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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF  
THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2001

Commission File Number 0-25346

TRANSACTION SYSTEMS ARCHITECTS, INC.  
(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of  
incorporation or organization)

47-0772104  
(I.R.S. employer  
identification no.)

224 South 108th Avenue  
Omaha, Nebraska 68154  
(Address of principal executive offices,  
including zip code)

(402) 334-5101  
(Registrant's telephone number,  
including area code)

Indicate by check mark whether the registrant (1) has filed all reports  
required to be filed by Section 13 or 15(d) of the Securities Exchange Act of  
1934 during the preceding 12 months (or for such shorter period that the  
registrant was required to file such reports), and (2) has been subject to such  
filing requirements for the past 90 days.

Yes  No

The number of shares of the issuer's Class A Common Stock, par value \$.005  
per share, outstanding as of May 10, 2001 was 36,619,293 (including 1,081,570  
Exchangeable Shares of TSA Exchangeco Limited which can be exchanged on a  
one-for-one basis for shares of the issuer's Class A Common Stock and 48,430  
options to purchase shares of the issuer's Class A Common Stock at an exercise  
price of one cent per share issued to MessagingDirect Ltd. shareholders).

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TABLE OF CONTENTS

Page  
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PART I - FINANCIAL INFORMATION

Item 1.	Condensed Consolidated Balance Sheets as of March 31, 2001 and September 30, 2000.....	3
	Condensed Consolidated Statements of Income for the three and six months ended March 31, 2001 and 2000.....	4
	Condensed Consolidated Statements of Cash Flows for the six months ended March 31, 2001 and 2000....	5
	Notes to Condensed Consolidated Financial Statements.....	6

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.....	11
Item 3. Quantitative and Qualitative Disclosures About Market Risk.....	16

PART II - OTHER INFORMATION

Item 2. Changes in Securities and Use of Proceeds.....	17
Item 4. Submission of Matters to a Vote of Security Holders.....	18
Item 6. Exhibits and Reports on Form 8-K.....	18
Signature.....	18

TRANSACTION SYSTEMS ARCHITECTS, INC.  
CONDENSED CONSOLIDATED BALANCE SHEETS  
(unaudited and in thousands)

	March 31, 2001	September 30, 2000
	-----	-----
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 20,749	\$ 23,400
Marketable securities	2,698	8,106
Billed receivables, net of allowances of \$7,974 and \$5,941, respectively	60,905	63,556
Accrued receivables	56,639	51,659
Prepaid income taxes	5,586	2,710
Deferred income taxes	17,258	11,208
Other	10,958	13,134
	-----	-----
Total current assets	174,793	173,773
Property and equipment, net	17,303	19,614
Software, net	35,130	26,757
Intangible assets, net	95,571	65,254
Long-term accrued receivables	27,615	27,018
Investments and notes receivable	2,235	6,146
Note receivable from executive officer	3,000	2,000
Deferred income taxes	2,614	2,958
Other	7,104	6,632
	-----	-----
Total assets	\$ 365,365	\$ 330,152
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	\$ 22,612	\$ 18,396
Accounts payable	10,898	16,023
Accrued employee compensation	7,500	7,472
Accrued liabilities	22,791	20,003
Deferred revenue	45,162	43,373
	-----	-----
Total current liabilities	108,963	105,267
Long-term debt	447	532
Long-term deferred revenue	13,907	13,993
Other	987	-
	-----	-----
Total liabilities	124,304	119,792
	-----	-----
Stockholders' equity:		
Class A Common Stock	183	165
Additional paid-in capital	221,512	170,946
Retained earnings	67,078	85,033
Treasury stock, at cost	(35,258)	(35,258)
Accumulated other comprehensive income	(12,454)	(10,526)
	-----	-----
Total stockholders' equity	241,061	210,360
	-----	-----
Total liabilities and stockholders' equity	\$ 365,365	\$ 330,152
	=====	=====

See notes to condensed consolidated financial statements.

TRANSACTION SYSTEMS ARCHITECTS, INC.  
CONDENSED CONSOLIDATED STATEMENTS OF INCOME  
(unaudited and in thousands, except per share amounts)

	Three Months Ended March 31,		Six Months Ended March 31,	
	2001	2000	2001	2000
Revenues:				
Software license fees	\$ 45,159	\$ 46,508	\$ 87,626	\$ 81,761
Maintenance fees	17,420	17,204	33,385	33,889
Services	13,913	11,677	30,117	26,856
Total revenues	76,492	75,389	151,128	142,506
Expenses:				
Cost of software license fees	11,233	11,084	22,824	21,909
Cost of maintenance and services	18,011	17,264	36,722	34,056
Research and development	10,722	9,968	20,791	18,428
Selling and marketing	18,247	18,204	37,942	35,765
General and administrative	16,050	15,159	32,177	29,797
Amortization of goodwill and purchased intangibles	3,413	1,758	5,780	3,935
Total expenses	77,676	73,437	156,236	143,890
Operating income (loss)	(1,184)	1,952	(5,108)	(1,384)
Other income (expense):				
Interest income	716	717	1,540	1,664
Interest expense	(749)	(72)	(1,368)	(135)
Other	(988)	(51)	(715)	132
Non-recurring items	-	-	(14,311)	-
Total other income (expense)	(1,021)	594	(14,854)	1,661
Income (loss) before income taxes	(2,205)	2,546	(19,962)	277
Income tax benefit (provision)	(1,399)	(995)	2,006	(109)
Net income (loss)	\$ (3,604)	\$ 1,551	\$ (17,956)	\$ 168
Earnings per share information:				
Weighted average shares outstanding:				
Basic	34,556	31,707	33,105	31,873
Diluted	34,556	32,172	33,105	32,364
Earnings per share:				
Basic	\$ (0.10)	\$ 0.05	\$ (0.54)	\$ 0.01
Diluted	\$ (0.10)	\$ 0.05	\$ (0.54)	\$ 0.01

See notes to condensed consolidated financial statements.

TRANSACTION SYSTEMS ARCHITECTS, INC.  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
(unaudited and in thousands)

	Six Months Ended March 31,	
	2001	2000
Cash flows from operating activities:		
Net income (loss)	\$ (17,956)	\$ 168
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Depreciation	4,132	4,079
Amortization	13,142	10,026
Non-recurring items	14,311	-
Changes in operating assets and liabilities:		
Billed and accrued receivables	(1,406)	(1,083)
Other current and noncurrent assets	(8,517)	(12,130)
Accounts payable	(6,279)	2,356
Deferred revenue	909	1,593
Other current liabilities	663	(11,422)

Net cash used in operating activities	(1,001)	(6,413)
-----		
Cash flows from investing activities:		
Purchases of property and equipment	(1,539)	(3,368)
Additions to software	(3,636)	(5,670)
Acquisition of business, net of cash received	587	(3,053)
Additions to investments and notes receivable	(420)	(1,081)
Note receivable from executive officer	(1,000)	-
	-----	-----
Net cash used in investing activities	(6,008)	(13,172)
-----		
Cash flows from financing activities:		
Proceeds from issuance of Class A Common Stock	811	931
Proceeds from exercise of stock options	152	1,661
Purchases of Class A Common Stock	-	(13,343)
Net borrowings on lines of credit	3,313	-
Payments of long-term debt	436	77
	-----	-----
Net cash provided by (used in) financing activities	4,712	(10,674)
-----		
Effect of exchange rate fluctuations on cash	(354)	578
-----		
Decrease in cash and cash equivalents	(2,651)	(29,681)
-----		
Cash and cash equivalents, beginning of period	23,400	70,482
-----		
Cash and cash equivalents, end of period	\$ 20,749	\$ 40,801
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See notes to condensed consolidated financial statements.

TRANSACTION SYSTEMS ARCHITECTS, INC.  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Consolidated Financial Statements

Transaction Systems Architects, Inc. ("TSA" or the "Company"), a Delaware corporation, develops, markets, installs and supports a broad line of software products and services primarily focused on facilitating electronic payments and electronic commerce. In addition to its own products, the Company distributes or acts as a sales agent for software developed by third parties. The products and services are used principally by financial institutions, retailers and e-payment processors, both in domestic and international markets.

The condensed consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All significant intercompany balances and transactions have been eliminated. The condensed consolidated financial statements at March 31, 2001, and for the three and six months ended March 31, 2001 and 2000, are unaudited and reflect all adjustments (consisting only of normal recurring adjustments) which are, in the opinion of management, necessary for a fair presentation of the financial position and operating results for the interim periods. The condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto, together with management's discussion and analysis of financial condition and results of operations, contained in the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2000. The results of operations for the three and six months ended March 31, 2001 are not necessarily indicative of the results for the entire fiscal year ending September 30, 2001.

2. Revenue Recognition

The Company generates revenues from licensing software and providing postcontract customer support (maintenance or "PCS") and other professional services. The Company uses written contracts to document the elements and obligations of arrangements with its customers. Arrangements that include the licensing of software typically include PCS, and at times, include other professional services. PCS includes the right to unspecified upgrades on a when-and-if-available basis and ongoing technical support. The other professional services may include training, installation or consulting. The Company also performs services for customers under arrangements that do not include the licensing of software.

Revenues under multiple-element arrangements, which may include several software products or services sold together, are allocated to each element based upon the residual method in accordance with American Institute of Certified Public Accountants Statement of Position ("SOP") 98-9, "Software Revenue Recognition, With Respect to Certain Arrangements." Under the residual method, the fair value of the undelivered elements is deferred and subsequently recognized. The Company has established sufficient vendor specific objective

evidence of fair value for PCS and other professional services based upon the price charged when these elements are sold separately. Accordingly, software license fees revenues are recognized under the residual method in arrangements in which the software is licensed with PCS and/or other professional services, and the undelivered elements of the arrangement are not essential to the functionality of the delivered software.

The Company recognizes software license fees upon execution of the signed contract, delivery of the software to the customer, determination that the software license fees are fixed or determinable, and determination that the collection of the software license fees is probable. The software license is typically for a term of up to 60 months and does not include a right of return. The term for the PCS element of a software arrangement is typically for a period shorter than the term of the software license, and can be renewed by the customer over the remaining term of the software license. PCS or maintenance revenues are recognized ratably over the term of the arrangement on a straight-line basis. The other professional services element of a software arrangement is typically accounted for separately as the services are performed for time-and-materials contracts or on a percentage-of-completion basis for fixed-price contracts. In those instances where the services are essential to the functionality of any other element of the arrangement, contract accounting is applied to both the software and services elements of the arrangement.

The Company follows two methods for pricing its software licenses. Under the first method, the software license is priced based upon the number of transactions processed by the customer ("transaction-based pricing"). Under transaction-based pricing, the customer is allowed to process a contractually predetermined maximum volume of transactions per month for a specified period of time. Once the customer's transaction volume exceeds this maximum volume level, the customer is required to pay additional license fees for each incremental volume level. Under the second method, the software license is priced on a per copy basis and tiered to recognize different performance levels of the customer's processing hardware ("designated-equipment-group pricing"). Under designated-equipment-group pricing, the customer pays a license fee for each copy of the software for a specified period of time.

Licensees are typically given two payment options. Under the first payment option, the licensee can pay a combination of an Initial License Fee ("ILF"), where the licensee pays a portion of the total software license fees at the beginning of the software license term, and a Monthly License Fee ("MLF"), where the licensee pays the remaining portion of the software license fees over the software license term. In certain arrangements, the customer is contractually committed to making MLF payments for a minimum number of months. If the customer decides to terminate the arrangement prior to paying the minimum MLF payments, the remaining minimum MLF payments become due and payable. Under the second payment option, the Company offers a Paid-Up-Front ("PUF") payment option, whereby the total software license fees are due at the beginning of the software license term. Under either payment option, the Company is not obligated to refund any payments received from the customer. In the combination ILF and MLF payment option, the Company recognizes the ILF portion of the software license fees upon delivery of the software, assuming all other revenue recognition criteria were met. In the PUF payment option, the Company recognizes the total software license fees upon delivery of the software, assuming all other revenue recognition criteria were met.

In addition to SOP 98-9, the Company accounts for its software arrangements in accordance with SOP 97-2, "Software Revenue Recognition." The primary software revenue recognition criteria outlined in SOP 97-2 include: evidence of an arrangement; delivery; fixed or determinable fees; and collectibility. SOP 97-2 specifies that extended payment terms in a software licensing arrangement may indicate that the software license fees are not deemed to be fixed or determinable. In addition, if payment of a significant portion of the software license fees is not due until more than twelve months after delivery, the software license fees should be presumed not to be fixed or determinable, and thus should be recognized as the payments become due. However, SOP 97-2 specifies that if the Company has a standard business practice of using extended payment terms in software licensing arrangements and has a history of successfully collecting the software license fees under the original terms of the software licensing arrangement without making concessions, the Company can overcome the presumption that the software license fees are not fixed or determinable. If the presumption is overcome, the Company should recognize the software license fees when all other SOP 97-2 revenue recognition criteria are met.

The Company has concluded that for certain software arrangements where the customer is contractually committed to make MLF payments that extend beyond twelve months, the "fixed or determinable" presumption has been overcome and software license fees revenue should be recognized upon meeting the other SOP 97-2 revenue recognition criteria. In making this determination, the Company considered the characteristics of the software product, the customer purchasing the software, the similarity of the economics of the software arrangements with previous software arrangements and the actual history of successfully collecting under the original terms without providing concessions. The software license fees recognized under these arrangements are referred to as "Recognized-Up-Front MLFs." The present value of Recognized-Up-Front MLFs, net of third party royalties, recognized during the three months ended March 31, 2001 and 2000

totalled approximately \$2.8 million and \$5.4 million, respectively. The present value of Recognized-Up-Front MLFs, net of third party royalties, recognized during the six months ended March 31, 2001 and 2000 totalled approximately \$11.9 million and \$10.5 million, respectively. The discount rates used to determine the present value of these software license fees, representing the Company's incremental borrowing rates, ranged from 9.50% to 11.00% during the six months ended March 31, 2001, and from 10.25% to 11.00% during the six months ended March 31, 2000. Recognized-Up-Front MLFs that have been recognized in software license fees revenues by the Company, but not yet billed, are reflected in accrued receivables in the accompanying condensed consolidated balance sheets.

### 3. Non-Recurring Items

The Company continually evaluates its investment holdings and long-lived assets for evidence of impairment. During the three months ended December 31, 2000, after considering current market conditions for technology companies and specific information regarding those companies in which the Company has an ownership interest, the Company determined that the declines in market value for certain of its investment holdings were "other than temporary" and a charge to earnings for the declines in market value was required. Therefore, the Company recorded a non-cash charge of \$12.4 million in the three months ended December 31, 2000.

In addition, due to unfavorable market conditions in the fourth quarter of fiscal 2000, the Company postponed its planned initial public offering ("IPO") of its wholly-owned subsidiary, Insession Technologies, Inc. Due to the time period which had elapsed without proceeding with this transaction and continuing uncertainty in market conditions, the Company expensed costs associated with the planned IPO totaling \$1.9 million in the three months ended December 31, 2000.

### 4. Acquisition

In January 2001, the Company acquired all of the outstanding securities of MessagingDirect Ltd. ("MDL"). MDL provides software applications to facilitate the secure delivery and e-processing of electronic statements and bills. Shareholders of MDL received 3,357,351 shares of Class A Common Stock (or Exchangeable Shares of TSA Exchangeco Limited which can be converted on a one-for-one basis for shares of TSA Class A Common Stock or options to purchase shares of TSA Class A Common Stock) with a fair market value at the time of purchase of approximately \$49.5 million. The share exchange was accounted for using the purchase method of accounting. An independent valuation of MDL was performed and used as an aid in determining the fair market value of each identifiable intangible asset. Accordingly, the excess purchase price over the estimated fair value of each identifiable tangible and intangible asset acquired was allocated to goodwill, which is being amortized using the straight-line method over five years. Preliminarily, approximately \$38.3 million of the purchase price was allocated to goodwill and \$11.8 million to software.

### 5. Common Stock and Earnings Per Share

Earnings per share ("EPS") has been computed in accordance with SFAS No. 128, "Earnings Per Share." Basic EPS is calculated by dividing net income available to common stockholders (the numerator) by the weighted average number of common shares outstanding during the period (the denominator). Diluted EPS is computed by dividing net income available to common stockholders, adjusted for the effect of any outstanding dilutive securities (the numerator), by the weighted average number of common shares outstanding, adjusted for the dilutive effect of outstanding dilutive securities (the denominator).

For the three and six months ended March 31, 2001, basic and diluted EPS are the same, as any outstanding dilutive securities were antidilutive due to the net loss in both periods. If the Company had reflected net income for the three and six months ended March 31, 2001, weighted average shares from stock options of 3,867,881 and 3,869,482, respectively, would have been excluded from the computation of diluted EPS because the exercise prices of the stock options were greater than the average market price of the Company's common shares. The differences between the basic and diluted EPS denominators for the three and six months ended March 31, 2000, which amounted to approximately 465,000 and 491,000 shares, respectively, were due to the dilutive effect of the Company's outstanding stock options using the treasury stock method. For the three and six months ended March 31, 2000, weighted average shares from stock options of 1,366,291 and 1,349,679, respectively, have been excluded from the computation of diluted EPS because the exercise prices of the stock options were greater than the average market price of the Company's common shares.

Exchangeable Shares and options received by shareholders of MDL (see Note 4) that have not yet been converted into TSA Class A Common Stock are included in Class A Common Stock for presentation purposes on the March 31, 2001 condensed consolidated balance sheet, and are included in common shares outstanding for EPS computations for the three and six months ended March 31, 2001.

### 6. Comprehensive Income

The Company's components of other comprehensive income were as follows (in thousands):

	Three Months Ended December 31,		Six Months Ended March 31,	
	2001	2000	2001	2000
Net income (loss)	\$ (3,604)	\$ 1,551	\$ (17,956)	\$ 168
Other comprehensive income (loss):				
Foreign currency translation adjustments	(5,112)	111	(4,573)	(1,012)
Unrealized investment holding gain, net of reclassification adjustment of \$8,052 in the six months ended March 31, 2001	842	6,080	2,645	10,767
Comprehensive income (loss)	\$ (7,874)	\$ 7,742	\$ (19,884)	\$ 9,923

The Company's components of accumulated other comprehensive income at each balance sheet date were as follows (in thousands):

	Foreign Currency Translation Adjustments	Unrealized Investment Holding Gain (Loss)	Accumulated Other Comprehensive Loss
Balance, September 30, 2000	\$ (4,723)	\$ (5,803)	\$ (10,526)
Fiscal 2001 year-to-date activity	(4,573)	(5,407)	(9,980)
Reclassification adjustment for loss included in net income (loss)	-	8,052	8,052
Balance, March 31, 2001	\$ (9,296)	\$ (3,158)	\$ (12,454)

## 7. Line-of-Credit Facilities

As of March 31, 2001, the Company has a \$25.0 million bank line-of-credit with a large United States bank. This line is secured by certain trade receivables of TSA. Among other restrictions, the Company must maintain a minimum accounts receivable balance, minimum tangible net worth and minimum working capital levels at each reporting date. As of March 31, 2001, these minimum amounts to be maintained were \$35.0 million of billed receivables less than 90 days past due, \$147.0 million of tangible net worth and \$50.0 million of working capital. After obtaining a waiver from the U.S. bank due to non-compliance with the minimum tangible net worth covenant, the Company is in compliance with all debt covenants as of March 31, 2001. The Company also has a line-of-credit with a large foreign bank in the amount of 3.0 million British Pounds, which translates to approximately \$4.2 million. The foreign line requires the Company to maintain minimum tangible net worth within the Company's wholly-owned subsidiary, ACI Worldwide (EMEA) Ltd.

Interest on the U.S. line-of-credit accrues at an annual rate equal to either the bank's "base rate" less .75% or the LIBOR rate plus 1.75% and is payable at the end of each month. Interest on the foreign line-of-credit accrues at an annual rate of 1% above the bank's "base rate." During the three and six months ended March 31, 2001, the Company recorded interest expense of \$0.5 million and \$1.0 million, respectively, related to the two line-of-credit facilities. The carrying amounts of the Company's line-of-credit facilities approximate fair value due to their variable interest rates. Current borrowings outstanding as of March 31, 2001 totaled approximately \$21.2 million. The foreign bank line-of-credit expires on August 9, 2001. Subsequent to March 31, 2001, the U.S. bank reduced the amount of the line-of-credit from \$25.0 million to \$15.0 million and extended the line-of-credit expiration date from May 31, 2001 to June 30, 2001.

## 8. Segment Information

In fiscal 2000, the Company reorganized its business into four business units or segments: Consumer e-Payments, Electronic Business Infrastructure, Corporate Banking e-Payments and Health Payment Systems. Prior period segment information has been restated to reflect these reorganizations. The Company's chief operating decision makers review business unit financial information, presented on a consolidated basis, accompanied by disaggregated information about revenues and operating income by business unit. The Company does not track assets by business unit.

