TRADEMARK ASSIGNMENT

Electronic Version v1.1
Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT
NATURE OF CONVEYANCE:	Agreement and Plan of Amalgamation

CONVEYING PARTY DATA

Name	Formerly	Execution Date	Entity Type
Whitehill Technologies, Inc.		07/30/2007	CORPORATION: DELAWARE

RECEIVING PARTY DATA

Name:	Skywire Software Canada Inc.
Street Address:	260 MacNaughton Avenue
City:	Moncton, New Brunswick
State/Country:	CANADA
Postal Code:	E1H 2J8
Entity Type:	CORPORATION: CANADA

PROPERTY NUMBERS Total: 2

Property Type	Number	Word Mark
Serial Number:	75427321	METASERVER
Serial Number:	75427009	METASERVER

CH $65.00 75427321

CORRESPONDENCE DATA

Fax Number: (404)815-2424
Correspondence will be sent via US Mail when the fax attempt is unsuccessful.
Phone: 404-815-2231
Email: carolfraser@paulhastings.com
Correspondent Name: Carol Fraser, Corporate Paralegal
Address Line 1: 600 Peachtree Street, NE, Suite 2400
Address Line 4: Atlanta, GEORGIA 30308

DOMESTIC REPRESENTATIVE

Name:
Address Line 1:
Address Line 2:
Address Line 3:

Address Line 4:	
NAME OF SUBMITTER:	Carol Fraser
Signature:	//Carol Fraser//
Date:	01/04/2008

Total Attachments: 68
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AGREEMENT AND PLAN OF AMALGAMATION

This **AGREEMENT AND PLAN OF AMALGAMATION** (this "**Agreement**") is made and entered into as of July 30, 2007 (the "**Agreement Date**"), by and among Docucorp International, Inc., a corporation organized under the laws of the State of Delaware ("**Parent**"), WT Acquisition Corp., a corporation organized under the laws of the Province of New Brunswick, Canada and a wholly-owned subsidiary of Parent ("**Transaction Sub**"), Whitehill Technologies Inc., a corporation organized under the laws of the Province of New Brunswick, Canada (the "**Company**"), and Tom Eisenhauer, a citizen of Canada (the "**Shareholders Representative**").

RECITALS

A. The Company is in the business of developing, selling, and maintaining (including professional services in connection therewith) software programs targeting insurance companies and financial, legal, and other professional services management problems and solutions (the "**Business**").

B. The respective Boards of Directors of Parent, Transaction Sub and the Company have approved and declared advisable this Agreement and the amalgamation of Transaction Sub with and into the Company (the "**Amalgamation**"), upon the terms and subject to the conditions set forth in this Agreement and in accordance with the *Business Corporations Act* (New Brunswick) or any successor statute (the "**BCANB**").

C. The Parent has also agreed to direct Transaction Sub to make an offer to acquire all of the issued and outstanding shares in the capital of the Company and to permit shareholders of the Company to tender their respective shares in the capital of the Company to such offer on the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants, promises, and representations set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

ARTICLE I
AMALGAMATION AND ALTERNATIVE TENDER OFFER

1.1 Completion of Transactions at the Effective Time. Upon the terms and subject to the conditions set forth herein, on or before the completion of the transactions contemplated by this Section 1.1, Parent agrees to subscribe for common shares in the capital of Transaction Sub ("**Transaction Sub Shares**") for an amount equal to the Aggregate Consideration (as defined below). On the Closing Date and subject to and upon the terms and conditions of this Agreement and in accordance with the BCANB:

(a) The holders of the Series A Preferred Shares in the capital of the Company (the "**Company Series A Shares**") and the holders of the Series B Preferred Shares in the capital

of the Company (the "**Company Series B Shares**") shall have taken all steps and executed and delivered any and all documents, in each case as may be reasonably satisfactory to the Parent, as may be required in order to convert all of the issued and outstanding Company Series A Shares and Company Series B Shares into Common Shares in the capital of the Company ("**Company Common Shares**" and, together with the Company Series A Shares and the Company Series B Shares, the "**Company Shares**") effective immediately prior to the completion of the transactions contemplated in this Section 1.1;

(b) Transaction Sub shall purchase, and the Tendering Shareholders shall sell, all of the Tendered Shares tendered by the Tendering Shareholders pursuant to the Alternative Tender Offer contemplated by Section 1.6 below; and

(c) At the Effective Time immediately following the completion of the transactions contemplated by Section 1.1(a) and (b) above, Transaction Sub and the Company shall amalgamate and shall continue as the Amalgamated Corporation.

For purposes of this Agreement, the Company as the amalgamated corporation after the completion of the transactions contemplated by Sections 1.1(a) through 1.1(c) above is hereinafter sometimes referred to as the "**Amalgamated Corporation**."

1.2 Effective Time; Closing. Subject to the provisions of this Agreement, the parties hereto shall cause the Amalgamation to be consummated by filing Articles of Amalgamation (the "**Articles of Amalgamation**") with the Director of Corporations (New Brunswick) in accordance with Section 122 and any other relevant provisions of the BCANB and this Agreement on the Closing Date, and (ii) all other filings or recordings required under the BCANB in connection with the Amalgamation. The closing of the transactions contemplated by Section 1.1 above (the "**Closing**") shall take place at the offices of Parent, on the date of the shareholders meeting required to be called by the Corporation pursuant to Section 6.1 of this Agreement (the "**Closing Date**"), and shall be effective: (i) in the case of the purchase and sale transactions contemplated by Section 1.1(b) above, immediately prior to the Effective Time, and (ii) in the case of the Amalgamation, at the Effective Time. For purposes of this Agreement: (i) the term "**Business Day**" shall mean any day other than Saturday, Sunday, or a day on which federally-chartered banks in the Province of New Brunswick are permitted to be closed for business, and (ii) the term "**Effective Time**" shall mean the time of the filing of the Articles of Amalgamation as provided herein.

1.3 Effect of the Amalgamation. At the Effective Time, the Company and Transaction Sub shall amalgamate to form the Amalgamated Corporation with the effect that: (i) all the property, rights, privileges, powers, and franchises of the Company and Transaction Sub shall vest in the Amalgamated Corporation, (ii) without limiting the indemnification and other rights in favor of the Parent set forth in this Agreement, all debts, liabilities, and duties of the Company and Transaction Sub shall become the debts, liabilities, and duties of the Amalgamated Corporation, (iii) a conviction against, or ruling, order or judgment in favor or against any of Transaction Sub and the Company may be enforced by or against the Amalgamated Corporation, (iv) the Amalgamated Corporation shall be deemed to be the party plaintiff or the party defendant, as the case may be, in any civil action commenced by or against any of Transaction Sub and the Company, and (v) unless and until otherwise determined in the manner required by

law or by the Amalgamated Corporation, its directors or shareholders, the following provisions shall apply to the Amalgamated Corporation:

(a) Name. The name of the Amalgamated Corporation shall be Skywire Software Canada Inc.;

(b) Registered Office. The registered office of the Amalgamated Corporation shall be located in the City of Moncton in the Province of New Brunswick. The address of the registered office of the Amalgamated Corporation shall be 260 MacNaughton Ave., Moncton, NB, E1H 2J8 Canada;

(c) Business and Powers. There shall be no restrictions on the business that the Amalgamated Corporation may carry on or on the powers it may exercise;

(d) Authorized Share Capital. the Amalgamated Corporation shall be authorized to issue an unlimited number of common shares (the "**Amalgamated Corporation Common Shares**") and an unlimited number of Class A Preferred Shares having the rights, privileges, restrictions and conditions set forth in Schedule 1.3(d) (the "**Amalgamated Corporation Class A Shares**" and, together with the Amalgamated Corporation Common Shares, the "**Amalgamated Corporation Shares**");

(e) Share Cancellation. All Transaction Sub Shares and all Company Shares shall be cancelled as follows:

(i) Each Transaction Sub Share issued and outstanding on the Closing Date will be cancelled and extinguished and will be automatically converted into an Amalgamated Corporation Common Share on the basis of one (1) Amalgamated Corporation Common Share for each Transaction Sub Share;

(ii) In accordance with Section 121(2) of the BCANB, all of the issued and outstanding shares in the capital of the Company acquired and held by Transaction Sub pursuant to the purchase and sale transactions contemplated by the Alternative Tender Offer pursuant to Section 1.1(b) above as at the Effective Time shall be cancelled at the Effective Time without any repayment of capital in respect thereof on the part of the Company or the Amalgamated Corporation;

(iii) Each Company Common Share issued and outstanding at the Effective Time, for certainty excluding the Company Common Shares acquired by Transaction Sub and cancelled pursuant to subsection (ii) above, will be cancelled and extinguished and, except for Company Common Shares which are held by Dissenting Shareholders, will be automatically converted into an Amalgamated Corporation Class A Share on the basis of one (1) Amalgamated Corporation Class A Share for each Company Common Share, with each Amalgamated Corporation Class A Share to be redeemed by the Amalgamated Corporation immediately after the Effective Time for the Class A Redemption Consideration Per Share, subject to and in accordance with the rights, privileges, restrictions and conditions relating to the Amalgamated Corporation Class A Shares and in accordance with Section 1.8 below; provided that it is agreed that

upon completion of the Amalgamation, the Amalgamated Corporation shall not be required to prepare certificates representing Amalgamated Corporation Class A Shares to be issued by Transaction Sub pursuant hereto.

(iv) No fraction of an Amalgamated Corporation Class A Share will be issued upon conversion of Company Common Shares pursuant to the transactions contemplated herein, but in lieu thereof, each Holder of Company Common Shares who would otherwise be entitled to a fraction of an Amalgamated Corporation Class A Share (after aggregating all fractional Amalgamated Corporation Class A Share to be received by such holder) shall be entitled to receive from the Amalgamated Corporation an amount of cash (rounded to the nearest whole cent) equal to the product of (i) such fraction of an Amalgamated Corporation Class A Share, multiplied by (ii) the Class A Redemption Consideration Per Share;

(v) At the Effective Time, the stated capital to be added to each class of securities of the Amalgamated Corporation shall be as follows: (i) the stated capital of the Transaction Sub Shares immediately prior to the Effective Time, in respect of the Amalgamated Corporation Common Shares, and (ii) the stated capital of the Company Common Shares immediately prior to the Effective Time, in the aggregate, in respect of the issued Amalgamated Corporation Class A Shares. Such stated capital for the Amalgamated Corporation Class A Shares shall be reduced, as applicable, at Closing to take into consideration the amount the Dissenting Shareholders would otherwise receive upon the completion of the Amalgamation in accordance with the terms hereof.

(f) Share Transfer Restrictions. The transfer of shares in the capital of the Amalgamated Corporation shall be restricted in that no share shall be transferred without either (i) the consent of the directors of the Amalgamated Corporation expressed by resolution passed by the board of directors or by an instrument or instruments in writing signed by all of such directors, or (ii) the consent of the holders of shares to which are attached 100% of the voting rights attaching to all shares for the time being outstanding and entitled to vote at such time expressed by a resolution passed by such shareholders at a meeting duly called and constituted for that purpose or by an instrument or instruments in writing signed by all of such shareholders;

(g) Number of Directors. The number of directors of the Amalgamated Corporation shall not be less than one (1) and not more than ten (10);

(h) Initial Directors. The initial directors of the Amalgamated Corporation shall be the directors of Transaction Sub immediately prior to the Effective Time;

(i) By-Laws. The by-laws of the Amalgamated Corporation shall be those of Transaction Sub, which may be examined at 260 MacNaughton Ave., Moncton, NB, E1H 2J8 Canada;

(j) Borrowing Powers. Without limiting the powers of the board of directors as set in the BCANB, the board of directors of the Amalgamated Corporation may from time to time on behalf of the Amalgamated Corporation:

(i) borrow money upon the credit of the Amalgamated Corporation;

(ii) issue, re-issue, sell or pledge debt obligations of the Amalgamated Corporation;

(iii) to the extent permitted by the BCANB, give, directly or indirectly, financial assistance to any person by means of a loan, a guarantee to secure the performance of an obligation or otherwise; and

(iv) mortgage, hypothecate, pledge or otherwise create a security interest in all or any of the property of the Amalgamated Corporation owned or subsequently acquired to secure any obligation of the Amalgamated Corporation.

1.4 Defined Terms.

For purposes of this Agreement and for purposes of the rights, privileges, restrictions and conditions set forth in Schedule 1.3(d) (the "**Share Provisions**") attached hereto:

(a) **"Aggregate Consideration"** means an amount equal to: (i) $38,090,000, less (ii) an amount equal to the Aggregate Option Exercise Consideration, expressed in Canadian dollars;

(b) **"Aggregate Closing Consideration After Deductions"** means an amount equal to: (i) the Aggregate Consideration, less (ii) the Escrow Amount, less (iii) an amount equal to the Class A Redemption Consideration Per Share (inclusive of the Class A Escrow Contribution Per Share relating thereto) multiplied by that number of Company Common Shares, if any, included among the Dissenting Shares;

(c) **"Aggregate Option Exercise Consideration"** means the aggregate exercise price that would otherwise be payable by the holders of Company Options in connection with the exercise of all of the Company Options if all such Company Options were exercised in full at their respective exercise prices immediately prior to the Closing Date, which amount shall be set forth in the certificate of the Corporation contemplated by Section 1.12(a)(viii) below;

(d) **"Basic Escrow"** means the escrow established pursuant to Section 1.7(a)(i) of this Agreement;

(e) **"Class A Escrow Contribution Per Share"** means an amount determined by dividing the Escrow Amount by an amount equal to the Class A Pro Forma Outstanding Shares;

(f) **"Class A Pro Forma Outstanding Shares"** means an amount equal to: (i) the aggregate number of Company Common Shares, excluding Dissenting Shares, issued and outstanding immediately prior to the completion of the transactions contemplated by Section

1.1(b) and Section 1.1(c) of this Agreement (and, for certainty, taking into account and including the number of Company Common Shares issued by the Company upon the conversion of the Company Series A Shares or the Company Series B Shares pursuant to Section 1.1(a) of this Agreement), plus (ii) the number of whole Company Option Shares that would otherwise be issuable upon the exercise of the Company Options on a cashless exercise basis pursuant to Section 1.5 of this Agreement;

(g) **"Class A Redemption Consideration Per Share"** means: (i) an amount equal to the Aggregate Closing Consideration After Deductions divided by the Class A Pro Forma Outstanding Shares less the Class A Escrow Contribution Per Share, plus (ii) the right to receive payment from the Basic Escrow as determined in accordance with Section 1.7 of this Agreement and the Basic Escrow Agreement; plus (iii) the right to receive payment, if any, in accordance with Section 1.7(f) of this Agreement and the Elite Escrow Agreements;

(h) **"Company Securities"** means the Company Common Shares, the Company Series A Shares, the Company Series B Shares and the Company Options;

(i) **"Elite Escrow"** means the escrow established pursuant to Section 1.7(a)(ii) of this Agreement.

(j) **"Elite Escrow Amount"** means the amount by which the Elite Receivable remains uncollected on the Closing Date, in no event to exceed US$1,164,000. If the Elite Receivable shall have been collected in full prior to the Closing Date, the Elite Escrow Amount shall be zero.

(k) **"Elite Receivable"** means the account receivable of the Company as of the Agreement Date in respect to one or more unpaid invoices in the approximate amount of US$1,698,000 pursuant to the Company's agreement with Thomson Elite, a division of West Publishing Corporation, formerly known as Elite Information Systems, Inc., as such agreement has been amended.

(l) **"Escrow Account"** has the meaning set forth in Section 1.7(a) below;

(m) **"Escrow Amount"** means: (i) $3,809,000, in respect of the Basic Escrow, and (ii) the Elite Escrow Amount , if any, calculated and determined as of the Closing Date in accordance with this Agreement and in accordance with the certificate contemplated by Section 1.12(a)(viii) below;

(n) **"Escrow Agent"** means LaBarge Weinstein Professional Corporation;

(o) **"Holder"** means a holder of Company Securities; and

(p) **"Pro Rata Entitlement Per Share"** means, in respect of a subject amount, the amount divided by the Class A Pro Forma Outstanding Shares.

1.5 Stock Options. The board of directors of the Company shall take all steps, approve such resolutions and amendments to the Company's Stock Option Plan dated as of October 11, 2004, as amended (the **"Company Stock Option Plan"**) and execute and deliver all waivers,

instruments, agreements or other documents as may be reasonably required in order to ensure that, as at the Effective Time, each option to purchase Company Stock ("**Company Options**") then outstanding under the Stock Option Plan, will be canceled and extinguished and automatically converted into the right to receive, on a cashless exercise basis but subject to applicable statutory and other withholdings, consideration (the "**Option Consideration**") equal to the Class A Redemption Consideration Per Share in respect of each whole Company Common Share ("**Company Option Shares**") into which such Company Options may be exercised minus the exercise price of such Company Option, such Option Consideration to be payable in accordance with Section 1.8 of this Agreement. For certainty, in connection with the cancellation of the Company Options pursuant hereto, there shall be deducted from the applicable Option Consideration the Class A Escrow Contribution Per Share, calculated in the same manner as if the Company Option Shares had been issued and outstanding prior to the Effective Time and had been cancelled and redeemed in accordance with Section 1.3(e) and Section 1.8 of this Agreement.

1.6 Alternative Tender Offer.

The parties hereto agree as follows:

(a) the Transaction Sub shall make an offer (the "**Alternative Tender Offer**") to each of the Holders of Company Common Shares to acquire all (but not less than all) of the Common Shares (for certainty, not including the Company Series A Shares or Company Series B Shares, which are required to be converted into Company Common Shares in accordance with the Company Articles in order to be eligible to be tendered to the Alternative Tender Offer) held by such shareholder for a purchase price per share equal to the Class A Redemption Consideration Per Share (the "**ATO Purchase Price Per Share**") that would otherwise have been payable to the holders of Company Common Shares accepting the Alternative Tender Offer (the "**Tendering Shareholders**") had the Company Common Shares tendered to the Alternative Tender Offer (the "**Tendered Shares**") been cancelled and/or redeemed upon the Amalgamation in accordance with Section 1.3(e) of this Agreement;

(b) for certainty, in connection with the completion of the purchase and sale transactions contemplated by the Alternative Tender Offer in respect of the Company Common Shares there shall be deducted from the applicable ATO Purchase Price Per Share the Class A Escrow Contribution Per Share, calculated in the same manner as if the Tendered Shares had been cancelled and redeemed in connection with the Amalgamation in accordance with Section 1.3(e) of this Agreement;

(c) the Company and the Transaction Sub shall communicate the Alternative Tender Offer to the Holders in the Meeting Materials required to be provided by the Company to its shareholders pursuant to Section 6.1 of this Agreement, which Meeting Materials shall include a transmittal letter (the "**Letter of Transmittal**") in a form acceptable to the Parent, acting reasonably (which Letter of Transmittal shall include, among other things, such representations, warranties, conditions, releases and indemnities relating to the purchase and sale transaction contemplated by the Alternative Tender Offer and the Amalgamation) pursuant to which the shareholders of Company: (i) shall receive and may accept the Alternative Tender Offer on the terms and conditions set forth in the Letter of Transmittal; and (ii) shall receive

instructions for required delivery of materials necessary to receive the consideration payable upon the redemption of the Amalgamated Corporation Class A Shares;

(d) without limiting the generality of the foregoing: (i) no Dissenting Shareholder shall be eligible to accept the Alternative Tender Offer, and (ii) Holders of Company Series A Shares and Company Series B Shares shall be required to convert their respective Company Series A Shares and Company Series B Shares into Company Common Shares in order to be eligible to tender such shares to the Alternative Tender Offer, in each case in accordance with the terms and conditions of the Letter of Transmittal contemplated above;

(e) for certainty, the acceptance period by the holders of Company Common Shares of the Alternative Tender Offer shall terminate as at the Effective Time and, upon completion of the Amalgamation in accordance with the foregoing, any Company Common Shares not validly or timely tendered to the Alternative Tender Offer in the manner contemplated herein or in the Letter of Transmittal as at the Effective Time shall be cancelled in accordance with Section 1.3(e) of this Agreement upon the completion of the Amalgamation at the Effective Time; and

(f) the holders of Company Common Shares shall accept the Alternative Tender Offer by submitting a duly executed copy of the Letter of Transmittal together with the prior surrender and exchange of certificates or agreements, or, in the absence thereof, Affidavits, representing Company Securities and the delivery of an executed Letter of Transmittal to Parent, which Letter of Transmittal: (i) may be delivered by the Tendering Shareholders to the Company or its counsel (in its capacity as exchange agent) prior to the Closing Date in accordance with the instructions to be set forth in the Letter of Transmittal, but (ii) shall not be delivered by the Company or such exchange agent to the Transaction Sub until the Closing Date.

