligation to the Stockholders on any account whatsoever.

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

(e) Other than matters related to the Company's limited cash position and resultant need for additional capital, 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 could reasonably be expected to 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 against the Company and, to 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 \$25,000 set out in Schedule 3.6 (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 \$25,000;

(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 \$25,000;

(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 \$25,000;

(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 \$25,000;

(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 material 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 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) Except as set forth in Schedule 3.6(a)(iii) of the Company SOE, 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) No party to any Material Contract has provided any notice to terminate such Material Contract.

(b) Except as set out in Schedule 3.6(b) 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.

(c) Except as set out in Schedule 3.6(c) 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.

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

(e) Except as set out in Schedule 3.6(e) of the Company SOE, the Company does not have any material 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 automatic renewals that are not in the Company's sole election or control).

(f) 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.

(g) Set forth in Schedule 3.6(g) 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(g) of the Company SOE, such policies of insurance and bonds (or other policies and bonds providing substantially similar insurance coverage) are 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. The Company does not have Knowledge 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, except to the extent such violation would not reasonably be expected to have a Material Adverse Effect.

(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 for the conduct of the Business, except where the failure to have such Permit(s) would not reasonably be expected to have a Material Adverse Effect. 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. Except as disclosed in Schedule 3.9 of the Company SOE, 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. Except as disclosed in Schedule 3.9 of the Company SOE, 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. Except as disclosed in Schedule 3.9 of the Company SOE, 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. Schedule 3.10 of the Company SOE sets forth the Company's revenue from each of its customers during each of the years ended December 31, 2006 and 2007. Except as set forth in Schedule 3.10 of the Company SOE, 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.

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 other than Permitted 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 in the countries where the Company's Business is currently conducted;

(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) Schedule 3.11(b) of the Company SOE includes a list of all registered Intellectual Property Rights for Owned IP 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 used in the Business (account IDs and passwords necessary to permit the Company to administer the domain name shall have been provided to Parent on or prior to the Effective Time).

(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 within its possession or control 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 in the manner in which the Company is currently Commercializing the Company IP, and in the countries where the Company’s Business currently is conducted, 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) in such manner, and in such countries, 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 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) Except as set forth in Schedule 3.11(j) of the Company SOE, the Company has not received 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 and except as set forth in Schedule 3.11(l) of the Company SOE, 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) Except as set forth in Schedule 3.11(m) of the Company SOE, 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) Reserved.

(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, except for Licensed 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) Reserved.

(u) Except as listed in Schedule 3.11(u) of the Company SOE, all customers 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 in excess of \$10,000 per year (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.

(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) Except as set forth in Schedule 3.11(bb) of the Company SOE, 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; and all such Tax Returns are complete and correct in all material respects and have been prepared in compliance with all Applicable Laws.

(b) Other than Taxes for which sufficient reserves have been established on the Interim 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 Interim 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 Interim 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 Interim 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 Interim 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, to the Knowledge of the Company, 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 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.

(t) 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).

(u) 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 does not have Knowledge 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 and compensation (including employee Benefit Arrangements of the Company 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. Except as set forth in Schedule 3.14(a) of the Company SOE, as of the date of this Agreement, none of the employees has provided notice 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 sponsored and maintained by 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, and date of hire 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* (“COBRA”) and the regulations thereunder, or any similar state law).

(e) All contributions and payments required to have been paid under each Benefit Arrangement sponsored and maintained by the Company, 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 sponsored and maintained by the Company 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 acceleration 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 sponsored and maintained by the Company which is intended to be qualified under Section 401(a) of the Code either (1) has obtained from the Internal Revenue Service (“IRS”) a favorable determination as to its qualified status under the Code, or the expiration of the requisite period under applicable regulations promulgated by the IRS under the Code or IRS pronouncements in which to apply for such determination letter and to make any amendments necessary to obtain a favorable determination has not occurred or (2) has been established under a prototype plan with an IRS opinion letter has been obtained by the plan sponsor and is valid as to the adopting employer.

(i) No Benefit Arrangement sponsored and maintained by the Company 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 sponsored and maintained by the Company

other than any limitations imposed by Applicable Law and/or the terms of any written Benefit Arrangement.

(k) Each Benefit Arrangement sponsored and maintained by the Company 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 sponsored and maintained by the Company and has made all required contributions thereto. The Company, each ERISA Affiliate and each Benefit Arrangement sponsored and maintained by the Company are in material compliance with the currently applicable provisions of ERISA, the Code and all Applicable Law. All filings and reports as to each Benefit Arrangement sponsored and maintained by the Company required to have been submitted to any Governmental Authority have been submitted in a timely fashion.

(l) To the Knowledge of the Company, 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, in each case, in all material respects 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, payment of wages, work visas and immigration laws and regulations. There are no facts or circumstances that would materially and 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 one (1) 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 its 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 January 1, 2006, to the date of this Agreement, the Company has not effectuated (i) a “plant closing” (as defined in the Worker Adjustment and Retraining Notification Act of 1988 (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.

(q) With respect to collective bargaining agreements:

(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 relating to unions and the Company does not have Knowledge 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, with respect to any Benefit Arrangement sponsored and maintained by the Company has engaged in any “prohibited transaction”.

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

(t) Each Benefit Arrangement sponsored and maintained by the Company 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 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 provided copies to Parent of all written 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 the Company 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. Neither the Company, nor, to the Knowledge of the Company, any of its or their directors, officers, employees or agents of other Persons acting on behalf of the Company, has accepted or received any unlawful contributions, payments, gifts or expenditures.

(b) 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.

(c) The Company has provided Parent with all 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.

(d) 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.

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 April 9, 2008, 172,691,032 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 April 9, 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 (the "Parent Stock Option Plan"), as amended, under which options were outstanding for 12,617,500 shares, and (ii) 3,579,570 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.

(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. 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, other than (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 May 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 make 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 audited balance sheet of Parent as of April 30, 2007 contained in the Parent SEDAR Reports is hereinafter referred to as the "Parent Balance Sheet" and the unaudited balance sheet of Parent as of January 31, 2008 contained in the Parent SEDAR Reports is hereinafter referred to as the "Interim 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) 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.

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 the value of the Parent Common Stock, 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, the Company hereafter will not, directly or indirectly, prior to the Effective Time, without the prior written consent of Parent, which consent may not be unreasonably withheld, 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 other than pursuant to the exercise or conversion of currently outstanding options, warrants, convertible securities or convertible notes;

(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 \$25,000 per fiscal quarter; provided that the Company will be entitled to purchase prior to the Effective Time "tail coverage" under its directors and officers liability insurance policy covering a period of up to six years following the Effective Time, further provided that such insurance will be purchased for the minimum amount possible and in any event will not exceed \$20,000.