The Company plans to direct the majority of its focus on the Consumer e-Payments and Electronic Business Infrastructure business units. The Company recently discontinued pursuing strategic alternatives for the Electronic Business Infrastructure business unit since the value of the products and services it offers exceeds current technology company market valuations. The Company is considering various alternatives for the Corporate Banking e-Payments and Health Payments Systems business units, including possible sales, spin-offs, strategic alliances, partnerships, third-party investors and initial public offerings.

Consumer e-Payments products represent the Company's largest product line and include its most mature and well-established applications which are used primarily by financial institutions, retailers and e-payment processors. Its products are used to route and process transactions for automated teller machine networks; process transactions from traditional point of sale devices, wireless devices and the Internet; handle PC and phone banking transactions; control fraud and money laundering; process electronic benefit transfer transactions; authorize checks; establish frequent shopper programs; automate settlement, card

management and claims processing; and issue and manage multi-functional applications on smart cards. Electronic Business Infrastructure products facilitate communication, data movement, monitoring of systems and business process automation across computing systems, involving mainframes, distributed computing networks and the Internet. Corporate Banking e-Payments products offer high-value payments processing, bulk/recurring payments processing, wire room processing, global messaging, integration payments management and continuous link settlement processing. Health Payment Systems products allow large corporations and health-care payment processors to automate claims eligibility determination, claims capture and claims payments.

No single customer accounted for more than 10% of the Company's consolidated revenue during the three and six months ended March 31, 2001 and 2000. The following are revenues and operating income (loss) for the Company's business unit segments for the three and six months ended March 31, 2001 and 2000 (in thousands):

	Three Months Ended March 31,		Six Months Ended March 31,	
	2001	2000	2001	2000
Revenues:				
Consumer e-Payments	\$ 56,776	\$ 53,629	\$ 114,328	\$ 101,345
Electronic Business Infrastructure	10,860	11,290	20,144	22,166
Corporate Banking e-Payments	7,650	9,609	14,258	17,250
Health Payment Systems	1,206	861	2,398	1,745
	\$ 76,492	\$ 75,389	\$ 151,128	\$ 142,506
Operating loss:				
Consumer e-Payments	\$ 1,328	\$ (1,617)	\$ 2,224	\$ (6,069)
Electronic Business Infrastructure	(353)	2,428	(1,110)	4,212
Corporate Banking e-Payments	(1,737)	1,206	(4,634)	498
Health Payment Systems	(422)	(65)	(1,588)	(25)
Operating loss	\$ (1,184)	\$ 1,952	\$ (5,108)	\$ (1,384)

The Company's products are sold and supported through distribution networks covering the geographic regions of the Americas, Europe/Middle East/Africa ("EMEA") and Asia/Pacific. The following are revenues and long-lived assets for these geographic regions (in thousands):

	Three Months Ended March 31,		Six Months Ended March 31,	
	2001	2000	2001	2000
Revenues:				
United States	\$ 31,928	\$ 35,240	\$ 63,933	\$ 66,062
Americas - other	11,256	9,310	20,242	17,176
Total Americas	43,184	43,550	84,175	83,238
EMEA	24,793	24,584	51,783	44,806
Asia/Pacific	8,515	7,255	15,170	14,462
	\$ 76,492	\$ 75,389	\$ 151,128	\$ 142,506
Long-lived assets:			March 31, 2001	September 30, 2000
United States			\$ 100,638	\$ 107,925
Americas - other			25,645	5,337
Total Americas			126,283	113,262
EMEA			32,916	11,659
Asia/Pacific			1,144	1,482
			\$ 160,343	\$ 126,403

## 9. Accounting Pronouncements Issued But Not Yet Effective

In December 1999, the Securities and Exchange Commission (the "SEC") released Staff Accounting Bulletin ("SAB") No. 101, "Revenue Recognition in Financial Statements," which provides guidance on the recognition, presentation and disclosure of revenue in financial statements filed with the SEC. SAB No. 101 requires, among other things, that license and other up-front fees be recognized over the term of the agreement, unless the fees are in exchange for products delivered or services performed that represent the culmination of a separate earnings process. The Company is required to be in conformity with the provisions of SAB No. 101 no later than the fourth quarter of fiscal 2001. The Company is currently reviewing SAB No. 101 and has not determined the impact of its adoption on the Company's financial position or results of operations.

In September 2000, the Financial Accounting Standards Board issued SFAS No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities." SFAS No. 140, which replaced SFAS No. 125, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities," revises the standards for accounting for securitizations and other transfers of financial assets and collateral and requires certain disclosures, but carries over most of SFAS No. 125's provisions without reconsideration. SFAS No. 140 is effective for transfers and servicing of financial assets and extinguishments of liabilities occurring after March 31, 2001. The Company currently conforms to the requirements of SFAS No. 125 and



the adoption of SFAS No. 140 is not expected to have a material impact on the Company's financial position or results of operations.

TRANSACTION SYSTEMS ARCHITECTS, INC.  
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION  
AND RESULTS OF OPERATIONS

Overview

The Company develops, markets, installs and supports a broad line of software products and services primarily focused on facilitating electronic payments and electronic commerce. In addition to its own products, TSA distributes software developed by third parties. The products and services are used principally by financial institutions, retailers and e-payment processors, both in domestic and international markets.

Business Segments

The Company's products and services are organized into four business units - Consumer e-Payments, Electronic Business Infrastructure, Corporate Banking e-Payments and Health Payment Systems. The Company plans to direct the majority of its focus on the Consumer e-Payments and Electronic Business Infrastructure business units. Products in the Consumer e-Payments business unit represent the Company's largest product line and include its most mature and well-established applications. Products and services offered by this business unit, except community banking products, are marketed and supported through ACI Worldwide Inc ("ACI"), a wholly-owned subsidiary of the Company. ACI sells and supports the products and services through three distribution networks: the Americas, Europe/Middle East/Africa ("EMEA") and Asia/Pacific. Each distribution network primarily has its own sales force and supplements this with reseller and/or distributor networks. The community banking products are marketed and supported by Regency Systems, Inc., a wholly-owned subsidiary of the Company. Products and services offered by the other three business units are marketed and supported primarily through their own sales and support organizations. The following table sets forth total revenues and operating income (loss) for the Company's four business unit segments for the periods indicated (in thousands):

	Three Months Ended March 31,		Six Months Ended March 31,	
	2001	2000	2001	2000
<b>Revenues:</b>				
Consumer e-Payments	\$ 56,776	\$ 53,629	\$ 114,328	\$ 101,345
Electronic Business Infrastructure	10,860	11,290	20,144	22,166
Corporate Banking e-Payments	7,650	9,609	14,258	17,250
Health Payment Systems	1,206	861	2,398	1,745
	\$ 76,492	\$ 75,389	\$ 151,128	\$ 142,506
<b>Operating loss:</b>				
Consumer e-Payments	\$ 1,328	\$ (1,617)	\$ 2,224	\$ (6,069)
Electronic Business Infrastructure	(353)	2,428	(1,110)	4,212
Corporate Banking e-Payments	(1,737)	1,206	(4,634)	498
Health Payment Systems	(422)	(65)	(1,588)	(25)
	\$ (1,184)	\$ 1,952	\$ (5,108)	\$ (1,384)

Backlog

The following table sets forth the Company's recurring and non-recurring revenue backlog, by business unit, at each balance sheet date (in thousands):

	Recurring Revenue Backlog		Non-recurring Revenue Backlog	
	March 31, 2001	Sept. 30, 2000	March 31, 2001	Sept. 30, 2000
Consumer e-Payments	\$ 95,800	\$ 101,100	\$ 37,100	\$ 39,100
Electronic Business Infrastructure	17,200	19,200	3,800	2,100
Corporate Banking e-Payments	17,000	16,100	12,500	12,900
Health Payment Systems	1,700	2,800	2,000	2,300
	\$ 131,700	\$ 139,200	\$ 55,400	\$ 56,400

The Company defines recurring revenue backlog to be all monthly license fees, maintenance fees and facilities management fees specified in executed contracts to the extent that the Company contemplates recognition of the related revenue within one year. The Company includes in its non-recurring revenue backlog all fees (other than recurring) specified in executed contracts to the

extent that the Company contemplates recognition of the related revenue within one year. There can be no assurance that contracts included in recurring or non-recurring revenue backlog will actually generate the specified revenues or that the actual revenues will be generated within the one-year period.

## Results of Operations

The following table sets forth certain financial data and the percentage of total revenues of the Company for the periods indicated (amounts in thousands):

	Three Months Ended March 31,				Six Months Ended March 31,			
	2001		2000		2001		2000	
	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue
<b>Revenues:</b>								
ILFs and PUFs	\$ 30,422	39.8 %	\$ 26,918	35.7 %	\$ 50,521	33.4 %	\$ 42,322	29.7 %
MLFs (other than Recognized-Up-Front MLFs)	11,974	15.6	14,187	18.8	25,218	16.7	28,907	20.3
Recognized-Up-Front MLFs	2,763	3.6	5,403	7.2	11,887	7.9	10,532	7.4
Software license fees	45,159	59.0	46,508	61.7	87,626	58.0	81,761	57.4
Maintenance fees	17,420	22.8	17,204	22.8	33,385	22.1	33,899	23.8
Services	13,913	18.2	11,677	15.5	30,117	19.9	26,856	18.8
<b>Total revenues</b>	<b>76,492</b>	<b>100.0</b>	<b>75,389</b>	<b>100.0</b>	<b>151,128</b>	<b>100.0</b>	<b>142,506</b>	<b>100.0</b>
<b>Expenses:</b>								
Cost of software license fees	11,233	14.7	11,084	14.7	22,824	15.1	21,909	15.4
Cost of maintenance and service	18,011	23.5	17,264	23.0	36,722	24.3	34,056	23.9
Research and development	10,722	14.0	9,968	13.2	20,791	13.8	18,428	12.9
Selling and marketing	18,247	23.8	18,204	24.1	37,942	25.1	35,765	25.1
General and administrative	16,050	21.0	15,159	20.1	32,177	21.3	29,797	20.9
Amortization of goodwill and purchased intangibles	3,413	4.5	1,758	2.3	5,780	3.8	3,935	2.8
<b>Total expenses</b>	<b>77,676</b>	<b>101.5</b>	<b>73,437</b>	<b>97.4</b>	<b>156,236</b>	<b>103.4</b>	<b>143,890</b>	<b>101.0</b>
Operating income (loss)	(1,184)	(1.5)	1,952	2.6	(5,108)	(3.4)	(1,384)	(1.0)
<b>Other income (expense):</b>								
Interest income	716	0.9	717	1.0	1,540	1.0	1,664	1.2
Interest expense	(749)	(1.0)	(72)	(0.1)	(1,368)	(0.9)	(135)	(0.1)
Other	(988)	(1.3)	(51)	(0.1)	(715)	(0.5)	132	0.1
Non-recurring items	-	-	-	-	(14,311)	(9.4)	-	-
<b>Total other income (expense)</b>	<b>(1,021)</b>	<b>(1.4)</b>	<b>594</b>	<b>0.8</b>	<b>(14,854)</b>	<b>(9.8)</b>	<b>1,661</b>	<b>1.2</b>
Income (loss) before income taxes	(2,205)	(2.9)	2,546	3.4	(19,962)	(13.2)	277	0.2
Income tax benefit (provision)	(1,399)	(1.8)	(995)	(1.3)	2,006	1.3	(109)	(0.1)
<b>Net income (loss)</b>	<b>\$ (3,604)</b>	<b>(4.7) %</b>	<b>\$ 1,551</b>	<b>2.1 %</b>	<b>\$ (17,956)</b>	<b>(11.9) %</b>	<b>\$ 168</b>	<b>0.1 %</b>

Revenues. Total revenues for the second quarter of fiscal 2001 increased 1.5%, or \$1.1 million, from the comparable period in fiscal 2000. Total revenues for the first six months of fiscal 2001 increased \$8.6 million, or 6.1%, over the first six months of fiscal 2000. The three-month increase is the result of a \$2.2 million, or 19.1%, increase in services revenue offset by a \$1.3 million, or 2.9%, decrease in software license fees revenue. The six-month increase is the result of a \$5.9 million, or 7.2%, increase in software license fees revenue and a \$3.3 million, or 12.1%, increase in services revenue, offset by a \$0.5 million, or 1.5%, decrease in maintenance fee revenue.

During the first quarter of fiscal 2000, the Company's large bank and merchant customers and potential new customers, in effect, locked down their systems in preparation for the Year 2000. This Year 2000 lock-down had a negative impact on the Company's Consumer e-Payments software license fees and services revenues due to the less than expected demand by customers and potential new customers to upgrade and enhance their current systems. In addition, since the Year 2000 cutover, the Company has found its customers increasingly scrutinizing their information technology purchases, which has led to further delays in software and services purchases. The Company believes overall demand for its products and services is increasing at a gradual pace. However, the Company believes that customer demand for its products and services will be slow to return to growth levels experienced prior to fiscal 2000.

The increase in ILF and PUF revenue for the second quarter and the first six months of fiscal 2001 is a result of an increased demand for the Company's Consumer e-Payments products, offset by a decrease in demand for the Company's Electronic Business Infrastructure ICE product and a decrease in revenue associated with a significant Corporate Banking e-Payment customer project. In addition, the Company changed its sales compensation plans in fiscal 2001 for its Consumer e-Payments sales force to emphasize PUF contracts for both customer renewals and new customers rather than emphasizing ILF/MLF contracts. This change resulted in an increase in PUF revenue and a decrease in MLF revenue for the second quarter and the first six months of fiscal 2001.

Maintenance fee revenues decreased in the first quarter of fiscal 2001 due to a decrease in customer demand for the Company's enhanced maintenance support.

During the second quarter of fiscal 2001, demand for the Company's enhanced maintenance support returned to normal levels.

The growth in services revenue is the result of increased demand for technical and project management services, which is primarily the result of an increased installed base of the Company's Consumer e-Payments products.

Expenses. Total operating expenses for the second quarter of fiscal 2001 increased \$4.2 million, or 5.8%, over the comparable period of fiscal 2000. Total operating expenses for the first six months of fiscal 2001 increased \$12.3 million, or 8.6%, over the first six months of fiscal 2000. Amortization of goodwill and purchased intangibles has increased between fiscal years related to the acquisitions of WorkPoint Systems, Inc. in April 2000, Hospital Health Plan Corporation in May 2000 and MessagingDirect Ltd. in January 2001. Other changes in operating expense line items are discussed below.

Cost of software license fees for the second quarter of fiscal 2001 was comparable to the second quarter of fiscal 2000. For the six months ended March 31, 2001, cost of software license fees increased \$0.9 million over the comparable period of fiscal 2000. This increase was due primarily to an increase in royalties owed to the owners of third-party products.

Cost of maintenance and services for the second quarter of fiscal 2001 increased \$0.7 million, or 4.3%, over the comparable period in fiscal 2000. For the six months ended March 31, 2001, cost of maintenance and services increased \$2.7 million, or 7.8%, over the comparable period of fiscal 2000. These increases were the result of personnel-related expenses supporting maintenance fees and services revenues, which increased \$2.7 million, or 4.5%, for the first six months of fiscal 2001 over the comparable period of fiscal 2000.

Research and development ("R&D") costs for the second quarter of fiscal 2001 increased \$0.8 million, or 7.6%, over the comparable period in fiscal 2000. For the six months ended March 31, 2000, R&D costs increased \$2.4 million, or 12.8%, over the comparable period of fiscal 2000. R&D consists primarily of compensation and related costs for R&D employees and contractors. R&D costs as a percentage of total revenues for the three and six months ended March 31, 2001 were 14.0% and 13.8%, respectively, as compared to 13.2% and 12.9%, respectively, for comparable periods of fiscal 2000. The Company capitalizes costs related to certain internally-developed software when the resulting products reach technological feasibility. Software development costs capitalized in the first six months of fiscal 2001 and 2000 totaled approximately \$2.6 million and \$4.1 million, respectively.

Selling and marketing costs for the second quarter of fiscal 2001 was comparable to the second quarter of fiscal 2000. For the six months ended March 31, 2001, selling and marketing costs increased \$2.2 million, or 6.1%, over the comparable period of fiscal 2000. The increase for the first six months of fiscal 2001 is due to an increase in sales personnel and marketing activities in each of the four business units.

General and administrative costs for the second quarter of fiscal 2001 increased \$0.9 million, or 5.9%, over the comparable period in fiscal 2000. For the six months ended March 31, 2001, general and administrative costs increased \$2.4 million, or 8.0%, over the comparable period of fiscal 2000. The increase is attributable to an increase in bad debts expense and occupancy costs, offset by a decrease in personnel-related expenses. The decrease in personnel-related expenses is due to the consolidation of the Company's Consumer Banking, Electronic Commerce and Internet Banking operating units into the Consumer e-Payments business unit during the fourth quarter of fiscal 2000. During the quarter ending June 30, 2001, the Company will incur approximately \$2.8 million as severance benefits to certain former executive officers in connection with their resignations.

Other Income and Expenses. The increase in interest expense in fiscal 2001 is due to an increase in borrowings on the Company's line-of-credit facilities. Other expenses resulted primarily from foreign currency translation losses recognized by the Company.

The Company continually evaluates the carrying value of its investment holdings and long-lived assets for evidence of impairment. During the first quarter of fiscal 2001, after considering current market conditions for technology companies and specific information regarding those companies in which the Company has an ownership interest, the Company determined that the declines in market value for certain of its investment holdings were "other than temporary" and a charge to earnings of \$12.4 million for the declines in market value was required. The Company also expensed costs associated with the withdrawn IPO of Insession Technologies, Inc. totaling \$1.9 million in the first quarter of fiscal 2001. These charges are reflected as non-recurring items under other expenses.

Income Taxes. The effective tax rate for the first six months of fiscal 2001 was approximately 10% as compared to 41% for all of fiscal 2000. The effective tax rate for the first six months of fiscal 2001 was less than that of the comparable period for fiscal 2000 primarily due to non-deductible amortization expense associated with acquisitions accounted for as purchases and non-recognition of tax benefits for operating losses in certain foreign

locations.

As of March 31, 2001, the Company has deferred tax assets of \$31.5 million and deferred tax liabilities of \$2.6 million. Each quarter, the Company evaluates its historical operating results as well as its projections for the future to determine the realizability of the deferred tax assets. This analysis indicated that \$19.9 million of the net deferred tax assets were more likely than not to be realized. Accordingly, the Company has a valuation allowance of \$9.0 million as of March 31, 2001. The Company intends to analyze the realizability of the net deferred tax assets at each future reporting period. Such analysis may indicate that the realization of various deferred tax benefits is more likely than not and, therefore, the valuation reserve may be adjusted accordingly.

#### Liquidity and Capital Resources

As of March 31, 2001, the Company's principal sources of liquidity consisted of \$20.7 million in cash and cash equivalents, and available bank lines of credit totaling approximately \$29.2 million, with outstanding borrowings of approximately \$21.2 million. The bank lines are subject to maintenance of certain covenants.

The Company's net cash flows used in operating activities for the first six months of fiscal 2001 amounted to \$1.0 million as compared to \$6.4 million used during the first six months of fiscal 2000. The growth of the Company's billed and accrued receivables during the first six months of fiscal 2001 and 2000 are the primary reasons for the negative operating cash flows in the first six months of fiscal 2001 and 2000.

A contributor to the Company's cash management program is the factoring of accrued receivables, whereby an interest in Company receivables is transferred on a non-recourse basis to third-party financial institutions in exchange for cash. During the first six months of fiscal 2001 and 2000, the Company generated operating cash flows from the factoring of accrued receivables of \$8.5 million and \$11.1 million, respectively. The Company has approximately \$15 million of accrued receivables that may be sold in the future to third-party financial institutions under this program. The Company is actively pursuing the sale of a portion of these receivables as a means to generate cash, but there can be no assurance that the Company will be successful in its efforts to sell any of these receivables.

The Company's net cash flows used in investing activities totaled \$6.0 million and \$13.2 million in the first six months of fiscal 2001 and 2000, respectively. The decrease in cash used in investing activities was due to a decrease in acquisition-related expenditures, and decreased purchases of software, property and equipment, offset by an additional advance during the first quarter of fiscal 2001 in the amount of \$1.0 million to the Company's CEO as part of his employment and incentive compensation package. The acquisition of business amount in fiscal 2000 consists of the final payment of \$3.1 million related to the acquisition of Insession Inc.