1.7 Escrow Arrangements.

(a) There shall be two escrow accounts (the "**Escrow Accounts**") established pursuant to this Agreement: (i) the first in the amount of $3,809,000 as security for the indemnities set forth in Article IX of this Agreement by the Holders in favor of the Parent; and (ii) the second in the amount of the Elite Escrow Amount as security for the payment of the Elite Receivable and to be held and released in the manner contemplated by Section 1.7(f) below.

(b) After the completion of the purchase and sale transactions contemplated by Section 1.1(b) of this Agreement prior to the Effective Time, the Parent shall direct the Transaction Sub to pay to an account maintained by the Escrow Agent, the Class A Escrow Contribution Per Share deducted from the ATO Purchase Price Per Share.

(c) After the completion of the Amalgamation at the Effective Time, the Parent shall direct the Amalgamated Corporation to pay to an account maintained by the Escrow Agent: (i) the Class A Escrow Contribution Per Share deducted from the Option Consideration payable in respect of each Company Option in accordance with Section 1.5 above; and (ii) the Class A Escrow Contribution Per Share deducted from the consideration otherwise payable in respect of the Company Common Shares cancelled in the manner contemplated by Section 1.3(e) above.

(d) The Escrow Account shall be held in escrow and subject to the terms and conditions of: (i) in respect of the Basic Escrow, that certain Escrow Agreement by and among Parent, the Amalgamated Corporation, the Shareholders Representative and the Escrow Agent, dated as of the Closing Date, substantially in the form of Exhibit B hereto (the "**Basic Escrow Agreement**"), and (ii) in respect of the Elite Escrow, an escrow agreement by and among Parent, the Amalgamated Corporation, the Shareholders Representative and the Escrow Agent, dated as of the Closing Date, substantially in the form of the Basic Escrow Agreement with such amendments as may be reasonably necessary to incorporate the terms and conditions of Section 1.7(f) below or as otherwise may be approved by the parties thereto (the "**Elite Escrow Agreement**" and, together with the Basic Escrow Agreement, the "**Escrow Agreements**").

(e) The Basic Escrow, as may be reduced pursuant to Article IX, shall be released from the Escrow Account to the Shareholders Representative for the benefit of the former holders of Company Securities in the manner and at the times set forth in the Basic Escrow Agreement, based in each case on each holder's Pro Rata Entitlement Per Share thereto.

(f) The administration and distribution to the parties hereto of the amount representing the Elite Escrow shall be subject to the following terms and conditions, in addition to the terms and conditions to be set forth in the Elite Escrow Agreement:

(i) the Company shall use its best efforts to collect the Elite Receivable prior to the Closing Date, and upon Closing shall deliver the certificate contemplated by Section 1.12(a)(viii) setting forth the status of any collection of the Elite Receivable;

(ii) the amount of the Elite Escrow shall be reduced by any amount of the Elite Receivable collected by the Company prior to the Closing Date, in the manner set forth in Section 1.4(j) above;

(iii) if the Amalgamated Corporation does not collect the entire amount of the Elite Receivable on or before that date that is 30 days after the Closing Date (the "**Elite Distribution Date**"), such fact to be confirmed by a written certificate to be delivered by the Parent to each of the Shareholder Representative and the Escrow Agent, the Escrow Agent shall, within 10 Business Days from the Elite Distribution Date, pay the Elite Escrow to the Parent or otherwise at its direction;

(iv) if the Amalgamated Corporation collects the entire amount of the Elite Receivable prior to the Elite Distribution Date, such fact to be confirmed by a written certificate to be delivered by the Parent to each of the Shareholder Representative and the Escrow Agent, the Escrow Agent shall, within 10 Business Days from the date of receipt of such certificate, pay the Elite Escrow to the Shareholders Representative for the benefit of the Holders in each case in the amount of their respective Pro Rata Entitlement Per Share thereto;

(v) if, subsequent to the Elite Distribution Date and prior to that date that is 12 months from the Closing Date, the Amalgamated Corporation collects all or any portion of the Elite Receivable, the Parent shall, within 10 Business

Days of the Post-Closing Payment Date (as defined below), distribute and pay the Post-Closing Elite Distribution Amount (as defined below) to the Shareholders Representative for the benefit of the Holders in each case in the amount of their respective Pro Rata Entitlement Per Share thereto;

(vi) For purposes of this Agreement:

(A) **"Post-Closing Elite Distribution Amount"** means the amount, not exceeding the amount of the Elite Escrow paid to the Parent in accordance with subsection (f)(iii) above, that is collected by the Amalgamated Corporation in respect of the Elite Receivable between the Elite Distribution Date and the Post-Closing Payment Date; and

(B) **"Post-Closing Payment Date"** means the earlier of: (x) that date that is 12 months from the Closing Date, and (y) the date of the receipt by the Amalgamated Corporation of the entire amount of the Elite Receivable;

(vii) the Holders shall not be entitled to any portion of the Elite Receivable collected by the Amalgamated Corporation after that date that is 12 months from the Closing Date; and

(viii) for purposes hereof, all of any portion of the Elite Receivable shall be considered to be collected only when and to the extent paid to the Amalgamated Corporation in immediately available funds without, unless otherwise agreed by the Parent, credit for any set-off, warranty or other claims or any other actual or alleged reductions on the part of Thomson Elite, a division of West Publishing Corporation, formerly known as Elite Information Systems, Inc.

1.8 Settlement Procedures

(a) **Payment of Proceeds.** Subject to 6.11(d) of this Agreement, at the Effective Time, the Amalgamated Corporation shall deliver to the Shareholders Representative, for the benefit of the holders of Company Securities entitled to be paid consideration pursuant to the Alternative Tender Offer or pursuant to the Amalgamation, by wire transfer of immediately available funds to the Payment Account (as defined in Section 6.11(d)), an amount equal to Aggregate Closing Consideration After Deductions. At the reasonable request of Parent, Shareholder Representative shall direct Parent to pay such proceeds to his counsel (in its capacity as exchange agent) to be held in trust pending the distribution of the proceeds in the manner contemplated by this Section 1.8.

(b) **Alternative Tender Offer.** The aggregate consideration payable by the Transaction Sub to the Tendering Shareholders pursuant to the completion of the purchase and sale transactions contemplated by the Alternative Tender Offer shall be distributed to the Tendering Shareholders by the Shareholders Representative or his counsel (in its capacity as exchange agent), without interest thereon, on the Redemption Date (as defined below), in each case, as set forth in Section 1.6(f) of this Agreement, upon the prior surrender and exchange of certificates or agreements, or, in the absence thereof, Affidavits, representing Company

Securities and the delivery of an executed Letter of Transmittal to Parent in a form reasonably satisfactory to Parent.

(c) **Redemption.** Immediately following the Effective Time on the Effective Date (the "**Redemption Date**"), the Parent shall cause the Amalgamated Corporation to redeem and cancel each issued and outstanding Amalgamated Corporation Class A Share for redemption proceeds equal to the Class A Redemption Consideration Per Share.

(d) **Redemption Proceeds.** Upon the proper surrender and exchange of certificates or agreements, or, in the absence thereof, Affidavits, representing Company Common Shares and the delivery of an executed Letter of Transmittal to Parent in a form reasonably satisfactory to Parent, each Holder shall be paid, without interest thereon, an amount in cash from the Shareholders Representative or his counsel (in its capacity as exchange agent) as provided herein.

(e) **Rights of Holders.** Except with respect to Dissenting Shareholders, after the Effective Date, until surrendered as contemplated by this Section 1.8, each share certificate evidencing Company Shares and each agreement evidencing a Company Option shall be deemed at any time on and after the Effective Time to represent only the right to receive upon such surrender in accordance with the Letter of Transmittal the consideration that the Holder thereof has the right to receive the consideration contemplated by this Agreement. No interest shall be paid or will accrue on any cash payable to Holders.

(f) **Tax Matters.** Parent and the Company shall be entitled to deduct and withhold from the consideration otherwise payable pursuant to this Agreement to any Holder, including, for the avoidance of doubt, payments to the Payment Account, such amounts as Parent or the Company is required to deduct and withhold with respect to the making of payments hereunder (including payments to the Escrow Account) under the Code, the *Income Tax Act* (Canada) (the "**Canadian Tax Act**") or any provision of state, provincial, local or foreign Tax law including, without limitation, in accordance with Section 1.11 below. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes of this Agreement as having been paid to the Holder with respect to his, her or its Company Securities.

(g) **Transmittal and Related Materials.** Notwithstanding anything herein to the contrary, no payment shall be made by the Shareholder Representative or his counsel to any Holder who does not present certificates or agreements for cancellation representing all of such Holder's Company Shares or Company Options in a form reasonably satisfactory to Parent, or, in the alternative, an affidavit and indemnity, and, if required by Parent, a bond in such reasonable amount as Parent may require, in each case in form and substance reasonably satisfactory to Parent, stating that any of such certificates or agreements are lost, stolen, or destroyed and that such Holder will indemnify and hold Parent and its officers, directors, and agents, harmless from any costs, expenses, and damages that may be incurred if such certificates or agreements are later produced (an "**Affidavit**"), together with in each case a duly executed form of Letter of Transmittal relating thereto in a form reasonably acceptable to Parent. The Parent shall immediately advise the Shareholders' Representative upon its receipt of satisfactory documentation to support the distributions or payments contemplated herein.

1.9 Dissenting Shares and Appraisal Rights.

(a) Notwithstanding anything contained herein to the contrary, any Holder of Company Shares (a "**Dissenting Shareholder**") who is not a Tendering Shareholder, and who has the right to exercise, and properly exercises, dissent rights in accordance with Section 131 of the BCANB or any successor provision (the "**Dissenters' Provisions**") (such shares being referred to herein as "**Dissenting Shares**") shall:

(i) not be entitled to receive any consideration pursuant to Section 1.3 or Section 1.8 hereof, unless and until such Dissenting Shareholder fails to perfect or otherwise loses or withdraws any such right to appraisal; and

(ii) other than in accordance with Section 1.9(b), cease to have any rights as a shareholder other than the right to be paid the fair value of such holder's Company Shares in accordance with the Dissenters' Provisions and the names of and shares held by such Dissenting Shareholders shall be deleted from the registers of holders of Company Shares and shall not be entered in the registers of holders of Amalgamated Corporation Class A Shares.

With respect to any Dissenting Shares, the rights of a Dissenting Shareholder who complies with the Dissenters' Provisions shall be limited exclusively to the dissent rights provided under such Dissenters' Provisions. Dissenting Shareholders who fail to comply with the Dissenters' Provisions shall have the rights set forth below in Section 1.9(b).

(b) If any Holder who demands payment of the fair value of its Company Shares pursuant to the Dissenters' Provisions shall effectively withdraw or lose (through failure to perfect or otherwise) its right to such payment at any time, such Company Shares shall not thereafter be Dissenting Shares hereunder and such Holder shall be deemed to have participated in the Amalgamation on the same basis as a non-Dissenting Shareholder and shall receive the applicable consideration payable thereon in accordance with the provisions of this Agreement, and the names of and shares held by such Dissenting Shareholders shall be entered upon the registers of holders of Company Shares and Amalgamated Corporation Class A Shares, as applicable, for purposes hereof.

(c) The Company shall give prompt notice to Parent of each demand received by the Company for appraisal of Company Shares, attempted withdrawals of such demands and any other instruments and documents received or delivered in connection therewith pursuant to the BCANB. Parent shall have the right to direct all negotiations and proceedings regarding each such demand. Subject to the provisions of Article IX of this Agreement, Parent shall have the right to direct all negotiations and proceedings regarding each such demand. The Company shall not, except with the prior written consent of Parent or as otherwise required by an order, decree, ruling or injunction of a court of competent jurisdiction, settle or make or offer to settle or make, any payment regarding any such demand. The parties acknowledge, for purposes of this Section 1.9, the condition to the obligations of Parent and Transaction Sub to consummate the transactions contemplated by this Agreement set forth in Section 7.3 of this Agreement, which may be waived by Parent in its sole discretion.

1.10 [Intentionally omitted].

1.11 Tax Clearance Certificates.

(a) Each Holder shall, in the Letter of Transmittal executed by them in accordance with the foregoing, provide the Transaction Sub and/or the Amalgamated Corporation with a written representation satisfactory to Parent as to the identity of the beneficial owner of the Company Securities that will be registered in the name of the holder immediately before the completion of: (i) the purchase and sale transactions contemplated by the Alternative Tender Offer, and (ii) the Amalgamation (the "**Beneficial Owner**") and either:

(i) written representation satisfactory to Parent that the Beneficial Owner is not a non-resident of Canada for purposes of the Canadian Tax Act; or

(ii) a certificate issued by Canada Revenue Agency (the "**CRA**") to the Beneficial Owner and to the Company pursuant to subsection 116(2) of the Canadian Tax Act (a "**116(2) Certificate**"), which shall fix a "certificate limit" (as defined in subsection 116(2) of the Canadian Tax Act, that is not less than the maximum consideration payable in respect of the Company Securities, presuming the payment to the Holders of the entire amount of the Escrow Account in accordance with the Escrow Agreements (the "**Purchase Price**").

(b) If a Beneficial Owner does not comply with the requirements in Section 1.11(a) above, the Parent or the Amalgamated Corporation, as applicable, shall withhold 25% of the Purchase Price (the "**Withheld Amount**") from the consideration otherwise payable in respect of the Company Securities held by the Beneficial Owner.

(i) If, prior to the 25th day of the month following the month in which the Closing Date occurs, a Beneficial Owner delivers to Parent or the Amalgamated Corporation a certificate of compliance issued by the CRA under subsection 116(4) or 116(2) of the Canadian Tax Act in form and substance acceptable to Parent with a certificate limit that is not less than the maximum consideration payable in respect of the Company Securities, or if the Beneficial Owner provides a written representation satisfactory to Parent or the Amalgamated Corporation that the Beneficial Owner is not a non-resident of Canada for purposes of the Canadian Tax Act, then Parent or the Amalgamated Corporation, as applicable, shall pay forthwith to the Beneficial Owner the Withheld Amount in respect of that Beneficial Owner;

(ii) If, prior to the 25th day of the month following the month in which the Closing Date occurs, a Beneficial Owner delivers to Parent or the Amalgamated Corporation a certificate of compliance issued by the CRA under subsection 116(2) or 116(4) of the Canadian Tax Act in form and substance acceptable to Parent with a certificate limit that is less than the maximum consideration payable in respect of the Company Securities, then Parent or the Amalgamated Corporation, as applicable, shall pay forthwith to the Receiver General of Canada twenty-five percent (25%) of the amount by which the Purchase Price exceeds the amount of the certificate limit set out in the 116(2) Certificate or 116(4) Certificate and pay to such Beneficial Owner the balance, if any, of the Withheld Amount; or

(iii) if, prior to the 25th day of the month following the month in which the Closing Date occurs, a Beneficial Owner has not delivered to Parent a 116(2) Certificate or 116(4) Certificate in a form and substance acceptable to Parent or the Amalgamated Corporation, as applicable, then Parent or the Amalgamated Corporation, as applicable, shall remit (on behalf of the holder) to the Receiver General of Canada the Withheld Amount.

(c) Notwithstanding Section 1.11(b)(iii) of this Agreement, neither the Parent nor the Amalgamated Corporation shall remit any amounts to the Receiver General of Canada if an application for a certificate to be issued pursuant to section 116 of the Canadian Tax Act has been filed with the CRA by such Beneficial Owners to which Section 1.11(b)(iii) applies (the "**Affected Beneficial Owners**") and the CRA has agreed in writing, in a manner acceptable to the Parent and its counsel, acting reasonably, to an abeyance of the Parent's or the Amalgamated Corporation's remittance obligations relating to the consideration payable hereunder (and confirming that neither Parent nor the Amalgamated Corporation will be liable for interest and penalties in respect of the late remittance of the funds withheld) (the "**Abeyance Letter**"). In such circumstances, the Parent and the Amalgamated Corporation, as applicable, shall continue to hold the Withheld Amount in accordance with Section 1.11(b) of this Agreement, until the earlier of: (i) the issuance of a certificate issued pursuant to section 116 of the Canadian Tax Act, in which case the provisions of Section 1.11(b)(i) or (ii) of this Agreement, as applicable, shall be applied; and (ii) such time as the CRA revokes or adversely modifies the Abeyance Letter (or otherwise gives a notice indicating that the Parent may no longer be fully protected from penalties and interest), in which case the provisions of Section 1.11(b)(iii) of this Agreement shall be applicable.

1.12 Closing Deliveries.

(a) By the Company. At the Closing, the Company shall deliver to Parent and Transaction Sub the following:

(i) a certificate, dated as of the Closing Date, signed by the chief executive officer of the Company, certifying that (A) all conditions specified in Sections 7.1 and 7.3 have been fulfilled; (B) all authorizations, consents, approvals and waivers or other action required to be obtained or taken by the Company in connection with the execution, delivery, and performance of this Agreement and the consummation of all agreements and transactions contemplated by this Agreement have been obtained or taken;

(ii) an opinion of Stewart McKelvey , counsel for the Company, dated the Closing Date, in form and substance reasonably satisfactory to Parent and its counsel;

(iii) a copy of the text of all resolutions adopted by the board of directors (and any committee thereof) and shareholders of the Company with respect to the execution, delivery, and performance of this Agreement and the Amalgamation, along with a certificate executed by the Secretary of the Company certifying that (A) such copy is a true, correct, and complete copy of such resolutions, and (B) such resolutions were duly adopted and have not been

amended or rescinded, and constitute all corporate action on the part of the Company's board of directors and shareholders required to authorize the execution and delivery of this Agreement by the Company and the consummation of the Amalgamation;

(iv) a signed counterpart to the Escrow Agreements;

(v) duly signed Letters of Transmittal from the Holders of Company Series A Shares and Company Series B Shares together with such other Holders of Company Securities such that, together with the Holders of Company Series A Shares and Company Series B Shares, such Holders are entitled to receive at least 75% of the Aggregate Closing Consideration After Deductions payable hereunder, in each case providing for, among other things, several indemnity limited to the holder's pro rata share of the aggregate consideration payable hereunder for the breach of representations and warranties of the Company in a form acceptable to the Parent, acting reasonably;

(vi) a certificate, dated as of the Closing Date, in a form reasonably satisfactory to Parent and satisfying the requirements of Treasury Regulations Sections 1.1445-2(c)(3) and 1.897-2(h), certifying that the Company share and the Company Options are not treated as a "United States real property interest" for purposes of Sections 897 and 1445 of the Internal Revenue Code of 1986, as amended (the "Code"), together with a notice to the Internal Revenue Service, in a form reasonably satisfactory to Parent, that satisfies the requirements of Treasury Regulations Section 1.897-2(h)(2);

(vii) an amendment to the a Shareholders Agreement, as amended October 22, 2004 among the Company and certain of its shareholders, in a form acceptable to the Parent, acting reasonably, providing for the amendment of certain notice rights and periods contemplated therein;

(viii) a certificate of the Company as to: (A) the Company Transaction Expenses, (B) the number and class or series of any Dissenting Shares as well as description of the Holders thereof, (C) the Class A Pro Forma Outstanding Shares, (D) the Aggregate Option Exercise Consideration, together with a direction in a form satisfactory to the Parent relating to the payment by the Transaction Sub of such Company Transaction Expenses to the appropriate payees named therein; and (E) the status of the Elite Receivable, including a confirmation with supporting calculations of any unpaid balance thereof in a form reasonably satisfactory to Parent;

(ix) duly executed evidence of the conversion of all of the issued and outstanding Company Series A Shares and Company Series B Shares into Company Common Shares, in a form reasonably acceptable to the Parent, in accordance with Section 1.1(a) above and in accordance with the Company Articles;

(x) a certificate, to be delivered at least two Business Days' prior to Closing, setting forth complete and accurate information relating to each of the matters referred to below: (i) actual cost and adjusted cost base of capital properties as of August 31, 2006; (ii) capital dividend elections; (iii) paid-up capital of each class of shares; (iv) capital dividend account balance; (v) refundable dividend tax on hand; (vi) non-capital losses available for carry over as of August 31, 2006 and as of August 31, 2007 (taking into account the operations and financial results of the Company for its fiscal year ending as of such date); (vii) net capital losses as of August 31, 2006; (viii) Section 85 elections; and (ix) Section 85.1 share exchanges; and

(xi) all other documents, instruments, and certificates required to be delivered by the Company pursuant to this Agreement.

