FORM 51-102F3

MATERIAL CHANGE REPORT

ITEM 1 **NAME AND ADDRESS OF COMPANY**

Excel-Tech Ltd.
2658 Bristol Circle,
Oakville, Ontario L6H 581

ITEM 2 **DATE OF MATERIAL CHANGE**

October 9, 2007

ITEM 3 **NEWS RELEASE**

A press release was issued through Marketwire on the morning of October 10, 2007.

ITEM 4 **SUMMARY OF MATERIAL CHANGE**

On October 9, 2007, Excel-Tech Ltd. ("XLTEK" or the "Company"), Natus Medical Incorporated ("Natus") and 4437713 Canada Inc. ("Sub"), a subsidiary of Natus, entered into an arrangement agreement (the "Arrangement Agreement") pursuant to which Sub will acquire XLTEK. XLTEK shareholders will receive $3.25 in cash for each XLTEK common share.

The transaction will be implemented by means of a court-approved plan of arrangement (the "Arrangement") under the *Canada Business Corporations Act*. The Arrangement is subject to the approval of XLTEK shareholders by special resolution. In addition, approval will be required from the Ontario Superior Court of Justice and applicable regulatory authorities.

ITEM 5 **Full Description of Material Change**

Overview

On October 9, 2007, XLTEK, Natus and Sub entered into the Arrangement Agreement pursuant to which, subject to the terms and conditions thereof, Sub will acquire all of the outstanding common shares of XLTEK for a price of $3.25 in cash for each XLTEK common share.

Under the Arrangement, all options (whether vested or unvested) that are outstanding immediately before the Effective Time will be acquired by the Company in return for a cash payment of an amount equal to $3.25 per share issuable on the exercise of such options less the applicable exercise price per share.

In addition, all deferred share units granted and outstanding immediately prior to the Effective Time (whether or not vested) will be redeemed by the holder thereof and cancelled by the Company in exchange for a payment from the Company to the holder in cash equal to the product of the number of Shares underlying such deferred share units and $3.25.

The Arrangement will be implemented by means of a court-approved plan of arrangement under the *Canada Business Corporations Act*. The Arrangement is subject to the approval of XLTEK shareholders by special resolution approved by not less than two-thirds of the votes cast by XLTEK shareholders at a Special Meeting of shareholders expected to be held on or about November 21, 2007. In addition, approval will be required from the Ontario Superior Court of Justice and applicable regulatory authorities. Closing is subject to certain other conditions.

The Arrangement Agreement has been reviewed by a Special Committee of the Board of Directors of XLTEK and has been unanimously approved by the Board of Directors of XLTEK following the unanimous recommendation of the Special Committee. The Board of Directors of XLTEK has unanimously recommended that shareholders of XLTEK vote in favour of the Arrangement. The Special Committee and the Board of Directors have received an opinion from RBC Capital Markets Corporation (RBC) that the consideration offered under the Arrangement is fair, from a financial point of view, to XLTEK shareholders and option holders. The fairness opinion of RBC will be included in the meeting materials to be sent to XLTEK shareholders. Holders of 4,575,314 XLTEK common shares, representing approximately 24.0% of XLTEK's outstanding common shares, have agreed to vote in favour of the transaction.

Summary of the Arrangement Agreement

The Arrangement Agreement is being filed on the SEDAR website of the Canadian securities administrators (www.sedar.com) concurrently with the filing of this material change report. The following is a summary of certain provisions of the Arrangement Agreement, but is not intended to be complete. Please refer to the Arrangement Agreement for a full description of the terms and conditions thereof. Capitalized terms used herein but not defined have the meanings given in the Arrangement Agreement.

Representations and Warranties

XLTEK has provided certain customary representations and warranties to Natus and Sub in the Arrangement Agreement, and Sub has also provided certain customary representations and warranties to XLTEK in the Arrangement Agreement.

Conduct of the Company's Business Pending the Effective Date

During the period from the date of the Arrangement Agreement to the Effective Time the Company has agreed to carry on business in the ordinary course consistent with past practice and use commercially reasonable efforts to preserve its business organization and goodwill and assets, and not take certain other actions except with the prior written consent of Natus.

NON-SOLICITATION COVENANTS

Termination of Existing Discussions

The Arrangement Agreement requires the Company to cease and cause to be terminated any discussions, negotiations, solicitation, encouragement or activity with any parties (other than Natus and Sub) with respect to any potential Acquisition Proposal and request the return or destruction by third parties of any confidential information previously provided in connection therewith. The Company shall not release or permit the release of any third party from any confidentiality, non-solicitation or standstill agreement with the Company to which such third party is a party, or modify or waive the terms thereof.

Non-Solicitation Covenant

The Arrangement Agreement further provides that the Company shall not, nor shall it permit any of its representatives to, directly or indirectly, solicit, initiate or encourage or otherwise facilitate any inquiries, proposals, offers or expressions of interest regarding any actual or potential Acquisition Proposal, except in response to a *bona fide* written unsolicited Acquisition Proposal.