The Company's net cash flows provided by financing activities was \$4.7 million in the first six months of fiscal 2001 as compared to net cash flows used in financing activities of \$10.7 million in the first six months of fiscal 2000. During the first six months of 2001, the Company had net borrowings on its bank line-of-credit facilities of \$3.3 million. During the first six months of fiscal 2000, pursuant to a stock repurchase program approved by the Company's Board of Directors, the Company acquired 500,300 shares at an average cost of \$26.67 per share, totaling approximately \$13.3 million. The Company used cash flow from operations to fund the common stock repurchases.

The Company is considering various alternatives for the Corporate Banking e-Payments and Health Payments Systems business units, including possible sales, spin-offs, strategic alliances, partnerships, third-party investors and initial public offerings. The Company recently discontinued pursuing strategic alternatives for the Electronic Business Infrastructure business unit since the value of the products and services it offers exceeds current technology company market valuations.

The Company believes that its existing sources of liquidity, including cash provided by operating activities (which improved sequentially in the second quarter of fiscal 2001 over the first quarter of fiscal 2001 as a result of cost containment initiatives that have been implemented, accounts receivable improvements and an emphasis on PUF contracts) along with cash generated from its factoring program and borrowings available under its line-of-credit facilities, will satisfy the Company's projected working capital and other cash requirements for the foreseeable future. Any cash received upon successful divestiture of either of the business units described above would reduce the Company's reliance on borrowings under its line-of-credit facilities.

In December 2000, the Company entered into an amendment to its primary line-of-credit facility increasing the aggregate commitment from \$25.0 million to \$30.0 million. The increased commitment expired on March 31, 2001. Consequently, as of March 31, 2001, the commitment under its primary line-of-credit facility returned to \$25.0 million. In May 2001, the Company and its U.S. bank agreed to amend the Company's primary line-of-credit facility

reducing the line-of-credit facility from \$25.0 million to \$15.0 million and extending the facility's maturity date from May 31, 2001 to June 30, 2001. The Company is currently negotiating with several financial institutions for a replacement line-of-credit. Although no assurances can be given, the Company believes a replacement line-of-credit of approximately \$25.0 million will be in place prior to June 30, 2001.

#### Forward-Looking Statements

The statements in this report regarding projected results are preliminary and "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. In addition, this report contains other forward-looking statements including statements regarding the Company's or third parties' expectations, predictions, views, opportunities, plans, strategies, beliefs and statements of similar effect. The forward-looking statements in this report are subject to a variety of risks and uncertainties. Actual results could differ materially. Factors that could cause actual results to differ include but are not limited to the following:

- o The corporate divestiture strategy is subject to numerous factors, including market conditions and perception, demand for the other businesses by potential investors or potential acquirers, personnel, tax, business, general economic conditions, viability of businesses as stand-alone operations, and other factors that could affect the Company's decisions and ability to separate businesses, to divest, raise capital, or implement other alternatives for such businesses, and to implement other aspects of the Company's corporate strategy. There can be no assurance that the Company will implement any aspect of the corporate strategy or that if implemented the strategy will be successful.
- o The Year 2000 lock-down has interrupted the Company's normal sales cycle and therefore is likely to have a negative impact on the Company's revenues and net income for the remainder of fiscal 2001 and beyond. The Company also believes customer demand for system upgrades and enhancements will be slow to return to normal growth levels, as many of the Company's customers upgraded and enhanced their systems prior to the Year 2000. There can be no assurance that the Company's growth rates will return to historical levels.
- o The acquisition of MessagingDirect is subject to numerous risks, including the following: (i) MessagingDirect is in a highly competitive industry, (ii) MessagingDirect does not have a significant market presence, significant revenues, or widespread acceptance or prolonged use of its products, (iii) MessagingDirect has not been profitable, (iv) the electronic statement presentation and electronic bill presentation and payment markets may not achieve the predicted growth rates, (v) MessagingDirect's products, personnel, and operations may be difficult to combine with those of the Company, the products may not be accepted by the Company's customer base, and there will be significant integration costs of combining the businesses, and (vi) the acquisition will have a dilutive impact on earnings per share and amortization of intangible assets will have an adverse effect on earnings.
- o The Company is subject to risks of conducting international operations including difficulties in staffing and management, reliance on independent distributors, fluctuations in foreign currency exchange rates, compliance with foreign regulatory requirements, variability of foreign economic conditions, and changing restrictions imposed by U.S. export laws.
- o The Company will continue to derive a majority of its total revenues from licensing its BASE24 family of software products and providing services and maintenance related to those products. Any reduction in demand for, or increase in competition with respect to, BASE24 products would have a material adverse effect on the Company's financial condition and results of operations.
- o The Company's business is concentrated in the banking industry, making it susceptible to a downturn in that industry.
- o Fluctuations in quarterly operating results may result in volatility in the Company's stock price. No assurance can be given that operating results will not vary. The Company's stock price may also be volatile, in part, due to external factors such as announcements by third parties or competitors, inherent volatility in the high-technology sector and changing market conditions in the industry.
- o The diversion of management's time and attention to the search for a new permanent CEO, and related transition issues, may temporarily dilute management's focus on the Company's day-to-day operations.

For a detailed discussion of these and other risk factors, interested parties should review the Company's filings with the Securities and Exchange Commission, including Exhibit 99.01 to the Company's Annual Report on Form 10-K

for the fiscal year ended September 30, 2000.

#### QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes to the Company's market risk for the six months ended March 31, 2001. See the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2000 for additional discussions regarding quantitative and qualitative disclosures about market risk.

#### PART II - OTHER INFORMATION

##### Item 2. Changes in Securities and Use of Proceeds.

- (c) On January 11, 2001, TSA or its subsidiaries issued the securities listed below in exchange for all of the outstanding securities of MessagingDirect Ltd. ("MDL"), an Alberta, Canada company. The issuances were exempt from registration pursuant to Section 3(a)(10) of the Securities Act of 1933, as amended. The securities were issued pursuant to a plan of arrangement which was approved by the Court of Queen's Bench (Alberta), Canada after holding a hearing. The securities were issued pursuant to the plan of arrangement to the then securityholders of MDL (or with respect to the share of TSA Special Voting preferred stock discussed below, to a trustee for the benefit of certain of such securityholders). The court's order approving the plan of arrangement stated that the court was satisfied that the terms and conditions of the plan of arrangement were fair and reasonable to the MDL securityholders, both procedurally and substantively. The court was advised before the hearing that its approval would constitute the basis for a claim to the Section 3(a)(10) exemption. MDL securityholders were given notice of the hearing and the right to appear.
- o 1,778,429 shares of TSA Class A Common Stock.
  - o 1,410,942 shares of Exchangeable Shares of TSA Exchangeco Limited, a Nova Scotia subsidiary of TSA. The Exchangeable Shares can be exchanged on a one-for-one basis into shares of TSA's Class A Common Stock. The holders of Exchangeable Shares have rights to direct the voting of the share of TSA Special Preferred Stock described below.
  - o One share of TSA Special Preferred Voting Stock. This share was issued to Wells Fargo Bank Minnesota, National Association, as Trustee of the trust created for the benefit of holders of the Exchangeable Shares, to be held of record by the Trustee for and on behalf of, and for the use and benefit of, the holders of the Exchangeable Shares. The Special Preferred Voting Stock entitles the Trustee to cast the number of votes equal to the number of Exchangeable Shares outstanding, voting as a single class with the Class A Common Stock. Each holder of Exchangeable Shares is entitled to instruct the Trustee on how to vote with respect to such holder's Exchangeable Shares.
  - o Options to purchase 167,980 shares of TSA Class A Common Stock. These options were issued to holders of MessagingDirect Ltd. employee stock options to replace those options. The replacement options have an exercise price of one cent per share of TSA Class A Common Stock because, pursuant to the terms of the acquisition, the number of shares covered by the options was reduced by a formula intended to replicate a cashless exercise.

On January 11, 2001, TSA Exchangeco Limited issued 600,000 shares of nonvoting, Canadian dollar denominated preferred stock with a 7% per annum dividend rate, to another TSA subsidiary which in turn sold them to ten TSA management level employees who are not executive officers and who each purchased 60,000 of the shares. The sale was exempt from registration pursuant to Section 4(2) of the Securities Act. The securities were offered only to these ten employees, the employees agreed to resale restrictions, and the certificates representing the securities were legended. The purchase price for the preferred shares was \$1,490,000 Canadian dollars, which equated to one million U.S. dollars on the date of issuance. The preferred shares are exchangeable by the holders for TSA Class A Common Shares after two years from the date of issuance of the preferred shares or earlier upon a change of control of TSA. Subject to adjustments, the number of TSA Class A Common Stock shares issuable upon exchange of a preferred share (the "Ratio") is equal to the quotient of the purchase price of the preferred stock (plus any accrued and unpaid dividends) and 115% of the Canadian dollar equivalent of the average market price for TSA Class A Common Stock for the 20-day trading period ended prior to the date of issuance of the preferred shares as determined in the manner set out in the preferred share provisions. As of the date of issuance of the preferred shares and subject to adjustments, the total number of TSA Class A Common Stock shares that would be issuable upon exchange of all of the preferred shares was 67,679. TSA Exchangeco Limited or other TSA subsidiaries may elect to redeem the preferred shares after two years from the date of their issuance, or earlier upon a change of control of TSA or termination of employment of the holder, for TSA Class A Common Stock with a market value

(as determined based on an average market price) at the time of redemption equal to the greater of (i) the purchase price (plus any accrued and unpaid dividends) or (ii) the fair market value of the preferred shares. If there is no agreement on the fair market value, then it will be determined pursuant to the preferred share provisions which provide, in general, that it will equal the number of TSA shares determined pursuant to the Ratio plus the then present value of any unpaid dividends payable with respect to periods after the early redemption through the mandatory redemption date. If the preferred shares have not been earlier exchanged or redeemed, then they are to be mandatorily redeemed for cash equal to the purchase price plus any accrued but unpaid dividends on the fifth anniversary date of their issuance.

Item 4. Submission of Matters to a Vote of Security Holders.

The Company's Annual Meeting of Stockholders was held on February 20, 2001. Each matter voted upon at such meeting and the number of shares cast for, against or withheld, and abstained are as follows:

1. Election of directors to hold office until the next Annual Meeting of Stockholders:

Nominee	For	Withheld
William E. Fisher	27,268,567	1,393,620
Charles E. Noell, III	27,199,864	1,462,323
Jim D. Keever	27,200,629	1,461,558
Larry G. Fendley	27,304,888	1,357,299
Roger K. Alexander	27,306,779	1,355,408
Gregory J. Duman	27,201,638	1,460,549

2. Proposal to amend the Company's 1999 Stock Option Plan to increase the number of shares for which options may be granted under the plan:

For: 20,254,528      Against: 8,111,395      Abstain: 296,264

3. Proposal to amend the Company's 1999 Employee Stock Purchase Plan to increase the number of shares which may be sold under the plan:

For: 28,083,063      Against: 290,599      Abstain: 288,525

4. Proposal to ratify the appointment of Arthur Andersen LLP as the Company's independent auditors:

For: 28,563,100      Against: 66,475      Abstain: 32,612

Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits:

- 2.12 Combination Agreement, dated as of October 24, 2000, among Transaction Systems Architects, Inc., Transaction Systems Architects Nova Scotia Company, TSA Exchangeco Limited and MessagingDirect Ltd.
- 2.13 Plan of Arrangement under Section 186 of the Business Corporations Act (Alberta)
- 2.14 Voting and Exchange Trust Agreement, dated as of January 11, 2001, among Transaction Systems Architects, Inc., Transaction Systems Architects Nova Scotia Company, TSA Exchangeco Limited and Wells Fargo Bank Minnesota, National Association
- 2.15 Support Agreement, dated as of January 11, 2001, among Transaction Systems Architects, Inc., Transaction Systems Architects Nova Scotia Company and TSA Exchangeco Limited

(b) Reports on Form 8-K:

None

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

TRANSACTION SYSTEMS ARCHITECTS, INC.  
(Registrant)

Dated: May 15, 2001

By: /s/ EDWARD C. FUXA

-----  
Edward C. Fuxa  
Principal Accounting Officer and Controller





Execution Copy

COMBINATION AGREEMENT

AMONG

TRANSACTION SYSTEMS ARCHITECTS, INC.,

TRANSACTION SYSTEMS ARCHITECTS NOVA SCOTIA COMPANY,

TSA EXCHANGE CO LIMITED

AND

MESSAGING DIRECT LTD.

Execution Copy

COMBINATION AGREEMENT

COMBINATION AGREEMENT, dated as of October 24, 2000, among Transaction Systems Architects, Inc., a Delaware corporation ("TSA"), Transaction Systems Architects Nova Scotia Company, a Nova Scotia unlimited company ("TSA Holdco"), TSA Exchangeco Limited, a Nova Scotia limited company ("TSA Exchangeco") and MessagingDirect Ltd., an Alberta corporation ("MDL").

RECITALS

WHEREAS, the respective boards of directors of TSA, TSA Holdco, TSA Exchangeco and MDL deem it advisable and in the best interests of their respective shareholders to combine their respective businesses by TSA Exchangeco acquiring shares of MDL pursuant to this Agreement and the Plan of Arrangement;

WHEREAS, in furtherance of such combination, the respective boards of directors of TSA and MDL have approved the transactions contemplated by this Agreement and the board of directors of MDL has agreed to submit the Plan of Arrangement and the other transactions contemplated hereby to its shareholders and the Court of Queen's Bench of Alberta for approval;

WHEREAS, concurrently with the execution of this Agreement, the MDL Principal Securityholders have executed a Principal Securityholders' Agreement, agreeing, among other things, to vote in favor of the Plan of Arrangement and the transactions contemplated by this Agreement;

WHEREAS, the transactions contemplated by this Agreement and the Plan of Arrangement are structured in a manner to meet the requirements of Section 85 of the Income Tax Act (Canada) for the purpose of: (1) permitting the deferral of tax by the Canadian resident shareholders of MDL; and (2) meeting the requirements of Section 338 of the United States Internal Revenue Code, including the transfer of certain non-voting preferred stock to one or more third parties for the purpose of permitting TSA Exchangeco to obtain a step-up in the tax basis of the assets of MDL; and

WHEREAS, the parties hereto desire to set forth certain representations, warranties and covenants made by each to the other as an inducement to the consummation of the Plan of Arrangement;

NOW, THEREFORE, the parties hereto hereby agree as follows:

ARTICLE I  
INTERPRETATION

1.1 Definitions

Unless the context otherwise requires, the terms defined below in this Article I shall have, for the purposes of this Agreement, the respective meanings set forth below:

"ABCA" means the Business Corporations Act (Alberta), S.A. 1981, c. B-15;

"Additional Consideration" has the meaning ascribed thereto in Subsection 2.2(f);

"Affiliate" has the meaning ascribed to that term in the ABCA;

"Affiliate Letter" means a letter whereby SEC Affiliates of MDL make certain investment representations and acknowledge certain restrictions under applicable securities Laws on the resale of the securities issuable pursuant to the Plan of Arrangement, substantially in the form attached as Exhibit 9.9(a);

"Agreement" means this Combination Agreement together with the MDL Disclosure Letter and all Exhibits thereto;

"Alternative Proposal Fee" means an amount equal to the lesser of: (a) \$2,400,000.00, or (b) five percent (5%) of the product derived by multiplying 3,357,500 by the Average Trading Price, which amount is in addition to the TSA Expenses;

"Ancillary Agreements" means the Principal Securityholders' Agreement, the Support Agreement, the Voting and Exchange Trust Agreement and the Escrow Agreement;

"Arrangement" means the arrangement contemplated by the Plan of Arrangement;

"Articles of Arrangement" mean the articles of arrangement of MDL to be filed pursuant to Section 186 of the ABCA;

"Associate" has the meaning ascribed to that term in the ABCA;

"Average Trading Price" means the simple average of the closing sale price of a TSA Class A Common Share as reported by the National Association of Securities Dealers on the NASDAQ for the thirty (30) consecutive trading days immediately preceding two (2) trading days prior to the MDL Securityholders' Meeting;

"Business Combination Transaction" means any of the following involving MDL but not involving TSA or its Affiliates as the other party to such transaction: (1) any merger, amalgamation, consolidation, share exchange, business combination or other similar transaction; (2) except as set forth in the letter from MDL to TSA dated October 22, 2000, any sale, lease, exchange, transfer or other disposition (other than a pledge or mortgage) of 90% or more of the assets of MDL or MessagingDirect (UK) Limited (other than MDL IP Rights) or any MDL IP Rights having a value in excess of \$7,500,000.00 in a single transaction or series of transactions; or (3) the acquisition by a Person or any "group" (as such term is defined under Section 13(d) of the Exchange Act) of beneficial ownership of 25% or more of the then issued and outstanding MDL Class A Shares or other voting or equity interests of MDL or the shares of MessagingDirect (UK) Limited whether by tender offer, take-over bid or otherwise;

"Business Day" means any day, other than a Saturday, a Sunday or a day which is a statutory or civic holiday in the Province of Alberta or the State of Nebraska;

"Canadian Dollar Equivalent" means in respect of an amount expressed in currency other than Canadian dollars (the "Foreign Currency Amount") on any date, the product obtained by multiplying (a) the Foreign Currency Amount by (b) the noon spot exchange rate on such date for such foreign currency expressed in Canadian dollars as reported by the Bank of Canada or, in the event such spot exchange rate is not available, such exchange rate on such date for such foreign currency expressed in Canadian dollars as may be deemed by the board of directors of TSA Exchangeco to be appropriate for such purpose;

"Canadian Generally Accepted Accounting Principles" or "Canadian GAAP" means such recommendations as the Canadian Institute of Chartered Accountants includes

in its handbook concerning accounting treatment or statement of presentation;

"Canadian Prospectus" means a preliminary prospectus or prospectus filed or to be filed with any securities commission or regulatory authority in any province or territory of Canada;

"Canadian Resident" means a resident of Canada for the purposes of the ITA;

"Closing" means the closing of the transactions contemplated herein on the Closing Date;

"Closing Date" means the date determined in accordance with Section 7.1 or such earlier or later date as may be agreed upon by the parties;

"Code" means the United States Internal Revenue Code of 1986;

"Compensation Warrants" means the warrants issued by MDL to Yorkton Securities Inc., the particulars of which are listed in Subsection 3.2(a) of the MDL Disclosure Letter;

"Court" means the Court of Queen's Bench of Alberta;

"Design Documentation" means any documentation, specifications, manuals, user guides, promotional material, internal notes and memos, technical documentation, drawings, flow charts, diagrams, source language statements, demo disks, benchmark test results, and other written materials related to, associated with or used or produced in the development of any of the software products of the MDL Companies;

"Distribution Agreement" means the distribution agreement between MDL and TSA or a TSA Affiliate dated as of October 24, 2000;

"Dollars" or "\$" means United States dollars except where Canadian funds are expressly indicated;

"Effective Date" means the date that the Articles of Arrangement are filed pursuant to the ABCA;

"Effective Time" means 12:01 a.m. (Edmonton, Alberta time) on the Effective Date;

"Employees" or "Employee" means any active or inactive person or individual, including any officer, independent or dependent contractor employed or engaged by a MDL Company;

"Encumbrance" means any security interest, lien, charge, pledge, encumbrance, mortgage, hypothec, lease, adverse claim, or title retention agreement of any nature or kind;

"Escrow Agent" means Wells Fargo Bank Minnesota, N.A. as designated under the Escrow Agreement;

"Escrow Agreement" means the agreement to be entered into on the Closing Date among the TSA Companies, the Indemnifying Shareholders, the Shareholder Agent (as such term is defined therein) and the Escrow Agent, substantially in the form attached as Exhibit 2.4;

"Escrowed Shares" means 20% of the aggregate number of Exchangeable Shares and TSA Class A Common Shares delivered by TSA Exchangeco on the Effective Date as consideration for MDL Class A Shares pursuant to the Arrangement;

"Exchange Act" means the United States Securities Exchange Act of 1934;

"Exchange Ratio" means the number which equals the quotient derived by dividing 3,157,500 by the Fully-Diluted Share Capital, subject to adjustment pursuant to Section 2.7 (Adjustment for Exchange Ratio Prior to Effective Date);

"Exchangeable Shares" has the meaning ascribed to such term in the Plan of Arrangement attached hereto;

"Fully-Diluted Share Capital" means the sum of (i) the outstanding MDL Class A Shares, plus (ii) the MDL Class A Shares issuable upon exercise of the MDL Options less the quotient derived by dividing (A) the aggregate exercise price for the MDL Class A Shares purchasable under such MDL Options by (B) the product derived by multiplying (I) the Exchange Ratio by (II) the Average Trading Price,

plus (iii) the MDL Class A Shares issuable upon conversion and exchange of the Stonebridge Options and the Compensation Warrants pursuant to Subsection 2.2(b). For the purposes of this calculation, all dollar amounts shall be calculated using Canadian dollars or the Canadian Dollar Equivalent.