(b) By Parent. At the Closing, Parent and Transaction Sub shall deliver or cause to be delivered to the Company, the Shareholders Representative, and the Escrow Agent, as applicable, the following:

(i) to the Company, a certificate executed by an authorized officer of Parent, dated as of the Closing Date, certifying that (A) all conditions specified in Section 7.2 have been fulfilled; and (B) all authorizations, consents, approvals, and waivers or other action required to be obtained or taken by Parent or Transaction Sub in connection with the execution, delivery, and performance of this Agreement and the consummation of all agreements and transactions contemplated by this Agreement have been obtained or taken;

(ii) to the Company, copies of the text of all resolutions adopted by the board of directors of Parent and board of directors of Transaction Sub with respect to the execution, delivery, and performance of this Agreement and the Amalgamation, along with certificates executed by the Secretaries of Parent and of Transaction Sub certifying that (A) such copy is a true, correct, and complete copy of such resolutions, and (B) such resolutions were duly adopted and have not been amended or rescinded, and constitute all corporate action on the part of Parent's board of directors and Transaction Sub's board of directors required to authorize the execution and delivery of this Agreement by Parent and Transaction Sub and the consummation of the Amalgamation;

(iii) to the Shareholders Representative for the benefit of the Holders, the consideration contemplated by Section 1.8(a) above;

(iv) to the Escrow Agent, the Escrow Amount;

(v) to the Company or otherwise at its direction, the Company Transaction Expenses set forth in Schedule 2.35, as updated by the certificate contemplated by Section 1.12(a)(viii) above;

(vi) to the Shareholders Representative for the benefit of the Holders, a signed counterpart to the Escrow Agreements; and

(vii) all other documents, instruments, and certificates required to be delivered by Parent or Transaction Sub pursuant to this Agreement.

ARTICLE II
REPRESENTATIONS AND WARRANTIES OF THE COMPANY

As an inducement to Parent and Transaction Sub to enter into this Agreement and to consummate the transactions contemplated herein, the Company hereby represents and warrants to Parent and Transaction Sub, as of the Agreement Date and as of the Closing Date, as follows:

2.1 Organization and Good Standing. The Company is a corporation duly organized, validly existing, and in good standing under the laws of New Brunswick, Canada, with full power and authority to own, operate, and lease its assets and properties and to conduct the Business as currently conducted. Each Subsidiary is duly organized, validly existing, and in good standing in the country, state, province, and/or territory of its organization, which is set forth on Schedule 2.1, with full power and authority to own, operate, and lease its assets and properties and to conduct the Business as currently conducted. Each of the Company and each Subsidiary is qualified as a foreign or extra-provincial corporation in the jurisdictions set forth on Schedule 2.1 and neither the Company nor any Subsidiary is required to qualify to do business in any other jurisdiction except to the extent any failures to so qualify would not, individually or in the aggregate, have a Material Adverse Effect. The term "**Material Adverse Effect**" means: a material adverse change in, or a material adverse effect upon, the Business, condition (financial or otherwise), Liabilities, assets, properties or results of operations of the Company and the Subsidiaries taken as a whole, excluding any effect or change attributable to or resulting from (a) events, conditions, or trends in general economic, business, or financial conditions (except to the extent the Company is materially disproportionately affected); (b) changes in laws or accounting principles or GAAP; (c) changes resulting from the announcement or pendency of the transactions contemplated by this Agreement; and (d) actions taken by the Company either required by or expressly contemplated in this Agreement or with the prior consent of the Parent. The Company has made available to Parent prior to the execution of this Agreement complete and correct copies of the Company Articles and the bylaws of the Company ("**Bylaws**") and the analogous constitutive and governing documents of the Subsidiaries, each as amended to the date of this Agreement, and as so made available are in full force and effect, and no other such documents are binding upon the Company or any Subsidiary. Neither the Company nor any Subsidiary is in violation of any of the provisions of any such document.

2.2 Subsidiaries and Investments. Schedule 2.2 sets forth a true, complete and correct list of all direct or indirect subsidiaries of the Company (the "**Subsidiaries**"), and the Company has no direct or indirect subsidiaries and owns no shares of capital stock of any corporation or any interest in the ownership or management of any other entity except in those corporations and entities listed on Schedule 2.2. All of the outstanding capital stock of the Subsidiaries is duly and validly issued, fully paid, and non-assessable and was offered, issued, and sold in compliance with all applicable federal, state, provincial, territorial, or foreign securities laws and are free and clear of all Liens. There are no options, warrants, equity securities, or similar ownership interests, calls, rights (including preemptive rights), commitments, or agreements of any character to which any Subsidiary is a party or by which it is bound obligating any Subsidiary to issue, deliver, or sell, or cause to be issued, delivered, or sold, or repurchase,

redeem, or otherwise acquire, or cause the repurchase, redemption, or acquisition, of any shares of capital stock of any Subsidiary or obligating any Subsidiary to grant, extend, accelerate the vesting of, or enter into any such option, warrant, equity security, call, right, commitment, or agreement.

2.3 Title to Company Securities. Each Holder is the sole record and beneficial owner of the number and type of Company Securities set forth on Schedule 2.4, and each such Holder holds title to all such shares free and clear of all liens, pledges, options, mortgages, easements, covenants, hypothecations, charges, encumbrances, security interests, claims, and restrictions of any kind or nature whatsoever (collectively, "**Liens**").

2.4 Company Capital Structure. The authorized capital stock of the Company consists of (a) an unlimited number of Company Common Shares, of which 10,407,834 Company Common Shares are issued and outstanding; and (b) an unlimited number of Preferred Shares, of which: (i) 14,285,714 have been designated as Company Series A Shares, all of which are issued and outstanding, and (ii) 3,942,308 have been designated as Company Series B Shares, all of which are issued and outstanding. All outstanding Company Shares are duly authorized, validly issued, fully paid, and nonassessable and are not subject to preemptive rights created by statute, the Company Articles or Bylaws of the Company, or any agreement or document to which the Company is a party or by which it is bound. All of the outstanding capital stock of the Corporation was offered, issued, and sold in compliance with all applicable federal, state, provincial, territorial, or foreign securities laws (and for purposes thereof, no "offering memorandum" has been provided by the Corporation to any Person in connection with any offering by the Corporation of any such securities in accordance with applicable securities laws). The outstanding Company Series A Shares are convertible into 14,285,714 Company Common Shares. The outstanding Company Series B Shares are convertible into 3,942,308 Company Common Shares. There is an aggregate of 3,765,570 Company Common Shares issuable upon exercise of outstanding Company Options. All Company Common Shares subject to issuance as aforesaid, upon issuance on the terms and conditions specified in the instruments pursuant to which they are issuable, are duly authorized, validly issued, fully paid and nonassessable. Schedule 2.4 lists each outstanding Company Option, the vesting status thereof, the name of the Holder thereof, the exercise price thereof, and the number of shares subject to each such Company Option. At the Effective Time, the Company Options will be cancelled in accordance with Section 1.5.

2.5 Obligations With Respect to Capital Stock. Except as set forth in Section 2.4, there are no equity securities or similar ownership interests of any class of the Company, or any securities exchangeable or convertible into or exercisable for such shares of capital stock, equity securities or similar ownership interests of the Company issued, reserved for issuance or outstanding ("**Common Share Equivalents**"). Except as set forth in Section 2.4, there are no options, warrants, equity securities, or similar ownership interests, calls, rights (including preemptive rights), commitments, or agreements of any character to which the Company is a party or by which it is bound obligating the Company to issue, deliver, or sell, or cause to be issued, delivered, or sold, or repurchase, redeem, or otherwise acquire, or cause the repurchase, redemption, or acquisition, of any shares of capital stock of the Company or obligating the Company to grant, extend, accelerate the vesting of, or enter into any such option, warrant, equity security, call, right, commitment, or agreement. Except as set forth on Schedule 2.5, there

are (i) no registration rights, and (ii) no voting trusts or agreements, proxies, or other agreements or understandings with respect to any equity security of any class of the Company or any Subsidiary.

2.6 Authority.

(a) The Company has all requisite power, right, and authority to enter into this Agreement and the documents, instruments, and agreements executed by the Company in connection herewith (the "**Collateral Agreements**") and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement and the Collateral Agreements and the consummation of the transactions contemplated hereby have been duly authorized by all necessary corporate action on the part of the Company, subject only to the approval and adoption of this Agreement and the Amalgamation by the shareholders of the Company and the filing and recordation of the Articles of Amalgamation pursuant to the BCANB. The votes of (i) the holders of at least 66 2/3% of the Company Common Shares, the Company Series A Shares and the Company Series B Shares, voting together as a single class, and (ii) the holders of at least 66 2/3% of the Company Common Shares, voting separately as a single class, at a meeting of the Company's shareholders duly called and held, are the only votes required for the Company's shareholders to approve and adopt this Agreement and the Amalgamation. This Agreement and the Collateral Agreements have been duly executed and delivered by the Company and, assuming the due authorization, execution, and delivery by Parent, Transaction Sub and the Shareholders Representative, constitute the valid and binding obligations of the Company, enforceable in accordance with their terms, except as enforceability may be limited by bankruptcy and other similar laws affecting creditors' rights generally and general principles of equity. The execution and delivery of this Agreement and the Collateral Agreements by the Company do not, and the performance of this Agreement and the Collateral Agreements by the Company will not, (i) conflict with or violate the Company Articles or Bylaws, or the equivalent organizational documents of any of the Subsidiaries, or any law (including, without limitation, common law), rule, regulation, order, judgment, or decree applicable to the Company or any Subsidiary or by which its or any of their respective properties is bound or affected ("**Legal Requirement**") or (ii) except as set forth on Schedule 2.6(a), result in any breach of, or constitute a default (or an event that with notice or lapse of time or both would become a default) under, or impair the Company's or any Subsidiary's rights or alter the rights or obligations of any third party under, or give to others any rights of termination, amendment, acceleration, or cancellation of, or result in the creation of a Lien on any of the properties or assets of the Company or any Subsidiary pursuant to, any note, bond, mortgage, indenture, contract, agreement, lease, license, permit, franchise, or other instrument or obligation to which the Company or any Subsidiary is a party or by which the Company or any Subsidiary or any of their respective assets or properties are bound or affected.

(b) Other than as set forth in Schedule 2.6(b), no consent, approval, order, or authorization of, action by or in respect of, or registration, declaration, or filing with any federal, provincial, territorial, state, local or foreign government, court, administrative agency or commission, or other governmental authority or instrumentality or any nongovernmental agency, commission or authority or any arbitral tribunal (each, a "**Governmental Entity**") is required by or with respect to the Company in connection with the execution and delivery of this Agreement or the Collateral Agreements or the consummation of the transactions contemplated hereby or

thereby, except for applicable requirements of the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "**HSR Act**"), and the filing of the Articles of Amalgamation with the Director of Corporations (New Brunswick).

(c) The value of the assets of the Company and its Subsidiaries, taken together and calculated in the manner prescribed by the *Investment Canada Act* (Canada), is less than $281,000,000. The Company is not engaged in a sensitive sector activity identified in Section 14.1(5) of the *Investment Canada Act* (Canada).

(d) The Company and its subsidiaries do not have assets in Canada, or gross revenues in or from Canada, that exceed the applicable threshold in aggregate value as determined in accordance with the "Notifiable Transaction" regulations promulgated under the *Competition Act* (Canada).

2.7 Corporate Records. The copies or originals of the books and records of the Company and the Subsidiaries previously delivered to Parent are true, complete, and correct in all material respects. The Company and the Subsidiaries have, in accordance with good business practices, maintained materially complete and accurate books and records, including financial records, which fairly represent their respective financial condition and constitute materially correct records of all of their respective material proceedings. All minute books of the Company and the Subsidiaries have been provided to Parent and in all material respects contain complete and accurate records of all resolutions adopted and other actions taken by the Boards of Directors, all committees of the Boards of Directors, and the shareholders of the Company and the Subsidiaries from their respective dates of formation to the date of this Agreement.

2.8 Financial Statements. Schedule 2.8 contains true, correct, and complete copies of (a) the audited consolidated financial statements of the Company for the fiscal years ended August 31, 2005 and August 31, 2006, including balance sheets, statements of income and retained earnings, statements of shareholders' equity, statements of cash flow, and related notes (all of the foregoing described financial statements being herein collectively referred to as the "**Audited Financial Statements**"), (b) the unaudited consolidated balance sheet of the Company as of June 30, 2007 (the "**Unaudited Balance Sheet**"), and (c) the unaudited consolidated statements of income and cash flows of the Company for the 10 months ended June 30, 2007 (together with the Unaudited Balance Sheet, the "**Unaudited Financial Statements**") (the Audited Financial Statements and the Unaudited Financial Statements are collectively referred to herein as the "**Financial Statements**"). The Financial Statements (i) have been prepared in accordance with GAAP, consistently applied, as of the dates and during the periods covered thereby (except for the absence of footnotes to the Unaudited Financial Statements and except as set forth in Schedule 2.19(b)(vi)), (ii) present fairly, in all material respects, the financial position and results of operations and cash flows of the Company and its Subsidiaries as of the dates and for the periods specified therein, and (iii) subject to any adjustments required by GAAP, have been derived from and are in agreement with the books and accounting records of the Company and its Subsidiaries and represent only actual, bona fide transactions. The Company's 2007 budget approved by the Company's board of directors (the "**2007 Budget**") is attached as an exhibit to Schedule 2.8.

2.9 Officers and Directors. Schedule 2.9 contains a complete and correct list of the names of all officers and directors of the Company and the Subsidiaries.

2.10 No Undisclosed Liabilities; Trade Payables. Except as set forth on Schedule 2.10, neither the Company nor any Subsidiary has any direct or indirect liabilities, obligations, debts, contingencies, losses or commitments of any nature (absolute, accrued, contingent, liquidated, or otherwise), matured or unmatured (collectively, "**Liabilities**"), other than (a) Liabilities reflected in the Unaudited Balance Sheet, (b) trade payables and other expenses incurred in the Ordinary Course, (c) obligations to be performed in the Ordinary Course under the Contracts or under agreements similar in type or kind to the Contracts but which fall below the minimum threshold amount, term, or materiality of the contracts required to be disclosed pursuant to Section 2.23 and which are not for tort or breach, and (d) Company Transaction Expenses. For purposes of this Agreement, Liabilities incurred in the "**Ordinary Course**" means Liabilities incurred in the ordinary day-to-day operations of the Business that do not require any board or shareholder approval or similar authorization and are similar in nature and magnitude to prior such ordinary day-to-day operations.

2.11 Absence of Certain Changes. Since August 31, 2006 or such other date as is set forth below, except as contemplated by this Agreement or set forth on Schedule 2.11, there has not been:

(a) any change in the condition (financial or otherwise), assets, properties, results of operations, business or Liabilities of the Company or any Subsidiary or with respect to the manner in which the Company or any Subsidiary conducts its business or operations that will result in a Material Adverse Effect;

(b) any declaration, setting aside, or payment of any dividends or distributions in respect of any Company Securities or any redemption, purchase, or other acquisition by Company of any Company Securities;

(c) any payment or transfer of assets (including, without limitation, any distribution or repayment of indebtedness) to or for the benefit of any security holder, manager, officer, or employee or consultant of the Company or any Subsidiary or any relative or affiliate of any of the foregoing, other than compensation to employees or for services rendered to the Company or any Subsidiary in the ordinary course of business;

(d) any revaluation by the Company or any Subsidiary of any of its assets, including without limitation the writing down or off of notes or accounts receivable, other than in the Ordinary Course;

(e) since the date of the Unaudited Balance Sheet Date, except as forecasted in the Company's 2007 Budget or as set forth on Schedule 2.11, any entry by the Company or any Subsidiary into any commitment or transaction material to the Company, including, without limitation, incurring or agreeing to incur capital expenditures in excess of $50,000, individually or in the aggregate;

(f) since the date of the Unaudited Balance Sheet Date, any increase in indebtedness for borrowed money, other than draws on the Company's revolving line of credit;

(g) except as set forth in Schedule 2.23(b), any breach or default (or event that with notice or lapse of time would constitute a breach or default), termination or threatened termination under any Contract;

(h) any change by the Company or any Subsidiary in its accounting or tax reporting methods, principles, or practices;

(i) any settlement, judgment or notices from any governmental authority in a dispute relating to Taxes for which the Company or any of the Subsidiaries is liable;

(j) any increase in the benefits under, or the establishment or amendment of, any bonus, insurance, severance, deferred compensation, pension, retirement, profit sharing, or other employee benefit plan; or any increase in the compensation payable or to become payable to directors, officers, employees, or consultants of the Company or any Subsidiary except in the Ordinary Course as set forth on Schedule 2.11(j);

(k) the termination of employment (voluntary or involuntary) of any employees of the Company or any Subsidiary materially in excess of historical attrition in personnel;

(l) any theft, condemnation, or eminent domain proceeding or any material damage, destruction, or casualty loss in excess of $50,000 affecting any asset used in the Business not fully covered by insurance (subject to policy deductibles);

(m) any sale, assignment, or transfer of any of the assets of the Company or any Subsidiary, except for inventory in the Ordinary Course;

(n) any waiver by the Company or any Subsidiary of any material rights related to the Business or the Company's or Subsidiary's operations or assets;

(o) any other transaction, agreement, or commitment entered into by the Company affecting the Business or the Company's or the Subsidiaries' operations or any assets, except in the Ordinary Course;

(p) any issuance or authorization of the issuance of, delivery or sale of any securities of the Company or any Subsidiary; or

(q) any agreement or understanding to do or resulting in any of the foregoing.

2.12 Property; Encumbrances. Schedule 2.12 contains a list of all real property leased or occupied by the Company or any Subsidiary (the "**Real Property**"). Neither the Company nor any Subsidiary owns any real property. Schedule 2.12 contains a list of all tangible personal property owned by the Company or any Subsidiary, or held pursuant to leases or licenses by the Company or any Subsidiary, for use in the Business. The leases and licenses listed on Schedule 2.12 are in full force and effect without any default, waiver or indulgence thereunder by the Company or any Subsidiary or by any other party thereto. True and complete copies of all leases and licenses listed on Schedule 2.12 (including, without limitation, all notices exercising rights

or options) have been provided to Parent. Each such lease or license is the only agreement between the parties thereto with respect to the subject matter thereof. The full amount of the security deposit required under each such lease or license (as the case may be) is on deposit thereunder.

2.13 Personal Property. The Company and the Subsidiaries, as applicable, have good and marketable title to all tangible personal property and assets reflected on the Unaudited Balance Sheet or acquired since the date thereof, other than properties and assets sold or otherwise disposed of in the Ordinary Course, free and clear of all Liens, and such property and assets (together with the Leased Assets, Real Property, Proprietary Information, Intellectual Property Rights, Permits, and Contracts) constitute and include all of the property and assets related to, required, or used in the conduct of the Business as now conducted or currently proposed by the Company to be conducted. As of the Agreement Date, the Company or one or more of the Subsidiaries has, and as of the Closing, Amalgamated Corporation will have, the right to use all of the leased items of tangible personal property and assets used in connection with the operation of the Business (collectively, the **"Leased Assets"**) pursuant to valid and applicable lease agreements. Since the date of the Unaudited Balance Sheet, there has been no destruction or loss of or to any of the tangible personal property of the Company or any Subsidiary, whether or not covered by insurance, or any deterioration in the condition thereof, ordinary wear and tear excepted which individually or taken together would have a Material Adverse Effect. All of the tangible personal property and assets of the Company and each Subsidiary are in good operating condition and repair, subject to ordinary wear and tear.

2.14 Condition of Real Property. The Real Property is supplied with utilities and other services necessary for the normal operation of the Company and the Subsidiaries. No condemnation proceeding is pending or, to the Knowledge of the Company, threatened, that would impair the occupancy, use, or value of any of the Real Property. The Company and the Subsidiaries have the exclusive right to use and occupy the Real Property pursuant to the terms of the real property leases listed on Schedule 2.12.

2.15 Subleases. Except as set forth on Schedule 2.15, neither the Company nor any Subsidiary has subleased, assigned, encumbered, or transferred any of the Company's or the Subsidiary's rights with respect to the Real Property, nor has the Company or any Subsidiary entered into any agreement to do so.

2.16 Intellectual Property.

(a) **"Intellectual Property Rights"** means (i) all inventions (whether patentable or unpatentable and whether or not reduced to practice), all improvements thereon, and all patents, patent applications and patent disclosures, together with all reissuances, continuation, continuations-in-part, divisions, revisions, extensions and re-examinations thereof, and all industrial design registrations and applications, (ii) all trademarks, service marks, trade dress, logos, tradenames, domain names, and corporate names (in each case whether or not registered), including all goodwill associated therewith, and all applications, registrations and renewals in connection therewith, (iii) all copyrights (in each case whether or not registered) and all applications, registrations and renewals in connection therewith, (iv) all trade secrets and proprietary business information (including ideas, research and development, know-how,

formulas, compositions, manufacturing and production processes and techniques, methods, schematics, technology, technical data, designs, drawings, flowcharts, block diagrams, specifications, customer and supplier lists, pricing and cost information and business and marketing plans and proposals), (v) all computer software (including source code, object code, operating systems, data and related documentation, but excluding shrink-wrapped or off-the-shelf applications), (vi) all other proprietary rights relating to any of the foregoing, including without limitation causes of action, damages and remedies relating thereto and rights of protection of an interest therein, and (vii) all copies and tangible embodiments of any of the foregoing (in whatever form or medium).