Notice to Natus of Acquisition Proposals

The Company has agreed, as promptly as possible and in any event within 24 hours after the Company first obtains knowledge of the receipt thereof, to provide oral and written notice to Natus of any actual or potential Acquisition Proposal, including a copy of any confidentiality agreement entered into by the Company, the identity of the person making any such Acquisition Proposal and the material terms and conditions thereof. The Company has agreed to inform Natus as to the status of developments and negotiations with respect to such Acquisition Proposal, including changes to the material terms or conditions of such Acquisition Proposal.

Ability to Respond to a Superior Proposal

In response to a bona fide written unsolicited Acquisition Proposal received by the Company prior to obtaining Shareholder Approval that did not result from the breach of the Company's non-solicitation obligations under the

Arrangement Agreement and that the Board of Directors determines in good faith constitutes or is reasonably likely to result in a Superior Proposal, the Company may (i) furnish information with respect to the Company to the person making such Acquisition Proposal pursuant to a confidentiality agreement which contains terms that are no less restrictive than those contained in the Confidentiality Agreement dated July 19, 2007 between Natus and the Company (as it may be amended from time to time), provided that all such information had been provided, or is concurrently provided, to Natus, and (ii) enter into, participate, facilitate and maintain discussions or negotiations with, and otherwise cooperate with or assist, the person making such Acquisition Proposal regarding such Acquisition Proposal.

Natus' Right to Match

Neither the Board of Directors nor any committee thereof shall (a) effect a Change of Recommendation unless (i) the Company has received an unsolicited *bona fide* Acquisition Proposal from such person; (ii) the Board of Directors determines in good faith after consultation with its financial advisors and outside legal counsel that such Acquisition Proposal constitutes a Superior Proposal; (iii) the Company has provided Natus with a copy of such Acquisition Proposal; (iv) a period (the "**Matching Period**") of five Business Days has lapsed from the date that is the later of the date Natus received written notice of the Company's proposed determination to take such action and the date Natus received the Acquisition Proposal; (v) during the Matching Period, Natus shall have the opportunity to offer to amend the terms and conditions of the Arrangement Agreement such that the Acquisition Proposal will cease to be a Superior Proposal; and (vi) after the Matching Period, the Board of Directors determines in good faith, after consultation with its financial advisors and outside counsel that the Acquisition Proposal continues to constitute a Superior Proposal and failure to take such action would be inconsistent with its fiduciary duties.

Certain Definitions

For purposes of the Arrangement Agreement, the term "**Acquisition Proposal**" means other than the transactions contemplated by the Arrangement Agreement, (i) any take-over bid, merger, amalgamation, arrangement, business combination, consolidation, recapitalization, liquidation or winding-up in respect of the Company (excluding a bona fide internal reorganization) by a Person other than Parent or an Affiliate of Natus (or any Person acting jointly or in concert with Parent or an Affiliate of Natus); (ii) any sale, lease, license, mortgage, hypothecation, pledge, transfer or other disposition of all or a material portion of the assets of the Company, whether in a single transaction or series of transactions to a Person other than Natus or an Affiliate of Natus (or any Person acting jointly or in concert with Natus or an Affiliate of Natus); (iii) any sale, acquisition or issuance of 20% or more of the Company's securities of any class or rights or interests therein or thereto in a single transaction or series of transactions; (iv) any similar business combination or transaction of or involving the Company, other than with Natus or an Affiliate of Natus (or any Person acting jointly or in concert with Natus or an Affiliate of Natus); (v) any other transaction, the consummation of which would reasonably be expected to impede, interfere with, prevent or materially delay the Arrangement, or (vi) any proposal or offer to, or public announcement of an intention to, do any of the foregoing from any Person, other than Natus or an Affiliate of Natus (or any Person acting jointly or in concert with Natus or an Affiliate of Natus);

For purposes of the Arrangement Agreement, the term "**Superior Proposal**" means a *bona fide* Acquisition Proposal that was not solicited in contravention of the Arrangement Agreement, made by a third party in writing after the date hereof with whom the Company deals at arm's length (as such term is interpreted for the purposes of the Tax Act): (i) to purchase or otherwise acquire directly or indirectly by means of a takeover bid, merger, amalgamation, plan of arrangement, business combination, consolidation, recapitalization, liquidation or winding-up or similar transaction, all of the Shares or all or substantially all of the assets of the Company on a consolidated basis; (ii) that is made available on substantially the same terms and conditions to all Shareholders of the Company and offers or makes available on substantially the same terms and conditions to all Shareholders of the Company and offers or makes available the same consideration in form and amount per Share to be purchased or otherwise acquired, (iii) that, taking into account to the extent considered appropriate by the board of directors of the Company, all financial, legal, regulatory and other aspects of such proposal and the Person making such proposal, is reasonably capable of being completed without undue delay in accordance with its terms; (iv) which is not subject to a financing condition and the board of directors of the Company is reasonably satisfied that the Person has or will have the funds to complete the Acquisition Proposal, (v) which is not subject to a due diligence and/or access condition which would allow access to the books, records, personnel or properties of the Company or its representatives beyond 5:00 p.m. (Eastern Standard Time) on the tenth day after which access is afforded to the third party making the Acquisition Proposal (provided, however, that the foregoing shall not restrict the ability of such third party to continue to review information provided to it by the Company during such ten-day period); and (vi) that the board of directors of the Company determines, in its good faith judgment, after receiving the advice of its outside legal and financial advisors and after taking into account all the terms and conditions of the Acquisition Proposal, is on terms and conditions that are more favourable from a financial point of view to the Shareholders than those contemplated by the Arrangement Agreement.