"Governmental Entity" means any court, tribunal, administrative agency, regulatory body or commission or other governmental authority or instrumentality, whether federal, provincial, state, local or other and whether domestic or foreign and for greater certainty shall include securities commissions and regulatory authorities in each Canadian province or territory;

"Hazardous Materials" means any pollutant, contaminant, hazardous or toxic material, regulated biological, chemical or physical agents used, treated, stored, processed, generated, manufactured, disposed, handled, transported, released, spilled, produced, discharged or emitted by any Person;

"HSR Act" means the United States Hart-Scott-Rodino Antitrust Improvements Act of 1976;

"Indemnifying Shareholders" means all MDL Securityholders who receive either Exchangeable Shares or TSA Class A Common Shares under the Plan of Arrangement at the Effective Time;

"Intellectual Property Rights" means all worldwide industrial and intellectual property rights, including, without limitation, patents, patent applications, patent rights, software (including source code and object code form), nonproductized software technology, trademarks, trademark applications, trade names, service marks, service mark applications, copyright, copyright applications, mask works, franchises, licenses, know-how, trade secrets, customer lists, proprietary processes and formulae, all source and object code, algorithms, architecture, structure, display screens, layouts, inventions, development tools, designs, processes, works of authorship, computer programs and technical data and information and all documentation and media constituting, describing or relating to the above, including, without limitation, manuals, memoranda and records;

"ITA" means the Income Tax Act of Canada, R.S.C. 1985, c.1 (5th Supp.);

"Law" means any federal, state, provincial, territorial, municipal or other law, statute, regulation, code, recommendation, notice, judgment, treaty, directive, ordinance, writ, injunction, decree, by-law, order, restriction, official plan or stated policy, whether domestic or foreign; and "Laws" means all of the foregoing;

"Liabilities" means any and all debts, liabilities or obligations of any nature or kind whatsoever, whether known or unknown, due or to become due, accrued, absolute, contingent, unliquidated or otherwise;

"Losses" means any and all demands, claims, actions or causes of action, assessments, losses, damages, liabilities, deficiencies, costs and expenses (including without limitation, all legal and other professional fees and disbursements), interest, penalties, costs of investigation and defence and amounts paid in settlement arising directly or indirectly as a consequence of such matter;

"Material Adverse Effect" means, when used with respect to any entity or group of entities, any event, change or effect, that is materially adverse to the financial condition, properties, assets, Liabilities, businesses, operations, results of operations or long-term prospects of such entity or group, taken as a whole;

"MDL" means MessagingDirect Ltd., an Alberta corporation;

"MDL Balance Sheet" means the unaudited June 30, 2000 consolidated balance sheet of MDL, a copy of which is attached hereto as Exhibit 3.4;

"MDL Balance Sheet Date" means June 30, 2000;

"MDL Class A Shares" means one or more of the outstanding Class A common shares of MDL;

"MDL Companies" means, collectively, MDL and the MDL Subsidiaries;

"MDL Contracts" means all written or oral contracts, agreements and other instruments which bind any of the MDL Companies;

"MDL Disclosure Letter" means the letter delivered by MDL to TSA contemporaneously with this Agreement;

"MDL Financial Statements" means (i) the audited consolidated balance sheets of MDL as of December 31, 1999, March 31, 1999 and February 28, 1998 and the related consolidated statements of loss and deficit and cash flows for the periods ended December 31, 1999, reported on by KPMG, Chartered Accountants, and Wooldridge & Company, Chartered Accountants, and (ii) the unaudited consolidated balance sheet of MDL as of June 30, 2000 and the related consolidated statements of loss and deficit and cash flows for the six months ended June 30, 2000, certified to TSA by the V. P. Finance of MDL, in his capacity as a Senior Officer;

"MDL IP Rights" means all Intellectual Property Rights which any of the MDL Companies own, or have the right to use, sell or license;

"MDL Options" means the options issued by MDL under MDL's Stock Option Plan, the particulars of which are listed on Subsection 3.2(a) of the MDL Disclosure Letter;

"MDL Principal Securityholders" means the parties listed in Subsection 3.2(a) of the MDL Disclosure Letter;

"MDL Securities" means, collectively, the MDL Class A Shares, the MDL Options, the Stonebridge Options and the Compensation Warrants;

"MDL Securityholder" means a holder of a MDL Security;

"MDL Securityholders Meeting" means the meeting of all of the MDL Securityholders (or such MDL Securityholders as directed by the Court) called for the purpose of considering and approving the Arrangement under Section 186 of the ABCA;

"MDL Subsidiaries" means, collectively, MessagingDirect (UK) Limited, a U.K. company, Messaging Direct (U.S.) Inc., a Delaware company, MessagingDirect AP (Pty) Ltd., an Australian company and Messaging Inc., a Delaware company;

"NASDAQ" means the Nasdaq National Market or any successor systems;

"Ordinary Course" means the ordinary course of business consistent with past custom and practice;

"Permitted Encumbrances" means the Encumbrances listed in Section 3.18 (Ownership of Property) of the MDL Disclosure Letter;

"Person" includes any individual, firm, partnership, limited partnership, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, limited liability corporation, unlimited liability company, unincorporated association, trust, trustee, executor, administrator or other legal personal representative, regulatory body or agency, government or government agency, authority or entity however designated or constituted;

"Plan of Arrangement" means the plan of arrangement, substantially in the form attached as Exhibit 2.1, as amended, modified or supplemented from time to time in accordance with its terms;

"Plans" collectively means every Compensation Plan, Benefit Plan and Stock Plan whether written or unwritten, formal or informal, maintained or contributed to or required to be contributed to by any Person for the benefit of any Employee or former Employee or their dependents or beneficiaries. "Compensation Plan" includes every bonus, deferred compensation, incentive compensation, severance or termination pay, pay in lieu of notice, plan, program, agreement or arrangements including compensation practices and policies applicable to such Employees and former Employees. "Benefit Plan" includes every health, or other medical, life, disability or other insurance, supplemental unemployment benefit, pension, retirement, profit sharing, supplemental retirement and other employee benefit plan, program, agreement or arrangement including practices and policies regarding vacations, sick leave, leaves of absence and all perquisites of employment, other than employee benefit programs mandated by Law. "Stock Plan" includes every stock purchase, stock option, restricted stock award and stock appreciation rights, plan, program, agreement or arrangement;

"Principal Securityholders' Agreement" means the agreement between the TSA Companies and the MDL Principal Securityholders, executed contemporaneously with

this Agreement;

"Proxy Materials" means any material to be mailed to the MDL Securityholders in connection with the approval and adoption by the MDL Securityholders of the Arrangement (including the Articles of Arrangement giving effect thereto) and related matters;

"Registration Statement" means the Registration Statement on Form S-3 to be filed by TSA with the SEC to register the TSA Class A Common Shares to be issued upon the exchange of the Exchangeable Shares;

"Replacement TSA Options" has the meaning ascribed to such term in Subsection 2.2(g);

"SEC" means the United States Securities and Exchange Commission;

"SEC Affiliate" shall have the meaning attributed to the term "affiliate" as set forth in the U.S. Securities Act;

"Senior Officer" has the meaning ascribed thereto in the Securities Act, S.A. 1981, c.S-6.1 and in the case of MDL or the MDL Companies refers to the Senior Officers of MDL and MessagingDirect (U.K.) Limited and in the case of TSA, refers to the Senior Officers of TSA;

"Shareholders Agreement" means the agreement dated as of December 30, 1999 between MDL, Yorkton Securities Inc., and Stephen E. Kille, R. Stephen Hole, Donald D. Pare, Montage IT Services Inc., and Stonebridge Merchant Capital Corp.;

"Stonebridge Options" means the options issued by MDL to Stonebridge Merchant Capital Corp., the particulars of which are listed on Subsection 3.2(a) of the MDL Disclosure Letter;

"Superior Proposal" means any bona fide written inquiry, offer or proposal for a Business Combination Transaction that in the good faith determination of the board of directors of MDL, after consultation with its financial advisors and with outside legal counsel (a) is reasonably capable of being completed, taking into account all legal, financial, regulatory and other aspects of such proposal and the party making such proposal, and (b) would, if consummated in accordance with its terms, reasonably be expected to result in a transaction more favourable to the MDL Securityholders from a financial point of view than the transaction contemplated by this Agreement;

"Support Agreement" means the agreement among the TSA Companies, substantially in the form attached as Exhibit 7.2(b)(i);

"Tax" or "Taxes" means all income, capital, payroll, sales and use, value added, goods and services, documentary, stamp, transfer and real property taxes and customs and excise duties, whether foreign, federal, provincial, state or municipal (including tax withholdings, employer health taxes, workers' compensation assessments, penalties and surcharges, Canada and Quebec Pension Plans and employment insurance premiums, contributions and remittances) and including any interest, penalties or surcharges attributable thereto;

"Tax Returns" means all returns, declarations, reports, statements, claims for refund, amended returns and declarations of estimated taxes (including any attached schedules) or other written information (including elections, declarations, disclosures, estimates and informational returns) required to be supplied to a Taxing Authority in connection with or relating to Taxes;

"Taxing Authority" means Canada Customs and Revenue Agency, the United States Internal Revenue Service or any other taxing authority, including, without limitation, any value added tax or sales tax authority;

"Trustee" means the trustee as designated under the Voting and Exchange Trust Agreement;

"TSA" means Transaction Systems Architects, Inc., a Delaware corporation;

"TSA Balance Sheet Date" means June 30, 2000;

"TSA Class A Common Shares" means one or more of the voting shares of TSA, par value \$0.005 per share, having voting rights of one vote per share, and any other securities into which such shares may be changed;

"TSA Companies" means, collectively, TSA, TSA Holdco and TSA Exchangeco;

"TSA Exchangeco" means TSA Exchangeco Limited, a Nova Scotia limited company;

"TSA Expenses" shall mean all out-of-pocket expenses and fees actually incurred or accrued by any of the TSA Companies in connection with this Agreement and the Arrangement prior to the termination of this Agreement, including without limitation, all fees and expenses of legal counsel, accountants, financial advisors, in connection with the negotiation, preparation, execution, performance and termination of this Agreement, the structuring of the Arrangement, any agreements relating thereto and any filings to be made in connection therewith;

"TSA Holdco" means Transaction Systems Architects Nova Scotia Company, a Nova Scotia unlimited company;

"TSA IP Rights" means all Intellectual Property Rights which any of TSA and its Affiliates own, or have the right to use, sell or license;

"TSA SEC Documents" means each report, schedule, effective registration statement and definitive proxy statement (other than preliminary material) filed by TSA as a registrant with the SEC or the NASDAQ after September 30, 1997;

"TSA Subsidiaries" means each corporation, partnership, company, joint venture and other entity in which TSA beneficially owns or controls, directly or indirectly, more than 50% of the equity, voting rights, profits interest, capital or other similar interest thereof;

"US GAAP" means such recommendations as the American Institute of Certified Public Accountants includes in its handbook concerning accounting treatment or statement of presentation;

"U.S. Securities Act" means the United States Securities Act of 1933; and

"Voting and Exchange Trust Agreement" means the agreement between the TSA Companies and the Trustee, substantially in the form attached as Exhibit 7.2(b)(ii).

#### 1.2 Interpretation not affected by headings, etc

The division of this Agreement into Articles, Sections and other portions and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation hereof. Unless otherwise indicated, all references to an "Article" or "Section" followed by a number and/or a letter refer to the specified Article or Section of this Agreement. The terms "this Agreement", "hereof", "herein" and "hereunder" and similar expressions refer to this Agreement (including the Schedules and Exhibits hereto) and not to any particular Article, Section or other portion hereof and include any agreement or instrument supplementary or ancillary hereto.

#### 1.3 Currency

Unless otherwise specifically indicated, all sums of money referred to in this Agreement are expressed in lawful money of the United States of America.

#### 1.4 Number, etc

Unless the context otherwise requires, words importing the singular shall include the plural and vice versa and words importing any gender shall include all genders.

#### 1.5 Date for any action

In the event that any date on which any action is required to be taken hereunder by any of the parties hereto is not a Business Day, such action shall be required to be taken on the next succeeding day which is a Business Day.

#### 1.6 Accounting Matters

Unless otherwise stated, all accounting terms used in this Agreement

with respect to MDL shall have the meanings attributable thereto under Canadian GAAP and all determinations of an accounting nature with respect to MDL required to be made shall be made in a manner consistent with Canadian GAAP and practices, consistently applied. Unless otherwise stated, all accounting terms used in this Agreement with respect to TSA shall have the meanings attributable thereto under United States GAAP and all determinations of an accounting nature with respect to TSA required to be made shall be made in a manner consistent with United States GAAP and practices, consistently applied.

#### 1.7 Statutory References

Any reference in this Agreement to a statute includes such statute as amended, consolidated or re-enacted from time to time, all rules and regulations made thereunder, all amendments to such rules and regulations from time to time, and any statute, rule or regulation which supersedes such statute, rule or regulations.

#### 1.8 Knowledge

Each reference herein to the knowledge of a party means, unless otherwise specified, the knowledge of such party's Senior Officers following due inquiry.

### ARTICLE II STRUCTURE OF THE TRANSACTION

#### 2.1 Court Approval

As soon as reasonably practicable after execution of this Agreement, MDL will apply to the Court pursuant to Section 186 of the ABCA for an interim order in form and substance reasonably satisfactory to TSA providing for, among other things, the calling and holding of the MDL Securityholders Meeting for the purpose of considering and if deemed advisable, approving the Arrangement under Section 186 of the ABCA and pursuant to this Agreement and the Plan of Arrangement. If the MDL Securityholders approve the Arrangement, MDL will take the necessary steps to submit the Arrangement to the Court and apply for a final order of the Court approving the Arrangement in such fashion as the Court may direct. Upon receipt of the final order and satisfaction of all conditions set forth in Articles VIII and IX or waiver of such conditions, the Articles of Arrangement shall be filed with the Registrar under the ABCA giving effect to the Arrangement and the transactions specified in Section 2.2 of the Plan of Arrangement shall occur and shall be deemed to occur in the order specified without any further act or formality.

#### 2.2 Arrangement

Subject to the provisions of Sections 2.3 (Dissenting Shares) and 2.4 (Escrow of Shares) hereof and all as subject to the Plan of Arrangement, at the Effective Time, without any action on the part of the holders thereof, and in the following sequence:

- (a) The MDL Stock Option Plan will be amended to permit acceleration of vesting of the MDL Options and adoption of the MDL Stock Option Plan by TSA.
- (b) Each Stonebridge Option and Compensation Warrant will be converted into and exchanged for the number of fully-paid and non-assessable MDL Class A Shares equal to (i) the number of MDL Class A Shares purchasable on the Effective Date pursuant to such Stonebridge Option or Compensation Warrant, as applicable, less (ii) the quotient derived by dividing (A) the aggregate exercise price for the MDL Class A Shares purchasable under such Stonebridge Option or Compensation Warrant, by (B) the product derived by multiplying (I) the Exchange Ratio by (II) the Average Trading Price. For purposes of this calculation, all dollar amounts will be calculated using Canadian dollars or the Canadian Dollar Equivalent.
- (c) Prior to the Effective Date and in accordance with the Plan of Arrangement, each holder of a MDL Class A Share will have completed an election form to elect to receive Exchangeable Shares or TSA Class A Common Shares from TSA Exchangeco in exchange for their MDL Class A Shares or will be deemed to have elected to receive TSA Class A Common



Shares.

- (d) Each TSA Elected Share (as such term is defined in the Plan of Arrangement) will, pursuant to the terms hereof, be transferred to TSA Exchangeco in exchange for a number of fully paid and non-assessable TSA Class A Common Shares based on the Exchange Ratio. The name of each such holder will be removed from the register of MDL Class A Shares and added to the register of TSA Class A Common Shares. TSA Exchangeco will be recorded as the registered holder of such MDL Class A Shares so exchanged and will be deemed to be the legal and beneficial owner thereof. In lieu of fractional TSA Class A Common Shares, each holder of a MDL Class A Share who otherwise would be entitled to receive a fraction of a TSA Class A Common Share on the exchange of all such holder's MDL Class A Shares will be paid by TSA Exchangeco an amount determined as set forth in the Plan of Arrangement.
- (e) Each Exchangeable Elected Share (as such term is defined in the Plan of Arrangement) will, pursuant to the terms hereof, be transferred to TSA Exchangeco in exchange for a number of fully paid and non-assessable Exchangeable Shares based on the Exchange Ratio. The name of each such holder will be removed from the register of MDL Class A Shares and added to the register of Exchangeable Shares. TSA Exchangeco will be recorded as the registered holder of such MDL Class A Shares so exchanged and will be deemed to be the legal and beneficial owner thereof. In lieu of fractional Exchangeable Shares, each holder of a Class A Share who otherwise would be entitled to receive a fraction of an Exchangeable Share on the exchange of all such holder's MDL Class A Shares will be paid by TSA Exchangeco an amount determined as set forth in the Plan of Arrangement.
- (f) Each holder of a TSA Elected Share shall receive additional TSA Class A Common Shares from TSA Exchangeco ("Additional Consideration"). The amount of the Additional Consideration payable to each holder of a TSA Elected Share will equal the product derived by multiplying (i) 200,000, by (ii) the quotient derived by dividing the number of TSA Elected Shares held by such holder by the aggregate number of TSA Elected Shares. In lieu of fractional TSA Class A Common Shares, each holder of a TSA Elected Share who otherwise would be entitled to receive a fraction of a TSA Class A Common Share will be paid by TSA Exchangeco an amount determined in accordance with the Plan of Arrangement.
- (g) Each of the MDL Options will be converted into an option to purchase ("Replacement TSA Option") that number of TSA Class A Common Shares equal to (i) the product of the number of MDL Class A Shares subject to such MDL Option at the Effective Time multiplied by the Exchange Ratio, less (ii) the quotient derived by dividing (A) the aggregate exercise price for the MDL Class A Shares subject to such MDL Option by (B) the Average Trading Price. The exercise price of each TSA Class A Common Share subject to such Replacement TSA Option will equal \$0.01 per share. If the foregoing calculation results in an exchanged MDL Option being exercisable for a fraction of a TSA Class A Common Share, then the number of TSA Class A Common Shares subject to such option will be rounded down to the nearest whole number of shares. The obligations of MDL under the MDL Options as so converted shall be assumed by TSA. For purposes of this calculation, all dollar amounts will be calculated using Canadian dollars or the Canadian Dollar Equivalent.
- (h) In consideration of the grant of the Liquidation Call Right, Redemption Call Right and Retraction Call Right (as such terms are defined in the Plan of Arrangement), TSA will issue to and deposit with the Trustee the Special Voting Share to be thereafter held of record by the Trustee as trustee for and on behalf of, and for the use and benefit of, the holders of the Exchangeable Shares in accordance with the Voting and Exchange Trust Agreement.
- (i) All of the Escrowed Shares will be deposited with the Escrow Agent under the Escrow Agreement.

### 2.3 Dissenting Shares

2.3.1 Holders of MDL Class A Shares may exercise rights of dissent with respect to such shares in connection with the Arrangement pursuant to and in the

manner set forth in the Plan of Arrangement as may be modified by the Interim Order or the Final Order. MDL shall give TSA (i) prompt notice of any written demands of a right of dissent, withdrawals of such demands, and any other instruments served pursuant to the ABCA and received by MDL, and (ii) the opportunity to participate in all negotiations and proceedings (to the extent permitted by any judicial authority having jurisdiction) with respect to such rights. MDL shall not, except with the prior written consent of TSA, voluntarily make any payment with respect to any such rights or offer to settle or settle any such rights. All payments to such dissenting shareholders shall be the sole responsibility of MDL.

#### 2.4 Escrow of Shares

At the Effective Time, MDL shall deliver to the Escrow Agent, a certificate or certificates representing the Escrowed Shares for the purposes of securing any indemnity obligations of the Indemnifying Shareholders, all as more particularly described in the Escrow Agreement.

#### 2.5 Other Effects of the Arrangement

At the Effective Time: (a) the persons recommended by TSA will be elected as directors of MDL; (b) the persons designated by TSA will be elected as officers of MDL; and (c) the Arrangement will, from and after the Effective Time, have all of the effects provided by applicable Law, including the ABCA.

#### 2.6 Exchange of Call Rights for Put Rights

The Liquidation Call Right, Redemption Call Right and Retraction Call Right (as such terms are defined in the Plan of Arrangement) to be granted to TSA (which, subject to the terms of the Plan of Arrangement, may be assigned or delegated by TSA to TSA Holdco) pursuant to the terms of the Plan of Arrangement will be granted by the holders of Exchangeable Shares (other than TSA and its Affiliates) to TSA as consideration for the Voting Rights, Exchange Rights and Automatic Exchange Rights (as such terms are defined in the Voting and Exchange Trust Agreement) to be granted by TSA to the Trustee for the benefit of the MDL Securityholders in the Voting and Exchange Trust Agreement.