(b) Schedule 2.16 lists (i) all Intellectual Property Rights owned or developed by or licensed to the Company or any Subsidiary and used in, developed for use in, or necessary to the conduct of the business of the Company or any Subsidiary as now conducted or as currently proposed by the Company to be conducted by name, owner and, where applicable, application or registration number and jurisdiction of registration, application, certification and/or filing, and (ii) all license agreements pursuant to which any such Intellectual Property Right has been licensed to or from third parties, including the name of the licensee or licensor, as the case may be, and the date of each such agreement.

(c) The Company and the Subsidiaries own, free and clear of all Liens (and without restriction as to use or disclosure), all right, title and interest to, or has the right to use pursuant to a valid, enforceable written license (as disclosed in Schedule 2.16), all Intellectual Property Rights set forth on Schedule 2.16, developed or created by the Company or any Subsidiary, or necessary for the operation of the business of the Company and the Subsidiaries as presently conducted or currently proposed by the Company to be conducted. The Company and the Subsidiaries have taken all reasonably necessary action to protect the secrecy, confidentiality, and value of, and its rights in and to, such Intellectual Property Rights.

(d) All personnel, including employees, agents, consultants, and contractors, who have contributed to or participated in the conception or development, or both, of Intellectual Property Rights on behalf of the Company or any Subsidiary either (i) have been a party to or are subject to "work-for-hire" arrangements or agreements in accordance with applicable federal, provincial and state law that has accorded full, effective, exclusive, and original ownership of all tangible and intangible property thereby arising to the Company or any Subsidiary, or (ii) have executed appropriate instruments of assignment in favor of the Company or any Subsidiary, as assignee, that have conveyed to the Company or any Subsidiary, effective and exclusive ownership of all tangible and intangible property arising thereby.

(e) Neither the development, maintenance, operation, or use of any of the Intellectual Property Rights of the Company or any Subsidiary nor the conduct of the Business has infringed, misappropriated, or conflicted with or infringes, misappropriates, or conflicts with any Intellectual Property Right of any third party, nor would any future conduct with respect to the Intellectual Property Right or Business of the Company and the Subsidiaries as presently conducted infringe, misappropriate, or conflict with any Intellectual Property Rights of any third party. Except as set forth on Schedule 2.16, the Intellectual Property Rights listed in Schedule 2.16 have not been infringed, misappropriated, or are in conflict with or by any third party. No claim by any third party contesting the validity of any such Intellectual Property Right has been

made, is currently outstanding or, to the Knowledge of the Company, is threatened. The Company and the Subsidiaries have not received any notice of any infringement, misappropriation, or violation by the Company or any Subsidiary of any Intellectual Property Right owned or used by the Company or any Subsidiary.

(f) Except as set forth on Schedule 2.16: (i) the Company or the Subsidiaries are the exclusive owner of all data, data lists, information, systems, documentation, processes, and other items compiled, processed, created, or developed through any function performed by any program or system administered by the Company or any Subsidiary, but only to the extent that such data, data lists, information, systems, documentation, processes, and other items are proprietary (collectively, the "**Proprietary Information**"); (ii) the Company or the Subsidiaries have the exclusive right to use and protect all such Proprietary Information, and no third party has any rights in or has filed any copyright registration with respect to the Proprietary Information; (iii) neither the Company nor any Subsidiary has violated or infringed any patent, copyright, trademark, service mark, or other intellectual property rights of any other person or entity in or to the Proprietary Information, and there are no claims pending or, to the Knowledge of the Company, threatened against the Company or any Subsidiary asserting that the use of any Proprietary Information by the Company or any Subsidiary infringes the rights of any other person or entity; (iv) neither the Company nor any Subsidiary has made or asserted any claim of violation or infringement of any Proprietary Information against any other person or entity; and (v) neither the Company nor any Subsidiary has granted any outstanding licenses or other rights to any such Proprietary Information to any other person or entity, and the Company and the Subsidiaries have maintained and caused all of their employees, agents, and independent contractors to maintain the confidentiality of such Proprietary Information.

(g) Other than Intellectual Property Rights licensed to Company under (i) licenses for the Open Source Software listed in Schedule 2.16, (ii) licenses for generally commercially available software in executable code form that is available for a cost of not more than $10,000 for a perpetual license for a single user or work station (or $50,000 in the aggregate for all users and work stations), and (iii) the other licenses set forth in Schedule 2.16, the Company Intellectual Property includes all Intellectual Property Rights that are used in or necessary to the conduct of the business of the Company and its Subsidiaries as it currently is conducted by the Company, including the design, development, manufacture, use, marketing, import for resale, distribution, licensing out and sale of any Company Product.

(h) Neither this Agreement nor the transactions contemplated by this Agreement, including the assignment to the Amalgamated Corporation by operation of law or otherwise of any contracts or agreements to which the Company or any of its Subsidiaries is a party, will cause: (i) Parent, any of its Subsidiaries or the Amalgamated Corporation to grant to any third party any right to or with respect to any Intellectual Property Rights owned by, or licensed to, any of them (other than rights granted or that would be required to be granted by Company in the absence of this Agreement or the transactions contemplated hereby and excluding any obligations that arise from any agreement to which the Company is not a party), (ii) Parent, any of its Subsidiaries or the Amalgamated Corporation, to be bound by, or subject to, any non compete or other material restriction on the operation or scope of their respective businesses (excluding any non compete or other material restriction that arises from any agreement to which the Company is not a party) or (iii) Parent, any of its Subsidiaries or the

Amalgamated Corporation to be obligated to pay any royalties or other license fees with respect to Intellectual Property Rights of any third party in excess of those payable by Company in the absence of this Agreement or the transactions contemplated hereby (excluding any obligations that arise from any agreement to which the Company is not a party).

(i) Except as disclosed in Schedule 2.16(i), no government funding, facilities or resources of a university, college, other educational institution, multi-national, bi-national or international governmental organization or research center was used in the development of the Company Intellectual Property.

(j) Schedule 2.16 lists all software that is distributed as "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) (collectively, **"Open Source Software"**) that has been incorporated into any Company Product in any way and describes the manner in which such Open Source Software was incorporated (such description shall include, without limitation, whether (and, if so, how) the Open Source Software was modified and/or distributed by the Company or any of its Subsidiaries and whether (and if so, how) such Open Source Software was incorporated into and linked in any Company Product). Neither the Company nor any of its Subsidiaries has used Open Source Software in any manner that would or could (i) require the disclosure or distribution in source code form of any Company Product (except with respect to any incorporated Open Source Software as indicated on Schedule 2.16), (ii) require the licensing of any Company Product (except with respect to any incorporated Open Source Software as indicated on Schedule 2.16) for the purpose of making derivative works, (iii) impose any restriction on the consideration to be charged for the distribution of any Company Product (except with respect to any incorporated Open Source Software as indicated on Schedule 2.16), (iv) create, or purport to create, obligations for the Company with respect to Intellectual Property Rights owned by the Company or grant, or purport to grant, to any third party, any rights or immunities under Intellectual Property Rights owned by the Company or (v) impose any other material limitation, restriction, or condition on the right of the Company to use or distribute any Company Product (except with respect to any incorporated Open Source Software as indicated on Schedule 2.16). With respect to any Open Source Software that is or has been used by the Company or any of its Subsidiaries in any way, the Company and each of its Subsidiaries has been and is in compliance with all applicable licenses with respect thereto.

(k) Neither the Company, any of its Subsidiaries, nor any other person acting on its behalf has disclosed, delivered or licensed to any person, agreed to disclose, deliver or license to any person, or permitted the disclosure or delivery to any escrow agent or other person of, any source code for any Company Product except for disclosures to employees, contractors or consultants under agreements that prohibit use or disclosure except in the performances of services to the Company or any Subsidiary.

(l) Schedule 2.16 identifies all Personally Identifiable Information collected by the Company or any of its Subsidiaries through Internet websites owned, maintained or operated by the Company or any of its Subsidiaries (**"Company Sites"**), and through any

services provided to customers of the Company or any of its Subsidiaries ("**Company Services**"). "**Personally Identifiable Information**" means any information that alone or in combination with other information held by the Company or any of its Subsidiaries can be used to specifically identify a person. The Company or any of its Subsidiaries has complied with all applicable laws, contractual and fiduciary obligations, and its internal privacy policies relating to (i) the privacy of users of Company Sites and (ii) the collection, storage, transfer and any other processing of any Personally Identifiable Information collected or used by the Company or any of its Subsidiaries in any manner or maintained or by third parties having authorized access to such information. The execution, delivery and performance of this Agreement complies with all applicable laws relating to privacy and with the Company's privacy policies. Copies of all current and prior privacy policies of the Company that apply to the Company Sites or the Company Services during the preceding 5 years are attached to Schedule 2.16. Each such privacy policy and all materials distributed or marketed by the Company have at all times made all disclosures to users or customers required by applicable laws, and none of such disclosures made or contained in any such privacy policy or in any such materials has been inaccurate, misleading or deceptive or in violation of any applicable laws.

(m) With respect to all Personally Identifiable Information described in Schedule 2.16, the Company and each of its Subsidiaries has at all times taken all steps reasonably necessary (including, without limitation, implementing and monitoring compliance with adequate measures with respect to technical and physical security) to ensure that the Personally Identifiable Information is protected against loss and against unauthorized access, use, modification, disclosure or other misuse. There has been no unauthorized access to or other misuse of such Personally Identifiable Information.

(n) Schedule 2.16 sets forth Company's current (as of the date hereof) list of known material bugs that has been maintained by its development or quality control groups with respect to the Company Products.

(o) All Company Products (and all parts thereof) are free of any and any "back door," "time bomb," "Trojan horse," "worm," "drop dead device," "virus" or other software routines or hardware components that permit unauthorized access or the unauthorized disablement or erasure of such Company Product (or all parts thereof) or data or other software of users ("**Contaminants**"). The Company has endeavored to prevent the introduction of Contaminants into Company Products from software licensed from third parties using industry standard procedures.

(p) The Company and the Subsidiaries have taken the steps and implemented all reasonable procedures to protect the information technology systems used in connection with the current operation of the Company and the Subsidiaries from Contaminants. The Company and the Subsidiaries have the disaster recovery and security plans, procedures and facilities for the business. There have been no material unauthorized intrusions or breaches of the security of information technology systems.

(q) The Company is not a member, affiliate or contributor to any standards, accreditation or approvals agency, organization or association.

(r) Except as disclosed in Schedule 2.16, all licences and agreements of a similar nature pursuant to which the Company or any its Subsidiaries licences or sells the Company Products and all service agreements and sales contracts in which the Company or any its Subsidiaries is the supplier entered into prior to the Closing Date contain express disclaimers by the Company and its Subsidiaries of any warranty or condition of merchantability or fitness of purpose of such software products. In addition, except as disclosed in Schedule 2.16, all such licences and other agreements contain limitations on liability that limit the obligations of Company and its Subsidiaries to any licensee, purchasers or other customers in connection with a breach by Company and its Subsidiaries of any of its obligations under any such licence or other similar agreement to a maximum amount not to exceed the amount paid by the licensee, purchaser or customer for the Company Products.

(s) Intentionally deleted.

(t) For purposes hereof: (i) "**Company Intellectual Property**" means any and all Intellectual Property Rights that are owned or purported to be owned by the Company or any of its Subsidiaries; and (ii) "**Company Products**" means all products and services developed, manufactured, made commercially available, marketed, distributed, sold, or licensed out by or on behalf of the Company or any of its Subsidiaries since its inception, or which the Company or any of its Subsidiaries intends to manufacture, make commercially available, market, distribute, sell, import for resale, or license out within six (6) months after the date hereof.

2.17 Insurance. Schedule 2.17 contains a true and complete list (including the name of the insurer, policy number, coverage amount, deductible amount, premium amount, and expiration date) of all insurance policies and bonds and self-insurance arrangements currently in force that cover or purport to cover risks or losses to or associated with the Company's and/or any Subsidiary's business, operations, premises, properties, assets, employees, agents, and directors. Schedule 2.17 also contains a complete list of (i) all claims made within the last two years under any such policies or bonds; and (ii) any denial of coverage or reservation of rights to contest any such claim asserted by any insurer. The insurance policies, bonds, and arrangements described on Schedule 2.17 (the "**Policies**") are in full force and effect and provide insurance in such amounts and against such risks as the management of the Company reasonably has determined to be prudent, taking into account the industries in which the Company and the Subsidiaries operate. Neither the Company nor any Subsidiary (i) is in breach of or in default under any of the Policies or has failed to take any action which, with or without the notice or lapse of time or both, would constitute a breach or default, or (ii) has received any written notice of pending or threatened cancellation of any Policy. No claim or coverage under any Policy is currently being disputed.

2.18 Judgments; Litigation. Except as set forth on Schedule 2.18, there is no (a) outstanding judgment, order, decree, award, stipulation, or injunction of any Governmental Entity against the Company or any Subsidiary or their respective assets and properties or the Business, (b) action, suit, arbitration, hearing, inquiry, proceeding, complaint, charge, or investigation, whether civil, criminal or administrative ("**Action**"), by or before any Governmental Entity or arbitrator or any appeal from any of the foregoing pending or threatened, against the Company or any Subsidiary or their respective assets and properties, or

(c) to the Knowledge of the Company, fact or circumstance which is reasonably likely to lead to the instigation of any Action against the Company or any Subsidiary.

2.19 Taxes.

(a) Definition of Taxes. For the purposes of this Agreement, "Tax" or "Taxes" refers to any and all United States, Canadian, federal, state, provincial, local and foreign taxes, assessments, and other governmental charges, duties, fees, impositions, and liabilities relating to taxes (whether disputed or not), including, but not limited to, taxes based upon or measured by gross receipts, income, profits, sales, use and occupation, and value added, ad valorem, transfer, franchise, withholding, payroll, recapture, employment, excise, and property taxes, together with all interest, penalties, and additions imposed with respect to such amounts, including any liabilities arising as a result of being or ceasing to be a member of an affiliated, consolidated, combined, or unitary group for any period (including, without limitation, any liability under Treas. Reg. Section 1.1502-6 or any comparable provision of foreign, state, or local law) and any obligations under any agreements or arrangements with any other person with respect to such amounts and including any liability for taxes of a predecessor entity.

(b) Tax Returns and Audits.

(i) The Company and the Subsidiaries have timely filed (subject to such extensions as may be provided by applicable law) all United States and Canadian federal, state, provincial, local and foreign returns, estimates, information returns or statements and reports ("**Returns**") relating to Taxes, including any schedule or attachment, required to be filed by the Company or any of the Subsidiaries with any Tax authority, except such Returns that in the aggregate are not material to the Company or the Subsidiaries. Except as set forth in Schedule 2.19, neither the Company nor any Subsidiary is the beneficiary of any extension of time within which to file any Returns. All such Returns are correct and complete in all material respects and have been completed in accordance with applicable law. The Company and the Subsidiaries have paid all material Taxes due.

(ii) The Company and the Subsidiaries, have complied in all material respects with all requirements, including associated recordkeeping requirements, relating to withholding in respect of Taxes from payments to other persons (including backup withholding) and the remittance of amounts withheld to the proper Tax authority, except for such failures as, in the aggregate, are not material to the Company or the Subsidiaries.

(iii) Neither the Company nor any Subsidiary has received notification of any Tax deficiency outstanding, proposed, or assessed against the Company or any Subsidiary, nor has the Company or any Subsidiary executed any unexpired waiver of any statute of limitations on or extending the period for the assessment or collection of any Tax.

(iv) Except as set forth on Schedule 2.19, no audit or other examination of any Return of the Company or any Subsidiary by any Tax authority is presently in progress, nor has the Company or any Subsidiary been notified or otherwise became aware that such an audit or other examination will be commenced in the future. Schedule 2.19 sets forth those Returns of the Company and the Subsidiaries that have been audited. There are no liens for Taxes (other than current Taxes not yet due and payable) upon assets of the Company or any Subsidiary.

(v) No adjustment relating to any Returns filed by the Company or any Subsidiary has been proposed in writing formally or informally by any Tax authority to the Company or any representative thereof and neither the Company nor any Subsidiary is aware that any such proposed adjustment is threatened or imminent.

(vi) Except as set forth on Schedule 2.19(b)(vi), neither the Company nor any Subsidiary has any liability for any material unpaid Taxes that has not been accrued for or reserved on the books of the Company or the Subsidiaries in accordance with GAAP, whether asserted or unasserted, contingent or otherwise. The Financial Statements disclose, as of August 31, 2006, all liabilities, whether asserted or unasserted, contingent or otherwise, of the Company and its Subsidiaries for income taxes due and unpaid as of such date and all other unpaid Taxes (other than income taxes after August 31, 2006) attributable to taxable periods or portions of taxable periods ending on or prior to June 30, 2007, in each case net of the amount of all estimated Tax payments or similar prepayments made with respect to such liabilities on or prior to June 30, 2007.

(vii) There is no contract, agreement, plan, or arrangement to which the Company or any Subsidiary is a party as of the date of this Agreement, including but not limited to the provisions of this Agreement, covering any employee or former employee of the Company that, individually or collectively, would reasonably be expected to give rise to the payment of any amount of compensation that would not be deductible pursuant to Sections 162(m), 280G, or 404 of the Code. There is no contract, agreement, plan, or arrangement to which the Company is a party or by which it is bound to compensate any individual for excise taxes paid pursuant to Section 4999 of the Code.

(viii) Except as set forth on Schedule 2.19, neither the Company nor any Subsidiary (A) has ever been a member of an affiliated group filing a consolidated federal income Tax Return (other than a group the common parent of which is the Company), (B) is a party to any Tax sharing or Tax allocation agreement, arrangement or understanding, (C) is liable for the Taxes of any other person (i) under Treas. Reg. Section 1.1502-6 (or any similar provision of state, local, or foreign law), (ii) as a transferee or successor, (iii) by contract, or (iv) otherwise or (D) is a party to any joint venture, partnership, or other arrangement that could be treated as a partnership for income Tax purposes.

(ix) None of the Company's or any Subsidiary's assets are tax exempt use property within the meaning of Section 168(h) of the Code. Neither the Parent nor any Subsidiary is a party to any "safe harbor lease" within the meaning of Section 168(f)(8) of the Code, as in effect prior to amendment by the Tax Equity and Fiscal Responsibility Act of 1982, or to any "long-term contract" within the meaning of Section 460 of the Code.

(x) Neither the Company nor any Subsidiary has constituted either a "distributing corporation" or a "controlled corporation" in a distribution of stock described in Section 355 of the Code (A) in the two years prior to the date of this Agreement, or (B) in a distribution that could otherwise constitute part of a "plan" or "series of related transactions" (within the meaning of Section 355(e) of the Code) in conjunction with the Amalgamation.

(xi) The Company and the Subsidiaries will not be required to include any item of income in, or exclude any item of deduction from, taxable income for any taxable period (or portion thereof) ending after the Effective Time as a result of:

(A) a change to method of accounting that has been made or that is threatened or proposed;

(B) a "closing agreement" as described in Section 7121 of the Code (or any corresponding or similar provision of state, local, or foreign income Tax law) executed at or prior to the Effective Time;

(C) intercompany transactions or excess loss accounts described in Treasury Regulations under Section 1502 of the Code (or any corresponding or similar provision of state, local, or foreign income Tax law);

(D) an installment sale or open transaction disposition made at or prior to the Effective Time; or

(E) a prepaid amount received at or prior to the Effective Time.

(xii) Neither the Company nor any of the Subsidiaries is, or has at any time during the applicable period specified in Section 897(c)(1)(A)(ii) of the Code been, a "United States real property holding company."

(xiii) The Company and the Subsidiaries have disclosed on their 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 (or any corresponding or similar provision of state, local or foreign income Tax law).

(xiv) Except as set forth in Schedule 2.19(b)(i), the Company and the Subsidiaries have complied in all material respects with all Tax information reporting requirements imposed on them, including any associated recordkeeping

requirements and Form 1099 and Form W-2 reporting requirements. Neither the Company nor any Subsidiary is the beneficiary of an extension of time for filing or providing any information returns.

(xv) Neither the Company nor any Subsidiary has entered into any transaction that constitutes a "reportable transaction" within the meaning of Treasury Regulations Section 1.6011-4(b) or any corresponding or similar provision of state law.

(xvi) Schedule 2.19 lists, for each of the Company and the Subsidiaries, all jurisdictions in which such entity currently files Returns. No claim has been made by an authority in a jurisdiction where the Company or a Subsidiary does not file Returns that it is or may be subject to taxation in that jurisdiction or that it must file Returns in that jurisdiction.

