

FORM 51-102F3

MATERIAL CHANGE REPORT

1. Name and Address of Company

Q9 Networks Inc. ("Q9")
Suite 4400, P.O. Box 235
77 King Street West
Toronto, Ontario
M5K 1J3

2. Date of Material Change

August 24, 2008.

3. News Release

Q9 issued a news release through the newswire services of CanadaNewsWire with respect to a material change. A copy of the news release is attached as Schedule "A".

4. Summary of Material Change

On August 24, 2008, Q9 announced that it had entered into a definitive acquisition agreement (the "Agreement") with CDC Acquisition Corp. (the "Purchaser"), an affiliate of ABRY Partners, LLC ("ABRY Partners") to purchase all of the outstanding common shares of Q9. Under the terms of the Agreement, Q9 shareholders will receive \$17.05 per common share in cash.

5. Full Description of Material Change

On August 24, 2008, Q9 announced that it had entered into the Agreement with the Purchaser, an affiliate of ABRY Partners to purchase all of the outstanding common shares of Q9. Under the terms of the Agreement, Q9 shareholders will receive \$17.05 per common share. The transaction, which values Q9 at approximately \$361 million, will be implemented by way of a court-approved plan of arrangement under the laws of Ontario.

The following is a summary of some of the terms of the Agreement and reference is made to the Agreement for the specific terms. A copy of the Agreement is available at www.sedar.com.

The completion of this transaction is subject to the approval of Q9's shareholders at a special meeting which is expected to be held in October 2008. In addition, the arrangement will require approval by the Ontario Superior Court of Justice. The transaction has been approved unanimously by the Board of Directors of Q9 (with interested directors abstaining) following the unanimous recommendation of a Special Committee of independent directors. In doing so, the Q9 Board determined that the

arrangement is in the best interests of Q9 and authorized the submission of the arrangement to shareholders of Q9 for their approval at the special meeting. The Q9 Board determined unanimously (with interested directors abstaining) to recommend to Q9 shareholders that they vote in favour of the transaction.

The transaction must be approved by the holders of common shares representing at least 66 2/3% of votes represented at the meeting and by the holders of more than 50% of the votes, other than votes in respect of shares held by certain members of senior management of Q9, represented at the meeting.

Q9's financial advisor, Jefferies & Company, Inc. provided an opinion to the Q9 Board that the consideration to be received by the shareholders under the arrangement is fair, from a financial point of view, to the shareholders of Q9.

The Agreement contains a "go-shop" provision pursuant to which Q9 has the right to solicit and engage in discussions and negotiations with respect to potential competing proposals through the go-shop period, which ends on October 3, 2008.

After October 3, 2008, Q9 is subject to a "no-shop" restriction on its ability to solicit third party proposals, provide information and engage in discussions with third parties, other than parties with whom discussions commenced prior to the expiration of the go-shop (each, an "Excluded Party"). The no-shop provision is subject to a fiduciary out that allows Q9, subject to certain conditions, to provide information and participate in discussions with respect to any unsolicited acquisition proposal received after October 3, 2008 which the Q9 Board has determined in good faith constitutes or is reasonably likely to result in a superior acquisition proposal.

Q9 may terminate the Agreement under certain circumstances, including if the Q9 Board determines in good faith it has received a superior acquisition proposal. Q9 has agreed to provide the Purchaser with notice of any superior acquisition proposal and to negotiate with the Purchaser for a period of four business days prior to accepting a superior acquisition proposal. If Q9 terminates the Agreement in order to accept a superior acquisition proposal it must pay a fee of approximately \$6.3 million to ABRY Partners if such termination occurs during the go-shop period or following the go-shop period where the superior proposal is from an Excluded Party, or approximately \$10.8 million if such termination occurs following the go-shop period with anyone other than an Excluded Party.

Either the Purchaser or Q9 may terminate the Acquisition Agreement if the closing has not occurred on or prior to November 21, 2008 (the "Outside Date"), except that the right to terminate will not be available to the party whose failure to fulfill any of its obligations has been a principal cause of, or resulted in, the failure of the closing to occur by such date.

Q9 has also agreed to pay to the Purchaser the reasonable documented expenses of the Purchaser and its affiliates incurred in connection with the transactions contemplated by

the Acquisition Agreement, not to exceed \$1.0 million, if the required vote is not obtained at the special meeting. However, Q9 will receive a credit for any amount so paid against any payment of the \$10.8 million if such fee is payable because prior to the special meeting, an acquisition proposal was publicly announced and within twelve months following the termination of the Acquisition Agreement, Q9 consummates a transaction with the person making such announcement.

Completion of the transaction is subject to various customary conditions precedent. The closing of the transaction will take place after satisfaction or waiver of all conditions.