(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 (other than upon conversion of convertible notes) 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) except as otherwise provided for in Section 5.2 of this Agreement, 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 (including in connection with the transactions contemplated by this Agreement or in connection with its efforts to sell the Company or raise additional capital) 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 substantially all of the assets or similar transactions involving the Company or any division or operating or principal business unit of the Company (an "Acquisition Proposal"). Notwithstanding the foregoing, prior to the receipt of the Required Vote, nothing contained in this Section 5.2 shall prevent the Company from entering into discussions or negotiations with, or provide information to, any Person in connection with a bona fide Acquisition Proposal received from such person that the board of directors of the Company determines in good faith could lead to a Superior Proposal (as defined below). If the board of directors of the Company shall determine that an Acquisition Proposal is a Superior Proposal, the Company shall notify Parent in writing of such determination. In the event that the Company receives an Acquisition Proposal and the board of directors of the Company determines in good faith that it has a fiduciary duty to withdraw its recommendation that the Stockholders approve the Merger and the transactions contemplated hereby, nothing herein shall restrict or prevent the board of directors from withdrawing such recommendation. For purposes of this Agreement, "Superior Proposal" means any Acquisition Proposal on terms that the board

of directors of the Company determines in its good faith judgment (after consultation with its financial advisor) that the terms of the Superior Proposal are more favorable to the Company's Stockholders than this Agreement and the Merger taken as a whole.

(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) Subject to the provisions of subsection (a) above, 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, reasonable 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, except as the Company deems necessary or desirable in its communications with employees and Stockholders. Subject to the requirements of applicable law and, except as the Company deems necessary or desirable in its communications with employees and Stockholders, Parent, Merger Sub and the Company will keep confidential, and each will cause their respective representatives, including disclosure deemed necessary by the Company to its employees and Stockholders, 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 commercially 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, which approval may not be unreasonably withheld. 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 will use reasonable efforts to cause each Stockholder to sign a letter of transmittal with certain restrictions on the selling of his, her or its Parent Common Shares during the first eight months following the Closing Date which will include the following: (i) the Parent Common Shares have a statutory hold period for 120 days from the Closing Date and, except in specific circumstances, cannot be sold; (ii) after 120 days, the Stockholder will continue to have a 1933 Act legend on the Parent Common shares and will be entitled to sell up to the greater of (A) 20% of the Stockholder's aggregate number of Parent Common Shares, other than those Parent Common Shares held in Escrow and (B) 50,000 Parent Common Shares, each month for four months ("Permitted Sales"); (iii) in order for the Stockholder to sell Parent Common Shares through the facilities of the TSX Venture Exchange, the Stockholder or the Stockholder's broker will need to contact the Parent's transfer agent and request the removal of the legend in respect of the Parent Common Shares being sold at that time, and (iv) in the event during the four month period following the 120 days, the Stockholder

tries to sell more than the Permitted Sales in any month, the certificate will be rejected by the Parent's transfer agent.

(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.

5.6 Break-Up Fee. If for any reason (i) the Board of Directors of the Company adversely amends, withholds or withdraws its recommendation that the Company's stockholders approve the Merger and (ii) the Merger is not approved by the Required Vote on or prior to April 21, 2008, then the Company shall pay to Parent, within five (5) business days following Parent's written request therefor, the sum of \$560,000 by wire transfer of immediately available funds to an account designated by Parent.

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. Any initial press releases with respect to the execution of this Agreement shall be press releases 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 and the Company.

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 in any material respect 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, 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 Parent. 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 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 Company 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.

6.6 Audited Financials. The Company will cause its auditors to cooperate with Parent, to the extent necessary, to initiate the audit process with respect to the Company's audited financial statements for the year ended December 31, 2007 during the period from the Execution Date to the Closing Date.

ARTICLE VII

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 in all material respects 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 material 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 each of Parent and Merger Sub 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.

(e) 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.

(f) 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.

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 in all material respects 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) The Company shall have performed and complied, in all material 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; provided that this condition shall be deemed to be satisfied and shall no longer apply if on or before April 25, 2008 the Parent shall have not delivered the notice contemplated by Section 8.1(f).

(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 Morris, Manning & Martin 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.

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

(j) As of the Effective Time, all the directors and each of the executive officers of the Company listed on Exhibit 7.2(i) will have executed releases substantially in the form attached hereto as Exhibit J.

(k) Any two 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.

(l) The Company Warrants shall have become exercisable for warrant shares in the manner set forth by Section 2.3 hereof.

(m) The Plan Options shall have been exercised, terminated or redeemed in the manner required by Section 2.2 hereof.

(n) All indebtedness for money borrowed (including accrued but unpaid interest thereon), other than Enablence Debt, will have been cancelled or converted into Company Series D Preferred Stock in the manner required by Section 2.4 hereof.

(o) Concurrently with the Effective Date, a letter of transmittal, substantially in the form attached hereto as Exhibit P-1, will have been mailed or delivered to each holder of the Company Stock and an officer's certificate confirming such mailing or delivery will be provided to Parent upon completion.

(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 ten percent (10%) of the outstanding shares of any class of Capital Stock (determined on a fully diluted basis with the Company Preferred Stock counted on an as converted basis).

(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 2.13, 7.2(a), 7.2(b), 7.2(g), 7.2(l), 7.2(m), 7.2(n), 7.2(o) and 7.2(p) 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 May 15, 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 ten (10) 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;

(f) by Parent or the Company, if on or before April 25, 2008 Parent delivers written notice to the Company that it is not satisfied with the results of its due diligence investigation of the Company and the Business, as reasonably determined in good faith by Parent, provided such notice is delivered by Parent to the Company;

(g) 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; or

(h) by the Company if its board of directors has authorized the Company to enter into definitive agreements with respect to a Superior Proposal and has determined in good faith that it has a fiduciary duty to the Company's shareholders to terminate this Agreement in order to enter into the agreements relating to such Superior Proposal; provided that the Company's right to terminate under this subparagraph shall be of no further force and effect from and after the receipt of the Required Vote;

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 of the Company who receive a portion of the Merger Consideration in the Merger (collectively, the “Indemnifying Parties” and individually, the “Indemnifying Party”) shall, severally and not jointly, 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: (i) any breach of any of the warranties, representations or covenants of the Company in this Agreement, (ii) any Third Party Claim (as defined below) arising from or relating to a breach referred to in clause (i) above, or (iii) outstanding litigation matter more fully described in Schedule 3.5(c) (the “Litigation”).