(xvii) The Company has made available to Parent correct and complete copies of all federal income Tax Returns, examination reports, and statements of deficiency assessed against or agreed to by the Company or any Subsidiary since January 1, 2003.

(xviii) Neither the Company nor any Subsidiary has received (or is subject to) any ruling from any Tax authority specifically applicable to the Company or a Subsidiary or has entered into (or is subject to) any agreement with a Tax authority.

(xix) Each Company Option outstanding as of the date hereof was issued in connection with the rendering of services to the Company by the Holder of such Company Option in connection with the Holder's employment or directorship.

(xx) The Company and each of its subsidiaries are in full compliance with all terms and conditions of any Tax exemption, Tax holiday or other Tax reduction agreement or order.

(xxi) Except as set forth in Schedule 2.19(b)(xxi), neither the Company nor any of its subsidiaries is subject to Tax in any country other than its country of incorporation or formation by virtue of having a permanent establishment or other place of business in that country.

(xxii) Notwithstanding Section 2.19(b)(vii), (ix), (xi), (xiii) and (xv) above, such representations and warranties only apply to the Company and its Subsidiaries to the extent that the Company or any such Subsidiaries are currently or are at any time after the date hereof deemed to be subject to income taxation in the United States in respect of a period prior to Closing.

(c) Canadian Tax Matters

(i) Except pursuant to this Agreement or as specifically disclosed in writing, for purposes of the Canadian Tax Act or any other applicable Tax statute, no Person or group of Persons has acquired or had the right to acquire control of the Company.

(ii) Except as disclosed in Schedule 2.19(c)(ii), none of sections 78, 80, 80.01, 80.03 or 80.04 of the Canadian Tax Act or any equivalent provision of the Tax legislation of any Canadian province or any governmental authority have applied, nor will they apply to the Company at any time up to and including the Closing Date.

(iii) Other than as set forth in Schedule 2.19(c)(iii), the Company has not acquired property from a non-arm's length Person within the meaning of the Canadian Tax Act for consideration, the value of which is less than the fair market value of the property acquired in circumstances which could subject it to a liability under Section 160 of the Canadian Tax Act.

(iv) Except as set forth in Schedule 2.19(c)(iv), for all transactions between the Company and any Person not resident in Canada with whom the Company or any of the subsidiaries was not dealing at arm's length during a taxation year commencing after 1998 and ending on or before the Closing Date, the Company have made or obtained records or documents that meet the requirements of paragraphs 247(4)(a) to (c) of the Canadian Tax Act.

(v) The Company and each of its Subsidiaries are duly registered under subdivision (d) of Division V of Part IX of the *Excise Tax Act* (Canada) with respect to the goods and services tax and harmonized sales tax and their respective registration numbers are as follows: 13629 3271 RT0001.

2.20 Permits and Compliance with Legal Requirements.

(a) The Company, the Subsidiaries and their employees have obtained and maintain all material permits, licenses, certifications, franchises, and other authorizations from Governmental Entities or other parties (whether governmental or non-governmental) required to conduct the Company's and the Subsidiaries' business in the manner in which such business has been and is being conducted (collectively, "**Permits**"), which Permits are set forth on Schedule 2.20. The Company, its Subsidiaries and their respective employees are in compliance in all material respects with the requirements of all Permits.

(b) On the Closing Date, all Permits shall be current and in full force and effect. There has been no default on the part of the Company or any Subsidiary with respect to, and no event has occurred which, with the giving of notice or the lapse of time, or both, and neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated hereby, would constitute a breach of, any condition to the issuance, maintenance, renewal, and/or continuance of, any Permit or result in any other impairment of the rights of the

holder thereof. Neither the Company nor the Subsidiaries have made an assignment of any Permits to any third party, and the Permits are free and clear of all Liens.

(c) The Company and the Subsidiaries have at all times and in all material respects complied and are in compliance with all Legal Requirements. No present or past violation of any such Legal Requirement, whether known or unknown, has occurred that could or would materially impair the value of the Company, the Subsidiaries, or the Business, or the right or ability of the Company, the Subsidiaries, or their successors, affiliates, officers, directors, employees, or agents to conduct the Business. The Company and its Subsidiaries have not received any written communication during the two years prior to the date hereof from a Governmental Entity that alleges that the Company or its Subsidiaries is in violation of any applicable laws.

2.21 Environmental. The Company and the Subsidiaries are and have been in compliance in all material respects with, and neither the Company nor a Subsidiary has any actual or potential liability under any Legal Requirement relating to the release, storage, generation, use, manufacture, treatment, deposit, disposal of or exposure of any Person to any hazardous or toxic substance, material, or waste ("**Environmental Laws**"). There are no consent decrees, consent orders, judgments, judicial administrative orders, or Liens against the Company and the Subsidiaries relating to Environmental Laws that regulate, obligate, or bind the Company or any of the Subsidiaries. There are no existing or pending or, to the Knowledge of the Company, threatened Actions based on, and neither the Company nor any Subsidiary, nor any officer or director of the Company or any Subsidiary, has directly or indirectly received any formal or informal notice of any claims relating to Environmental Laws against the Company or any of the Subsidiaries or any Person (as defined herein) or entity whose liability for any claims the Company or any of the Subsidiaries has assumed or retained either contractually or by operation of law arising under Environmental Laws. There has been no storage, release or disposal by the Company or any of the Subsidiaries of any hazardous or toxic substance material or waste in violation of or in a manner that could result in a material liability under Environmental Laws at any of the facilities owned, operated, or leased by the Company or any of the Subsidiaries, nor any property formerly owned, operated, or leased by the Company or any of the Subsidiaries during the period of such ownership, operation, or tenancy. The Company and the Subsidiaries hold and have held all Permits required under Environmental Laws ("**Environmental Permits**") and are and have been in compliance in all material respects with such Environmental Permits. "**Person**" means an individual, corporation, partnership, limited partnership, limited liability company, joint venture, trust, or unincorporated organization or association or other form of business enterprise, Governmental Entity or other entity (including its permitted successors and assigns).

2.22 Powers of Attorney. Schedule 2.22 contains a complete and accurate list setting forth the names and addresses of all Persons holding a power of attorney on behalf of the Company or any Subsidiary.

2.23 Contracts.

(a) Schedule 2.23(a) includes a true, correct, and complete list of all contracts, agreements, arrangements, and understandings, written or oral, to which the Company

or any Subsidiary is a party or by which any of them is bound, that is material to the Company or any Subsidiary or any of their respective, assets, or operations (collectively, the "**Contracts**"), including, without limitation:

(i) any agreement or arrangement, or group of related agreements or arrangements, pursuant to which a third party is or will be entitled or obligated to purchase or use any of the Company's or any Subsidiary's assets, with an aggregate purchase price in excess of $50,000;

(ii) any warranty agreements or arrangements under which the Company or any Subsidiary has any liability in excess of $50,000;

(iii) any leases with a term of one year or more or pursuant to which the Company or any Subsidiary is entitled to or obligated to pay in excess of $50,000;

(iv) any capital or operating leases or conditional sales agreements relating to vehicles or equipment pursuant to which the Company or any Subsidiary is entitled or obligated to pay in excess of $50,000;

(v) any supply or manufacturing agreements or arrangements pursuant to which the Company or any Subsidiary is entitled or obligated to acquire any assets from a third party with an aggregate purchase price in excess of $50,000;

(vi) any employment, consulting, noncompetition, separation, termination, collective bargaining, union, or labor agreements or arrangements to which the Company or any Subsidiary is a party with any of its employees or consultants;

(vii) any noncompetition, confidentiality, or nondisclosure agreements to which the Company or any Subsidiary is a party that could reasonably be expected to result in a restriction on the operation of the business of the Company or any Subsidiary;

(viii) any agreement evidencing, securing, or otherwise relating to any indebtedness in excess of $50,000 for which the Company or any Subsidiary has any liability;

(ix) any agreement with or for the benefit of any director, officer, or employee of the Company or any Subsidiary, or any affiliate or family member thereof;

(x) any agreement which creates a partnership or joint venture or similar arrangement;

(xi) any agreement which cannot be terminated upon 60 days' notice without payment of any penalty on the part of the Company or any Subsidiary of more than $50,000; and

(xii) any other agreement or arrangement pursuant to which the Company or any Subsidiary could be required to make or be entitled to receive aggregate payments in excess of $50,000 and that is not cancelable without penalty upon 30 days' notice.

(b) Except as set forth on Schedule 2.23(b):

(i) (A) Each Contract is in full force and effect and constitutes a binding obligation of all parties thereto, enforceable against the other party or parties to such Contracts in accordance with its terms; (B) no such Contract has been canceled or otherwise terminated; and (C) to the Knowledge of the Company, no such cancellation or termination has been threatened; and

(ii) (A) The Company and the Subsidiaries have performed all obligations required to be performed by each under the Contracts; (B) there are no existing breaches, defaults, or events of default, real or claimed, or events which with notice or lapse of time or both would constitute defaults under any of the Contracts; and (C) the Company and the Subsidiaries have not received notice of any such breach or default.

2.24 Employees.

(a) Schedule 2.24 sets forth a true, correct, and complete listing of all employees of the Company and the Subsidiaries (the "**Employees**"), including each applicable name, commencement date, and job title or function, as well as a true, correct, and complete listing of the current salary or wage, incentive pay and bonuses, accrued vacation and vacation entitlement, and the current status (as to leave or disability pay status, leave eligibility status, full time or part time, exempt or nonexempt, temporary or permanent status) of such employees. Except as set forth on Schedule 2.24, the Company and the Subsidiaries have not paid or promised to pay any bonuses or incentive pay to such employees.

(b) Except as set forth on Schedule 2.24, there are no claims, grievances or arbitration proceedings, workers' compensation proceedings, labor disputes, governmental investigations, or administrative proceedings of any kind pending or, to the Company's Knowledge, threatened against or relating to the Company or any Subsidiary, its employees, or employment practices, or operations as they pertain to conditions of employment, nor is the Company or any Subsidiary subject to any order, judgment, decree, award, or administrative ruling arising from any such matter.

(c) Neither the Company nor any Subsidiary is a party to any labor union or collective bargaining agreement or other similar agreement and no union or labor organization has been certified or recognized as the representative of any employees of the Company or any Subsidiary, or to the Knowledge of the Company, is seeking such certification or recognition or is attempting to organize any of the employees of the Company or any Subsidiary. There are currently no strikes, concerted slowdowns, concerted work stoppages, lockouts or, to the Company's Knowledge, any threats thereof, existing by or with respect to any employees of the Company or any Subsidiary.

(d) There are no workers' compensation claims pending or, to the Company's Knowledge, threatened against the Company or any Subsidiary except to the extent any such claim or claims are covered by workers' compensation insurance.

2.25 Independent Contractors. Schedule 2.25 contains a true, correct, and complete list of the names and compensation arrangements of each independent contractor performing services for the Company and the Subsidiaries. Schedule 2.25 sets forth a true, correct, and complete list of all written and oral agreements currently in effect with any such independent contractors and except as set forth on Schedule 2.25 all such agreements are terminable upon 30 days notice.

2.26 Employee Benefits.

(a) Except for those agreements listed in Schedule 2.26, there are no employment agreements that are not terminable on the giving of reasonable notice in accordance with all Legal Requirements, nor are there any management agreements, retention bonuses or employment agreements providing for cash or other compensation or benefits upon the consummation of the Amalgamation or any part thereof.

(b) Except for the Benefit Plans listed in Schedule 2.26, the Company is not a party to, and is not bound by nor have any liability or contingent liability with respect to, any employment policies or plans, whether written or unwritten, funded or unfunded, or formal or informal. Neither the Company nor any of its Subsidiaries maintains a pension plan in favor of any of the Employees.

(c) The Company is operated and has been operated in full compliance with all Legal Requirements relating to Employees, including employment standards, human rights, labour relations, occupational health and safety Legal Requirements, workers' compensation, pay equity or employment equity. There have been no claims nor is there any pending or any threatened claims under any such Legal Requirements against the Company in respect of the Business. To the Company's Knowledge, nothing has occurred that might lead to a claim against the Company under such Legal Requirements.

(d) There are no inspection reports or written equivalent made under any occupational health and safety Legal Requirements or other Legal Requirements relating to workers' health, safety or compensation in the event of a mishap while at work. There are no outstanding inspection orders or written equivalent made under any occupational health and safety Legal Requirements or other Legal Requirements relating to workers' health, safety or compensation in the event of a mishap while at work, which relate to the Company. There have been no fatal or critical accidents that might lead to claims against the Company under occupational health and safety Legal Requirements.

(e) All current assessments under applicable workers compensation legislation in relation to the Business have been paid or accrued, and the Business has not been and is not subject to any additional or penalty assessment under such legislation which has not been paid or has been given notice of any audit. Moreover, the Company's accident cost experience is such that there are no pending nor, to the Knowledge of the Company, potential

penalty assessments, experience rating changes or claims that could adversely affect the Company's premium payments or accident cost experience or result in any additional payments in connection with the Business.

2.27 Key Relationships. Schedule 2.27 contains a true and complete list for the 10-month fiscal period ending June 30, 2007 of (i) the five largest suppliers of the Company and the Subsidiaries as measured by the Company's and the Subsidiaries' purchases of goods or services during such period and (ii) the five largest entities doing business with the Company and the Subsidiaries measured by revenue concentration during such period (the entities in (i) and (ii) collectively, the "**Key Relationships**"). Except as set forth on Schedule 2.27, no such Key Relationship (i) has cancelled, suspended, or otherwise terminated its relationship with the Company or any Subsidiary, (ii) has advised the Company or any Subsidiary of its intention to cancel, suspend, or otherwise terminate its relationship with the Company or any Subsidiary, to increase its pricing to the Company or any Subsidiary, to curtail its accommodations, sales, or services to the Company or any Subsidiary, or to materially and adversely change the terms upon which it sells products to the Company or any Subsidiary, or (iii) subject to the receipt of all applicable consents, approvals, and authorizations described in Schedule 2.6(a), is reasonably expected by the Company or any Subsidiary to cancel, suspend, or terminate its relationship with the Company or any Subsidiary, to increase its pricing, to curtail its accommodations, sales, or services to the Company or any Subsidiary, or to materially and adversely change the terms upon which it sells its products to the Company or any Subsidiary as a result of the consummation of the transactions contemplated by this Agreement or otherwise. There are no current threatened or reasonably anticipated restrictions on the supply of goods and services or referral sources by any Key Relationships to the Company or any Subsidiary. The Company and the Subsidiaries have maintained and continue to maintain good relationships with the Key Relationships and no Key Relationship intends to materially adversely change its relationship with the Company or any Subsidiary in the foreseeable future, including, without limitation, as a result of the consummation of the transactions contemplated by this Agreement.

2.28 Brokers' and Finders' Fees. Except as set forth on Schedule 2.28, no broker, finder, or similar agent has been employed by or on behalf of the Company or any Subsidiary of the Company in connection with this Agreement or the transactions contemplated hereby and neither the Company nor any Subsidiary of the Company has entered into any agreement, arrangement, or understanding of any kind with any Person for the payment of any brokerage commission, finder's fee, or any similar compensation in connection with this Agreement or the transactions contemplated hereby.

2.29 Board Approval. The Board of Directors of the Company has, in accordance with the BCANB and the Company's Company Articles and Bylaws, has taken all required steps to duly approve and adopt the Amalgamation, this Agreement, the Collateral Agreements, and all transactions contemplated hereby. Effective directors' action respecting the Amalgamation, this Agreement, the Collateral Agreements, and all transactions contemplated hereby has been taken by the Company in compliance with Section 122(1) of the BCANB.

2.30 Insolvency Proceedings. No insolvency proceedings of any kind or nature, including, without limitation, bankruptcy, receivership, reorganization, or other arrangements

with creditors, voluntary or involuntary, with respect to the Company or any Subsidiary are pending or threatened.

2.31 Bank Accounts. Schedule 2.31 sets forth the names and locations of all banks, trust companies, brokerage firms, or other financial institutions at which the Company or any Subsidiary maintains accounts and the name of each person authorized to draw thereon or make withdrawals therefrom.

2.32 Approvals and Consents. Schedule 2.6(a) sets forth all consents, authorizations, and approvals of, and all filings, notices, and registrations with, any Person to, or as a result of the consummation of, the transactions contemplated hereby or the Collateral Agreements that are required to be obtained or made by the Company or any Subsidiary (the "**Third-Party Consents**"). All Third-Party Consents listed in Schedule 2.6(a) have been obtained or made or will be obtained or made by the Company prior to the Closing.

2.33 Certain Payments. The Company has not, nor has any other person or entity, directly or indirectly, on behalf of or with respect to the Company: (a) made, received, or offered to make or receive, any payments that were not legal to make, to receive, or to offer to make or receive, including, without limitation, payments prohibited under applicable federal and state "fraud and abuse" or anti-referral or anti-kickback statutes; (b) made an illegal political contribution; or (c) engaged in any conduct constituting a violation of the Foreign Corrupt Practices Act of 1977. Neither the Company nor any Employee or former Employee or any of their respective representatives has, directly or indirectly since the Company's and any predecessor's thereto amalgamation or incorporation, as applicable, given or agreed to give any gift or similar benefit to any customer, supplier, employee of any Governmental Entity or any other Person who is or may be in a position to help or hinder the Company or any of its Subsidiaries, which gift or benefit: (i) might subject the Company to any damage or penalty in any civil, criminal or governmental litigation or proceeding, (ii) if not given in the past, individually or in the aggregate, could reasonably be expected to have had a Material Adverse Effect, or (iii) if not continued in the future, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

2.34 Intentionally deleted.

2.35 Company Transaction Expenses; Indebtedness. Schedule 2.35 contains a complete and accurate list of the Company Transaction Expenses estimated by the Company, which amounts shall be updated by the certificate to be delivered in accordance with Section 1.12(a)(viii) above. All obligations of the Company or any Subsidiary for money borrowed, evidenced by notes, bonds or similar instruments, for the deferred purchase price of goods or services (other than payables in the Ordinary Course of business), under capital leases or in the nature of guarantees of any of the foregoing obligations ("**Indebtedness**") are listed on Schedule 2.35, which amounts shall be updated by the certificate to be delivered in accordance with Section 1.12(a)(viii) above.

2.36 Affiliate Transactions. Except as disclosed in Schedule 2.36 and other than pursuant to agreements listed on Schedule 2.23(a) as specifically being applicable to this Section 2.36 and any employee agreements with any Holders disclosed on Schedule 2.24, (i) there are no

Liabilities between the Company or any of the Subsidiaries on the one hand, and any current or former officer, director, shareholder, Affiliate or associate of the Company or any of the Subsidiaries or any associate of any such officer, director, shareholder or Affiliate on the other, (ii) neither the Company nor any of the Subsidiaries nor any such current or former officer, director, shareholder, Affiliate or associate owns, directly or indirectly, or provides or causes to be provided any assets (whether tangible or intangible), services or facilities to the Company or any of the Subsidiaries (iii) neither the Company nor any of the Subsidiaries owns, directly or indirectly, or provides or causes to be provided any assets (whether tangible or intangible), services or facilities to any such current or former officer, director, shareholder, Affiliate or associate and (iv) neither the Company nor any of the Subsidiaries beneficially owns, directly or indirectly, any investment assets issued by any such current or former officer, director, shareholder, Affiliate or associate.

2.37 Minimum Cash and Working Capital.

(a) For purposes of this Agreement, the following terms shall have the following respective meanings:

(i) "**Target Working Capital**" means $5,200,000.

(ii) "**Target Cash**" means $2,487,117.

(iii) "**Closing Adjusted Working Capital**" means an amount as of the Closing Date, as reflected on the Closing Balance Sheet, equal to the Company's (A) the current assets of the Company as of the Closing, minus (B) cash and cash equivalents, minus (C) accounts payable and accrued liabilities.

(iv) "**Closing Adjusted Cash**" means an amount as of the Closing Date, as reflected on the Closing Balance Sheet, equal to the Company's (A) cash and cash equivalents; plus (B) the Aggregate Option Exercise Consideration; minus (C) total debt (other than accounts payable and accrued liabilities); minus (D) the loss on the foreign exchange contracts, facilities or accounts described in Schedule 2.37 attached hereto.