#### 2.7 Adjustments to Exchange Ratio Prior to Effective Date

If, after the Exchange Ratio has been set but prior to the Effective Time, TSA recapitalizes its outstanding capital stock through a subdivision of its outstanding shares into a greater number of shares, or a combination of its outstanding shares into a lesser number of shares, or reorganizes, reclassifies or otherwise changes its outstanding shares into the same or a different number of shares of other classes, or declares a dividend on its outstanding shares payable in shares of its capital stock or securities convertible into shares of its capital stock, or completes a rights offering for TSA Class A Common Shares solely to its existing shareholders at a price less than market price, or grants a material option solely to existing shareholders to acquire TSA Class A Common Shares at a price less than market price and the record date for any such action is prior to the Effective Time, then the Exchange Ratio will be adjusted proportionately.

#### 2.8 Total Number of Shares

For the avoidance of doubt, subject to Section 2.7, the total of (i) the TSA Class A Common Shares (including the TSA Class A Common Shares underlying the Replacement TSA Options) and (ii) the Exchangeable Shares to be issued or transferred by the TSA Companies hereunder shall equal 3,357,500, less the number of such shares to which MDL Securityholders exercising rights of dissent would otherwise be entitled.

### ARTICLE III REPRESENTATIONS AND WARRANTIES OF MDL

Except as set forth in the MDL Disclosure Letter, MDL hereby represents and warrants to the TSA Companies that:

#### 3.1 Organization, Good Standing, Qualification and Power

Each of the MDL Companies is duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation, or

continuance, as applicable, has all requisite corporate power and authority necessary to own, lease and operate its properties and to carry on its business as now being conducted, and is duly qualified and in good standing to do business in each jurisdiction in which the nature of its business or the ownership or leasing of its properties makes such qualification necessary. Section 3.1 of the MDL Disclosure Letter sets forth a correct and complete list of the MDL Companies, together with the jurisdiction of incorporation, continuance or organization of each MDL Company, a list of the shareholders of each MDL Company, the number of shares held by each shareholder and a correct and complete list of each jurisdiction in which each MDL Company is legally qualified or registered to transact business as a foreign corporation under applicable Law. MDL has delivered to TSA complete and correct copies of the articles or certificates of incorporation (or similar documents) and bylaws of each of the MDL Companies, in each case as amended to the date of this Agreement and currently in effect. None of the MDL Companies is in violation of any of the provisions of its articles or certificates of incorporation, as applicable, or bylaws or equivalent organizational documents.

### 3.2 Capital Structure

- (a) Stock and Options. The authorized share capital of MDL consists of an unlimited number of MDL Class A Shares, an unlimited number of Class B Preferred Shares and an unlimited number of Class C Preferred Shares. The issued and outstanding capital of MDL is listed in Section 3.2(a) of the MDL Disclosure Letter. All issued and outstanding shares of each of the MDL Companies have been duly authorized and validly issued and are fully paid and non-assessable, are not subject to preemptive rights, are not subject to any right of rescission, and all MDL Securities have been offered, issued, sold and delivered by each of the MDL Companies in compliance with all registration, qualification and prospectus requirements (or applicable exemptions therefrom) of applicable Laws. Section 3.2(a) of the MDL Disclosure Letter sets forth a correct and complete list of each holder of MDL Securities, including, (i) in the case of each MDL Class A Share, the name of the holder thereof, the last known province or state of residence of such holder (as listed in the share register) and the number of MDL Class A Shares held by such holder, (ii) in the case of each MDL Option or Stonebridge Option, the name of the holder thereof, the last known province or state of residence of such holder (as listed in the option register), the grant date of such Option, the number of MDL Class A Shares issuable upon exercise thereof, the per share exercise price and the vesting schedule applicable thereto, (iii) in the case of each Compensation Warrant, the name of the holder thereof, the exercise price thereof, the issue date and expiration date thereof and the number of MDL Class A Shares issuable upon exercise thereof, and (iv) noting the MDL Principal Securityholders.
- (b) No Other Subsidiaries. Except for the MDL Subsidiaries, MDL does not have any equity interest, direct or indirect, in any corporation, partnership, joint venture or other business entity. All of the equity interests in the MDL Subsidiaries are held beneficially by MDL free and clear of any Encumbrance except for security granted to the Toronto-Dominion Bank.
- (c) No Other Commitments. Except for the MDL Options, the Stonebridge Options and the Compensation Warrants and the obligations of MDL under this Agreement, there are no Stock Plans, options, warrants, calls, rights (including, without limitation, stock appreciation rights), commitments, conversion rights, or agreements of any character to which any of the MDL Companies is a party or bound obligating any of the MDL Companies to issue, deliver or sell, or cause to be issued, delivered or sold, any shares of the MDL Companies or securities convertible into or exchangeable for shares of any of the MDL Companies, or obligating any of the MDL Companies to grant, extend or enter into any such option, warrant, call, right, commitment, conversion right or agreement. There are no voting trusts or other agreements or understandings to which any of the MDL Companies is a party or, to the knowledge of MDL, among any of the MDL Securityholders, with respect to the voting of the shares of any of the MDL Companies, other than the Shareholders Agreement which will terminate on the Closing Date.
- (d) Registration Rights.
  - (i) General. Except as noted in Section 3.2 of the MDL Disclosure

Letter, MDL has not registered, is not in the process of registering and is not under any obligation to register under any applicable Laws (including the U.S. Securities Act) or MDL Contract, any of its presently outstanding securities or any securities issuable upon conversion or exercise thereof.

- (ii) Canada. Except as noted in Section 3.2 of the MDL Disclosure Letter, MDL has not filed a Canadian Prospectus, is not in the process of filing a Canadian Prospectus and is not under any obligation to file a Canadian Prospectus, by any applicable Laws or MDL Contract, in respect of a distribution of any of its presently outstanding securities or any securities issuable upon conversion or exercise thereof.
- (e) Shareholders Rights Plan. MDL does not have any shareholders rights protection plan or similar plan or agreement.
- (f) No Reporting Issuer Status. MDL is not a reporting issuer or its equivalent in any Canadian province or territory other than Alberta, Manitoba and Ontario.

### 3.3 Authority

- (a) Corporate Action. MDL has all requisite corporate power and authority to enter into this Agreement and the Ancillary Agreements to which it is a party, to perform its obligations hereunder and thereunder and to consummate the Arrangement (subject to Court approval of the Plan of Arrangement and approval by the MDL Securityholders) and the other transactions contemplated by this Agreement and such Ancillary Agreements. The execution and delivery by MDL of this Agreement and the Ancillary Agreements to which it is a party and the consummation by MDL of the Arrangement (subject to its approval by the MDL Securityholders and Court approval of the Plan of Arrangement) and the other transactions contemplated hereby and thereby have been duly authorized by all necessary corporate action on the part of MDL. This Agreement has been duly executed and delivered by MDL and is, and the Ancillary Agreements to which it is a party when executed and delivered in accordance with the terms hereof shall be, valid and binding obligations of MDL, enforceable in accordance with their respective terms, except that such enforceability may be subject to (i) bankruptcy, insolvency, reorganization or other similar Laws affecting or relating to enforcement of creditors' rights generally and (ii) general equitable principles.
- (b) No Conflict. Neither the execution, delivery and performance by MDL of this Agreement or of any of the Ancillary Agreements to which it is a party, nor the consummation by MDL of the transactions contemplated hereby or thereby nor compliance with the provisions hereof or thereof by MDL will: (i) conflict with, or result in any violations of, the articles of incorporation or bylaws or the comparable governing instruments of any of the MDL Companies, (ii) except as set forth in Subsection 3.3(b) of the MDL Disclosure Letter, result in any breach or violation of or cause a default (with or without notice or lapse of time, or both) under, or give rise to a right of termination, amendment, cancellation or acceleration of any obligation contained in, or give rise to any claim or the loss of any benefit under, or result in the creation of any Encumbrance upon any of the properties or assets of any of the MDL Companies under, any term, condition or provision of any loan or credit agreement, note, bond, mortgage, indenture, lease or other material agreement, judgment, order, decree, Law, rule, license or permit applicable to any of the MDL Companies or their respective properties or assets, other than any such breaches, defaults, losses, or Encumbrances which, individually or in the aggregate, would not have a Material Adverse Effect on MDL, or (iii) violate or conflict with any Law.
- (c) Governmental Consents. No consent, approval, order or authorization of, or registration, declaration or filing with, any Governmental Entity is required to be obtained by any of the MDL Companies in connection with the execution and delivery of this Agreement or any of the Ancillary Agreements to which MDL is a party or the consummation of the transactions contemplated hereby or thereby, except as listed in Section 3.3 of the MDL Disclosure Letter or where the failure to obtain such consents, approvals, etc., would not prevent or delay the consummation of the Arrangement or otherwise prevent MDL from

performing its obligations under this Agreement and would not reasonably be expected to have a Material Adverse Effect on MDL.

#### 3.4 Financial Statements

MDL has provided to TSA true and complete copies of the MDL Financial Statements. The MDL Financial Statements present fairly, in all material respects, the consolidated financial position and the consolidated results of operations and changes in financial position of the MDL Companies as of the dates or for the periods presented therein in conformity with Canadian GAAP applied on a basis consistent with prior periods, except as otherwise noted therein and subject in the case of interim financial statements to normal and recurring year-end audit adjustments.

#### 3.5 Absence of Undisclosed Liabilities

Except for: (a) the Liabilities provided for in the MDL Balance Sheet; (b) Liabilities of the MDL Companies incurred since the MDL Balance Sheet Date in the Ordinary Course; and (c) Liabilities for repurchase of MDL Class A Shares which may arise upon the exercise of rights of dissent in connection with the Arrangement and which shall not give rise to any right of indemnification in favour of TSA, there are no material Liabilities of the MDL Companies. All reserves established by MDL and set forth in the MDL Balance Sheet are reasonably adequate.

#### 3.6 Receivables

The receivables shown on the MDL Balance Sheet arose in the Ordinary Course and have been collected or are collectible in the book amounts thereof, less an amount not in excess of the allowance for doubtful accounts provided for in such balance sheet. Except as noted in Section 3.6 of the MDL Disclosure Letter, the receivables of MDL arising after the date of the MDL Balance Sheet and prior to the Closing Date arose or will arise in the Ordinary Course and have been collected or are or will be collectible in the book amounts thereof, consistent with the past practice of MDL, less an appropriate allowance for doubtful accounts.

#### 3.7 Compliance with Applicable Laws

The MDL Companies are in compliance, in all material respects, and have conducted their businesses so as to comply, in all material respects, with all Laws applicable to their operations and with respect to which compliance is a condition of engaging in the business thereof. There are no judgments or orders, injunctions, decrees, stipulations or awards (whether rendered by a court or administrative agency or by arbitration) against any of the MDL Companies or against any of the property or business of any of the MDL Companies, which are continuing in effect and could reasonably be expected to have a Material Adverse Effect on the MDL Companies.

#### 3.8 Litigation

Except as set forth in Section 3.8 of the MDL Disclosure Letter, there is no suit, action, arbitration, demand, claim or proceeding pending, or to the knowledge of MDL, threatened, against any of the MDL Companies or any of their respective officers or investors (in their capacity as such). Except as listed in Section 3.8 of the MDL Disclosure Letter, there is no judgment, decree, injunction, rule or order of any Governmental Entity or arbitrator outstanding against any of the MDL Companies or any of their respective properties or assets, nor is there any governmental inquiry or investigation pending, or to the knowledge of MDL, threatened against any of the MDL Companies or the properties, assets or business of any of them before any Governmental Entity with regard to any of the MDL Companies nor is there a basis for such a justifiable and valid inquiry, proceeding, governmental inquiry or investigation. There is no action, suit, proceeding or investigation by any of the MDL Companies that is currently pending or that any of the MDL Companies intends to initiate. MDL has made available to TSA correct and complete copies of all audit response letters prepared by its counsel for its auditors in connection with the last two completed audits of MDL's Financial Statements and any such correspondence since the date of the last such audit.

#### 3.9 Employees

- (a) List of Employees. Section 3.9(a) of the MDL Disclosure Letter lists the names and titles of all Employees and directors of the MDL Companies as of August 31, 2000 together with particulars of their

compensation, (including any bonus or commission arrangement), position, start date, jurisdiction of residence, their age, and if absent on workers' compensation or state benefits or insurance, sick leave, short term disability or long term disability, pregnancy, maternity, parental, bereavement or adoption leave, or any other approved or statutory leave of absence or layoff.

- (b) Employment Agreements. Section 3.9(b) of the MDL Disclosure Letter lists all of the Compensation Plans and written employment, services, agency, consulting, agreements or contracts or arrangements with Employees and directors of the MDL Companies, all of which are enforceable in accordance with their terms. MDL has provided TSA with a true and correct copy of each such agreement, contract or arrangement. Except to the extent set forth in Section 3.9(b) of the MDL Disclosure Letter, there are no written or oral employment agreements or contracts with Employees or directors of the MDL Companies which are not terminable by the MDL Companies upon providing that period of notice or, at the applicable MDL Companies' option, pay in lieu of notice, required by applicable Law or by providing reasonable notice under common law. Except for the Employees or directors of the MDL Companies, none of the MDL Companies has any obligation to make any wage or salary payments to any Person. Except for changes specifically contemplated in the Plan of Arrangement and except as listed in Section 3.9(b) of the MDL Disclosure Letter, there were no changes in compensation since April 1, 1999 out of the Ordinary Course and there are no increases or modifications (including acceleration) in compensation or benefits planned or announced to the Employees.
- (c) No Union or Collective Agreement. None of the MDL Companies is or has been a party to or bound by any collective agreement; no labour or trade union claims to represent the Employees, or has been certified or recognized as bargaining agent for such Employees; none of the Employees is represented or has been represented by any labour or trade union and none of the MDL Companies has any knowledge of any current labour union organizing activities among their respective Employees, nor does any question concerning representation exist concerning such MDL Employees. There are no outstanding applications for recognition or certification or any other proceedings in which a labour or trade union is claiming or seeking exclusive authority to bargain collectively for any Employees, nor have there been any such activities within the past 3 years.
- (d) except to the extent set forth in Section 3.9(d) of the MDL Disclosure Letter:
  - (i) There is no unfair labour practice charge or complaint against any of the MDL Companies outstanding, pending, or to the knowledge of MDL, threatened, against or affecting any of the MDL Companies.
  - (ii) There is no strike, cessation of work, refusal to work, industrial or trade dispute or other labour disturbance outstanding, pending, or to the knowledge of MDL, threatened, against or affecting any of the MDL Companies, none of the Employees is currently engaged in a labour disturbance, industrial dispute or trade dispute and there has not been any labour disturbance, industrial dispute or trade dispute during the past 3 years.
  - (iii) Except as may be jointly initiated by TSA and MDL pursuant to the terms of this Agreement, consummation of the transaction contemplated by this Agreement will not cause or result in the termination of employment of any Employee and will not entitle any such Employee or director of a MDL Company to pay in lieu of notice of termination, termination pay, severance pay, retiring allowance, retirement benefit or any other payment under any written or oral agreement with any of the MDL Companies and will not cause or result in any obligation on the part of any of the MDL Companies to make any payment of any amount greater than \$5,000, or provide any compensation of any nature or kind whatsoever, to any of their respective Employees or directors.
  - (iv) The MDL Companies have not failed to pay when due all obligations of the MDL Companies, whether arising by operation of Law,

contract, past custom or otherwise, for wages, salaries, remuneration, compensation bonuses, commissions, vacation and holiday pay, sick pay or leave, termination or severance pay or pay in lieu of notice of termination, or any other form of compensation payable to any Employees or directors of MDL, in respect of the services rendered by any of them.

- (v) All unpaid vacation pay, bonuses, commissions and other Employee benefit payments payable to Employees but not yet due have been accrued in the MDL Balance Sheet and its books and records and such amounts are set forth on Section 3.9(b) of the MDL Disclosure Letter as of August 31, 2000.
- (vi) None of the MDL Companies has any liability of any kind to any Employee, except for compensation or remuneration and benefits payable to such Employee or to which such Employee may be entitled, in the Ordinary Course. Except as set forth in Section 3.9 of the MDL Disclosure Letter, there are no outstanding loans or advances made or granted by any of the MDL Companies to any Employee or director of any MDL Company.
- (vii) The MDL Companies have withheld all amounts required by Law to be withheld from payments made by them with respect to all of their respective Employees, including without limitation, those with respect to Tax withholdings, social security contributions (including National Insurance contributions), Canada Pension Plan contributions and unemployment or employment insurance premiums and remittances, and has not failed to remit such amounts to the appropriate authorities within the times required by Law.
- (viii) Except as listed in Section 3.9(a) of the MDL Disclosure Letter, no Employee is on long-term disability leave, short-term disability leave or extended absence, or is receiving, or to the knowledge of the MDL Companies, has made application for, workers' compensation or workplace safety and insurance benefits.
- (ix) There are no outstanding inspection orders against any of the MDL Companies under any applicable Laws. There have been no serious accidents or incidents affecting worker health or safety for which any of the MDL Companies has responsibility and, to the knowledge of MDL, no Employee has suffered any illness, disease, injury or death as a result of his or her employment by any of the MDL Companies or as a result of having handled or becoming exposed to or otherwise having been harmed by any Hazardous Material which may have been present at the workplace during the course of his or her employment by any of the MDL Companies.
- (x) All current employer contributions, assessments and filings, including but not limited to, experience rating surcharges, payroll premiums, non-compliance charges, contributions, or any other amounts required under any applicable workers compensation or workplace safety and insurance Laws have been paid or filed by the MDL Companies and any deficiencies in payments have been properly accrued and are recorded on their respective books. None of the MDL Companies has been subject to any special or penalty assessment or surcharge, including but not limited to, experience rating surcharges under such Laws, and to the knowledge of MDL, there are no circumstances that would permit or result in a special or penalty assessment or surcharge under such Laws or any applicable experience rating plan or program. There are no existing or potential claims relating to compensation, pensions or benefits against any of the MDL Companies.
- (xi) No complaint or charge with respect to or relating to any of the MDL Companies is outstanding, pending, or to MDL's knowledge, threatened, against or affecting any of the MDL Companies before the applicable human rights commission or board of inquiry or any other agency responsible for the prevention of discriminatory or unlawful employment practices.
- (xii) There are no complaints, claims, proceedings, questions, issues or matters outstanding, pending, or to MDL's knowledge, threatened, against or affecting in any forum by or on behalf of any Employee or any applicant for employment or classes of the foregoing, alleging breach of any actual, express or implied

contract of employment, wrongful dismissal or any other discriminatory, wrongful or tortious conduct in connection with the employment relationship, or concerning any Employee or director of any MDL Company.

(xiii) None of the MDL Companies is subject to the provisions of the Employment Equity Act, S.C. 1995, Chap. 44 and similar applicable Laws. Nor are any of them a party to any federal, state, provincial or municipal contractors program which has as its purpose the achievement of a work environment in which barriers to equal participation and treatment of employees have been removed.

