

**FORM 51-102F3
MATERIAL CHANGE REPORT**

Item 1 – Name and Address of Reporting Issuer:

Rutter Inc. (“**Rutter**”)
63 Thorburn Road
St. John’s, NL
A1B 3M2

Item 2 – Date of Material Change:

January 31, 2014

Item 3 – Press Release:

The press release attached hereto as Schedule “A” was disseminated in St. John’s, NL, over Canada NewsWire on January 30, 2014.

Item 4 – Summary of Material Change:

Rutter and 8758875 Canada Inc. (the “**Offeror**”) announced that the Offeror has commenced its offer to acquire all of the issued and outstanding common shares of Rutter for cash at a price of \$0.061 per share. The Board of Directors of Rutter has determined to not make a recommendation to shareholders of Rutter with respect to the acceptance or rejection of the Offer. Full details of the offer and the directors’ non-recommendation are contained in the take-over bid circular of the Offeror and the directors’ circular of Rutter respectively, which are available under Rutter’s SEDAR profile at www.sedar.com.

Item 5 – Full Description of Material Change:

The material change is fully described in the press release attached hereto as Schedule “A”.

Item 6 – Reliance on Subsection 7.1(2) of National Instrument 51-102:

Not applicable.

Item 7 – Omitted Information:

Not applicable.

Item 8 – Executive Officers:

For further information, please contact Karen Snook, CFO 1-709-576-6666

Item 9 – Date of Report:

February 3, 2014

SCHEDULE "A"

Offer and Take-Over Bid Circular and Directors' Circular Mailed to Rutter Shareholders

ST. JOHN'S, Jan. 30, 2014 /CNW/ - Rutter Inc. ("**Rutter**" or the "**Company**") (TSX: RUT) and 8758875 Canada Inc. (the "**Offeror**") today announced that the Offeror has commenced its offer (the "**Offer**") to acquire all of the issued and outstanding common shares (the "**Shares**") of the Company, other than Shares beneficially owned, directly or indirectly, by Messrs. Fraser Edison, Ryan Hinz, James White and Donald Clarke (collectively, the "**Offering Shareholders**") and their joint actors, for cash at a price of \$0.061 per Share, and mailed the Offer and take-over bid circular (the "**Take-over Bid Circular**") to the Company's shareholders (the "**Shareholders**"). The directors' circular (the "**Directors' Circular**") of the Company's board of directors (the "**Board**") has been mailed concurrently with the Offer and Take-over Bid Circular.

Each of the Offering Shareholders is a director of the Company, and Mr. Edison is the Chief Executive Officer of the Company. Accordingly, the Offer is an "insider bid" under applicable securities laws. A valuation of the Shares by Klein Farber Corporate Finance Inc. that has been prepared under the supervision of the independent committee of the Board (the "**Independent Committee**") is included with the Take-over Bid Circular. Klein Farber's valuation concludes that the fair market value of the Shares is in the range of \$0.075 to \$0.115 per share.

The Board, after careful consideration and acting upon the unanimous recommendation of the Independent Committee, and with the Offering Shareholders abstaining by reason of their interest in the Offer, is not making a recommendation to Shareholders as to whether or not to accept the Offer. The factors considered by the Independent Committee in determining not to make a recommendation to Shareholders with respect to the Offer are set out in the Directors' Circular. The Offeror, the Offering Shareholders, Rutter and certain members of the Board have entered into an agreement negotiated on behalf of Rutter by the Independent Committee (the "**Offer Agreement**") with respect to the Offer, which is summarized in the Take-over Bid Circular and the Directors' Circular. A copy of the Offer Agreement is available under Rutter's SEDAR profile at www.sedar.com.