(b) The Company shall be in breach of this Section 2.37 in an amount equal to the dollar amount that the Target Cash exceeds the Closing Adjusted Cash. In addition, the Company shall be in breach of this Section 2.37 in an amount equal to the dollar amount that the Target Working Capital exceeds the Closing Adjusted Working Capital; provided, however, that if and only if the Target Cash exceeds Closing Adjusted Cash, then the Company's breach of this Section 2.37 with respect to the Closing Adjusted Working Capital shall be limited to the amount by which Closing Adjusted Cash plus Closing Adjusted Working Capital is less than $7,687,117. Notwithstanding any provision in this Agreement to the contrary, the Closing Balance Sheet and all items included in the calculation of Closing Adjusted Working Capital shall be prepared in accordance with generally accepted accounting principles promulgated in Canada, as in effect from time to time ("**GAAP**"), including appropriate closing adjustments, as if the Closing Date were a fiscal year end, as consistently applied by the Company in the audited and unaudited

financial statements provided by the Company to Parent prior to the Agreement Date, subject to the terms and conditions of this Agreement.

(c) Within 45 days following the Closing Date, Parent shall prepare and deliver to the Shareholders Representative (i) a balance sheet of the Company as of the Closing (the "**Closing Balance Sheet**"), (ii) its calculation of the Closing Adjusted Working Capital, (iii) its calculation of the Closing Adjusted Cash, if any, and (iv) a certificate of a duly authorized officer of Parent certifying that the foregoing have been prepared in accordance with this Agreement. Each party shall have the right to review all books and records and supporting work papers (including schedules, memoranda and other documents) related to the preparation of the Closing Balance Sheet and the calculation of the Closing Adjusted Working Capital and Closing Adjusted Cash. The Shareholders Representative shall have a period of 45 days (the "**Objection Period**") after delivery of the Closing Balance Sheet in which to provide written notice to Parent of any objections thereto (the "**Objection Notice**"), setting forth the specific item of the calculation of the Closing Adjusted Working Capital and/or Closing Adjusted Cash to which each such objection relates and the specific basis for each such objection. The Closing Balance Sheet and the resulting Closing Adjusted Working Capital and Closing Adjusted Cash shall be deemed to be accepted by the Shareholders Representative and shall become final and binding on the later of (i) the expiration of the Objection Period, or (ii) the date on which all objections have been resolved by the parties; provided, however, that the Closing Balance Sheet and the resulting Closing Adjusted Working Capital and Closing Adjusted Cash shall become final and binding prior to the end of the Objection Period if the Shareholders Representative informs Parent by written notice of its waiver of the Objection Period and acceptance of the Closing Balance Sheet. If the Shareholders Representative gives any such Objection Notice, such dispute shall be resolved by the parties in accordance with the procedures set forth in Section 2.37(d).

(d) If Parent and the Shareholders Representative are unable to resolve a dispute within 30 days after the date of delivery of the Objection Notice (which 30-day period may be extended by written agreement of the parties), such dispute shall be resolved fully, finally and exclusively through the use of Ernst & Young LLP (the "**Arbitrator**") as an independent arbitrator, and the determination of the Arbitrator shall be final and binding on the parties. The Arbitrator's personnel performing such services shall be individuals who are independent of, and impartial with respect to, Parent, the Company, the Shareholders Representative, their officers, directors, agents and employees, and the officers, directors, agents and employees of their respective Affiliates. If the Arbitrator shall not be willing to serve as an independent accounting firm for this purpose, then another independent accounting firm (the "**Alternate Accounting Firm**") shall be selected to serve as such by mutual agreement of Parent and the Shareholders Representative. If the Shareholders Representative and Parent cannot mutually agree on the identity of the Alternate Accounting Firm, such dispute shall be resolved fully and finally in Dallas, Texas, by an arbitrator selected pursuant to, and an arbitration governed by, the Commercial Arbitration Rules of the American Arbitration Association. The fees and expenses of the Arbitrator, the Alternate Accounting Firm or the arbitrator (the "**Reviewing Party**") incurred in the resolution of such dispute shall be borne by the party or the parties in such proportion as the Reviewing Party may determine. Any arbitration proceeding shall be commenced within 60 days of the date of delivery of the Objection Notice, or such period of time otherwise agreed to by the parties, and the parties shall submit to the Reviewing

Party written submissions detailing the disputed items within 20 days after the commencement of such proceeding. The Reviewing Party shall determine (and written notice thereof shall be given to the Shareholders Representative and Parent) as promptly as practicable, but in all events within 30 days of the date on which written submissions detailing the disputed items have been forwarded to it, (x) whether the Closing Balance Sheet, the calculation of the Closing Adjusted Working Capital and the calculation of the Closing Adjusted Cash were prepared in accordance with the terms of this Agreement, and (y) only with respect to the disputed items submitted to the Reviewing Party, whether and to what extent (if any) such Closing Balance Sheet and the Closing Adjusted Working Capital and/or the Closing Adjusted Cash require adjustment. The Reviewing Party's decision shall be based solely on the written submissions of the parties and any oral presentations requested or approved by the Reviewing Party. All negotiations pursuant to this Section 2.37(d) shall be treated as compromise and settlement negotiations for purposes of Rule 408 of the Federal Rules of Evidence and comparable state, Canadian federal, provincial, local or foreign rules of evidence, and all negotiations, submissions to the Reviewing Party, and arbitration proceedings under this Section 2.37(d) shall be treated as confidential information. The Reviewing Party shall be bound by a mutually agreeable confidentiality agreement.

ARTICLE III
REPRESENTATIONS AND WARRANTIES OF HOLDERS

As an inducement to Parent and Transaction Sub to enter into this Agreement and to consummate the transactions contemplated herein, each Holder of Company Shares accepting the Alternative Tender Offer pursuant to a duly executed Letter of Transmittal delivered by the Holder pursuant to the terms and conditions hereof hereby represents and warrants to Parent and Transaction Sub, as of the Agreement Date and as of the Closing Date, as follows:

3.1 Capacity to Enter Agreement. The Holder has all necessary power, authority and capacity to enter into and perform its obligations under this Agreement.

3.2 Binding Obligation. The execution and delivery of this Agreement and the consummation of the transactions contemplated under this Agreement have been duly authorized by all necessary action on the part of such Holder. This Agreement has been duly executed and delivered by such Holder and constitutes a valid and binding obligation of such Holder, enforceable against such Holder in accordance with the terms of this Agreement, subject to applicable bankruptcy, insolvency and other laws of general application limiting the enforcement of creditors' rights generally and to the fact that equitable remedies, including specific performance, are discretionary and may not be ordered in respect of certain defaults.

3.3 Title to Company Shares. Such Holder is now and will be at Closing the legal and beneficial owner of the number of Company Shares indicated to be held by the Holder in the Letter of Transmittal to be delivered by the Holder in accordance with the terms and conditions hereof and has and at Closing will have good title to them, free and clear of any Liens.

3.4 Residence of Holder. Such Holder is not a non-resident of Canada for purposes of the Canadian Tax Act or shall otherwise comply with Section 1.11 of this Agreement.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES OF PARENT AND TRANSACTION SUB

As an inducement to the Company to enter into this Agreement and to consummate the transactions contemplated herein, Parent and Transaction Sub hereby jointly and severally represent and warrant to the Company, as of the Agreement Date and as of the Closing Date, as follows:

4.1 Organization and Good Standing. Parent is a limited liability company and Transaction Sub is a corporation, each duly organized, validly existing, and in good standing under the laws of the jurisdiction of its incorporation or formation, with full power and authority to own, operate, and lease its assets and properties and to conduct its business as currently conducted.

4.2 Authority.

(a) Each of Parent and Transaction Sub has all requisite power, right, and authority to enter into this Agreement and the Collateral Agreements and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement and the Collateral Agreements and the consummation of the transactions contemplated hereby have been

duly authorized by all necessary corporate action on the part of each of Parent and Transaction Sub, subject only to the filing and recordation of the Articles of Amalgamation pursuant to the BCANB. This Agreement and the Collateral Agreements have been duly executed and delivered by each of Parent and Transaction Sub and, assuming the due authorization, execution, and delivery by the Company, constitute the valid and binding obligations of each of Parent and Transaction Sub, enforceable in accordance with their terms, except as enforceability may be limited by bankruptcy and other similar laws affecting creditors' rights generally and general principles of equity. The execution and delivery of this Agreement and the Collateral Agreements by each of Parent and Transaction Sub do not, and the performance of this Agreement and the Collateral Agreements by each of Parent and Transaction Sub will not, (i) conflict with or violate the certificate of incorporation or bylaws (or similar organizational documents) of Parent or of Transaction Sub or any Legal Requirement, or (ii) result in any breach of, or constitute a default (or an event that with notice or lapse of time or both would become a default) under, or impair Parent's or Transaction Sub's rights or alter the rights or obligations of any third party under, or give to others any rights of termination, amendment, acceleration, or cancellation of, or result in the creation of a Lien on any of the properties or assets of Parent or any of its subsidiaries pursuant to, any note, bond, mortgage, indenture, contract, agreement, lease, license, permit, franchise, or other instrument or obligation to which Parent or any of its subsidiaries is a party or by which Parent or any of its subsidiaries or its or any of their respective assets or properties are bound or affected, except to the extent such conflict, violation, breach, default, impairment, or other effect would not, in the case of clause (ii), individually or in the aggregate, have a Material Adverse Effect on Parent or Transaction Sub.

(b) No consent, approval, order, or authorization of, or registration, declaration, or filing with any Governmental Entity is required by or with respect to Parent or Transaction Sub in connection with the execution and delivery of this Agreement or the Collateral Agreements or the consummation of the transactions contemplated hereby or thereby, except for applicable requirements of the HSR Act and the filing of the Articles of Amalgamation with the Director of Corporations (New Brunswick).

(c) Parent will cause the Amalgamated Corporation to use commercially reasonable efforts in accordance with past practice of the Company to collect all accounts receivable of the Company appearing on the Closing Balance Sheet.

ARTICLE V
CONDUCT PRIOR TO THE EFFECTIVE TIME

Except as otherwise expressly provided herein, the Company covenants and agrees that, without the prior written consent of Parent in each instance, between the Agreement Date and the Closing Date:

5.1 Conduct of Business. Except as contemplated by this Agreement, or with the prior written consent of Parent, the Company will, and will cause its Subsidiaries to, (a) operate only in the Ordinary Course and preserve the goodwill of the Company and its Subsidiaries and of their employees, customers, suppliers, distributors, Governmental Entities, and others having business dealings with the Company or its Subsidiaries; (b) not engage in any transaction outside

the Ordinary Course or the Company's 2007 Budget, including without limitation by incurring indebtedness, issuing securities, amending the articles or by-laws of the Company or any subsidiary, making investments in any third party, making any distributions of assets to shareholders, terminating any employees, changing accounting policies of the Company and its subsidiaries, commencing any legal proceeding, failing to comply with any Legal Requirement, filing any Tax Return (and, in connection therewith, Parent acknowledges that the Company may seek its consent hereunder relating to the filing of Tax Returns), making any material expenditure, investment, or commitment or entering into any Contract or material arrangement of any kind; (c) not increase the compensation of any employee or officer or make any bonus payments or other distributions except as set forth on Schedule 5.1; (d) maintain all insurance policies and all Permits that are required for the Company and its Subsidiaries to carry on the Business; (e) maintain books of account and records in the usual, regular and ordinary manner and consistent with past practices; (f) not take any action that would result in, or otherwise allow, a breach of any of the representations and warranties set forth in Article II including, without limitation, for the avoidance of doubt, the actions listed in Section 2.11; (g) not exercise any right or option under any lease or extend, renew, materially modify or terminate any lease; (h) not acquire or contract to purchase any interest in real property, including, without limitation, fee and leasehold interests; (i) perform in all material respects all covenants and obligations under the leases, Permits and Contracts; (j) not permit any Liens to be placed and remain for more than 60 days against any assets or convey any assets other than licenses of intellectual property in the ordinary course of business consistent with past practice; and (k) directly or indirectly take or otherwise permit to occur any of the actions described in this Section 5.1. The Company will obtain, prior to the Effective Time, from each Person exercising a Company Option on or after the date hereof and prior to the Effective Time, an amount equal to the sum of (i) the amount that the Company or its Subsidiaries are required to withhold on account of Taxes (including in respect of social security, employment and similar taxes) in connection with the exercise of such Company Option and (ii) any Taxes imposed on the Company or its Subsidiaries as a result of the receipt of amounts described in this sentence.

5.2 Maintenance of Business and Operations. Except as contemplated by this Agreement, the Company will use commercially reasonable efforts to preserve substantially intact the Company's business organization, maintain its material rights and franchises, maintain its books and records, retain the services of its respective officers and key employees, and maintain its relationships with its material customers and suppliers, maintain and keep its material properties and assets in as good repair and condition as at present, ordinary wear and tear excepted, and maintain supplies and inventories in quantities consistent with its customary business practice.

5.3 No Repurchase of Securities. Except as contemplated herein, the Company will not (a) redeem, purchase, or otherwise acquire any Company Securities; (b) effect any reorganization or recapitalization except for the Amalgamation contemplated hereby; or (c) split, combine, or reclassify any of its capital stock or issue or authorize or propose the issuance of any other securities in respect of, in lieu of, or in substitution for, shares of its capital stock.

5.4 No Issuance of Securities. Except for the issuance of Company Common Shares upon the exercise of Company Options outstanding on the date hereof, the Company will not issue, deliver, award, grant, or sell, or authorize or propose the issuance, delivery, award, grant,

or sale (including the grant of any security interests, liens, claims, pledges, limitations in voting rights, charges, or other encumbrances) of, any shares of its capital stock (including shares held in treasury), any securities convertible into or exercisable or exchangeable for any such shares, or any rights, warrants, or options to acquire any such shares.

ARTICLE VI
ADDITIONAL AGREEMENTS

6.1 Shareholder Approval. The Company will as promptly as practicable (but no later than 21 days) after the Agreement Date, in accordance with the BCANB and the Company Articles and Bylaws, obtain the unanimous written consent of its shareholders to, or hold a shareholders' meeting for the purpose of voting upon the adoption and approval of this Agreement and the Amalgamation. The Company will use its best efforts to take all action necessary or advisable to secure the vote or consent of the Company's shareholders required by the BCANB and all other applicable legal requirements with respect to the approval and adoption of this Agreement and the Amalgamation, and will provide the Parent with prior notice and an opportunity to comment upon any and all communications or proxy solicitation materials (collectively, the "**Meeting Materials**") required to be provided by the Company to its shareholders prior to delivery thereof in accordance with the BCANB including, without limitation, the Letter of Transmittal to be mailed to Holders pursuant to Section 1.6(c) of the Agreement and pursuant to the Share Provisions.

6.2 Access to Information; Confidentiality. During the period from the date of this Agreement to the Effective Time:

(a) The Company agrees to permit Parent, its lenders and their respective representatives, agents, counsel, and accountants to have full access at all reasonable times to the premises, business, properties, assets, financial statements, contracts, books, employment, and other records and working papers of, and other relevant information pertaining to the Company and the Subsidiaries, and to cause their respective officers and employees to furnish to Parent, its lenders and their respective representatives, agents, counsel, and accountants such financial and operating data and other information with respect to the business, properties, and assets of the Company and the Subsidiaries, as Parent may reasonably request; and the Company agrees to cause its officers and employees and those of the Subsidiaries to cooperate with Parent, its lenders and their respective representatives, agents, counsel, and accountants in order to enable Parent to become fully informed with respect to the business, earnings, financial condition, prospects, properties, assets, liabilities, and obligations of the Company and the Subsidiaries.

(b) Each party hereto will hold, and will use its reasonable efforts to cause its respective Affiliates (as defined herein), officers, directors, employees, and agents to hold, in strict confidence from any person, and not to disclose, except to the extent, and only to the extent (i) compelled to disclose by judicial or administrative process (including, without limitation, in connection with obtaining the necessary approvals of this Agreement and the transactions contemplated hereby of governmental authorities or by other requirements of law) (provided the party compelled to disclose provides the other party with prior notice thereof so that such other party may seek a protective order or other appropriate remedy to prevent or limit such disclosure) or (ii) disclosed in an action or proceeding brought by a party hereto in pursuit of its

rights or in the exercise of its remedies hereunder, all documents and information concerning the other party or any of its Affiliates furnished to it by any other party or such other party's Affiliates, officers, directors, employees, and agents pursuant to or in connection with this Agreement or the transactions contemplated hereby (including all such documents and information delivered or furnished prior to the date of this Agreement), except to the extent that such documents or information can be shown to have been (A) previously known by the party receiving such documents or information, (B) in the public domain (either prior to or after the furnishing of such documents or information hereunder) through no fault of such receiving party, or (C) later acquired by the receiving party from another source if the receiving party is not aware that such source is under an obligation to another party hereto to keep such documents and information confidential. In the event this Agreement is terminated, upon the request of the other party, each party hereto will, and will cause its Affiliates, promptly (and in no event later than five days after such request) to redeliver or cause to be redelivered all copies of documents and information furnished by the other party in connection with this Agreement or the transactions contemplated hereby and destroy or cause to be destroyed all notes, memoranda, summaries, analyses, compilations, and other writings related thereto or based thereon prepared by the party that furnished such documents and information or its officers, directors and agents. "**Affiliate**" means any other Person directly or indirectly controlling or controlled by or under common control with such Person. For purposes of this definition, "control" means the power to direct the management and policies of another Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise.

6.3 No Solicitation.

(a) From and after the date of this Agreement through the Closing Date or termination of this Agreement pursuant to Article VIII, the Company and the Subsidiaries will not, nor will the Company or any of the Subsidiaries authorize or grant permission to any of its shareholders, officers, directors, Affiliates, or employees or any investment banker, attorney, or other advisor or representative retained by any of them, directly or indirectly, to (i) solicit, initiate, encourage, or induce the making, submission, or announcement of any Company Acquisition Proposal, (ii) participate in any discussions or negotiations regarding, or furnish to any person any non-public information with respect to, or take any other action to facilitate any inquiries or the making of any proposal that constitutes or may reasonably be expected to lead to, any Company Acquisition Proposal, (iii) engage in discussions with any person with respect to any Company Acquisition Proposal, except as to the existence of these provisions, (iv) approve, endorse, or recommend any Company Acquisition Proposal, or (v) enter into any letter of intent or similar document or any contract, agreement, or commitment contemplating or otherwise relating to any Company Acquisition Transaction;

(b) For purposes of this Agreement, "**Company Acquisition Proposal**" shall mean any offer or proposal (other than an offer or proposal by Parent) relating to any Company Acquisition Transaction. For the purposes of this Agreement, "**Company Acquisition Transaction**" shall mean any transaction or series of related transactions other than the transactions contemplated by this Agreement involving: (i) any acquisition or purchase by any Person of voting or other equity securities of the Company or any Subsidiary (other than pursuant to the exercise of Company Options outstanding on the date of this Agreement and, in accordance with the existing terms thereof on the date hereof) whether or not the Company or

any Subsidiary is a party thereto; (ii) any sale, lease, exchange, transfer, license, acquisition, or disposition of assets of the Company or any Subsidiary other than as permitted pursuant to Section 5.1; or (iii) any merger, amalgamation, consolidation, combination, recapitalization, liquidation, dissolution, or similar transaction of or involving the Company or any Subsidiary.

(c) In addition to the obligations of the Company and the Subsidiaries set forth in paragraphs (a) and (b) of this Section 6.3, the Company and the Subsidiaries, as promptly as practicable (but in any event within 48 hours), shall advise Parent of any request known by the Company or the Subsidiaries for non-public information concerning the Company or the Subsidiaries or of any Company Acquisition Proposal, the material terms and conditions of such request, Company Acquisition Proposal, or inquiry, and the identity of the person or group making any such request, Company Acquisition Proposal, or inquiry.

6.4 Public Disclosure. The Company and the Subsidiaries will not issue any press release or make any public statement without the prior consent of Parent. Private communications to Holders concerning the Amalgamation shall not be deemed "public statements." Parent and Transaction Sub will not issue any press release or make any public statement regarding this Agreement or the transactions contemplated hereby without the prior consent of the Company.

6.5 Third-Party Consents. As soon as practicable following the Agreement Date, each of Parent, the Company, and the Subsidiaries will use all commercially reasonable efforts to obtain all consents, waivers, and approvals of all Governmental Entities and third parties under any of the Contracts, Permits, or otherwise required to be obtained in connection with the consummation of the transactions contemplated hereby, including, without limitation, company or state licenses to be validly assigned in connection with the Amalgamation.

6.6 Legal Requirements. Each of Parent, Transaction Sub, the Company, and each of the Subsidiaries will take all actions necessary or desirable to comply promptly with all Legal Requirements which may be imposed on them with respect to the consummation of the transactions contemplated by this Agreement (including furnishing all information required in connection with approvals of or filings with any Governmental Entity and submitting such approvals and making such filings on a timely basis) and will promptly cooperate with and furnish information to any party hereto necessary in connection with any such requirements imposed upon any of them or their respective subsidiaries in connection with the consummation of the transactions contemplated by this Agreement..