The transaction is not subject to any financing condition. The transaction will be financed through a combination of equity which has been committed by ABRY Partners VI, L.P. (the "ABRY Fund") and debt financing that has been committed by TD Securities, TD Capital Mezzanine Partners, and affiliates, in each case subject to the terms of those commitments. The Agreement provides that in certain circumstances where the purchaser fails to complete the transaction as required, the purchaser would be required to pay to Q9 a "reverse break fee" of approximately \$18 million provided that in certain other circumstances (set forth in the Acquisition Agreement) such fee will be approximately \$10.8 million. The ABRY Fund has guaranteed the payment of the reverse break fee. For the specific terms of the guarantee please see the copy that is available at www.sedar.com.

Q9 has been advised that certain shareholders who currently hold approximately 28% of the outstanding common shares of Q9 (including Osama Arafat, Chief Executive Officer and Paul Sharpe, President and Chief Operating Officer, who own 0.9% and 0.7% respectively, of the outstanding common shares of Q9) have entered into agreements with the Purchaser to vote the shares of Q9 owned by such shareholders in favour of the transaction, subject to the terms and conditions of such agreements. The voting agreements terminate if the Q9 Board terminates the Agreement in certain circumstances, including in order to accept a superior acquisition proposal. The voting agreements with two of the shareholders that currently own approximately 11.5% and 6.8%, respectively, of the outstanding common shares of Q9 also permit those shareholders to sell the Q9 shares that they own in the market if the shareholders determine, in their respective discretion, that such a sale would be in their best interest. The foregoing is a summary of some of the terms of the voting agreement and reference is made to the voting agreements for the specific terms. Copies of the voting agreements are available at www.sedar.com.

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

Not applicable.

7. Omitted Information

Not applicable.

8. Executive Officer

If further information is desired, please contact:

Victoria Coombs
General Counsel and Corporate
Secretary
Telephone: 416-848-3270
Email: Victoria.coombs@q9.com

9. Date of Report

August 25, 2008

SCHEDULE "A"



MEDIA RELEASE

Q9 Networks Inc. Agrees to be Acquired by ABRY Partners at \$17.05 Per Share in Cash

Toronto, ON, - August 24, 2008 – Q9 Networks Inc. (TSX:Q) ("Q9") announced today that it has entered into a definitive acquisition agreement (the "Agreement") with CDC Acquisition Corp. ("ABRY"), an affiliate of ABRY Partners, LLC ("ABRY Partners") to purchase all of the outstanding common shares of Q9. Under the terms of the Agreement, Q9 shareholders will receive \$17.05 per common share in cash, representing a premium of 38% to the 30-trading day volume weighted average closing price on the Toronto Stock Exchange. The transaction, which values Q9 at approximately \$361 million, will be implemented by way of a court-approved plan of arrangement under the laws of Ontario.

"ABRY is one of the most experienced private equity firms in the media, communications, and information industry," said Osama Arafat, CEO and Paul Sharpe, President and COO of Q9. "We believe they are the right partner to continue our aggressive growth plans while providing outstanding service to our valued customers. We are very proud of what the Q9 team has achieved to date and we look forward to leading them through our next phase of growth."

"We are strong believers in the Canadian data centre infrastructure market and are excited to be participating in it through our acquisition of Q9," said C.J. Brucato, Partner at ABRY Partners. "Q9, with its talented management team, has achieved a leading market position and a diversified blue chip customer base. We look forward to helping Q9 accelerate their growth and extend their leadership position."

The completion of this transaction is subject to the approval of Q9's shareholders at a special meeting which is expected to be held in October 2008. In addition, the arrangement will require approval by the Ontario Superior Court of Justice. The transaction has been approved unanimously by the Board of Directors of Q9 (with interested directors abstaining) following the unanimous recommendation of a Special Committee of independent directors comprised of Timothy Jackson, John Albright, Timothy Price, John Turner and Timothy Aubrey. In doing so, the Q9 Board determined that the arrangement is in the best interests of Q9 and authorized the submission of the arrangement to shareholders of Q9 for their approval at the special meeting. The Q9 Board has also determined unanimously (with interested directors abstaining) to recommend to Q9 shareholders that they vote in favour of the transaction.

Q9 NETWORKS

Q9 Networks Inc.
Suite 4400, PO Box 235
77 King Street West
Toronto, ON M5K 1J3
Tel: (416) 362-7000
Fax: (416) 362-7001
www.Q9.com

The transaction must be approved by the holders of common shares representing at least 66 2/3% of votes represented at the meeting and by the holders of more than 50% of the votes, other than votes in respect of shares held by certain members of senior management of Q9, represented at the meeting.

Q9's financial advisor, Jefferies & Company, Inc. has provided an opinion to the Q9 Board that the consideration to be received by the shareholders under the arrangement is fair, from a financial point of view, to the shareholders of Q9. TD Securities is acting as financial advisor to ABRY.

The Agreement contains a "go-shop" provision pursuant to which Q9 has the right to solicit and engage in discussions and negotiations with respect to potential competing proposals through the go-shop period, which ends on October 3, 2008.

After October 3, 2008, Q9 is subject to a "no-shop" restriction on its ability to solicit third party proposals, provide information and engage in discussions with third parties, other than parties with whom discussions commenced prior to the expiration of the go-shop (each, an "Excluded Party"). The no-shop provision is subject to a fiduciary out that allows Q9, subject to certain conditions, to provide information and participate in discussions with respect to any unsolicited acquisition proposal received after October 3, 2008 which the Q9 Board has determined in good faith constitutes or is reasonably likely to result in a superior acquisition proposal.