(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 the Escrow Fund shall be the sole source of recovery by the Indemnified Parties, 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 excluding the amount described at Section 9.1(a)(iii) except in accordance with Section 9.4. The aggregate liability of the Indemnifying Parties for Damages arising from the Litigation under Section 9.1(a)(iii) shall not exceed the Escrow Amount and the Escrow Fund shall be the sole source of recovery by the Indemnified Parties, and the Indemnifying Parties shall not be liable until the aggregate Damages for which they or it would be otherwise liable with respect to such Damages exceed the Indemnifying Party’s pro rata share of \$300,000.

(d) 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. Without limiting the generality of the foregoing, except as set forth in Sections 9.3 and 9.4, the maximum aggregate liability of the Indemnifying Parties for indemnification under this Agreement shall be limited to, and shall be satisfied exclusively from, the Escrow Amount in accordance with the Escrow 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 Indemnifying Party 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 Indemnifying Parties, be entitled, at its own expense (which expenses may be paid from the Stockholder Representative Fund in the sole discretion of the Stockholder Representative) 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 Indemnifying Parties 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 notify the Indemnified Party within ten (10) days of receipt of such notice 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 Indemnifying Parties 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 (i) 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, and (ii) there is no finding or admission of any violation of law and no effect on any other claims that may be made against the Indemnifying Party, and (iii) provides an unconditional release and discharge of the Indemnifying Parties.

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 breach of the warranties or representations of the Company contained in Sections 3.12 and 3.13, or (B) fraud, in each case of Section 9.3(a)(A) or (B) above shall be the expiration of the applicable statute of limitations.

(b) Any claims described in Section 9.3(a)(A) or (B) 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; provided, further that with respect to any claim made during the Escrow Period, the Indemnified Party will first claim against the Escrow Amount; provided, further that an Indemnified Party may satisfy all or any part of its liability under Section 9.3(a)(A) or (B) through the surrender of any shares of Parent Common Share then held by such Indemnified Party, provided, that the value attributable to each Parent Common Share for the purposes of calculation will be the Acquisition Share Price.

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 \$100,000 (the “Indemnification Basket”). Notwithstanding the foregoing, the provisions of the indemnity with respect to the Litigation described in Section 9.1(a)(iii) 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 with respect to such Litigation exceeds \$300,000. 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 amount of all such Damages in excess of the Indemnification Basket. Notwithstanding the foregoing, 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 breach of the warranties or representations of the Company contained in Sections 3.12 and 3.13, or (b) fraud by the Company. The parties agree that any Material Adverse Effect or materiality qualification or similar qualification contained in such representations or warrants will apply for purposes of determining whether or not there is a breach of any representation or warranty made by the Company in this Agreement but any Material Adverse Effect or materiality qualification or similar qualification contained in such representation and warranty will not apply for the purposes of calculating the amount of any Damages in respect of such breach.

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:

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

“Acquisition Share Price” means the common share price of \$1.684 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(c) hereof.

“Ancillary Agreements” means the Escrow Agreement and the form of Employment Agreement.

“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 draft balance sheet of the Company as of December 31, 2007 set forth on Schedule 3.3(a).

“Balance Sheet Date” means December 31, 2007.

“Benefit Arrangement” means each binding employment, severance or other similar contract, arrangement or policy (written or oral) and each binding 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 1.5 hereof.

“Business” means the business of the Company as currently conducted and as currently proposed to be conducted, including the development and 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 the Recitals 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(c) hereof.

“Charter” means the certificate of incorporation of the Company.

“Closing” means the closing referred to in Section 1.2.

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

“COBRA” has the meaning set forth in Section 3.14(d).

“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 \$0.0001 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 Warrants” has the meaning set forth in Section 3.2(c) hereof.

“Corporations Law” has the meaning set forth in the recitals hereto.

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

“Developers” mean the individuals who created, developed and wrote all of the Company’s Owned IP.

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

“Draft Financial Statements” has the meaning set forth in Section 3.3(b) hereof.

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

“Enablene Debt” means loan(s) outstanding between Parent and the Company under the Enablene Loan Documents.

“Enablene Loan Documents” means the senior secured promissory note entered into by the Company in favour of Parent and related security documents entered into between the Company and Parent.

“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 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.

“Financial Statements” has the meaning set forth in Section 3.3(c) 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.

“Historical Statements” has the meaning set forth in Section 3.3(a) 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.

“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.

“Interim Balance Sheet” means the interim balance sheet of the Company dated March 31, 2008.

“Interim Balance Sheet Date” means March 31, 2008.

“Interim Financial Statements” has the meaning set forth in Section 3.3(c) hereof.

“Knowledge of the Company”, “Company’s Knowledge” or words of similar meaning shall mean the knowledge of the chief executive officer and chief financial officer of the Company after reasonable inquiry.

“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, except for any such changes or effects resulting from, arising in connection with or relating to (i) the economy in general, (ii) the industry in which the Company operate and not uniquely relating to the Company, (iii) actions or omissions of the Company taken with the prior written consent of Parent, or (iv) the announcement of this Agreement.

“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, except for any such changes or effects resulting from, arising in connection with or relating to (i) the economy in general, (ii) the industry in which the Company operates and not uniquely relating to the Company, (iii) actions or omissions of the Company taken with the prior written consent of Parent, or (iv) the announcement of this Agreement.

“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) US\$10,500,000 in cash, as adjusted pursuant to Section 2.1(e) hereof, plus (2) 2,078,385 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.

“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.

“Permitted Liens” means Liens related to Taxes not yet due and payable, Liens which are not material in amount or significance and which do not impair in any material respect the Company’s current use of its assets, Liens relating to the Enablence Debt and Liens relating to those certain convertible notes in the aggregate principal amount of \$20,000,000, which outstanding convertible notes will be paid converted to shares of Series D Preferred Stock immediately prior to the Effective Time.

“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 Convertible Preferred Stock, Series B Convertible Preferred Stock, Series C Convertible Preferred Stock and Series D Convertible Preferred Stock, par value \$0.001 per share, of the Company.

“Preferred Stock Certificates” has the meaning set forth in Section 2.1(c).

“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 Common Stock and Preferred Stock, voting together as a single class, with the Preferred Stock voting on an as converted to Common Stock basis, outstanding on the record date for such approval, and (ii) the approval of the holders of at least 67.0% of the Preferred 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 Convertible Preferred Stock, par value \$0.001 per share, of the Company.