### 3.10 Employee Benefits

- (a) The Plans. Section 3.10 of the MDL Disclosure Letter contains a true and complete list of all of the Benefit Plans. There exists no undertaking or commitment, to create any additional Benefit Plan or to change any existing Benefit Plan that would affect any Employee or former Employee or their dependents or beneficiaries;
- (b) Copies of the Plans. There are no actuarial valuation reports, cost certificates, funding, financial or information returns or statements in respect of any Benefit Plan and there are no advance income tax rulings, professional opinions and material correspondence relating to the Compensation Plans or Benefit Plans including, without limitation, internal memoranda and determination letters received from the U.S. Internal Revenue Service. MDL has made available to TSA true and complete copies of each of the following documents:
  - (i) each of the written Benefit Plans, and all amendments thereto, and a written description of each unwritten Benefit Plan;
  - (ii) most recent description of each of the Benefit Plans that has been provided to the Employees, and any and all such other descriptive materials provided to them including employee booklets;
  - (iii) any trust agreement, insurance contract or other funding or related agreement in relation to each Benefit Plan to which any of the MDL Companies is a party or bound;
- (c) No Actions or Violations. There are no outstanding complaints, actions, suits, investigations, proceedings, grievances, arbitrations, or claims pending, or, to the knowledge of MDL, threatened, by any Person relating to any of the Benefit Plans. All past due obligations regarding the Benefit Plans have been satisfied and there are no accrued or pending obligations of the Benefit Plans out of the Ordinary Course. There are no outstanding material defaults or violations by any Person relating to any Benefit Plan, and no Tax is owing or exigible and overdue under any of the Benefit Plans;
- (d) Operation in Accordance with Law. Each of the Benefit Plans and each fund established thereunder has been established, operated, administered, and invested in all material respects in accordance with its terms and with the requirements of all applicable Laws and each of the Benefit Plans is in good standing under, has been duly registered where required by, and is qualified in accordance with, such Laws. No fact or circumstance exists that could adversely affect the tax-exempt status of any tax-exempt Benefit Plan;
- (e) Full Payment. All contributions, premiums or other amounts required to be paid or provided by any Person to or under the Benefit Plans have been duly made in accordance with the terms of each of the Benefit Plans and applicable Laws. Each of the Benefit Plans is fully funded or fully insured and no unfunded Liability or other deficit exists thereunder;
- (f) No Improper Withdrawals. There have been no improper withdrawals, applications or transfers of assets from any Benefit Plan or the trusts or other funding media relating thereto;
- (g) No Multi-Employer Plans. None of the Benefit Plans is a multi-employer pension plan or a defined benefit pension plan as defined under applicable pension Law. No Benefit Plan is maintained in connection



with any trust described in Section 501 (e)(9) of the Code, and no Benefit Plan is subject to Title IV of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") or Section 412 of the Code. Nothing done or omitted to be done and no transaction or holding of any asset under or in connection with any Benefit Plan has or will make any of the MDL Companies, or any officer or director thereof, subject to any liability under Title I of ERISA;

- (h) No Notification. No notification is required to be given to any Governmental Entity having jurisdiction over any of the Benefit Plans with respect to the consummation of the transactions contemplated by this Agreement in relation to such Benefit Plans;
- (i) No Post-Retirement Benefits. Except as disclosed in Section 3.10 of the MDL Disclosure Letter, none of the Benefit Plans provides benefits to Employees beyond their retirement or termination of service, or to the beneficiaries or dependants of former Employees;
- (j) No Limitations on Amendment and Termination of Plans. Other than provisions of applicable Laws, no condition exists that would prevent the amendment or termination of any Benefit Plan;
- (k) No Material Increase in Costs. There has been no amendment to, written interpretation or announcement (whether written or oral) by any of the MDL Companies relating to, or change in employee participation or coverage under, any Benefit Plan which would materially increase the expense of maintaining such Benefit Plan above the level of expenses incurred in respect thereof for the most recent fiscal year; and
- (l) Deductibility. There is no contract, agreement, plan or arrangement covering any Employee or former Employee that could give rise to the payment by any of the MDL Companies of any amount that would not be deductible pursuant to the terms of Sections 162 or 280G of the Code.

### 3.11 Absence of Certain Changes or Events

Except as disclosed in Section 3.11 of the MDL Disclosure Letter and as expressly contemplated in this Agreement and the Ancillary Agreements, since the MDL Balance Sheet Date, the MDL Companies have conducted their respective businesses only in the Ordinary Course and with respect to the MDL Companies there has not occurred:

- (a) any change in the financial condition, properties, assets, Liabilities, businesses, operations, results of operations or prospects of the MDL Companies, that could reasonably be expected to have a Material Adverse Effect on the MDL Companies;
- (b) any amendments or changes in the articles of incorporation or bylaws or the memorandum and articles of association, as applicable;
- (c) any damage, destruction or loss, whether covered by insurance or not, that could reasonably be expected to have a Material Adverse Effect on the MDL Companies;
- (d) any redemption, repurchase or other acquisition by the MDL Companies of MDL Class A Shares, or any declaration, setting aside or payment of any dividend or other distribution (whether in cash, stock or property) with respect to MDL Class A Shares;
- (e) any material increase in, or material modification (including acceleration) of, any Benefit Plan or Stock Plan made to, for, or with, any of their Employees, except for acceleration of vesting under the MDL Stock Option Plan;
- (f) any material change in their accounting methods, principles or practices;
- (g) any writing down or writing off of the value of any assets other than in the Ordinary Course;
- (h) any acquisition or sale of a material amount of property or assets, except for sales to customers in the Ordinary Course;
- (i) any alteration in any term of any outstanding MDL Security; or any other securities of the MDL Companies;

- (j) (A) any incurrence, assumption or guarantee of any debt for borrowed money except for borrowed money incurred through MDL's line of credit with the TD Bank, the balance of which does not exceed CAN\$1,000,000.00; (B) any issuance or sale of any securities convertible into or exchangeable for debt securities of any of the MDL Companies; (C) any agreement to act as surety for any obligation of a third party; or (D) except as set forth in Section 3.2(a) of the MDL Disclosure Letter, any issuance or sale of options or other rights to acquire, directly or indirectly, debt securities of any of the MDL Companies or any securities convertible into or exchangeable for any such debt securities;
- (k) other than in the Ordinary Course or, in respect of non-material amounts, any creation or assumption of any Encumbrance on any asset;
- (l) any making of any loan, advance or capital contribution to or investment in any Person other than (i) travel loans or advances made in the Ordinary Course, (ii) other loans and advances in an aggregate amount which does not exceed \$50,000 outstanding at any time, and (iii) term or demand deposits or money market funds of major financial institutions;
- (m) other than in the Ordinary Course, any entering into, amendment of, waiver, release, relinquishment, failure in any material respect to perform under, occurrence of any material default under, or termination or non-renewal of any material contract (including, without limitation, any material customer or supplier contract), lease transaction, commitment or other right or obligation;
- (n) any transfer or grant of a material right (including, without limitation, any of the MDL IP Rights), other than in the Ordinary Course, or any grant of an exclusive right;
- (o) any agreement, arrangement or other transaction with any Associate of any of the MDL Companies;
- (p) any agreement or arrangement made by any MDL Company to take any action which, if taken prior to the date hereof, would have made any representation or warranty set forth in this Agreement materially untrue or incorrect as of the date when made unless otherwise disclosed;
- (q) any (i) failure to maintain in full force and effect substantially the same level and type of insurance coverage as in effect on the MDL Balance Sheet Date or (ii) change in any insurance coverage or the issuance of any insurance policy, except in the Ordinary Course;
- (r) any sale, assignment, transfer, license or encumbrance of any tangible or intangible asset, including any Intellectual Property Right, except for sales, assignments, transfers, licenses and Encumbrances in the Ordinary Course;
- (s) the entering into any lease or contract for the purchase or sale or license of any property, real or personal, except in the Ordinary Course;
- (t) any failure to maintain their equipment and other assets in good working condition and repair according to the standards they have maintained to the date of this Agreement, subject only to ordinary wear and tear;
- (u) any issuance or sale of any shares of their capital stock of any class or any other of their securities, or issuance or creation of any warrants, obligations, subscriptions, options, convertible securities or other commitments to issue shares of capital stock, or acceleration of the vesting of any outstanding option or other security;
- (v) any merger, consolidation or reorganization with, or the acquisition of, any entity, or the entering into of any agreement to do any of the foregoing; or
- (w) any agreement to any audit assessments by any Taxing Authority in excess of \$25,000 in the aggregate.

### 3.12 Agreements

Section 3.12 of the MDL Disclosure Letter sets forth a complete list of the following MDL Contracts, complete and correct copies of which have been made available to TSA for review:

- (a) continuing contract for the future purchase, sale, development or manufacture of products, material, supplies, equipment, software or services requiring payment to or from any MDL Company (i) in an amount in excess of \$25,000 per annum which is not terminable on 60 days or less notice without material cost or other liability at, or at any time after, the Effective Time or in which any of the MDL Companies has granted or received manufacturing rights or most favored nations pricing provisions rights relating to any product, group of products or territory, or (ii) (A) in which any of the MDL Companies has granted or received any distribution, marketing or other Intellectual Property Rights, (B) which require consent or are otherwise terminable upon a change of control of MDL or (C) in which any of the MDL Companies has granted or received marketing, distribution or exclusive market rights relating to any product, group of products or territory;
- (b) contract providing for the development of software for, or license of software to, any of the MDL Companies, or other Intellectual Property Rights used or incorporated in any of the products of any of the MDL Companies;
- (c) indenture, mortgage, promissory note, loan agreement, guarantee or other agreement or commitment for the borrowing of money, for a line of credit or for a leasing transaction of a type required to be capitalized in accordance with Canadian GAAP, involving an amount in excess of \$25,000;
- (d) lease or other agreement under which any of the MDL Companies is lessee of or holds or operates any items of tangible personal property or real property owned by any third party and under which payments to such third party exceed \$25,000 per annum;
- (e) agreement or arrangement for the sale of any assets, properties or rights having a value in excess of \$25,000;
- (f) agreement which restricts any MDL Company from engaging in any aspect of its business or competing in any line of business in any geographic area or in any functional area or that requires any of the MDL Companies to distribute or use exclusively a third party technology or product;
- (g) agreement between or among any of the MDL Companies regarding intercompany loans, revenue or cost sharing, ownership or license of MDL IP Rights, intercompany royalties or dividends or similar matters;
- (h) written dealer, distributor, sales representative, original equipment manufacturer, value added remarketer, subcontractor or other agreement for the ongoing distribution of the products and services of any of the MDL Companies;
- (i) any loan or credit agreement, note, bond, mortgage, indenture, lease or other material agreement that is not otherwise disclosed elsewhere in the MDL Disclosure Letter, the breach or termination of which would have a Material Adverse Effect on the MDL Companies;
- (j) agreements relating to the acquisition or grant of MDL IP Rights or other material agreements relating to the products or services of any MDL Company except for software licenses to end-users and non-exclusive distribution and sales agency agreements in the Ordinary Course;
- (k) any agreement by any MDL Company regarding directors and officers indemnification;
- (l) any agreement, contract or commitment by any MDL Company relating to material capital expenditures or involving future obligations in excess of \$25,000;
- (m) any voting trust or shareholders agreement between or among any of the MDL Companies and the MDL Securityholders;

- (n) any tax sharing or tax indemnification agreement between or among any of the MDL Companies; and
- (o) any material agreement pursuant to which either the execution of this Agreement or any of the Ancillary Agreements by MDL or the consummation of the transactions contemplated hereby or thereby will or may result in (i) a breach by any of the MDL Companies of any term, provision or condition of such agreement, or (ii) the ability of the other party thereto to terminate such agreement or materially change any of the terms, provisions or conditions thereof.

### 3.13 No Defaults

Except as disclosed in Section 3.13 of the MDL Disclosure Letter, all provisions of the MDL Contracts which relate to MDL IP Rights and all material provisions of other material MDL Contracts are valid and enforceable obligations of the applicable MDL Companies and, to MDL's knowledge, of the other parties thereto, enforceable against each such party in accordance with its terms (subject to bankruptcy, insolvency, reorganization or other similar laws affecting or relating to enforcement of creditors' rights generally and general equitable principles). None of the MDL Companies has been notified of any claim that any material provision of any MDL Contract relating to any MDL IP Right, or of any other material MDL Contract, is not valid and enforceable in accordance with its terms (subject to bankruptcy, insolvency, reorganization or other similar laws affecting or relating to enforcement of creditors' rights generally and general equitable principles) for the periods stated therein. None of the MDL Companies is in default under, and to the knowledge of MDL, there exists no event, condition or occurrence which, after notice or lapse of time, or both, would constitute such a default by any of the MDL Companies under, any contract or agreement (other than this Agreement) to which any of the MDL Companies is a party and which would, if terminated due to such default, have a Material Adverse Effect on the MDL Companies or any of them. To MDL's knowledge, no other party to any MDL Contract relating to any MDL IP Right or to any other material MDL Contract is in material default thereunder, nor, to MDL's knowledge, does there exist any event, condition or occurrence which, after notice or lapse of time, or both, would constitute such a default by any such other party which would, if terminated due to such default, have a Material Adverse Effect on the MDL Companies.

### 3.14 Taxes

- (a) Tax Returns. Each of the MDL Companies has timely filed, or caused to be filed, all Tax Returns required to be filed by them (all of which returns were correct and complete in all material respects). Except for Taxes incurred since December 31, 1999 in the Ordinary Course, each of the MDL Companies has paid or withheld, or caused to be paid or withheld, all Taxes that are due and payable, or MDL has provided adequate accruals in accordance with Canadian GAAP in its financial statements for the periods ending December 31, 1999 and Taxes incurred subsequent thereto in the Ordinary Course, for any Taxes for any period up to and including those periods covered by such statements that have not been paid, whether or not shown as being due on any returns. Since the MDL Balance Sheet Date, no material Tax liability has been assessed, proposed to be assessed, incurred or accrued other than in the Ordinary Course. Except for any Taxes for which MDL has provided adequate accruals in accordance with Canadian GAAP in its financial statements ending December 31, 1999 and Taxes incurred subsequent thereto in the Ordinary Course, the MDL Companies have withheld from all payments made by them, or otherwise collected, and have remitted all required amounts in respect of Taxes required to be withheld, collected or remitted when due by them to the applicable Taxing Authority within the required time periods. Except for any Taxes for which MDL has provided adequate accruals in accordance with Canadian GAAP in its financial statements ending December 31, 1999 and Taxes incurred subsequent thereto in the Ordinary Course, none of the MDL Companies has any liability for the Taxes of any other Person.
- (b) No Audits. Except as set forth in Section 3.14 of the MDL Disclosure Letter, there are no audits or investigations in progress, pending or, to the knowledge of MDL, threatened by any Taxing Authority, against any of the MDL Companies or any of the assets of any of the MDL Companies, and none of the MDL Companies has received any notification that any material issues have been raised (and are currently pending) by any Taxing Authority in connection with any of the Tax Returns

referred to above, and no waivers of statutes of limitations have been given or requested with respect to any of the MDL Companies. Except for any Taxes for which MDL has provided adequate accruals in accordance with Canadian GAAP in its financial statements ending December 31, 1999 and Taxes incurred subsequent thereto in the Ordinary Course, there are no material proposed (but unassessed) additional Taxes, none have been asserted and no Tax liens have been filed other than for Taxes not yet due and payable. Notices of Determination have neither been requested nor issued by any of the MDL Companies.

- (c) No material amount in respect of any outlay or expense that is deductible for the purposes of computing the income of any of the MDL Companies for the purposes of the ITA has been owing by any of the MDL Companies, as the case may be, for longer than two years to a person not dealing at arm's length (for the purposes of the ITA) with any of the MDL Companies at the time the outlay or expense was incurred. There are no circumstances which exist and would result in, or which have existed and resulted in, Section 80 of the ITA applying to any of the MDL Companies. Except as set forth in Section 3.14 of the MDL Disclosure Letter, none of the MDL Companies has either directly or indirectly transferred property to or supplied services to or acquired property or services from a Person with whom it was not dealing at arm's length (for the purposes of the ITA) for consideration other than consideration equal to the fair market value of the property or services at the time of the transfer, supply or acquisition of the property or services. None of the MDL Companies has entered into any advance pricing agreement with any Taxing Authority. None of the MDL Companies nor any corporation to which MDL is related (for the purposes of the ITA) is a corporation whose principal business is (i) the lending of money to persons with whom such corporation is dealing at arm's length (for the purposes of the ITA); (ii) the purchasing of debt obligations issued to such persons; or (iii) a combination thereof. Except as set forth in Section 3.14 of the MDL Disclosure Letter, none of the MDL Companies (i) has made an election to be treated as a "consenting corporation" under Section 341(f) of the Code, or (ii) is a party to any Tax sharing or other similar agreement or arrangement of any nature with any other person pursuant to which any of the MDL Companies has or could have any Liabilities in respect of Taxes.
- (d) Except as set forth in Section 3.14 of the MDL Disclosure Letter, any net operating loss carryforwards and research and development tax credits reflected in the MDL Financial Statements are valid and reasonably estimated and will be unaffected by the consummation of the transactions contemplated hereby.
- (e) None of the MDL Securities constitute "Taxable Quebec Property" as such term is defined in the Taxation Act (Quebec).

### 3.15 Intellectual Property

- (a) The MDL Companies own, or, as applicable, have the right to use, sell, distribute or license all Intellectual Property Rights necessary or required for the conduct of the business of the MDL Companies as currently conducted. Except for software licenses to end-users and non-exclusive distribution and sales agency agreements in the Ordinary Course, Section 3.15 of the MDL Disclosure Letter sets forth a complete and correct list of all MDL IP Rights and specifies whether each such right is owned by or licensed (including sublicensed) to the MDL Companies and other agreements pursuant to which any of the MDL Companies or any other Person is authorized to use, sell, distribute or license any MDL IP Rights and identifies any licenses (other than software licenses to end-users and non-exclusive distribution and sales agency agreements in the Ordinary Course) which will terminate by its terms within twenty-four (24) months after the date hereof.
- (b) Except as set forth in Subsection 3.3(b) of the MDL Disclosure Letter, the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby will not constitute a breach of any agreements relating to MDL IP Rights, will not cause the forfeiture or termination or give rise to a right of forfeiture or termination of any MDL IP Right or impair the right of any of the MDL Companies to use, sell or license any MDL IP Right or portion thereof;

- (c) Except as set forth in Section 3.15 of the MDL Disclosure Letter, there are no royalties, honoraria, fees or other payments in excess of \$25,000 per annum payable by any of the MDL Companies to any Person in respect of any MDL IP Rights by reason of the publication, use or distribution of products or services or in connection with the conduct of the business of any of the MDL Companies or otherwise;
- (d) Neither the manufacture, marketing, license, sale or lawful use of any product currently licensed or sold by any of the MDL Companies or currently under development by any of the MDL Companies violates any license or agreement between any of the MDL Companies and any third party or infringes any Intellectual Property Right of any other Person; and there is no pending or, to the knowledge of MDL, threatened, claim or litigation contesting the validity, ownership or right to use, sell, license or dispose of any MDL IP Right nor is there any basis for any such claim, nor has MDL received any notice asserting that any MDL IP Right or the proposed use, sale, license or disposition thereof conflicts or will conflict with the rights of any other party, nor is there any basis for any such assertion;
- (e) MDL has taken reasonable and practicable steps designed to safeguard and maintain the secrecy and confidentiality of, and its proprietary rights in, all MDL IP Rights provided that TSA hereby covenants that it will not assert a claim for breach of this warranty based on the grants by MDL of the rights in respect of the MDL IP Rights as expressly set forth in the written agreements listed in Section 3.15 of the MDL Disclosure Letter (the "Subject Agreements"). MDL agrees that the foregoing covenant shall not prevent TSA from asserting a claim: (i) based on any other matter, information or facts not set forth in the Subject Agreement; or (ii) for indemnification pursuant to this Agreement for any claim, including a claim with respect or relating to a Subject Agreement or the MDL IP Rights referred to in a Subject Agreement, asserted by a third party. All Employees involved in the development of products or product documentation have executed and delivered to the applicable MDL Company an agreement regarding the protection of proprietary information and the assignment to the applicable MDL Company of all Intellectual Property Rights arising from the services performed for the MDL Companies by such Persons; and copies of the forms of all such agreements have been delivered to TSA. No Employees claim an ownership interest in any MDL IP Rights as a result of having been involved in the development of such property while employed by or consulting to any MDL Company, or otherwise;
- (f) Any and all Intellectual Property Rights currently being developed or developed in the past by any Employee while in the employ of any of the MDL Companies, is or will be the sole property of such MDL Company. It is not necessary for the conduct of the business of such MDL Company to utilize any inventions of any Employee made prior to his/her employment by the MDL Companies, other than those that have been assigned to such MDL Company pursuant to an agreement signed by such Employee;
- (g) None of the MDL Companies has received nor has any knowledge regarding any injunctions or claims from any Governmental Entity or from clients or consumers in respect of material failures affecting any products sold by any of the MDL Companies nor in respect of any requirement to recall said products. In addition, except as disclosed in Section 3.15 of the MDL Disclosure Letter, there are no defects or errors in any Design Documentation which defects or errors could reasonably be expected to have a Material Adverse Effect on the MDL Companies. No portion of the MDL IP Rights contains any unauthorized disabling mechanism or protection feature designed to prevent its use, computer virus, worm software lock, drop dead device, Trojan-horse routine, trap door, time bomb or any other codes or instructions that may be used to access, modify, delete, damage or disable any of the intellectual property or any computer system on which any of the software comprising part thereof is installed or in connection with which they may operate;
- (h) Section 3.15 of the MDL Disclosure Letter sets forth a complete and correct list of all applications, registrations, filings and other formal actions made or taken pursuant to applicable Law to perfect or protect the interest of MDL in MDL IP Rights, including, without limitation, all patents, patent applications, trademarks and service

marks, trademark and service mark applications, copyrights and copyright applications and there is no cancellation, termination or expiration of any such registration or patent that is reasonably foreseeable and is not intended to be renewed or extended by any of the MDL Companies. None of the MDL Companies is using any confidential information or trade secrets of any former employer of any Employees; and

- (i) Section 3.15 of the MDL Disclosure Letter sets forth a complete and correct list of any material software licenses to end-users and all non-exclusive distribution and sales agency agreements.