6.7 Schedules; Supplements. Prior to the Closing, each party hereto shall promptly provide the other parties with written notification (each a "**Supplement**") of any fact, event or occurrence or other information of any kind whatsoever that would cause (i) such party's representations and warranties contained herein or any other documents and writings furnished by such party pursuant to this Agreement to be untrue or (ii) any failure by such party to comply with or satisfy any covenant or agreement to be complied with or satisfied by it; provided, however, that neither any such Supplement nor any information obtained pursuant to Section 6.2 shall be deemed to modify any disclosure or representation or warranty for purposes of Articles VIII or IX; and provided, further, that (x) any such Supplement made by the Company pursuant to this Section 6.7 shall not be effective for any purpose unless it is accompanied by an express

unqualified certification of the Company that, as a result of such Supplement, the conditions set forth in Section 7.3 have not been satisfied and this Agreement may be terminated pursuant to Section 8.1(c); and (y) any such Supplement shall be deemed to modify any disclosure or representation or warranty for purposes of determining whether any indemnification obligation exists under Article IX only if and to the extent that it reflects information that first came into existence after the date hereof and, for the avoidance of doubt, not Knowledge that came into existence after the date hereof with respect to information that existed on or prior to the date hereof and, in the absence of such Supplement the Company would not be in breach with respect to any covenant or agreement to be complied with or satisfied by it.

6.8 Right to Rely. NOTWITHSTANDING ANYTHING HEREIN TO THE CONTRARY, ALL REPRESENTATIONS, WARRANTIES COVENANTS AND AGREEMENTS MADE BY ANY PARTY TO THIS AGREEMENT AND THE COLLATERAL AGREEMENTS MAY BE FULLY RELIED UPON, REGARDLESS OF ANY INVESTIGATION MADE OR THAT COULD HAVE BEEN MADE, WHETHER BEFORE OR AFTER THE DATE HEREOF, BY ANY OTHER PARTY HERETO.

6.9 Further Assurances.

(a) Subject to the terms and conditions of this Agreement, each of the parties hereto will use its reasonable best efforts to (i) perform, comply with, and fulfill all obligations, covenants, and conditions required by this Agreement to be performed, complied with, or fulfilled by such party prior to or as of the Closing Date, and (ii) take, or cause to be taken, all action, and do, or cause to be done, all things necessary, proper, or advisable under applicable Legal Requirements for it to consummate and make effective the transactions contemplated by this Agreement.

(b) If at any time after the Closing any further action is necessary or desirable to carry out the purposes of this Agreement, each party hereto shall take or cause to be taken all such necessary or desirable action and execute, deliver, and file, or cause to be executed, delivered, and filed, all necessary or desirable documentation.

6.10 Notices of Certain Events.

(a) Each party shall promptly notify (but in any event within 48 hours) the other parties of any notice or other communication from (i) any Person alleging that the consent of such Person is or may be required in connection with the transactions contemplated by this Agreement or any Collateral Agreement, and (ii) any Governmental Entity in connection with the transactions contemplated by this Agreement or any Collateral Agreement; and

(b) Each party shall promptly notify (but in any event within 48 hours) the other parties of such party's material breach of any obligation, representation, warranty, or covenant under this Agreement or any Collateral Agreement, or any fact that would cause any representation or other fact contained in this Agreement or any Collateral Agreement to be materially inaccurate or materially misleading.

6.11 Shareholders Representative.

(a) The Company agrees and acknowledges that the Shareholders Representative shall be pursuant to the Letter of Transmittal constituted and appointed as agent and attorney-in-fact for and on behalf of, and to represent the interests of, the Holders from and after the Closing (i) to give and receive notices and communications, (ii) to receive notifications regarding claims for indemnification under Article IX and the Escrow Agreements, (iii) to receive notifications regarding Closing Balance Sheet and the Closing Adjusted Working Capital and Closing Adjusted Cash, (iv) to object to such notifications, (v) to agree to, negotiate, enter into settlements and compromises of, and demand arbitration and comply with orders of courts and awards of arbitrators with respect to such notifications and claims, and (vi) to take all actions necessary or appropriate in the judgment of the Shareholders Representative for the accomplishment of the foregoing. By executing this Agreement, the Shareholders Representative accepts such appointment. No bond shall be required of the Shareholders Representative, and the Shareholders Representative shall receive no compensation for his services. Notices or communications to or from the Shareholders Representative shall constitute notice to or from each of the Holders.

(b) A decision, act, consent, or instruction of the Shareholders Representative shall be final, binding, and conclusive upon the Holders, and Parent may rely upon any decision, act, consent, or instruction of the Shareholders Representative pursuant to this Section 6.11 as being the decision, act, consent, or instruction of the Holders. Parent is hereby relieved from any liability to any person for any acts done by the Shareholders Representative or by them in accordance with such decision, act, consent, or instruction of the Shareholders Representative.

(c) In accordance with Section 8.2 of the Basic Escrow Agreement, the Holders shall have the rights on the terms and conditions set forth therein to appoint a successor shareholder representative and, upon such appointment, such successor shall be deemed to be a party to this Agreement and shall have the rights and obligations of, and shall be treated for all purposes under this Agreement as, the Shareholders Representative.

(d) In accordance with Section 1.8(a) of this Agreement, the Parent and/or the Amalgamated Corporation shall deposit or cause to be deposited into a restricted account with the financial institution listed on Schedule 6.11(d), which shall be designated "Whitehill Payment Account" (the "**Payment Account**"), at the Effective Time, for the benefit of the Holders, funds in an amount equal to the Aggregate Closing Consideration After Deductions. The wire transfer instructions for the transfer of such funds into the Payment Account are listed on Schedule 6.11(d). Without the consent of Parent, the Payment Account shall not be altered and no other Person shall be given any authority with respect thereto. No payment, from the Payment Account shall be made to any Holder until Parent notifies the Shareholders Representative (i) that, pursuant to Section 1.6 or Section 1.8, Parent has received certificates or agreements for cancellation representing all of such Holder's Company Shares or Company Options, or in the alternative an Affidavit as well as a Letter of Transmittal duly executed and completed, and (ii) the amount that the Holder is entitled to pursuant to Section 1.6 or Section 1.8 (a "**Disbursement Notice**"). As promptly as practicable after Parent has delivered to the Shareholders Representative a Disbursement Notice, the Shareholders Representative shall make disbursements from the Payment Account, to the Holders and in the amounts specified in such Disbursement Notice, by check (or, in the case of any Holder of Company Securities receiving

an amount greater than $100,000 who has furnished wire transfer instructions to the Shareholders Representative, by wire transfer).

(e) From time to time, in accordance with the provisions of the Escrow Agreements, the Escrow Agent may release amounts to the Shareholders Representative to be deposited into the Payment Account or otherwise with the Parent's prior written consent and disbursed in accordance with the terms of the Escrow Agreements.

(f) To the extent any funds have been paid into the Payment Account for any Dissenting Shareholder, the Shareholder Representative shall return to the Amalgamated Corporation all amounts in the Payment Account to which such Dissenting Shareholder would otherwise have been entitled. To the extent that any Dissenting Shareholder effectively withdraws or loses (through failure to perfect or otherwise) its right to such payment at any time in the manner contemplated by Section 1.6(b) hereof, the Amalgamated Corporation (if it has not already done so in accordance with the terms hereof) shall deposit or cause to be deposited in the Payment Account in accordance with Section 6.11(d) above the Redemption Consideration that shall be payable to such Dissenting Shareholder in accordance with the terms and conditions of this Agreement.

(g) In the event that a Holder does not properly tender his, her, or its Company Shares or Company Options, in accordance with this Agreement, within six months of the Effective Time, the Shareholder Representative shall return to the Amalgamated Corporation all amounts in the Payment Account to which such Holder is entitled.

(h) Amounts in the Payment Account shall not be used for any purpose other than as provided in this Agreement.

(i) In accordance with the Escrow Agreement, the Shareholders Representative shall be entitled to: (x) receive from time to time reimbursement out of the Escrow Account for reasonable and documented out-of-pocket expenses incurred by the Shareholders Representative in the performance of its duties, and (y) indemnification from each Holder from and against any Claims which may be made or brought against the Shareholder Representative, or which it may incur or suffer as a result of, in respect of, or arising out of, or resulting from, without duplication, the good faith performance of its duties, except where such Claim results from the gross negligence or willful misconduct of the Shareholders' Representative, in priority to any distribution to the former holders of Company Securities, but subject to and only after all rights of the Parent to receive distributions from the Escrow Account pursuant hereto have been satisfied in full.

(j) In accordance with the Escrow Agreement, the Shareholders Representative shall incur no liability with respect to, and the Parent, Transaction Sub and the Company expressly waive any claim against the Shareholders Representative in respect of, without limitation, any action taken by it or for any inaction on its part in reliance upon any notice, direction, instruction, consent, statement or other document believed by it in good faith to be genuine and duly authorized, nor for any other action or inaction except for its own gross negligence or willful misconduct. In all questions arising under this Agreement or the Escrow Agreement, the Shareholders Representative may rely on the advice of counsel (whether such

counsel shall be regularly retained or specifically employed), and for anything done, omitted or suffered in good faith by the Shareholders Representative based upon such advice the Shareholders Representative shall not be liable to anyone. In no event shall the Shareholders Representative be liable for incidental, punitive or consequential Losses.

6.12 Transaction Expenses. Except as otherwise specifically set forth in this Agreement, each party will bear the costs and expenses incurred by it or for which it is or may be liable in connection with the transactions contemplated by this Agreement, including without limitation all transfer and similar Taxes and all attorneys', accountants', and other fees, costs, and expenses incurred in connection with the preparation, negotiation, execution, and performance of this Agreement, the Collateral Agreements and any related materials (as to each party, its "**Transaction Expenses**"). All such costs and expenses of the Company or any Subsidiary (whether or not paid prior to the Closing) are referred to as "**Company Transaction Expenses.**"

6.13 Submission of FIRPTA Notice to the IRS. The Company hereby authorizes Parent, as its agent, to submit to the Internal Revenue Service the notice to the Internal Revenue Service described in Section 1.12(a)(vi) hereof.

ARTICLE VII
CONDITIONS TO THE AMALGAMATION

7.1 Conditions to Obligations of Each Party to Effect the Amalgamation. The respective obligations of each party to this Agreement to effect the Amalgamation, and the Transaction Subsidiary's obligation to complete the purchase and sale transactions contemplated by the Alternative Tender Offer, shall be subject to the satisfaction at or prior to the Closing of the following conditions:

(a) Shareholder Approval. This Agreement and the Amalgamation shall have been approved and adopted by the requisite vote under applicable law by the shareholders of the Company.

(b) No Order. There shall not be pending or threatened any Action, executive order, decree, injunction, or other order (whether temporary, preliminary, or permanent) before any Governmental Entity challenging or otherwise seeking to restrain or prohibit the consummation of the transactions contemplated hereby, which condition may be waived by Parent and the Company, in each such party's sole discretion; provided, however, that prior to asserting this condition, each of the parties shall have used its best efforts to prevent the entry of any such Action, order, decree or injunction and to appeal as promptly as possible any such order or injunction that may be entered.

(c) Governmental Approvals. The parties shall have received from any and all Governmental Entities having jurisdiction over the Business of the Company and the Subsidiaries and the transactions contemplated by this Agreement such consents, authorizations, and approvals as are necessary for the consummation thereof and all applicable waiting or similar periods required by law shall have expired or been waived.

7.2 Additional Conditions to Obligations of the Company. In addition to the requirements set forth in Section 1.8, the obligation of the Company to consummate and effect

the Amalgamation shall be subject to the satisfaction at or prior to the Closing of each of the following conditions, any of which may be waived, in writing, exclusively by the Company:

(a) Representations and Warranties. The representations and warranties of Parent and Transaction Sub contained in this Agreement shall be true and correct in all material respects (if not qualified by materiality) or in all respects (if qualified by materiality) on and as of the Closing Date with the same force and effect as if made on and as of the Closing Date, except for those representations and warranties that address matters only as of a particular date other than the Closing Date (which representations shall have been true and correct as of such particular date), in each case, without giving effect to any Supplement.

(b) Agreements and Covenants. Parent and Transaction Sub shall have performed or complied with, in all material respects, all agreements and covenants required by this Agreement to be performed or complied with by them at or prior to the Closing.

7.3 Additional Conditions to the Obligations of Parent and Transaction Sub. In addition to the requirements set forth in Section 1.6 and Section 1.8, the obligations of Parent and Transaction Sub to consummate and effect the purchase and sale transactions contemplated by the Alternative Tender Offer or the Amalgamation shall be subject to the satisfaction at or prior to the Closing of each of the following conditions, any of which may be waived, in writing, exclusively by Parent:

(a) Representations and Warranties. The representations and warranties of the Company contained in this Agreement (other than Section 2.4, which shall be amended to reflect the transactions contemplated by Section 1.1 and Section 1.5 of this Agreement) shall be true and correct in all material respects (if not qualified by materiality) or in all respects (if qualified by materiality), and the representations and warranties of the Company contained in Section 2.4 of this Agreement shall be true and correct in all respects, in each case, on and as of the Closing Date with the same force and effect as if made on and as of the Closing Date, except for those representations and warranties that address matters only as of a particular date other than the Closing Date (which representations shall have been true and correct as of such particular date), in each case, without giving effect to any Supplement.

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

(c) Third-Party Consents. Parent shall have received evidence that the Company has received all Third-Party Consents, each of which is listed on Schedule 2.6(a).

(d) No Material Adverse Effect. Since the date of the Audited Financial Statements, there shall not have been any Material Adverse Effect or any event, change or occurrence that will, individually or in the aggregate, result in a Material Adverse Effect, without giving effect to any Supplement.

(e) Dissent Rights. No greater than 5% of the Company's shareholders shall have demanded any dissent rights in accordance with the BCANB.

(f) Treasury Certificate. Parent shall not have actual notice that the certificate regarding status as a "United States real property interest" described in Section 1.12(a)(vi) hereof is false and shall not have received a notice described in Treasury Regulations Section 1.1445-2(c)(3)(ii) to the effect that the statement made in such certificate is false.

(g) Additional Diligence Matters. The Company shall have delivered and the Parent shall be satisfied with the delivery and review of the due diligence materials set forth in Schedule 7.3, to be determined in the sole and absolute discretion of Parent.

ARTICLE VIII
TERMINATION, AMENDMENT AND WAIVER

8.1 Termination. This Agreement may be terminated at any time prior to the Closing:

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

(b) by Parent, on the one hand, or by the Company, on the other hand, by written notice to the other party if the Closing shall not have been consummated on or before September 30, 2007, unless such date is extended upon mutual agreement of such parties, provided that the party terminating this Agreement under this clause (b) shall not then be in material breach of any of its obligations under this Agreement, without giving effect to any Supplement;

(c) by Parent if there has been a material misrepresentation, breach of warranty, or breach of covenant by the Company under this Agreement, without giving effect to any Supplement; or

(d) by the Company if there has been a material misrepresentation, breach of warranty, or breach of covenant by Parent or Transaction Sub under this Agreement, without giving effect to any Supplement.

8.2 Effect of Termination.

(a) If this Agreement is terminated for any reason, the provisions of (i) Section 6.2(b) (Confidentiality) and Section 6.12 (Transaction Expenses), and (ii) Article IX and Article X, shall remain in full force and effect.

(b) If this Agreement is terminated as provided in Section 8.1(a), this Agreement shall forthwith become void (except as stated in subsection 8.2(a)(i) above) and there shall be no liability or obligation hereunder on the part of any party hereto or its respective managers, directors, officers, employees, agents, or other representatives.

(c) If this Agreement is terminated as provided in Section 8.1(b), (c), or (d) hereof, such termination shall be without prejudice to any rights that the terminating party may have against any breaching party or any other Person under the terms of this Agreement, or otherwise.

8.3 Amendment. This Agreement may be amended at any time prior to the Closing Date only by a written instrument executed by Parent, Transaction Sub, and the Company and at any time following the Closing Date only by a written instrument executed by Parent, Transaction Sub, the Amalgamated Corporation, and the Shareholders Representative. Any amendment effected pursuant to this Section 8.3 shall be binding upon all parties hereto.

8.4 Waiver. Any term or provision of this Agreement may be waived in writing at any time by the party or parties entitled to the benefits thereof. Any waiver effected pursuant to this Section 8.4 shall be binding upon all parties hereto. No failure to exercise and no delay in exercising any right, power, or privilege shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power, or privilege preclude the exercise of any other right, power, or privilege. No waiver of any breach of any covenant or agreement hereunder shall be deemed a waiver of any preceding or subsequent breach of the same or any other covenant or agreement. The rights and remedies of each party under this Agreement are in addition to all other rights and remedies, at law or in equity, that such party may have against the other parties.

ARTICLE IX
INDEMNIFICATION

9.1 Nature and Survival of Representations and Warranties.

(a) Subject to Sections 9.1(b), (c), (d) and (e), all representations, warranties and agreements of each party contained in this Agreement will survive the Closing, the execution and delivery of any instruments of conveyance, assignments, or other instruments of transfer of title to or cancellation of any of the Company Shares, and the payment of the Aggregate Consideration (collectively, the **"Closing Events"**) for a period ending on the date 18 months following the Closing Date despite any investigation made by or on behalf of the other party, and shall thereafter expire.

(b) Subject to applicable law, the representations and warranties of the Company contained in Sections 2.1, 2.2, 2.3, 2.4, 2.5, 2.6, 2.11(b), 2.28, 2.29, 2.35, 2.36 and the representations and warranties of each of the Holders contained in Article III will continue in full force and effect for the benefit of the Parent and Transaction Sub without limit as to time.

(c) The representations and warranties of the Company contained in Section 2.16 (Intellectual Property) will continue in full force and effect for the benefit of Parent and Transaction Sub for a period of three (3) years from the Closing Date.

(d) The representations and warranties of the Company contained in Section 2.19 relating to the Taxes of the Company and the Subsidiaries will continue in full force and effect for the benefit of the Parent and Transaction Sub until 90 days after the relevant Governmental Entity is no longer entitled to assess or reassess the Company or the Subsidiaries in respect of the Tax in question, having regard, without limitation, to any waivers given by the Company or the Subsidiaries in respect of the Tax, and any entitlement of a Governmental Entity to assess or reassess the Company or the Subsidiaries, without limitation, in the event of fraud or misrepresentation attributable to neglect, carelessness or wilful default, and shall thereafter expire. Where a notice of any Claim is given, in writing, in respect of a representation, warranty, or obligation of the Company relating to Taxes within the foregoing survival period, the

representation, warranty or obligation shall survive in respect of the Claim until the final determination or settlement of the Claim, and shall thereafter expire.

(e) The representations and warranties of the Company contained in Section 2.19 relating to Taxes of the Company and the Subsidiaries will, if the Claim is based upon any misrepresentation that is attributable to neglect, carelessness, or wilful default or fraud committed in filing a Return or in supplying information for the purposes of any Tax law, continue in full force and effect for the benefit of the Parent and Transaction Sub and, subject to applicable law, be unlimited as to duration.

9.2 Mutual Indemnifications for Breaches of Warranty, etc.

Subject to Section 9.3, each of the Holders agree with the Parent and Transaction Sub, and the Parent and Transaction Sub agree with the Holders (the party or parties so agreeing to indemnify another party being called in this Article IX called the "**Indemnifying Party**" and the party so to be indemnified being called the "**Indemnified Party**"), to indemnify and save harmless the Indemnified Party, effective as and from the Closing, from and against any Claims which may be made or brought against the Indemnified Party or which it may suffer or incur as a result of, in respect of, or arising out of or resulting from without duplication: (i) any failure by the Indemnifying Party to observe or perform any covenant, condition or obligation, or any misrepresentation or breach of warranty by the Indemnifying Party under this Agreement or in any certificate or other document furnished by or on behalf of the Indemnifying Party pursuant to this Agreement; (ii) the failure of the Company to perform or observe any covenant, agreement, or condition to be performed or observed by the Company pursuant to this Agreement or any Collateral Agreement prior to the Closing Date; (iii) any action taken or omitted by the Shareholders Representative; (iv) any liability imposed on the Company or any Subsidiary as a result of (x) a Tax sharing or tax allocation agreement, arrangement or understanding entered into prior to the Effective Time, and (y) liability for Taxes of another person as a transferee or successor (where the Company or a Subsidiary became such a transferee or successor at or prior to the Effective Time) or by contract (where the Company or a Subsidiary entered into such contract at or prior to the Effective Time); and (v) any liability for any amounts payable in respect of any Dissenting Shares in excess of the consideration that would otherwise be payable in respect of the Company Common Shares in the manner contemplated herein.