“Series B Preferred Stock” means the Series B Convertible Preferred Stock, par value, \$0.001 per share, of the Company.

“Series C Preferred Stock” means the Series C Convertible Preferred Stock, par value \$0.001 per share, of the Company.

“Series D Preferred Stock” means the Series D Convertible Preferred Stock, par value \$0.001 per share, of the Company.

“Series D Stockholders” shall mean the holders of the shares of Series D Preferred Stock issued and outstanding immediately prior to the Effective Time, and their successors and assigns.

“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 Robert Hower.

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

“Stockholders” has the meaning set forth in the recitals hereto.

“Stock Plan” means the Company’s Amended and Restated 2000 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. Except as otherwise expressly provided herein, the representations, warranties, covenants and agreements made by the Company herein shall survive for a period of twelve (12) months following the Effective Time.

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):

(b) if to the Company, to

Wave7 Optics, Inc.
1075 Windward Ridge Parkway
Alpharetta, Georgia 30005

Attention: Mr. Thomas Tighe

Facsimile No.: 770-521-5447

with a copy to

Morris, Manning & Martin, LLP
1600 Atlanta Financial Center
3343 Peachtree Road, N.E.
Atlanta, Georgia 30326

Attention: David M. Calhoun, Esq.

Facsimile No.: 404-365-9532

and

(c) 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

(d) if to the Stockholder Representative, to

Robert Hower
c/o Advanced Technology Partners
Bay Colony Corporate Center

1000 Winter Street, Suite 3700
Waltham, Massachusetts 02451

Facsimile No.: 781-768-3825

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.

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.

11.15 Consent to Use Morris, Manning & Martin, LLP. Subject to applicable law and professional standard of conduct, Parent, Merger Sub, the Company and the Surviving Corporation each hereby consent to allow the Stockholder Representative, as the representative of the stockholders, the Stockholders and/or any or all of the directors and officers of the Company to use Morris, Manning & Martin, LLP in connection with any dispute arising out of, or interpretation of, this Agreement or any other document or agreement contemplated herein.

[intentionally left blank]

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: /s/ Arvind Chhatbar
Name: Arvind Chhatbar
Title: President and Chief Executive Officer

WAVE7 OPTICS, INC.

By: /s/ Thomas Tighe
Name: Thomas Tighe
Title: President and Chief Executive Officer

W7 ACQUISITION CORP.

By: /s/ Arvind Chhatbar
Name: Arvind Chhatbar
Title: President

STOCKHOLDER REPRESENTATIVE:

By: /s/ Robert Hower
Name: Robert Hower

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 -

Robert Hower, as Stockholder Representative (the “Stockholder Representative”),

- 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 April 14, 2008 (the “**Merger Agreement**”), under which Parent agreed to cause its wholly-owned Delaware subsidiary to be merged with and into 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 Company 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 \$1.684 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.

“Claim” means a claim for Damages.

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

“Company” means Wave7 Optics, Inc., a corporation incorporated under the laws of the State of Delaware.

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

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

“Escrowed Shares” means 831,354 common shares of Parent, as may be adjusted pursuant to the Merger Agreement and this Agreement.

“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(b).

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

“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 who are eligible to receive any portion of the Escrowed Shares if not otherwise credited to Parent as set forth in Schedule 4.1(f).

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 therein.

- (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:

<u>Schedule</u>	<u>Description</u>
Schedule 2.5(c)	Form of Joint Investment Direction
Schedule 4.1(f)	Joint Direction of Parent and Stockholder Representative for Escrowed Share release
Appendix I to Schedule 4.1(f)	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(f) 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 Agent 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 10 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 3.1(a) of this Agreement, provided (i) that the Escrow Agent's written notice shall describe the circumstances of such non-compliance; and (ii) that if such circumstances are rectified to the Escrow Agent's satisfaction within such 10 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 security or tax indemnification 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 30 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 or on such other terms and conditions as may be agreed by the Stockholder Representative and Parent.

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 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.
- (b) 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.
- (c) 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.

- (d) 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.
- (e) 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(d) 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.
- (f) 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(f), 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(f)) 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(f)) 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 Tétrault 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:

Robert Hower
c/o Advanced Technology Partners
Bay Colony Corporate Center
1000 Winter Street, Suite 3700
Waltham, Massachusetts 02451

Facsimile No.: 781-768-3825

with a copy to:

Morris, Manning & Martin, LLP
1600 Atlanta Financial Center
3343 Peachtree Road, NE
Atlanta, GA 30326

Facsimile No.: (404) 365-9532
Attention: David M. Calhoun, 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:

Robert Hower

Computershare Trust Company of Canada

By:_____

Name:

Title:

By:_____

Name:

Title:

SCHEDULE 2.5(C)

FORM OF JOINT INVESTMENT DIRECTION

Joint Investment Direction

**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 Funds 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 •, 200•

Enablence Technologies Inc.

By: _____
Name: _____
Title: _____

Stockholder Representative:

By: _____
Name: _____

SCHEDULE 4.1(F)

**FORM OF JOINT DIRECTION OF PARENT AND STOCKHOLDER
REPRESENTATIVE**

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

**Re: Escrow agreement made as of _____, 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(f) 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•, 200•

Enablence Technologies Inc.

By: _____
Name: _____
Title: _____

Stockholder Representative:

By: _____
Name: _____

Appendix I to Schedule 4.1(F)

**Proportionate Interests of the Stockholders
and Mailing Addresses for Distributions**

Last name	First name	Address	No. of Shares	%

Exhibit D

IRREVOCABLE PROXY

The undersigned stockholder of Wave7 Optics, Inc., a Delaware corporation (the “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”) to act solely on the matters set forth below, until such time as that certain Agreement and Plan of Merger dated as of April 14, 2008 (the “Merger Agreement”), among Enablence, W7 Acquisition Corp., a Delaware corporation and a wholly-owned subsidiary of Enablence (“Merger Sub”), the Company and the Stockholder Representative, as defined therein, 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 with respect to actions on the matters set forth below and no subsequent proxies will be given.

This proxy is granted in consideration of Enablence entering into the Merger Agreement. The attorneys and proxies named above will be empowered, at any time prior to the earlier to occur of (i) termination of the Merger Agreement or (ii) the Board of Directors of the Company withdrawing its recommendation that stockholders approve the Merger in accordance with Section 5.2 of the Merger Agreement, to exercise all voting and other rights (including, without limitation, the power to execute and deliver written consents with respect 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 the transactions contemplated thereby, 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.