The Offer will be open for acceptance until 5:00 p.m. (Eastern) on March 17, 2014 (the "**Expiry Time**"), unless extended or withdrawn. The Offer is subject to the condition, among others, that there shall have been deposited pursuant to the Offer and not withdrawn at the Expiry Time, a number of Shares which represents, in each case, on a fully-diluted basis (i) together with the Shares beneficially owned, directly or indirectly, by the Offering Shareholders and their joint actors, at least 66 2/3% of the aggregate number of outstanding Shares and (ii) at least a majority of the outstanding Shares the votes of which would be included in the applicable minority approval of a subsequent acquisition transaction pursuant to applicable securities laws, as described in the Take-over Bid Circular. The Offeror has agreed with Rutter under the Offer Agreement not to waive this condition or amend the other conditions of the Offer.

In the event that the conditions of the Offer are satisfied by 5:00 p.m. (Eastern) on March 7, 2014, the Offeror intends on March 10, 2014 to take up all Shares deposited to the Offer at that time, and will issue a press release announcing the same. The Offer will remain open until 5:00 p.m. (Eastern) on March 17, 2014. In the event that the Offeror takes up Shares deposited to the Offer, the Offeror intends to proceed with a compulsory acquisition or subsequent acquisition transaction to acquire any Shares not deposited to the Offer.

Full details of the Offer are contained in the Take-over Bid Circular of the Offeror which, together with the Directors' Circular, are available under Rutter's SEDAR profile at www.sedar.com.

Jones Gable & Company Limited is the depositary for the Offer. Shareholders whose Shares are registered in the name of an investment dealer, stockbroker, bank, trust company or other nominee should contact such nominee if they wish to accept the Offer.

About 8758875 Canada Inc. - The Offeror is wholly-owned by the Offering Shareholders and was incorporated for the sole purpose of making the Offer and has not conducted any business activities to date.

About Rutter Inc. - Rutter is an enterprise focused on providing innovative technologies and engineering solutions. Rutter's global network supplies technologies to improve efficiency and safety in the marine, defense, transportation, oil and gas sectors from its headquarters in the Province of Newfoundland and Labrador. For more information see www.rutter.ca.

About OceanWaveS GmbH - OceanWaveS GmbH, a wholly-owned subsidiary of Rutter, is an enterprise focused on technology development for the real time measurement of directional ocean wave spectra. For more information see www.oceanwaves.org.

Caution Regarding Forward-Looking Information

This press release contains forward-looking information within the meaning of applicable securities laws ("forward-looking statements") that relate to the Offer. Such forward-looking statements involve known and unknown risks, uncertainties and other factors and assumptions that may cause the actual results, performance or achievements of Rutter to differ materially from the anticipated results, performance or achievements or developments expressed or implied by such forward-looking statements. Such statements and factors include, but are not limited to, the take-over bid and the compulsory acquisition or subsequent acquisition transaction; the outcome and merits of the Offer; expected timing of the take-up, expiry and compulsory acquisition or subsequent acquisition transaction; delivery and availability of circulars and relevant materials in connection with the take-over bid; developments in the capital markets; material adverse developments in Rutter's business; and other factors discussed under "Risk Factors" in the Annual Information Form of Rutter dated November 29, 2013 and other documents filed with Canadian provincial securities regulatory authorities.

These forward-looking statements reflect beliefs and assumptions which are based on Rutter's perception of historical trends, current conditions and expected future developments, as well as other factors management believes are appropriate in the circumstances. In making these statements, Rutter has made assumptions with respect to: the current business prospects of Rutter; strategy and outlook of Rutter; the effect of the potential take-over bid may have on the operational or financial conditions of Rutter; availability of financing if required in connection with the offer; expectations related to future general economic and market conditions; no material developments in the regulatory and competitive environment facing Rutter; future results being similar to historical results; and other matters. Readers are cautioned not to place undue reliance upon any such forward-looking statements, which speak only as of the date made. Rutter does not undertake or accept any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements to reflect any change in its expectations or any change in events, conditions or circumstances on which any such statement is based, except as required by law.

SOURCE: Rutter Inc.

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For further information:

Karen Snook, Chief Financial Officer and Corporate Secretary, Rutter Inc. +1 709 576 6666

CO: Rutter Inc.

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