TERMINATION

Termination by Mutual Consent

The Arrangement Agreement may be terminated at any time prior to the Effective Time by the mutual written consent of Natus and the Company.

Termination by Natus or the Company

Either Natus or the Company may terminate its obligations under the Arrangement Agreement by written notice to the other party if:

(a) any Law makes the consummation of the Arrangement or the transactions contemplated by the Arrangement Agreement illegal or otherwise prohibited;

(b) if the Effective Date does not occur prior to the Outside Date, provided that the failure of the Effective Date to so occur is not the result of the breach of a representation, warranty or covenant of the party terminating the Arrangement Agreement; or

(c) if Shareholder Approval shall not have been obtained at the Meeting.

Termination by the Company

The Company may terminate its obligations under the Arrangement Agreement by written notice to Natus if Natus shall not have performed in all material respects any covenant to be performed by it under this Agreement or if any representation or warranty of Parent shall have been untrue in any material respect provided that the Company delivers written notice to Parent of such breach or default and, if curable, such breach or default shall not have been cured by Parent by the earlier of the Effective Time and the end of the fifth Business Day following the giving of such notice.

Termination by Natus

Natus may terminate its obligations under the Arrangement Agreement by written notice to the Company if:

(a) (A) any representation and warranty of the Company in this Agreement shall have been untrue or incorrect in any respects or, in some cases, in any material respects, or (B) the Company shall not have observed or performed in all material respects any covenant to be observed or performed by it under this Agreement; provided that Natus delivers written notice to the Company of such breach or default and, if curable, such breach or default shall not have been cured by the Company by the earlier of the Effective Time and the end of the fifth Business Day following the giving of such notice;

(b) the Company's representation in the Arrangement Agreement that it will have Net Debt in an aggregate amount not exceeding $1,885,000 representing the Net Debt publicly disclosed in the Company's consolidated balance sheet as at July 31, 2007 shall have been untrue or incorrect at the Effective Time;

(c) a Change of Recommendation has occurred prior to the Meeting; or

(d) if there shall have occurred after October 9, 2007 any Material Adverse Effect.

Termination Fee

The Company will be required to pay to Natus the sum of $2,750,000 (the "Termination Fee") if, prior to the Effective Date any of the following occur (a "Termination Fee Event"):

(a) Natus shall have terminated the Arrangement Agreement because a Change of Recommendation has occurred prior to the Meeting;

(b) Natus shall have terminated the Arrangement Agreement because the Company shall have breached in any material respect any of its obligations under the Arrangement Agreement; or

(c) a *bona* fide Acquisition Proposal has been publicly made known to the Company, is made directly to the Shareholders or any person publicly announces an intention to make an Acquisition Proposal or an Acquisition Proposal otherwise becomes widely known to the Shareholders and (i) thereafter the Arrangement Agreement is terminated by either Natus or the Company because the Arrangement has not been consummated by the Outside Date or because Shareholder Approval was not obtained at the Meeting and (ii) prior to the date that is 12 months after such termination, any Shares or assets are acquired under such Acquisition Proposal or the Acquisition Proposal is consummated.

Please refer to the Arrangement Agreement for a full description of the terms and conditions thereof.

Support Agreements

All of the directors and certain officers of the Company (collectively, the "Supporting Shareholders"), who hold in aggregate 4,575,314 Shares representing approximately 24.0% of the outstanding Shares of the Company, have entered into support agreements ("Support Agreements") with Natus and Sub concurrently with the Company entering into the Arrangement Agreement.

Each of the Supporting Shareholders has irrevocably agreed to, among other things, vote the Shares owned by the Supporting Shareholder in favour of the Arrangement Agreement and, if requested by Natus, appoint a person designated by Natus to attend and act on behalf of the Supporting Shareholder at the Special Meeting.

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

Not applicable.

ITEM 7 **Omitted Information**

Not applicable.

ITEM 8 **Executive Officer**

For further information, please contact John Mumford, President and Chief Executive Officer, at 905.829.5300

ITEM 9 **Date of Report**

October 10, 2007