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 the transactions contemplated thereby, 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 may not exercise this proxy on any other matter. The undersigned stockholder may vote the Shares on all other matters. Notwithstanding the foregoing, the undersigned may vote the Shares, either at a meeting or by written consent, in connection with the Merger, the Merger Agreement and the transactions contemplated thereby so long as such vote or

consent is in favor of the Merger, the Merger Agreement and the transactions contemplated thereby.

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

This proxy is irrevocable.

WAVE7 OPTICS, INC. SIGNATURE PAGE TO IRREVOCABLE PROXY

Date: _____, 2008

Entity Stockholder:

Name of Entity: _____

By: _____

Its: _____

Individual Stockholder:

Name of Stockholder: _____

Signature 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 organized under the laws of the State of Delaware and is existing and in good standing.
2. The Company has the requisite corporate power to own and operate its properties and assets, and to carry out its business as known by us to be currently conducted by it.
3. Based solely upon [certificates of good standing] from the Secretary of State of the State[s] of Georgia and [_____], the Company is duly qualified to do business as a foreign corporation in Georgia **[and _____]**.
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, • shares of Series B Preferred Stock, of which • are issued and outstanding, • shares of Series C Preferred Stock, of which • are issued and outstanding and • shares of Series D Preferred Stock, of which • are issued and outstanding, and all of the Company's convertible secured promissory notes have been duly converted into such shares of Series D Preferred Stock. All such outstanding shares of common stock and preferred stock of the Company have been duly authorized and validly issued and are fully paid and nonassessable. Immediately prior to the Effective Time and based solely upon a review of the Company's stock records provided to us, (a) the outstanding capital stock of the Company were held of record by the persons and in the respective numbers set forth on Schedule • to the Merger Agreement and (b) all of the outstanding Company Securities had been validly issued and were fully paid and non-assessable. Our Opinion set forth in this Paragraph is based solely on a review of the Company's written stock records, the Company's minute book, certain certificates of officers of the Company and the Secretary of State of the State of Delaware, and the certified Certificate of Incorporation of the Company as delivered in the Secretary's Certificate of the Company at the Closing, and no independent verification or confirmation has been undertaken to confirm such Opinion.
5. To our knowledge, except as set forth on Schedule • 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. Our Opinion set forth in this Paragraph is based solely on a review of the Company's stock option plan, relevant warrant instruments, the Company's written stock records, the Company's minute book, certain certificates of officers

of the Company, and the certified Certificate of Incorporation of the Company as delivered in the Secretary's Certificate of the Company at the Closing, and no independent verification or confirmation has been undertaken to confirm such Opinion.

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 duly authorized the execution and delivery of the Merger Agreement and all performance by the Company thereunder.
8. The Company has duly executed and delivered the Merger Agreement.
9. The Merger Agreement is valid, binding and enforceable against the Company.
10. The execution and delivery by the Company of the Merger Agreement do not, and the performance by the Company of the Company's obligations thereunder does not and will not, result in any:
 - (a) violation the certificate of incorporation or by-laws of the Company;
 - (b) assuming the filing of the Certificate of Merger, violation of any existing law or regulation of the State of Georgia, the Delaware General Corporation Law or the laws of the United States of America to which, to our knowledge, the Company or its properties is subject; or
 - (c) breach of or constitute a default under any of the agreements listed on Exhibit [] hereto.
11. Except for the filing of a certificate of merger with the Secretary of State of Delaware, no consent, approval, authorization or other action by, or filing with, any governmental authority of the United States or the State of Georgia is required to be made by the Company for the execution and delivery of the Merger Agreement by the Company and for the Closing of the Merger.
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.

In addition to the foregoing opinions, the letter will include the following confirmation:

To our knowledge, there are no actions, proceedings or investigations pending or overtly threatened by written communication against the Company other than as described in Schedule [____] of the Company SOE or in the Merger Agreement.

Exhibit J

RELEASE

[Section 7.2(j)]

WHEREAS WAVE7 OPTICS, INC. ("Company") entered into an agreement and plan of merger dated as of April 14, 2008 (the "Merger Agreement") with ENABLENCE TECHNOLOGIES INC. ("Parent"), W7 ACQUISITION CORP., a wholly owned subsidiary of Parent ("Merger Sub") and Robert Hower, as stockholder representative ("Stockholder Representative") to affect the merger of Merger Sub with the Company 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 Company (the receipt and sufficiency of which are hereby acknowledged), the undersigned:

- (a) releases and forever discharges the Company from all actions, causes of action, liabilities, claims and demands whatsoever which the undersigned as an officer **[and/or director and/or employee]** 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, **[salary, wages, retirement or pension allowances, director's fees]** bonus, 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]**; and
- (b) 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. **[ntd: certain insurance provisions to be carved out]**

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 Province of Ontario.

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:)

_____)
Witness _____) • _____(s)

Exhibit L-1

Thomas Tighe

Emmanuel Vella

Mark Pigott

Bruce Roe

Jack Bryant

Jim Farmer

Exhibit L-2

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (the “Agreement”) made as of •, 2008;

B E T W E E N:

[Surviving Corporation], a corporation incorporated under the laws of Delaware
(the “Corporation”)

OF THE FIRST PART,

- and -

(the “Employee”) (collectively, the “Parties”)

OF THE SECOND PART.

WHEREAS the Corporation has entered into an Agreement and Plan of Merger dated as of April 14, 2008 between Parent, the Corporation and Wave7 Optics, Inc. (“Target”) (the “Merger Agreement”) for the merger of Target with and into the Corporation (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 the Corporation and its parent corporation, Parent 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 I- DEFINITIONS

1.1 **Board**

“Board” means the board of directors of the Parent.

1.2 **Confidential Information and Trade Secrets**

“Confidential Information” means (a) information of the Corporation, to the extent not considered a Trade Secret under applicable law, that (i) relates to the business of the Corporation, (ii) possesses an element of value to the Corporation, (iii) is not generally known to the Corporation’s competitors, and (iv) would damage the Corporation if disclosed, and (b) information of any third party provided to the Corporation which the Corporation is obligated to treat as confidential, including, but not limited to, information provided to the Corporation by its licensors, suppliers, or customers. Confidential Information includes, but is not limited to, (i) future business plans, (ii) the composition, description, schematic or design of products, future products or equipment of the Corporation or any third party, (iii) communication systems, audio systems, system designs and related documentation, (iv) advertising or marketing plans, (v) information regarding independent contractors, employees, clients, licensors, suppliers, customers, or any third party, including, but not limited to, customer lists compiled by the Corporation, and customer information compiled by the Corporation, and (vi) information concerning the Corporation’s or a third party’s financial structure and methods and procedures of operation. Confidential Information shall not include any information that (i) is or becomes generally available to the public other than as a result of an unauthorized disclosure, (ii) has been independently developed and disclosed by others without violating this Agreement or the legal rights of any party, or (iii) otherwise enters the public domain through lawful means.