### 3.16 Fees and Expenses

Except for payments to be made by MDL to National Bank Financial Inc. pursuant to a letter agreement dated June 30, 2000, as amended by a letter agreement dated October 23, 2000, none of the MDL Companies has paid or become obligated to pay any fee or commission to any broker, investment banker or other Person acting in a similar capacity on behalf of or under the authority of MDL, finder or intermediary, directly or indirectly, in connection with the transactions contemplated by this Agreement.

### 3.17 Insurance

- (a) Policies. Each of the MDL Companies maintains, and at all times since the later of August 31, 1998 and the date of its incorporation has maintained, fire and casualty, general liability, business interruption, product liability, sprinkler and water damage and any other insurance that MDL believes or believed to be reasonably prudent for its business. Section 3.17 of the MDL Disclosure Letter contains a list of all such insurance policies presently in effect, and correct and complete copies of all such policies along with a history of claims made under such policies have been provided to TSA. Each of the MDL Companies has fully paid all payments presently due under the terms of each of the foregoing insurance policies and none of the MDL Companies has received notice of intent to cancel any of the foregoing insurance policies.
- (b) Insurance Claims. MDL does not have any knowledge of any state of facts or the occurrence of any event, which reasonably might (i) form the basis for any claim against any of the MDL Companies not reasonably expected to be fully covered by the insurance policies referred to in Section 3.17 to the MDL Disclosure Letter, and which exceeds \$25,000 in liability, or (ii) increase the insurance premiums paid by MDL, in excess of \$25,000 per annum in the aggregate, or affect the availability of the insurance coverage listed in Section 3.17 to the MDL Disclosure Letter on substantially the same terms as now in effect.

### 3.18 Ownership of Property

- (a) List of Property. None of the MDL Companies owns any real property. Section 3.18 of the MDL Disclosure Letter sets forth a brief description of all real property leased to the MDL Companies. Except for the Permitted Encumbrances disclosed in Section 3.18 of the MDL Disclosure Letter, each of the MDL Companies holds a valid leasehold interest in property of which it is a lessee and has good and marketable title to all of its personal property, free and clear of all Encumbrances. The tangible personal property owned or leased by each of the MDL Companies is adequate for the operation of the business of such MDL Company as currently conducted. None of the MDL Companies is in violation of any Law applicable to the operation of leased properties, or has received any notice of violation with which it has not complied.
- (b) No Property Owned by MDL Securityholders. Neither the MDL Securityholders nor their Associates own, hold or possess, in their individual or any other capacities, any property, whether tangible or intangible, used in the business of MDL which is material, individually or in the aggregate, to the financial condition, operations, or business of the MDL Companies.

### 3.19 Environmental Matters

- (a) During the period that the MDL Companies have leased or owned their

respective properties or owned or operated any facilities, there have been no disposals, releases, emissions, spills, discharges or threatened releases of Hazardous Materials on, from or under such properties or facilities which could reasonably be expected to result in a material violation of any applicable Law. MDL has no knowledge of any presence, disposals, releases, emissions, spills, discharges or threatened releases of Hazardous Materials on, from or under any of such properties or facilities, which may have occurred prior to any of the MDL Companies having taken possession of any of such properties and facilities which could reasonably be expected to result in a material violation of any applicable Law.

- (b) None of the properties, facilities and operations of the MDL Companies is in material violation of any Laws relating to protection of the environment, occupational health and safety, industrial hygiene or Hazardous Materials. During the time that the MDL Companies have owned or leased their respective properties and facilities, none of the MDL Companies nor, to the knowledge of MDL, any third party, has used, generated, manufactured, processed, treated, disposed of, handled or stored on, under or about such properties or facilities or transported to or from such properties or facilities any Hazardous Materials.
- (c) During the time that the MDL Companies have owned or leased their respective properties and facilities, there has been no litigation brought or, to the knowledge of MDL, threatened, against any of the MDL Companies, or any settlement reached by any of the MDL Companies with, any party or parties alleging the presence, disposal, emission, spill, discharge, release or threatened release of any Hazardous Materials on, from or under any such properties or facilities.

### 3.20 Interested Party Transactions

Section 3.20 of the MDL Disclosure Letter sets forth a current list of all directors, officers and Associates of each of the MDL Companies. Except as disclosed in Section 3.20 of the MDL Disclosure Letter or expressly contemplated herein or in connection with the transactions contemplated hereby, no MDL Securityholder, officer or director of any of the MDL Companies or any Associate of any such Person or of the MDL Companies has had, either directly or indirectly, or proposes to have a material interest in: (a) any Person that purchases from or sells, licenses or furnishes to any of the MDL Companies any goods, property, technology or intellectual or other property rights or services; or (b) any current or proposed contract or agreement to which any of the MDL Companies is or proposes to be a party or by which it may be bound or affected. Except as disclosed in Section 3.20 of the MDL Disclosure Letter, there are no defaults or claims under such current or proposed contracts or agreements referred to above in (b).

### 3.21 Board Approval

The board of directors of MDL has, on or before the date hereof, (i) approved this Agreement, the Ancillary Agreements to which MDL is a party and the Plan of Arrangement, (ii) determined that the Plan of Arrangement is in the best interests of MDL and is fair to the MDL Securityholders, (iii) resolved to recommend that the MDL Securityholders approve the Arrangement, and (iv) taken all other action necessary to authorize the calling of a shareholders meeting and for the adoption and implementation of the Arrangement other than the preparation and delivery of the Proxy Materials and the filing of the Articles of Arrangement giving effect to the Arrangement and the making of certain applications in accordance with applicable Law.

### 3.22 Vote Required

Except as may otherwise be ordered by the Court or required by the Ontario Securities Commission, the affirmative vote of two-thirds of the votes cast by the MDL Securityholders is the only vote of the holders of any class or series of MDL's shares or of any securities convertible into or exchangeable for such capital stock necessary to approve the Plan of Arrangement and there are no agreements between MDL and any of the MDL Securityholders or among any of such MDL Securityholders that relate in any manner to the procedure for such voting which have not been waived.

### 3.23 Disclosure

- (a) No representation or warranty made by the MDL Companies in this Agreement, nor any document, written information, financial statement,



certificate or Exhibit prepared and furnished or to be prepared and furnished by MDL or its representatives pursuant hereto or in connection with the transactions contemplated hereby, when taken together, contains any untrue statement of a material fact when made, or omitted to state a material fact necessary to make the statements or facts contained herein or therein not misleading in light of the circumstances under which they were made or furnished.

- (b) None of the information supplied or to be supplied by MDL for inclusion in the Registration Statement contains or will contain any untrue statement of a material fact or omits or will omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading or will, at the time the Registration Statement becomes effective under the U.S. Securities Act, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading.

### 3.24 Restrictions on Business Activities

There is no agreement, judgment, injunction, order or decree binding upon any of the MDL Companies that has or could reasonably be expected to have the effect of prohibiting or materially impairing any business practice of any of the MDL Companies, any acquisition of property by any of the MDL Companies or the conduct of business by any of the MDL Companies as currently conducted.

### 3.25 Books and Records

- (a) The books, records and accounts of the MDL Companies (i) have been maintained in accordance with good business practices on a basis consistent with prior years, (ii) are stated in reasonable detail and accurately and fairly reflect the transactions and dispositions of the assets of the MDL Companies and (iii) accurately and fairly reflect the basis for the MDL Financial Statements. MDL has devised and maintains a system of internal accounting controls sufficient to provide reasonable assurances that (A) transactions are executed in accordance with management's general or specific authorization; and (B) transactions are recorded as necessary (1) to permit preparation of the MDL Financial Statements in conformity with Canadian GAAP, or any other criteria applicable to such statements and (2) to maintain accountability for assets.
- (b) The minute books of the MDL Companies which have been provided to TSA contain accurate and complete copies of the minutes of every meeting of their respective shareholders and their boards of directors and any committee thereof since their incorporation except for confidential minutes that record the MDL board of directors' deliberation specifically on the decision to approve the transaction contemplated by this Agreement. No resolutions have been passed, enacted, consented to or adopted by the board of directors of MDL or any committee thereof or shareholders of the MDL Companies, except for those contained in such minute books, which accurately reflect all transactions referred to in such minutes. The corporate records of the MDL Companies are up to date and have been maintained in accordance with all applicable Laws and are complete and accurate in all material respects.

### 3.26 Customers

Section 3.26 of the MDL Disclosure Letter sets forth a true and complete list of customers of the MDL Companies within the last twelve (12) months involving payment in excess of \$10,000 per annum. Except as set forth in Section 3.26 of the MDL Disclosure Letter, since January 1, 2000, none of the MDL Companies has lost its relationship with any of its material customers. None of the MDL Companies has been notified that it will lose or might lose, or suffer any diminution in, its relationship with any such customers. No representative of any such customer has advised any of the MDL Companies that, in the event of a sale or change of control of MDL, any of the MDL Companies would lose, or suffer any diminution in, its relationship with any such customer

nor does MDL expect any such loss or diminution.

### 3.27 Competition Act

The MDL Companies and its Affiliates do not have assets in Canada that exceed CDN\$35 million in aggregate value and did not have gross revenues from sales in, from or into Canada, that exceed CDN\$35 million in aggregate value, determined for purposes of and in the manner prescribed by the Competition Act (Canada) and the Notifiable Transactions Regulations promulgated thereunder.

### 3.28 Investment Canada Matters

None of the MDL Companies provides any financial or transportation services, engages in the production of uranium or carries on a "cultural business" within the meaning of the Investment Canada Act, and the value of the assets of MDL and of all other entities in Canada the control of which is acquired, directly or indirectly, for the purposes of the Investment Canada Act is less than CDN\$192 million.

### 3.29 Fairness Opinions

MDL's board of directors has received a written opinion from National Bank Financial Inc. that the Exchange Ratio is fair from a financial point of view to the holders of MDL Class A Shares.

### 3.30 Sales of MDL Securities

Except as set forth in Section 3.30 of the MDL Disclosure Letter, neither MDL nor anyone acting on its behalf has offered securities of MDL or any part thereof or any similar securities for issuance or sale to, or solicited any offer to acquire any of such securities from, anyone so as to render the issuance and sale of any such securities not exempt from the registration requirements of all applicable securities Laws.

### 3.31 Governmental Authorizations and Licenses

The MDL Companies hold all material licenses, authorizations, consents, approvals, permits (including all necessary environmental permits, concessions, certificates and other franchises of any Governmental Entity) required to operate their businesses, the absence of any of which would have a Material Adverse Effect.

## ARTICLE IV REPRESENTATIONS AND WARRANTIES OF THE TSA COMPANIES

Each of the TSA Companies jointly and severally represent and warrant to MDL that:

### 4.1 Organization, Good Standing, Qualification and Power

Each of the TSA Companies is duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation, has all requisite corporate power and authority necessary to own, lease and operate its properties and to carry on its business as now being conducted, and is duly qualified and in good standing to do business in each jurisdiction in which the nature of its business or the ownership or leasing of its properties makes such qualification necessary. TSA has delivered to MDL complete and correct copies of the certificate of incorporation and bylaws of TSA and the memorandum and articles of association of TSA Holdco and TSA Exchangeco in each case as amended to the date of this Agreement and currently in effect. None of the TSA Companies is in violation of any of the provisions of its articles of incorporation or bylaws or memorandum and articles of association, as applicable.

### 4.2 Capital Structure

The authorized capital stock of TSA consists of 50,000,000 shares of Class A Common Stock, par value \$0.005 per share, 5,000,000 shares of Class B Common Stock, par value \$0.005 per share and 5,450,000 shares of Preferred Stock, par value \$0.01 per share. As of the close of business on October 20, 2000, there were outstanding:

- (a) 33,100,967 shares of Class A Common Stock,
- (b) no shares of Class B Common Stock,

- (c) no shares of Preferred Stock,
- (d) no warrants to purchase any TSA capital stock, and
- (e) vested and unvested employee stock options to purchase 4,267,554 shares of TSA Class A Common Stock.

All issued and outstanding shares of TSA capital stock have been duly authorized and validly issued and are fully paid and non-assessable and are not subject to preemptive rights.

#### 4.3 Authority

- (a) Corporate Action. Each of the TSA Companies has all requisite corporate power and authority to enter into this Agreement and the Ancillary Agreements to which it is a party, to perform its obligations hereunder and thereunder and to consummate the Arrangement (subject to Court approval of the Plan of Arrangement and approval by the MDL Securityholders) and the other transactions contemplated by this Agreement and such Ancillary Agreements. The execution and delivery by each of the TSA Companies of this Agreement and the Ancillary Agreements to which it is a party and the consummation by the TSA Companies of the Arrangement (subject to its approval by the MDL Securityholders and Court approval of the Plan of Arrangement) and the other transactions contemplated hereby and thereby have been duly authorized by all necessary corporate action on the part of each of the TSA Companies. This Agreement has been duly executed and delivered by each of the TSA Companies and is, and the Ancillary Agreements to which it is a party when executed and delivered in accordance with the terms hereof shall be, valid and binding obligations of each of the TSA Companies, enforceable in accordance with their respective terms, except that such enforceability may be subject to (i) bankruptcy, insolvency, reorganization or other similar Laws affecting or relating to enforcement of creditors' rights generally and (ii) general equitable principles.
- (b) No Conflict. Neither the execution, delivery and performance by the TSA Companies of this Agreement or of any of the Ancillary Agreements to which it is a party, nor the consummation by either of the TSA Companies of the transactions contemplated hereby or thereby nor compliance with the provisions hereof or thereof by either of the TSA Companies will: (i) conflict with, or result in any violations of, the articles of incorporation or bylaws or the comparable governing instruments of any of the TSA Companies, (ii) result in any breach or violation of or cause a default (with or without notice or lapse of time, or both) under, or give rise to a right of termination, amendment, cancellation or acceleration of any obligation contained in, or give rise to any claim or the loss of any benefit under, or result in the creation of any Encumbrance upon any of the properties or assets of any of the TSA Companies under, any term, condition or provision of any loan or credit agreement, note, bond, mortgage, indenture, lease or other material agreement, judgment, order, decree, Law, rule, license or permit applicable to any of the TSA Companies or their respective properties or assets, other than any such breaches, defaults, losses, or Encumbrances which, individually or in the aggregate, would not have a Material Adverse Effect on TSA, or (iii) violate or conflict with any Law.
- (c) Governmental Consents. No consent, approval, order or authorization of, or registration, declaration or filing with, any Governmental Entity is required to be obtained by any of the TSA Companies in connection with the execution and delivery of this Agreement or any of the Ancillary Agreements to which any of the TSA Companies is a party or the consummation of the transactions contemplated hereby or thereby, except (i) as required under the NASDAQ rules, the Exchange Act, the U.S. Securities Act or applicable state securities Laws; (ii) as specified in Sections 9.12 (Governmental Approvals) and 9.13 (HSR Act) or; (iii) where the failure to obtain such consents, approvals, etc., would not prevent or delay the consummation of the Arrangement or otherwise prevent TSA from performing its obligations under this Agreement and would not reasonably be expected to have a Material Adverse Effect on TSA.

#### 4.4 SEC Documents and Financial Statements

- (a) SEC Documents. TSA has delivered or made available (either directly or through EDGAR) to MDL true and complete copies of the TSA SEC Documents.
- (b) Financial Statements. The financial statements of TSA included in the TSA SEC Documents were prepared in accordance with US GAAP applied on a consistent basis during the periods involved (except as may have been indicated in the notes thereto or, in the case of the unaudited statements, as permitted by US GAAP) and fairly present in all material respects (subject, in the case of the unaudited statements, to normal, year-end audit adjustments) the consolidated financial position of TSA and the TSA Subsidiaries as at the respective dates thereof and the consolidated results of their operations and cash flows for the respective periods then ended.
- (c) Truthfulness. The TSA SEC Documents, on the date filed with the SEC (and except as modified, replaced, superseded or otherwise rectified by statements or information contained in a subsequent TSA SEC Document), complied in all material respects with the requirements of the Exchange Act (subject to any noncompliance which would not be reasonably expected to have a Material Adverse Effect on TSA) and contained no untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements contained therein, in light of the circumstances under which they were made, not misleading.
- (d) The TSA SEC Documents include all reports required to be filed by TSA under the Exchange Act during the preceding twelve months and TSA has not filed a request for confidential treatment with respect to any such reports during that period.
- (e) Except for: (i) the Liabilities provided for in the financial statements of TSA included in the TSA SEC Documents, and (ii) Liabilities of TSA and its Affiliates incurred since the date of such financial statements in the Ordinary Course, there are no known material Liabilities of TSA and its Affiliates which are material to TSA and its Affiliates taken as a whole. All reserves established by TSA and set forth in such financial statements are reasonably adequate.

#### 4.5 Compliance with Law

TSA and its Affiliates are in compliance and have conducted their businesses so as to comply with all Laws applicable to their operations and with respect to which compliance is a condition of engaging in the business thereof except where such non-compliance could not reasonably be expected to have a Material Adverse Effect on TSA and its Affiliates. There are no judgments or orders, injunctions, decrees, stipulations or awards (whether rendered by a court or administrative agency or by arbitration) against any of TSA or its Affiliates or against any of their property or business which are continuing in effect and could reasonably be expected to have a Material Adverse Effect on TSA and its Affiliates.

#### 4.6 Absence of Certain Changes or Events

Except as disclosed in the TSA SEC Documents, since the TSA Balance Sheet Date, TSA has conducted its business only in the Ordinary Course and there has not occurred:

- (a) any change in the financial condition, properties, assets (including TSA IP Rights), Liabilities, businesses, operations, material contracts, results of operations or prospects of TSA that individually or collectively could reasonably be expected to have a Material Adverse Effect on TSA and its Affiliates;
- (b) any amendments or changes in the Restated Certificate of Incorporation or bylaws of TSA;
- (c) any damage, destruction or loss, whether covered by insurance or not, that could reasonably be expected to have a Material Adverse Effect on TSA and its Affiliates;
- (d) any material alteration in any term of any outstanding security of TSA and its Affiliates; or

- (e) any agreement or arrangement made by TSA to take any action which, if taken prior to the date hereof, would have made any representation or warranty set forth in this Agreement materially untrue or incorrect as of the date when made unless otherwise disclosed.

#### 4.7 Investment Canada Act

As of the date hereof, TSA is a "WTO Investor" within the meaning of the Investment Canada Act.

#### 4.8 TSA Class A Common Shares

The TSA Class A Common Shares, when issued directly in consideration for MDL Class A Shares or upon the exchange of the Exchangeable Shares (all as in accordance with the Plan of Arrangement), will be validly issued, fully paid and non-assessable and will be free and clear of all Encumbrances attributable to, or arising due to, any action or omission of TSA.

#### 4.9 Intellectual Property

TSA has disclosed in the TSA SEC Documents any information regarding any claim or specific event with respect to TSA IP Rights which could reasonably be expected to have a Material Adverse Effect on TSA and its Affiliates.

#### 4.10 Restrictions on Business Activities

There is no agreement, judgment, injunction, order or decree binding upon any of TSA or its Affiliates that has, or could reasonably be expected to have, the effect of prohibiting or materially impairing any material business practice of any of TSA or its Affiliates, any material acquisition of property by any of TSA or its Affiliates or the conduct of business by any of TSA or its Affiliates as currently conducted.

#### 4.11 TSA Holdco and TSA Exchangeco

- (a) TSA Holdco has been incorporated pursuant to the Nova Scotia Companies Act as an unlimited company. TSA is the indirect beneficial holder of all of the issued and outstanding shares of TSA Holdco.
- (b) TSA Exchangeco has been incorporated pursuant to the Nova Scotia Companies Act as a limited company. TSA Holdco is the direct beneficial holder of all of the issued and outstanding voting shares of TSA Exchangeco.

#### 4.12 No Dividends

As of the date of this Agreement, no record dates have been fixed by TSA for the declaration, setting aside or payment of any dividends or other distributions in respect of the TSA Class A Common Shares which have not yet been made; and, since the date of TSA's last 10-Q filing with the SEC, no dividend or other distribution (whether in cash, stock or property) has been made with respect to the TSA Class A Common Shares.

#### 4.13 Disclosure

No representation or warranty made by the TSA Companies in this Agreement, nor any document, written information, certificate or Exhibit prepared and furnished or to be prepared and furnished by TSA or its representatives pursuant hereto or in connection with the transactions contemplated hereby, when taken together, and subject to Subsection 4.4(c) contains any untrue statement of a material fact when made, or omitted to state a material fact necessary to make the statements or facts contained herein or therein not misleading in light of the circumstances under which they were made or furnished.