9.3 Limitation on Mutual Indemnification.

The indemnification obligations of each of the Holders and Parent and Transaction Sub pursuant to Section 9.2 are:

(a) subject to the limitations contained in Section 9.1 respecting the survival of the representations and warranties of the parties;

(b) limited to the sum of the Aggregate Consideration, in the case of a breach of the representations and warranties contained in Articles II and III;

(c) in the case of the Parent and Transaction Sub, limited to the portion of the Aggregate Consideration, if any, not already received by the Holders for any breach of the representations and warranties contained in Article IV;

(d) subject to any matters as to which the Indemnified Party has suffered Losses arising out of the Indemnifying Party's fraudulent acts or omissions or intentional misrepresentations or gross negligence, which shall be unlimited in nature;

(e) except for any amounts payable in respect of obligations disclosed in the Closing Balance Sheet and payable as a result of a breach of Section 2.37 of this Agreement and any Claim under Section 9.2(v) above, subject to the limitation that the Parent and Transaction Sub shall not be indemnified by the Holders for any Claims unless and until the aggregate dollar amount of all Claims incurred by the Parent and Transaction Sub exceeds the sum of $250,000.00, provided that once the aggregate amount of all such Claims exceeds the such amount, the Parent and Transaction Sub shall be indemnified by the Holders for all Claims from the first dollar of the Claim;

(f) subject to the limitation that the Holders shall not be indemnified by the Parent and Transaction Sub for any Claims (other than Claims for payment of monies due under this Agreement) unless and until the aggregate dollar amount of all Claims incurred by all the Holders taken together exceeds the sum of $250,000.00, provided that once the aggregate amount of all such Claims exceeds such amount, the Holders shall be indemnified by the Parent and Transaction Sub for all Claims from the first dollar of the Claim;

(g) in the case of breaches of Articles II and III and any Claim under Section 9.2(v) above, the Indemnified Party shall first seek recompense from the Escrow pursuant to the terms of the Basic Escrow Agreement, and only after the Indemnified Party has exhausted all amounts in the Escrow, if any, the Indemnified Party shall be permitted to seek recovery for any Loss suffered by the Indemnified Party directly from the Holders, provided that each Holder shall only be liable, in the aggregate and with respect to each individual Claim: (i) on a several and not joint basis, and (ii) up to the lesser of: (i) such Holder's pro rata amount of any such Loss based on such Holders' pro rata share of the Aggregate Consideration, and (ii) such Holder's pro rata share of the Aggregate Consideration; and

(h) notwithstanding the foregoing, no Holder shall be required to provide indemnification in favour of the Parent pursuant to this Article IX in respect of any breach of the representations and warranties set forth in Section 2.3 of this Agreement in respect of the Company Securities held by any other Holder or in respect of the representations and warranties made by any other Holder pursuant to Article III of this Agreement, and in such case such other Holder shall be solely liable for such breach for an amount not exceeding such Holder's pro rata share of the Aggregate Consideration.

9.4 Notice of Claim

If an Indemnified Party becomes aware of a Claim in respect of which the Indemnifying Party has agreed to indemnify the Indemnified Party pursuant to this Agreement, the Indemnified Party shall promptly give written notice of the Claim to the Indemnifying Party and, if the Basic Escrow Agreement is still in effect, to the Escrow Agent pursuant to the terms of the Basic Escrow Agreement. The notice must specify whether the Claim arises as a result of a claim by a

Person other than the Indemnified Party (a "**Third Party Claim**") or whether the Claim does not so arise (a "**Direct Claim**"), and must also specify with reasonable particularity (to the extent that the information is available):

(a) the factual basis for the Claim; and

(b) the amount of the Claim, if known.

If, through the fault of the Indemnified Party, the Indemnifying Party does not receive notice of a Claim in time effectively to contest the determination of any liability capable of being contested, the Indemnifying Party will be entitled to set off against the amount claimed by the Indemnified Party the amount of any Loss incurred by the Indemnifying Party resulting from the Indemnified Party's failure to give the notice on a timely-basis.

9.5 Direct Claims

With respect to any Direct Claim, following receipt of notice from the Indemnified Party of the Claim, the Indemnifying Party will have 30 days to make such investigation of the Claim as it considers necessary or desirable. For the purpose of such investigation, the Indemnified Party shall make available to the Indemnifying Party the information relied upon by the Indemnified Party to substantiate the Claim, together with all such other information as the Indemnifying Party may reasonably request. If both Parties agree at or before the expiration of such 30-day period (or any mutually agreed upon extension) to the validity and amount of the Claim, (a) if the Escrow is then sufficient to satisfy the full agreed upon amount of the Claim, the Escrow Agent shall pay to the Indemnified Party such amount; or (b) if the Escrow is no longer in effect or is insufficient to pay the full agreed upon amount of the Claim, the Indemnifying Party immediately shall pay to the Indemnified Party such full agreed upon amount of the Claim as is not covered by the Escrow. In the absence of a resolution of the dispute within such 30-day period, the Claim will be resolved as set forth in the Basic Escrow Agreement; or, if the Basic Escrow Agreement is no longer in effect, referred to binding arbitration in such manner as the Parties may agree or, as may be directed by a court of competent jurisdiction upon the application of either or both Parties.

9.6 Third Party Claims

The following applies to any Claim that is a Third Party Claim:

(a) If the Claim relates to liability of the Indemnified Party to any other Person (including any Governmental Authority) (the "**Third Party Liability**") which is of a nature such that the Indemnified Party is required by applicable Law to make a payment to a Third Party with respect to the Third Party Liability without a prior opportunity to contest the Third Party Liability, the Indemnified Party may, despite Sections 9.6(c) and (d) and (e)(i), make the payment without affecting its right to seek indemnification from the Indemnifying Party as a Third Party Claim in accordance with the other provisions of this Agreement.

(b) The Indemnified Party shall promptly after receipt thereof deliver to the Indemnifying Party copies of all correspondence, notices, assessments or other

written communication received by the Indemnified Party in respect of any Third Party Liability.

(c) The Indemnified Party shall not negotiate, settle, compromise or pay any Third Party Liability which it has asserted or proposes to assert as a Claim, without the prior consent of the Indemnifying Party which consent shall not be unreasonably withheld.

(d) The Indemnified Party shall not cause or permit the termination of any right of appeal in respect of any Third Party Liability which is or might become the basis of a Claim without giving the Indemnifying Party written notice thereof and an opportunity to contest the Third Party Liability.

(e) With respect to any Third Party Liability, if the Indemnifying Party first acknowledges in writing its obligation to indemnify the Indemnified Party to the extent of any binding determination or settlement in connection with the Third Party Liability (or enters into arrangements otherwise satisfactory to the Indemnified Party), in any legal or administrative proceeding in connection with the matters forming the basis of the Third Party Liability, the following shall apply:

(i) the Indemnifying Party shall have the right, subject to the rights of any insurer or third party having potential liability therefore, by written notice delivered to the Indemnified Party within 30 Business Days of receipt by the Indemnified Party of the notice from the Indemnifying Party in respect of such Third Party Liability to assume carriage and control of the negotiation, defence or settlement of the Third Party Liability and the conduct of any related legal or administrative proceedings at the expense of the Indemnifying Party and by its own counsel;

(ii) if the Indemnifying Party elects to assume such carriage and control, the Indemnified Party shall have the right to participate at its own expense in the negotiation, defence or settlement of the Third Party Liability assisted by counsel of its own choosing;

(iii) each of the Indemnified Party and the Indemnifying Party shall use all reasonable efforts to make available to the party who has assumed carriage and control of the negotiation, defence or settlement of Third Party Liability those employees whose assistance or evidence is necessary to assist such party in evaluating and defending the Third Party Liability and all documents, records and other materials in the possession or control of such party required for use in the evaluation and the defence of the Third Party Liability;

(iv) despite Sections 9.6(e)(i), (ii) and (iii), the Indemnifying Party shall not settle the Third Party Liability or conduct any related legal or administrative proceeding in a manner which would, in the opinion of the Indemnified Party, acting reasonably, have a material adverse effect on the Indemnified Party except with the Indemnified Party's prior written consent; and

(v) the Indemnifying Party shall indemnify and hold harmless the Indemnified Party of and from any cost, loss, damage or expense incurred or suffered as a result of the Indemnifying Party's settlement of the Third Party Liability or conduct of any related legal or administrative proceeding.

(f) The Indemnified Party shall pursue any Claim made by the Indemnified Party under this Agreement with reasonable diligence and dispatch.

9.7 Set-off

The Parent and Transaction Sub will be entitled to set-off the amount of any Claim submitted under Section 9.2 once finally determined in accordance with Section 9.6 as damages or by way of indemnification against any other amounts payable by the Parent and Transaction Sub to the Holders whether under this Agreement or otherwise.

9.8 Tax and Other Adjustments

The amount of any Loss in respect of a Claim for which indemnification is provided under this Article IX will be net of any amounts actually recovered by the Indemnified Party under insurance policies with respect to such Claim and will be (i) increased to take account of any net Tax cost incurred by the Indemnified Party arising from the receipt of indemnity payments hereunder, and (ii) reduced to take account of any net Tax benefit realized by the Indemnified Party arising from the incurrence or payment of any such Claim, to the extent necessary to ensure that the Indemnified Party receives a net amount equal to the full amount that would have been received had the payment not been subject to any Tax cost or Tax benefit. In computing the amount of any such net Tax cost or net Tax benefit, the Indemnified Party shall be deemed to recognize all other items of income, gain, loss deduction or credit before recognizing any item arising from the receipt of any indemnity payment hereunder or the incurrence or payment of any indemnified Claim.

9.9 Exclusive Remedy

The rights of indemnity in this Article IX, together with the Basic Escrow Agreement referred to herein, are the sole and exclusive remedy of each party in respect of Claims which may be brought against it and/or which it may suffer or incur as a result of, in respect of, or arising out of any non-fulfillment of any covenant or agreement on behalf of another party or any incorrectness in or breach of any representation or warranty contained in this Agreement or in any certificate or other document furnished pursuant to this Agreement. This Article IX will remain full force and effect in all circumstances and will not be terminated by any breach (fundamental, negligent or otherwise) by any party of its covenants, representations or warranties in this Agreement or under any document furnished pursuant to this Agreement or by any termination or rescission of this Agreement.

9.10 Subrogation

In the event of any Claim for indemnification under this Article IX for which the Company would have a right to indemnification under the terms of a certain share purchase agreement dated June 5, 2006 among Standard Register Technologies Canada ULC, The Standard Register Company and Whitehill Technologies Inc. (the "Insystems Agreement") and provided that such Claim is paid in full to the Parent or the Amalgamated Corporation, as the

case may be, the Indemnifying Parties or such of the Indemnifying Parties as have paid the full amount of the Claim (the "Subrogated Parties") shall be subrogated to all of the Amalgamated Corporation's rights of recovery under the Insystems Agreement with respect to such indemnified amounts. The Amalgamated Corporation shall, at the cost and expense of the Subrogated Parties, cooperate with the Subrogated Parties and shall execute all documents required and shall do everything that may be necessary to secure such rights, including the execution of such documents necessary to enable the Amalgamated Corporation effectively to bring suit to enforce such rights in the name of the Amalgamated Corporation and any amounts recovered that are paid or payable to the Amalgamated Corporation shall be paid to the Subrogated Parties as they direct. The Subrogated Parties assuming carriage and control of any action commenced pursuant hereto shall comply with the provisions of Section 9.6(e) of this Agreement, presuming for purposes hereof that: (i) any claim made pursuant to the Insystems Agreement is a Third Party Liability, (ii) the Subrogated Parties are the Indemnifying Parties, and (iii) Parent or the Amalgamated Corporation is the Indemnified Party. Any amount recovered by the Subrogated Parties in excess of the Claim paid to Parent pursuant hereto (less the amount of any reasonable out-of-pocket legal fees and expenses incurred by the Subrogated Parties in order to recover amounts pursuant to the Insystems Agreement) shall be immediately paid to Parent or otherwise at its direction.

9.11 Definitions.

For purposes hereof:

"**Claim**" means any claim, demand, action, cause of action, suit, arbitration, investigation proceeding, complaint, grievance, charge, prosecution, assessment or reassessment (including any appeal or application for review), damages, losses, costs, liabilities and expenses, including reasonable legal fees.

"**Loss**" means any and all loss, liability, damage, obligations, cost, expense, charge, fines, awards, damages, contingencies, penalties or assessments, resulting from or arising out of any Claim, including the costs and expenses of any action, suit, proceeding, demand, assessment, judgement, settlement or compromise relating thereto and all interest, punitive damages, fines, penalties and professional and expert fees and expenses incurred in connection therewith.

ARTICLE X
GENERAL PROVISIONS

10.1 Notices. All notices and other communications hereunder shall be in writing and shall be deemed given if and when delivered personally or by commercial overnight delivery service, or sent via facsimile (receipt confirmed) to the parties at the following addresses or facsimile numbers (or at such other address or facsimile numbers for a party as shall be specified by like notice):

(a) if to the Company, to:

Whitehill Technologies, Inc.
260 MacNaughton Avenue
Moncton, NB Canada
E1H 2J8
Attention: Paul McSpurren
Fax No.: 506-855-0088

with a copy to:

Stewart McKelvey
44 Chipman Hill
Suite 1080
P.O. Box 7289
Postal Station A
Saint John, NB Canada
E2G 4S6
Attention: C. Paul Smith
Fax No.: (506) 632-1989

(b) if to the Shareholders Representative, to:

Tom Eisenhauer
c/o Latitude Partners
5700 One First Canadian Place
100 King Street West
Toronto, Ontario
M5X 1C7
Fax 416.513.9339

(c) if to Parent or Transaction Sub, to:

c/o Skywire Software, LLC
2401 Internet Blvd., Suite 201
Frisco, Texas 75034
Attention: C. Patrick Brandt, President and CEO
Facsimile: (972) 377-1109

with a copy to:

Balestri & Associates
2651 North Harwood. Suite 200
Dallas, Texas 75201
Attention: Ray A. Balestri, Esq.
Fax No.: (214) 981-9081

10.2 Interpretation; Knowledge.

(a) When a reference is made in this Agreement to Exhibits or Schedules, such reference shall be to an Exhibit or Schedule to this Agreement unless otherwise indicated. The words "include," "includes" and "including" when used herein shall be deemed in each case to be followed by the words "without limitation." The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. When reference is made herein to "the business of" an entity, such reference shall be deemed to include the business of all direct and indirect subsidiaries of such entity. Reference to the subsidiaries of an entity shall be deemed to include all direct and indirect subsidiaries of such entity.

(b) For purposes of this Agreement, the matters as to which a party has "**Knowledge**" shall be deemed to include all matters of which the applicable party, individually or through the executive officers of such party, knew or would be reasonably expected to know for a person of his or her position in a company of comparable size.

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

10.4 Entire Agreement. This Agreement and the documents and instruments and other agreements among the parties hereto as contemplated by or referred to herein, including the Exhibits, the Schedules, and the Collateral Agreements, constitute the entire agreement among the parties with respect to the subject matter hereof and supersede all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof.

10.5 Severability. In the event that any provision of this Agreement or the application thereof becomes or is declared by a court of competent jurisdiction to be illegal, void, or unenforceable, the remainder of this Agreement will continue in full force and effect and the application of such provision to other persons or circumstances will be interpreted so as reasonably to effect the intent of the parties hereto. The parties further agree to replace such void or unenforceable provision of this Agreement with a valid and enforceable provision that will achieve, to the extent possible, the economic, business, and other purposes of such void or unenforceable provision.

10.6 Other Remedies; Specific Performance. Except as otherwise provided herein, any and all remedies herein expressly conferred upon a party will be deemed cumulative with and not exclusive of any other remedy conferred hereby, or by law or equity upon such party, and the exercise by a party of any one remedy will not preclude the exercise of any other remedy. The parties hereto agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the parties shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof

in any court of the United States or any state having jurisdiction, this being in addition to any other remedy to which they are entitled at law or in equity.

10.7 Arbitration. Except as provided in Article I and Section 10.6, any unresolved controversy or claim arising from or relating to this Agreement or breach thereof shall be settled by arbitration administered by the American Arbitration Association in accordance with its Commercial Arbitration Rules, then in effect. The decision of arbitration, unless clearly erroneous, shall be final and conclusive upon the parties, and judgment upon the award rendered by the arbitrator may be entered in any court having competent jurisdiction. The arbitration proceedings shall be held in the State of Texas. The arbitration proceedings shall be conducted before one neutral arbitrator who shall be a member of the Texas Bar who has been actively engaged in the practice of corporate and business law for at least 15 years, and shall proceed under any expedited procedures of the Commercial Arbitration Rules. The arbitrator shall have authority to award only (i) money damages, (ii) attorneys' fees, costs, and expert witness fees to the prevailing party, and (iii) sanctions for abuse or frustration of the arbitration process. The arbitrator's compensation, and the administrative costs of the arbitration, shall be borne by the parties in the manner set forth in the arbitration award, as determined by the arbitrator. Notwithstanding the foregoing provisions of this Section 10.7, the parties are not required to arbitrate any issue for which injunctive relief is sought by any party hereto and both parties may seek injunctive relief in any federal or state court having jurisdiction.

10.8 Consent to Jurisdiction. EACH OF THE PARTIES HERETO (I) CONSENTS TO SUBMIT ITSELF TO THE PERSONAL JURISDICTION OF ANY FEDERAL COURT LOCATED IN THE STATE OF TEXAS, (II) AGREES THAT IT WILL NOT ATTEMPT TO DENY OR DEFEAT SUCH PERSONAL JURISDICTION BY MOTION OR OTHER REQUEST FOR LEAVE FROM ANY SUCH COURT AND (III) AGREES THAT IT WILL NOT BRING ANY ACTION RELATING TO THIS AGREEMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT IN ANY COURT OTHER THAN A FEDERAL COURT SITTING IN THE STATE OF TEXAS. EACH OF THE PARTIES HERETO FURTHER AGREES THAT SERVICE OF ANY PROCESS, SUMMONS, NOTICE OR DOCUMENT BY U.S. REGISTERED MAIL TO SUCH PARTY'S RESPECTIVE ADDRESS SET FORTH IN SECTION 10.1 SHALL BE EFFECTIVE SERVICE OF PROCESS FOR ANY ACTION, SUIT OR PROCEEDING IN THE STATE OF TEXAS WITH RESPECT TO ANY MATTERS TO WHICH IT HAS SUBMITTED TO JURISDICTION IN THIS SECTION 10.8. EACH OF THE PARTIES IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY OBJECTION TO THE LAYING OF VENUE OF ANY ACTION, SUIT OR PROCEEDING ARISING OUT OF THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY IN ANY UNITED STATES DISTRICT COURT IN THE STATE OF TEXAS, AND HEREBY FURTHER IRREVOCABLY AND UNCONDITIONALLY WAIVES AND AGREES NOT TO PLEAD OR CLAIM IN ANY SUCH COURT THAT ANY SUCH ACTION, SUIT OR PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM

10.9 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the Province of New Brunswick, regardless of the laws that might otherwise govern under applicable principles of conflicts of law thereof.

10.10 Rules of Construction. The parties hereto agree that they have been represented by counsel during the negotiation and execution of this Agreement and, therefore, waive the application of any law, regulation, holding, or rule of construction providing that ambiguities in an agreement or other document will be construed against the party drafting such agreement or document.

10.11 Assignment. No party may assign either this Agreement or any of its rights, interests, or obligations hereunder without the prior written approval of the other parties hereto; provided that Parent and Transaction Sub may assign this Agreement to its lenders. Subject to the preceding sentence, this Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns.

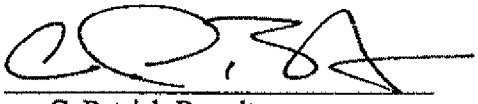
10.12 Currency. Unless otherwise specifically provided herein, all references to dollar amounts shall refer to Canadian dollars.

[The remainder of this page left blank. Signature page follows.]

IN WITNESS WHEREOF, Parent, Transaction Sub, and the Company have caused this Agreement to be executed by their duly authorized respective officers, as of the date first written above.

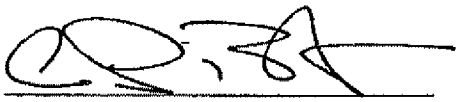
PARENT:

DOCUCORP INTERNATIONAL, INC.

By: 
Name: C. Patrick Brandt
Title: President

TRANSACTION SUB:

WT ACQUISITION CORP.

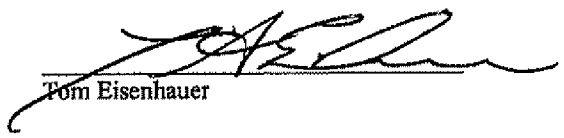
By: 
Name: C. Patrick Brandt
Title: President

WHITEHILL TECHNOLOGIES INC.

By: _____
Name: Paul McSpurren
Title: President and CEO

Signature Page to Amalgamation Agreement

SHAREHOLDERS REPRESENTATIVE



Tom Eisenhauer