“Trade Secrets” means information of the Corporation, and its licensors, suppliers, clients, and customers, without regard to form, including, but not limited to, technical or nontechnical data, a formula, a pattern, a compilation, a program, a device, a method, a technique, a drawing, a process, financial data, financial plans, product plans, a list of actual customers, clients, licensors, or suppliers, or a list of potential customers, clients, licensors, or suppliers which is not commonly known by or available to the public and which information (i) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use, and (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

1.3 **Non-Competition Period**

“Non-Competition Period” means the duration of the Severance Period, defined below in Section 5.5(a).

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 continued under the laws of Canada.

ARTICLE II- EMPLOYMENT

2.1 Employment

Subject to the terms and conditions of this Agreement, the Employee will be employed in the office of • 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, subject always to the control and direction of the Chief Executive Officer of the Parent (“CEO”) or any such person the CEO designates.

ARTICLE III-REMUNERATION AND BENEFITS

3.1 Base Salary

The Corporation will pay the Employee an annual base salary of at least US \$ • (the “Base Salary”). 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. 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 five (5) 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 mutually agreeable to both the Corporation and the Employee. Employee may carry over any and all unused vacation time from one calendar year to the next but not to exceed five (5) weeks.

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 Stock Option Plans

The Employee will be eligible to receive options under the Parent's Stock Option Plan, at the sole discretion of the Board, in accordance with the terms and conditions of the Parent's Stock Option Plan as may be modified from time to time.

ARTICLE IV-EMPLOYEE'S COVENANTS

4.1 Service

Employee agrees to devote Employee's reasonable best efforts to promote the business and/or interests of the Corporation and to perform Employee's obligations under this Agreement. Employee may (i) engage in community, charitable, and educational activities, (ii) manage personal investments, and (iii) with the prior consent of the Corporation, serve on corporate boards or committees, provided that such activities do not materially conflict or interfere with the performance of Employee's obligations under this Agreement.

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 and Trade Secrets

(a) The Employee acknowledges that, by reason of his employment with the Corporation, he will have access to Confidential Information and Trade Secrets of the Corporation. The Employee agrees that, during his employment with the Corporation, and for a period of one (1) year after his employment with the Corporation terminates, 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. Employee agrees that during his employment with the Corporation, and for as long as any of the Corporation's information remains a Trade Secret under applicable law, 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 Trade Secret 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).

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 A.

ARTICLE V-TERM AND TERMINATION

5.1 **Term**

The term of this Agreement shall be for a period of one (1) year, beginning on April [REDACTED], 2008 and ending on [REDACTED], 2009 (the "Employment Period"), unless terminated earlier for Cause as defined in paragraph 5.6(b). This Agreement will automatically renew for one (1) year periods (each a "Renewal Period") unless either Party provides a Notice of Termination as described below. If this Agreement is renewed in accordance with this Section, each Renewal Period shall be included in the definition of "Employment Period" for purposes of this Agreement. If the Corporation elects not to renew this Agreement, or to allow the Employment Period to expire at the end of the term, it must provide the Employee with written notice at least sixty (60) days prior to the expiration of the Employment Period. If the Employee elects not to renew this Agreement, or to allow the Employment Period to expire at the end of the term, he must provide the Corporation with written notice at least sixty (60) days prior to the expiration of the Employment Period (such notice by Company or Employee, each a "Notice of Termination").

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 in accordance with Section 5.1 above or Section 5.5(a) below. However, the Corporation may terminate the Employee's employment with the Corporation at any time for Cause, in accordance with section 5.6(b) below. In the event of Employee's termination for Cause, the Company shall not be required to give Employee a Notice of Termination.

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 in accordance with Section 5.1 above.

5.4 **Termination by Death of the Employee**

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

5.5 **Payments on Termination for Non-Renewal or Expiration of the Employment Period/Company's Failure to Give Proper Notice of Termination/ and Other Than for Cause**

- (a) If the Employee's employment with the Corporation is terminated by the Corporation for any reason other than Cause as defined in Section 5.6(b), if the Corporation elects not to renew or to allow the Employment Period to expire at the end of the term, or if the Corporation fails to provide a Notice of Termination pursuant to Section 5.1, and subject to and conditional upon the Employee complying with the provisions of Article 6, the Corporation will:
 - (i) pay the Employee an amount equal to 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) pay to the Employee a lump sum amount equal to six months pay (Severance Period) based on the employee's Base Salary at time of termination plus any portion of a bonus payment earned by employee during the period of employment with the Corporation;
 - (iv) maintain the Employee's benefits referred to in Section 3.2 for the applicable Severance Period listed in Section 5.5(a)(iii) above or, if that is not possible or if so requested by the Employee, pay to the Employee a lump sum amount equal to the cost to the Corporation of maintaining such benefits; and
 - (vi) provide to the Employee any entitlement due to the Employee under the Parent's 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 Corporation for Cause/Death/Employee's Failure to Give Proper Notice of Termination**

- (a) If the Employee's employment with the Corporation is terminated by the Corporation pursuant to Section 5.2 for Cause, or by Section 5.4 by Death of the Employee, or failure to give proper Notice of Termination by the Employee pursuant to Section 5.1, the Corporation will:
 - (i) pay to the Employee or his Estate 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 or his Estate 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 Corporation's 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) an act of wilful misconduct or gross negligence that results in material harm to the Corporation;
 - (iii) the Employee's commission of, plea of guilty or nolo contendere to, or conviction of, a criminal offense other than ordinary traffic violations;
 - (iv) the Employee's material breach of any term of this Agreement, provided the Employee has written notice from the Corporation's CEO outlining this material breach with particulars of same and asking the Employee to cure such material breach within the following Thirty (30) days and provided the Employee fails to do so; or
 - (v) the Employee's material breach of a fiduciary duty owed to the Corporation, provided the Employee has written notice from the Corporation's CEO outlining this material breach of fiduciary duty with particulars of same and asking the Employee to cure such material breach of fiduciary duty within the following Thirty (30) days and provided the Employee fails to do so.