Q9 may terminate the Agreement under certain circumstances, including if the Q9 Board determines in good faith it has received a superior acquisition proposal. Q9 has agreed to provide ABRY with notice of any superior acquisition proposal and to negotiate with ABRY for a period of four business days prior to accepting a superior acquisition proposal. If Q9 terminates the Agreement in order to accept a superior acquisition proposal it must pay a fee of approximately \$6.3 million to ABRY Partners if such termination occurs during the go-shop period or following the go-shop period where the superior proposal is from an Excluded Party, or approximately \$10.8 million if such termination occurs following the go-shop period with anyone other than an Excluded Party.

Completion of the transaction is subject to various customary conditions precedent. The closing of the transaction will take place after satisfaction or waiver of all conditions. While the timing associated with satisfying these conditions is not certain, Q9 currently expects the transaction to close in the fourth calendar quarter of 2008, subject to the terms of the Agreement.

The transaction is not subject to any financing condition. The transaction will be financed through a combination of equity which has been committed by ABRY Partners VI, L.P. (the “ABRY Fund”) and debt financing that has been committed by TD Securities, TD Capital Mezzanine Partners, and affiliates, in each case subject to the terms of those commitments. The Agreement provides that in certain circumstances where the purchaser fails to complete the transaction as required, the purchaser would be required to pay to Q9 a “reverse break fee” of approximately \$18 million provided that in certain other circumstances such fee will be approximately \$10.8 million. The ABRY Fund has guaranteed the payment of the reverse break fee.

Q9 has been advised that certain shareholders (including Osama Arafat, Chief Executive Officer and Paul Sharpe, President and Chief Operating Officer) holding approximately 28% of the outstanding common shares of Q9 have entered into an agreement with ABRY to vote the shares of Q9 owned by such shareholders in favour of the transaction, subject to the terms and conditions of such agreement. The voting agreements terminate if the Q9 Board terminates the Agreement in certain circumstances, including in order to accept a superior acquisition proposal.

Copies of the Agreement and certain documents will be filed with the Canadian securities regulators and will be available at the Canadian SEDAR website at www.sedar.com. The management information circular in connection with the special meeting of shareholders to consider the arrangement is expected to be mailed to shareholders over the coming weeks. The circular will also be available as part of Q9’s public filings at www.sedar.com.

Q9 is being represented by McCarthy Tétrault LLP while ABRY is being represented by McMillan LLP and Kirkland & Ellis LLP.

Forward Looking Statements

This media release includes certain forward-looking statements within the meaning of applicable securities laws relating to the proposal to acquire all of the outstanding shares of Q9. Any statements contained herein that are not statements of historical facts may be deemed to be forward-looking statements. The completion of the proposed transaction is subject to a number of terms and conditions, including, without limitation: (i) required Q9 shareholder approval, (ii) necessary court approvals, and (iii) certain termination rights available to the parties under the arrangement agreement. These approvals may not be obtained, the other conditions to the transaction may not be satisfied in accordance with their terms, and/or the parties to the arrangement agreement may exercise their termination rights, in which case the proposed transaction could be modified, restructured or terminated, as applicable. Readers are cautioned not to place undue reliance on

forward-looking statements. Actual results and developments may differ materially from those contemplated by these statements depending on, among other things, the risks that the parties will not proceed with a transaction, that the ultimate terms of the transaction will differ from those that are currently contemplated, and that the transaction will not be successfully completed for any reason (including the failure to obtain any required approvals). Q9 does not intend, and disclaims any obligation, except as required by law, to update or revise any forward looking statements whether as a result of new information, future events or otherwise.

About Q9 Networks

Q9 Networks is a leading Canadian provider of outsourced data centre infrastructure for organizations with mission-critical IT operations. Q9's data centres and network are backed by an industry leading SLA which guarantees 100 per cent network and power availability. Q9 managed services, including: bandwidth, dedicated servers, firewalls, load balancing, virtual private networking (VPN) and back-up/restore, enable the rapid provisioning and scalability of client infrastructure.

About ABRY

Based in Boston, Massachusetts, ABRY Partners enjoys a position as one of the most experienced and successful media and communications focused private equity investment firms in North America. Since 1989, ABRY Partners has completed over \$21 billion of leveraged transactions and other private equity and mezzanine investments, representing investments in more than 500 media and communications properties. Extensive and long-standing relationships with many different stakeholders in the media, communications and finance businesses allow ABRY Partners to contribute significant value to operating partners and portfolio companies. ABRY Partners has extensive experience in data centre space through its existing U.S. data centre portfolio companies CyrusOne and Hosted Solutions. More information is available at www.abry.com.

For further information, please contact:

Kevin Spikes
Director of Corporate & Investor Relations
Q9 Networks
Toronto: 416-848-3311
Toll Free: 1-888-696-2266
kevin.spikes@Q9.com
www.Q9.com