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, 5.8, 6.1, 6.2, 6.3 and 6.4 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 and in accordance with those provisions.

ARTICLE VI-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 Employment Period and during the applicable Severance Period, engage in or perform within the Territory any of the activities which Employee performed, or which are substantially similar to those which Employee performed, as **(position)** of the Corporation (other than by holding shares listed on a Canadian or United States stock exchange that do not exceed one percent (1%) of the outstanding shares so listed). Nothing in this Agreement shall be construed to prohibit Employee from performing activities which Employee did not perform for the Corporation.

For purposes of this sub-section 6.1(a) the term "Territory" means a 15 mile radius of the Corporation's office located at **1075 Windward Ridge Parkway, Alpharetta, Georgia 30005.**

- (b) The Employee confirms that all restrictions in Section 6.1(a) are reasonable and valid and the Employee waives all defences to the strict enforcement of such restrictions by the Corporation.

6.2 **Non-Solicitation**

- (a) **Non-Solicitation of Customers.** The Employee will not, without the prior written consent of the Corporation, at any time during the Employment Period and during the applicable Severance Period, directly or indirectly, solicit any Customer of the

Corporation for the purpose of selling or providing any products or services competitive with the Business. The restrictions set forth in this Section apply only to Customers with whom Employee had Contact during the term of Employee's employment. Nothing in this Section shall be construed to prohibit Employee from soliciting any Customer of the Corporation for the purpose of selling or providing any products or services competitive with the Business: (i) which Employee never sold or provided while employed by the Corporation; (ii) to a Customer that explicitly severed its business relationship with the Corporation unless Employee, directly or indirectly, caused or encouraged the Customer to sever the relationship; or (iii) which products or services the Corporation no longer offers.

- (b) Non-Solicitation of Prospective Customers. The Employee will not, without the prior written consent of the Corporation, at any time during the Employment Period and during the applicable Severance Period, directly or indirectly, solicit any Prospective Customer of the Corporation for the purpose of selling or providing any products or services competitive with the Business. The restrictions set forth in this Section apply only to Prospective Customers with whom Employee had Contact during the last year of Employee's employment with the Corporation (or during Employee's employment if employed less than a year). Nothing in this Section shall be construed to prohibit Employee from soliciting any Prospective Customer of the Corporation for the purpose of selling or providing any products or services competitive with the Business which the Corporation no longer offers.
- (c) Non-Recruit of Employees. The Employee will not, without the prior written consent of the Corporation, at any time during the Employment Period and during the applicable Severance Period, directly or indirectly, solicit, recruit, or induce any Employee to (i) terminate his or her employment relationship with the Corporation, or (ii) work for any other person or entity engaged in the Business. The restrictions set forth in this Section shall apply only to Employees (a) with whom Employee had Material Interaction, or (b) Employee, directly or indirectly, supervised.
- (d) For purposes of this Section 6.2,:
 - (i) "Business" means the selling of Fiber to the Home (FTTH) related sub-systems, systems, or components.
 - (ii) "Contact" means any interaction with a Customer or Prospective Customer which takes place in an effort to establish, maintain, and/or further a business relationship on behalf of the Corporation.
 - (iii) "Customer" means any person or entity to whom the Corporation has sold its products or services.

- (iv) “Employee” means any person who (i) is employed by the Corporation at the time Employee’s employment with the Corporation ends, or (ii) was employed by the Corporation during the last year of the Employee’s employment with the Corporation (or during the Employee’s employment if employed less than a year).
- (v) “Material Interaction” means any interaction with another employee which relates or related, directly or indirectly, to the performance of the Employee’s duties or the other employee’s duties for the Corporation.
- (vi) “Prospective Customer” means any person or entity to whom the Corporation has solicited to sell its products or services.

(e) The Employee confirms that all restrictions in Section 6.2 are reasonable and valid and the Employee waives all defences to the strict enforcement of such restrictions in Section 6.2 by the Corporation.

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 and 6.2 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 or 6.2 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 or 6.2.

ARTICLE VII-GENERAL

7.1 **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.

7.2 **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:

[Corporation's address]
Attention: **[Name]**

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 Georgia, 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.

7.3 **Time of Essence**

Time will be of the essence of this Agreement.

7.4 **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.

7.5 **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.

7.6 **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.

7.7 **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.

7.8 **Entire Agreement**

This Agreement, including Schedule A which is incorporated by reference, 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.

7.9 **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.

7.10 **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.

7.11 **Governing Law**

This Agreement will be governed by and construed in accordance with the laws of the State of Georgia applicable therein.

7.12 **Consent to Jurisdiction and Venue**

The Parties agree that any and all claims arising out of or relating to this Agreement shall be (i) brought in the Superior Court of Fulton County, Georgia, or (ii) brought in or removed to the United States District Court for the Northern District of Georgia, Atlanta Division. The Parties consent to the personal jurisdiction of the courts identified above. The Parties waive (a) any objection to jurisdiction or venue, or (b) any defense claiming lack of jurisdiction or venue, in any action brought in such courts.

7.13 **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.
[Corporation's name]

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

WITNESS:

Signature

[Employee's name]

Name (Please print)

SCHEDULE “A” – Intellectual Property and Proprietary Rights Agreement

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Exhibit P

The instructions accompanying this Letter of Transmittal should be read carefully before completing this Letter of Transmittal. Computershare Investor Services Inc. or your broker or other financial adviser can assist you in completing this Letter of Transmittal.

LETTER OF TRANSMITTAL AND RELEASE

for the Exchange of Shares of Common Stock and Preferred Stock of

Wave7 Optics, Inc.

Payment in cash and common shares of Enablence Technologies Inc. by

Computershare Investor Services Inc. (the “Exchange Agent”)

Appointment of Stockholder Representative

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 Stockholder(s)	Certificate(s) Being Surrendered (Attach additional signed list, if necessary)	
	Certificate Number(s) and State Whether Common Stock, Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock or Series D Preferred Stock (list each Certificate separately)	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 ☐ Partnership ☐ Corporation ☐ Other Specify: _____ ☐ Awaiting TIN		
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. <i>See General Instructions for more information</i>		
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 April 14, 2008, between Enablence Technologies Inc. ("Enablence"), Wave7 Optics, Inc. ("Wave7"), W7 Acquisition Corp. ("Merger Sub") and, for the purposes of Section 2.5 and Article IX thereof, Robert Hower (the "Stockholder Representative") the above shares of the Wave7 Common Stock, Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock and/or Series D Preferred Stock (collectively, "Wave7 Stock") is/are surrendered herewith in exchange for a portion of the Merger Consideration, if any, to which such shares are entitled 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 831,354 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 40% of the Parent Common Shares forming part of the Merger Consideration and will be withheld from each Wave7 Stockholder who is eligible to receive any portion of the Escrow Fund (as defined below) (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 escrow period will be disbursed to the Indemnifying Securityholders in accordance with the Merger Agreement and the Escrow Agreement.

Upon the Closing, \$75,000 of the cash consideration forming part of the Merger Consideration will be paid into a separate interest-bearing account controlled by Stockholder Representative (the "Stockholder Representative Fund"). The Stockholder Representative Fund will be retained by Stockholder Representative during the 12-month escrow period and for such further period during which the services of Stockholder Representative are required pursuant to the Merger Agreement and the Escrow Agreement, and any remaining amounts in such fund will be distributed to the Wave7 security holders on a pro-rata basis upon completion of such period. The sole purpose of the Stockholder Representative Fund is to satisfy any expenses incurred by the Stockholder Representative in his capacity as such. The Stockholder Representative is not expressly entitled to any compensation provided, however, that the Stockholder Representative shall not be precluded from compensating himself in the event his role as Stockholder Representative becomes complex and time-consuming.

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 Robert Hower 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 substitution as set forth in the Merger Agreement and 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 their 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 Enableness 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 a Stockholder under the terms of such agreements or (ii) adversely changes the Aggregate Merger Consideration due to a Stockholder who is entitled to any portion of the Merger Consideration under the Merger Agreement disproportionately to other Wave7 Stockholders who are entitled to any portion of the Merger Consideration under the Merger Agreement 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 following: (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 Wave7 or has signed a stockholder consent, and (vi) the notice of appraisal rights required pursuant to Section 262 of the DGCL to stockholders of Wave7.

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 Wave7, Enableness, 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 Wave7), 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 Wave7 Stock to Enableness in connection with 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, (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 any claims and rights under any employment agreement between the undersigned and Wave7, if applicable, and (D) any claims or rights to indemnification by Wave7 in such Stockholder’s capacity as a director, officer or employee of Wave7, including under Wave7’s Certificate of Incorporation, Bylaws and/or any indemnification agreement or employment agreement.

The undersigned hereby represents and warrants that the undersigned (i) is the record and beneficial owner of the equity securities represented by the Wave7 Stock, (ii) has full right, power, legal capacity and authority to sell, transfer and deliver the Wave7 Stock, free and clear of any and all liens, restrictions, charges, encumbrances and adverse claims, (iii) is not limited in the sale, transfer or delivery of the Wave7 Stock, except as set forth in any legends appearing on the Wave7 Stock, by any underlying agreements pursuant to which such shares were issued or by applicable securities laws, (iv) was offered the Parent Common Shares, if any is payable to the undersigned, 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, if any is payable to the undersigned, 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, if any is payable to the undersigned, 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, if any is payable to the undersigned, 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, if any, received in the Merger 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, if any is payable to the undersigned in the Merger, 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. If the undersigned is a Series D Stockholder, the undersigned represents and warrants that he/she/it is an “accredited investor” as that term is defined under Regulation D of the United States Securities Act of 1933, as amended.

The undersigned acknowledges and agrees to the restrictions on transfer of his, her or its Parent Common Shares, if any is payable to the undersigned in the Merger, set forth in the Merger Agreement. The undersigned understands that the Parent Common Shares, issued to the undersigned in the Merger, if any is payable to the undersigned in the Merger, will bear legends restricting their transfer and cannot be transferred for 120 days from the closing of the merger. Following the 120 day period, the undersigned will be entitled to sell up to the greater of (A) 20% of the aggregate number of Parent Common Shares, excluding those Parent Common Shares held in Escrow, and (B) 50,000 Parent Common Shares (the “Permitted Sales”), each month for four months subject to compliance with applicable securities laws. The undersigned acknowledges that to sell Parent Common Shares through the facilities of the TSX Venture Exchange, the undersigned’s broker will need to contact Enablence’s transfer agent and request the removal of the legends in respect of the Parent Common Shares being sold at that time. The Securities Act legend will remain on the remaining Parent Common Shares issued in the merger not sold by the undersigned and the undersigned will need to go through the same process at the time of the next sale of Parent Common Shares. In the event, the undersigned tries to sell more than the Permitted Sales in any month during the four month period following the 120 day statutory hold period, the certificate will be rejected by Enablence’s transfer agent..

THE UNDERSIGNED ACKNOWLEDGES THAT THE TERMS OF THE TRANSACTIONS CONTEMPLATED BY WAVE7 AND ENABLENCE 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 WAVE7 OR ENABLENCE; 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 effected and risk of loss and title to the Wave7 Stock shall pass only upon proper delivery of the Wave7 Stock and this Letter of Transmittal to the Exchange Agent. The undersigned understands and agrees that the method of delivery of the shares of Wave7 Stock and this Letter of Transmittal is at the election and risk of the holder of such shares of Wave7 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 Wave7 Stock or Letters of Transmittal not in proper form or to waive any irregularities or defects in the surrender of any certificates representing Wave7 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 Wave7 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

Privacy Notice: Computershare is committed to protecting your personal information. In the course of providing services to you and our corporate clients, we receive non-public personal information about you - from transactions we perform for you, forms you send us, other communications we have with you or your representatives, etc. This information could include your name, address, social insurance number, securities holdings and other financial information. We use this to administer your account, to better serve you and our clients' needs and for other lawful purposes relating to our services. We have prepared a Privacy Code to tell you more about our information practices and how your privacy is protected. It is available at our website, computershare.com, or by writing us at 100 University Avenue, Toronto, Ontario, M5J 2Y1. Computershare will use the information you are providing on this form in order to process your request and will treat your signature(s) on this form as your consent to the above.

(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 Investor Services Inc. 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 Investor Services Inc., 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 Investor Services Inc. 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 WAVE7:** Return this Letter of Transmittal with the certificate(s) to be exchanged **only** to Computershare Investor Services Inc. 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 Wave7 or Enablelence.

By Mail to:

Computershare Investor Services Inc.
PO Box 7021, 31 Adelaide Street E, Toronto
Ontario, M5B 2M6, Attention Corporate
Actions

By Registered Mail, Courier or Hand-Delivery to:

Computershare Investor Services Inc.
100 University Ave 9th Floor, Toronto
Ontario, M5J 2Y1, Attention: Corporate
Actions

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 financial 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.)