### ARTICLE V MDL COVENANTS

#### 5.1 Advice of Changes

During the period from the date of this Agreement until the earlier of the Closing Date and the termination of this Agreement in accordance with its

terms, MDL will promptly advise TSA in writing (a) of any event or fact occurring subsequent to the date of this Agreement which becomes known to MDL that would render any representation or warranty of MDL contained in this Agreement, if made on or as of the date of such event or the Effective Time, untrue, inaccurate or incomplete in any material respect, (b) of any Material Adverse Effect on the MDL Companies which becomes known to MDL, and (c) of any breach by MDL of any covenant or agreement contained in this Agreement. After the end of each monthly and quarterly accounting period ending after the date of this Agreement and before the earlier of the Effective Time and the termination of this Agreement in accordance with its terms, MDL shall deliver to TSA (i) within twenty (20) Business Days after the end of each monthly accounting period, an unaudited consolidated statement of income for the MDL Companies and an unaudited unconsolidated balance sheet, statement of operations and statement of changes in financial position for each of the MDL Companies and (ii) within thirty (30) Business Days after the end of each quarterly accounting period, an unaudited consolidated balance sheet, statement of operations and statement of changes in financial position for MDL, all of which financial statements shall be prepared in the Ordinary Course, in Canadian dollars and in accordance with MDL's books and records and Canadian GAAP, and shall fairly present the consolidated financial position of the MDL Companies as of their respective dates and the results of the MDL Companies' operations for the periods then ended.

## 5.2 Maintenance of Business

During the period from the date of this Agreement until the earlier of the Effective Time and the termination of this Agreement in accordance with its terms, MDL will use, and will cause each of the MDL Subsidiaries to use, all commercially reasonable efforts to carry on and preserve its business and its relationships with customers, suppliers and Employees in substantially the same manner as it has prior to the date hereof. If any of the MDL Companies becomes aware of any material deterioration in the relationship with any material customer, supplier or key Employee, MDL will promptly bring such information to the attention of TSA in writing and, if requested by TSA, MDL will use commercially reasonable efforts to restore the relationship.

## 5.3 Conduct of Business

Subject to the fact that a transaction involving its business is contemplated by this Agreement, during the period from the date of this Agreement until the earlier of the Effective Time and the termination of this Agreement in accordance with its terms, MDL will continue to conduct its business and use its commercially reasonable efforts to maintain its business relationships in the Ordinary Course and, except as expressly contemplated herein, will not, without the prior consent of TSA, such consent not to be unreasonably withheld or delayed:

- (a) borrow any money except through MDL's line of credit with the TD Bank provided that the balance of such line of credit does not exceed CAN\$1,000,000.00;
- (b) enter into any transaction not in the Ordinary Course having a value calculated by reference to MDL's obligations thereunder in excess of \$25,000;
- (c) encumber or permit to be encumbered any of its assets except for purchase money security interests or similar security interests granted in a specific asset to secure the purchase price therefor granted in the Ordinary Course not in excess of \$100,000;
- (d) dispose of any portion of its assets not in the Ordinary Course;
- (e) enter into any material lease or contract for the purchase or sale or license of any real property or for any personal property except in the Ordinary Course not in excess of \$100,000;
- (f) fail to maintain its equipment and other assets in good working condition and repair according to the standards it has maintained to the date of this Agreement, subject only to ordinary wear and tear;
- (g) pay (or make any oral or written commitments or representations to

pay) any bonus, increased salary or special remuneration to any Employee (except for normal salary increases and bonuses to Employees disclosed in the MDL Disclosure Letter) or enter into or vary the terms of any employment, consulting or severance agreement with any Employee, pay any severance or termination pay, grant any stock option or issue any restricted stock or other securities, or enter into or modify any Plan;

- (h) enter into any agreement, arrangement or other transaction with any Associate of any of the MDL Companies;
- (i) revalue any of its assets or properties other than the writing off of accounts receivable in the Ordinary Course;
- (j) declare, set aside or pay any cash or stock dividend or other distribution in respect of shares of MDL, or redeem or otherwise acquire any of its shares;
- (k) amend or terminate any material contract, agreement or license to which it is a party except for those amendments or terminations in the Ordinary Course, which are not material in amount or effect;
- (l) lend any amount to any Person other than an amount which is less than \$25,000 in the aggregate and incurred in the Ordinary Course;
- (m) guarantee or act as a surety for any obligation of any Person other than acting as a guarantor or surety in the Ordinary Course for one of the MDL Companies;
- (n) waive or release any material right or claim;
- (o) issue or sell any of its shares of any class or issue or create any warrants, obligations, subscriptions, options, convertible securities or other commitments to issue shares, or accelerate the vesting of any outstanding option or other security except as otherwise contemplated herein or in the Ancillary Agreements or the Plan of Arrangement;
- (p) split or combine its outstanding shares of any class or enter into any recapitalization or agreement affecting the number or rights of outstanding shares of any class or affecting any other of its securities;
- (q) amalgamate, merge, consolidate or reorganize with, or acquire any entity or any interest in any entity, or enter into any agreement to do any of the foregoing;
- (r) amend its articles of incorporation or bylaws except as contemplated by this Agreement;
- (s) grant any interest in MDL IP Rights except to license software to end-users or to grant non-exclusive distribution or sales agency rights all in the Ordinary Course;
- (t) grant any exclusive distribution rights;
- (u) agree to any audit assessments by any Taxing Authority in excess of \$25,000 in the aggregate except in respect of the existing SRTC audit;
- (v) reduce in amount or scope any insurance coverage or issue any certificates of insurance;
- (w) implement any material change in its accounting principles, practices or methods, other than as may be required by Canadian GAAP and/or US GAAP; or
- (x) agree to do, or permit any MDL Companies to do, or agree to do, any of the things described in the preceding clauses in this Section 5.3.

#### 5.4 Shareholder Approval

As soon as reasonably practicable but in no event more than sixty (60) days from the date of this Agreement, MDL shall take all procedural action necessary, subject to and in accordance with applicable Law, its articles of incorporation and bylaws and any outstanding shareholder agreements, to mail to the MDL Securityholders notice of the MDL Securityholders Meeting, where it

shall seek the approval and adoption of, the Plan of Arrangement (including the Articles of Arrangement giving effect thereto) and related matters by the MDL Securityholders. MDL shall provide to TSA reasonable opportunity to review and comment upon the Proxy Materials (which shall include the recommendation of the board of directors of MDL referred to in Section 3.21 (Board Approval)) proposed to be mailed to the MDL Securityholders in connection with the foregoing approval. If prior to the date of the MDL Securityholders Meeting (i) MDL has provided written notice to TSA that TSA is in breach of any representation, warranty, covenant or agreement set forth in this Agreement on the part of TSA and the board of directors of MDL has determined in good faith and has advised TSA in such notice that it believes that such breach has or can reasonably be expected to have a Material Adverse Effect on TSA and is by its nature curable; and (ii) therefore, pursuant to Subsection 10.1(b) hereof TSA has fifteen (15) Business Days (the "Cure Period") within which to cure the breach; and (iii) the MDL Securityholders Meeting is scheduled to be held during the Cure Period, then the MDL Securityholders Meeting shall be adjourned until three (3) Business Days following the expiry of the Cure Period.

#### 5.5 Regulatory Approvals

During the term of this Agreement, MDL will promptly execute and file, or join in the execution and filing of any application or other document that may be necessary in order to obtain the authorization, approval or consent of any Governmental Entity, which may be reasonably required, or which TSA may reasonably request, in connection with the consummation of the transactions contemplated by this Agreement. MDL will use its commercially reasonable efforts to promptly obtain all such authorizations, approvals and consents. Without limiting the generality of the foregoing, as promptly as practicable after the execution of this Agreement, MDL shall file a pre-merger notification report under the HSR Act and the Investment Canada Act if required by Law. MDL shall provide TSA with the reasonable opportunity to review and comment upon the Plan of Arrangement application materials proposed to be filed with the Court.

#### 5.6 Necessary Consents

During the term of this Agreement, MDL will use commercially reasonable efforts to obtain such written consents and take such other actions as may be necessary or appropriate in addition to those set forth in Section 5.5 (including, without limitation, those consents and actions required of MDL or to be delivered by MDL all as set forth in Article IX (Conditions Precedent to Obligations of the TSA Companies) to allow the consummation of the transactions contemplated hereby and to allow MDL to carry on its business after the Effective Time.

#### 5.7 Access to Information

Subject to the terms of the Mutual Non-Disclosure Agreement entered into between TSA and MDL on May 10, 2000, during the term of this Agreement, MDL will allow TSA and its agents reasonable access to the files, books, records and offices of the MDL Companies, including, without limitation, all information relating to each MDL Companies' Taxes, commitments, contracts, leases, licenses, products, MDL IP Rights, and real, personal and intangible property and financial condition as TSA may reasonably request. MDL will use its commercially reasonable efforts to cause its accountants and personnel to cooperate with TSA and its agents in making available to TSA all financial and other information reasonably requested except for confidential minutes that record the MDL board of directors' deliberation specifically on the decision to approve the transaction contemplated by this Agreement and excepting that TSA and its agents shall be restricted in their access to any source code comprising a part of the MDL IP Rights in a manner consistent with the terms of the Distribution Agreement.

#### 5.8 Satisfaction of Conditions Precedent

During the term of this Agreement, MDL will use its commercially reasonable efforts to satisfy or cause to be satisfied all the conditions precedent that are set forth in Article IX and MDL will use its commercially reasonable efforts to cause the Plan of Arrangement and the other transactions contemplated by this Agreement to be consummated and shall take such commercially reasonable steps as are appropriate so that the representations and warranties of MDL in this Agreement remain complete and correct on and as of the Closing Date.

#### 5.9 No Other Negotiations



- (a) From and after the date of this Agreement until the later of (i) one hundred (100) days from the date of this Agreement; and (ii) the execution of the Distribution Agreement but in no event more than one hundred and fifty (150) days from the date of this Agreement, the MDL Companies shall not, and shall not permit their respective Employees, representatives, investment bankers, agents and Affiliates to, directly or indirectly, (i) solicit, initiate, continue or engage in discussions or negotiations with any Person, encourage submission of any inquiries, proposals or offers by, or take any other action intended or designed to facilitate the efforts of, any Person relating to a possible Business Combination Transaction, (ii) provide information with respect to any of the MDL Companies, or afford any access to the properties, books or records of the MDL Companies, to any Person, relating to a possible Business Combination Transaction, (iii) make or authorize any statement, recommendation or solicitation in support of any possible Business Combination Transaction by any Person, or (iv) enter into an agreement with any Person, providing for a possible Business Combination Transaction.
- (b) Notwithstanding the foregoing Subsection 5.9(a), nothing shall prevent MDL or its board of directors from (i) furnishing information regarding MDL to any Person in connection with a Business Combination Transaction or engaging in discussions or negotiations with respect thereto if and only to the extent that (A) the board of directors of MDL determines in good faith, after consultation with its financial and legal advisors that such possible Business Combination Transaction is reasonably likely to result in a Superior Proposal, (B) the board of directors of MDL determines in good faith, after consultation with its outside legal counsel and financial advisers, that such action is reasonably required in order for the board of directors of MDL to comply with its fiduciary duties under applicable Law, (C) the Person who has requested such information has executed and delivered to MDL a non-disclosure agreement that is not less restrictive than the non-disclosure agreements in effect between MDL and TSA, (D) prior to furnishing such information or entering into such discussions or negotiations, MDL provides written notice to TSA that it is furnishing information to, or entering into discussions or negotiations with, another Person which notice identifies such Person and (E) MDL keeps TSA informed of the status of any such discussions or negotiations. In addition, nothing in Section 5.9(a) above shall prevent the board of directors of MDL from recommending a Superior Proposal to the MDL Securityholders provided however that MDL (i) shall provide TSA with at least forty-eight (48) hours prior written notice of its intentions to hold any meeting at which the board of directors of MDL is reasonably expected to consider a possible Business Combination Transaction, and (ii) MDL shall not recommend to the MDL Securityholders the Superior Proposal for at least two (2) Business Days after MDL has provided TSA with the material terms of such Superior Proposal.
- (c) Nothing in Section 5.9(a) shall prevent the board of directors of MDL from withdrawing, amending or modifying its recommendation in favor of the transaction consummating the Arrangement at any time prior to the approval of the Plan of Arrangement by the MDL Securityholders if (i) a Superior Proposal is made to MDL and is not withdrawn, and (ii) neither MDL nor any of its representatives shall have violated any of the restrictions set forth in Section 5.9. Except as may be limited by applicable Law, MDL shall call, give notice of, convene and hold the MDL Securityholders Meeting pursuant to the terms of this Agreement (regardless of whether the recommendation of the board of directors of MDL shall have been withdrawn, amended or modified or the board of directors determines that the Agreement is no longer advisable and recommends that the MDL Securityholders reject it).
- (d) MDL shall immediately cease and cause to be terminated any existing discussions or negotiations with any Person (other than TSA) conducted heretofore with respect to any of the foregoing, including, without limitation, any discussions or negotiations with third parties regarding the issuance of securities of MDL or other investment(s) in MDL by such third parties whether or not such investments would result in a change of control of MDL. MDL agrees not to release any third party from any confidentiality or standstill agreement with respect to any of the foregoing to which MDL is a party.
- (e) MDL shall use its commercially reasonable efforts to ensure that the

Employees, agents and Associates of the MDL Companies and any bankers, investment bankers or other agents, advisors or representatives retained by MDL are aware of the restrictions described in this Section 5.9, and shall be responsible for any breach of this Section 5.9 by such bankers, investment bankers, Employees, agents, advisors, representatives or Associates.

#### 5.10 Cooperation

MDL and TSA have discussed a strategy for approaching existing and prospective customers in an effort to ensure that the business objectives of the transactions contemplated hereby will be achieved and the business of MDL is not harmed after execution of this Agreement until the Closing Date. To the extent permitted by applicable Law and the contractual and other legal obligations of MDL and TSA to their respective customers, MDL will cooperate with TSA in developing this strategy and MDL agrees to approach customers on a joint basis with TSA consistent with the agreed strategy.

#### 5.11 Canadian Clearance Certificates

- (a) Persons. MDL will use its commercially reasonable efforts to cause each Person who holds, or will hold, a MDL Security immediately prior to the Effective Time to deliver to MDL, at or before such time:
  - (i) a certificate confirming that such MDL Securityholder is a Canadian Resident; or
  - (ii) in the case of a MDL Securityholder who is not a Canadian Resident, a certificate satisfactory to TSA Exchangeco acting reasonably, issued pursuant to Subsection 116(2) or 116(4) of the ITA, with respect to the MDL Security exchanged or disposed of, and, in the case of a certificate under Subsection 116(2) of the ITA, having as the "certificate limit", as defined in Subsection 116(2) of the ITA, an amount no less than the cost (which may be equal to the fair market value of the Exchangeable Shares or TSA Class A Common Shares and cash (if any) received by such holder) to TSA Exchangeco of the MDL Security.
- (b) Partnerships. In the case of a MDL Securityholder who is a partnership, MDL will use its commercially reasonable efforts to cause such MDL Securityholder to also provide a certificate confirming the name and address of each member thereof and the percentage of partnership interest held by each member.
- (c) Withholding if no certificate. In the event that a holder of a MDL Security fails to deliver the requisite certificates described above at or before the exchange or disposition of such MDL Security, TSA Exchangeco shall be entitled to deduct and withhold from any consideration otherwise payable to any such holder such amounts as TSA Exchangeco is required or permitted to deduct and withhold with respect to such payment under the ITA or any other provision of applicable Tax Law, in each case, as amended or succeeded; provided that such withheld amount shall not be remitted prior to two (2) Business Days prior to the date such amount is required by Law to be remitted (the "Remittance Date") and where such certificate is delivered prior to the Remittance Date, such withheld amount shall be released to the holder except to the extent such amounts were withheld or deducted pursuant to another provision of applicable Tax Law. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes hereof as having been paid to the holder of the MDL Security in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate Taxing Authority and a receipt evidencing such remittance is delivered to the holder. To the extent that the amount so required or permitted to be deducted or withheld from any payment to a holder exceeds the cash portion of the consideration otherwise payable to the holder, TSA Exchangeco is hereby authorized to sell or otherwise dispose of such portion of the consideration as is necessary to provide sufficient funds to TSA Exchangeco to enable it to comply with such deduction or withholding requirement and TSA Exchangeco shall notify the holder thereof and remit to such holder any unapplied balance of the net proceeds of such sale. If the proceeds of such sale are insufficient to fund the required withholding, such holder shall forthwith pay to TSA Exchangeco or remit to the applicable Taxing Authority the deficiency. The holder shall bear all reasonable costs

and expenses associated with any sale by TSA Exchangeco pursuant to the two immediately preceding sentences.

- (d) Other Exchanges. On any conversion and exchange of Stonebridge Options or Compensation Warrants, on any exchange of MDL Options for TSA Replacement Options, on any exchange of MDL Class A Shares for TSA Class A Common Shares or Exchangeable Shares or on any subsequent exchange of Exchangeable Shares for TSA Class A Common Shares, the requirements set forth in this Section 5.11 shall also be applicable with the necessary changes.

#### 5.12 Insurance Policies

None of the MDL Companies shall take, or omit to take, any action which would cause any of the insurance policies disclosed in Section 3.17 (Insurance) above to cease to be in full force and effect immediately following the Closing Date.

#### 5.13 Employee Incentive Arrangements

MDL agrees that it will implement the employee incentive arrangements relating to certain key Employees on a basis that is consistent with employee incentive arrangements implemented for the benefit of key employees of other TSA business units.

### ARTICLE VI TSA COVENANTS

#### 6.1 Advice of Changes

During the period from the date of this Agreement until the earlier of the Effective Time and the termination of this Agreement in accordance with its terms, TSA will promptly advise MDL in writing (a) of any event or fact occurring subsequent to the date of this Agreement which becomes known to TSA that would render any representation or warranty of any of the TSA Companies contained in this Agreement, if made on or as of the date of such event or the Closing Date, untrue or inaccurate in any material respect, (b) if any Material Adverse Effect on TSA and its Affiliates which becomes known to TSA and (c) of any breach by TSA of any covenant or agreement contained in this Agreement. TSA will provide or otherwise make available to MDL (either directly or through EDGAR) a copy of all publicly available materials filed by TSA with the SEC promptly after each such filing is made.

#### 6.2 Regulatory Approvals

TSA will promptly execute and file, or join in the execution and filing, of any application or other document that may be necessary in order to obtain the authorization, approval or consent of any Governmental Entity that may be reasonably required, or which MDL may reasonably request, in connection with the consummation of the transactions contemplated by this Agreement. TSA will use its commercially reasonable efforts to promptly obtain all such authorizations, approvals and consents. Without limiting the generality of the foregoing, as promptly as practicable after the execution of this Agreement, TSA shall file a pre-merger notification report under the HSR Act and the Investment Canada Act if required by Law.

#### 6.3 Necessary Consents

During the term of this Agreement, each of the TSA Companies will use its commercially reasonable efforts to obtain such written consents and take such other actions as may be necessary or appropriate in addition to those set forth in Section 6.2 (including without limitation, those consents and action required of TSA set forth in Article VIII (Conditions Precedent to Obligations of MDL)) to allow the consummation of the transactions contemplated hereby.

#### 6.4 Satisfaction of Conditions Precedent

During the term of this Agreement, TSA will use its commercially reasonable efforts to satisfy or cause to be satisfied all the conditions precedent that are set forth in Article VIII, and TSA will use its commercially reasonable efforts to cause the Plan of Arrangement and the other transactions contemplated by this Agreement to be consummated and shall take such

commercially reasonable steps as are appropriate so that the representations and warranties of the TSA Companies in this Agreement remain complete and correct on and as of the Closing Date.

#### 6.5 Employee Incentive Arrangements

TSA agrees that it will cause MDL to implement the employee incentive arrangements relating to certain key Employees on a basis that is consistent with employee incentive arrangements implemented for the benefit of key employees of other TSA business units.

#### 6.6 Issuance and Listing of TSA Class A Common Share

For so long as any Exchangeable Shares or Replacement TSA Options are held by holders other than TSA and its Affiliates, TSA will cause the TSA Class A Common Shares which are to be issued directly in consideration for MDL Class A Shares or to be issued from time to time upon exchange of the Exchangeable Shares or upon exercise of Replacement TSA Options, to be quoted on the NASDAQ or such other exchange or quotation system to the same extent as TSA stock is quoted generally, subject only to official notice of issuance.

#### 6.7 Registration Statement

TSA shall prepare and file the Registration Statement with the SEC on a timely basis. TSA shall use commercially reasonable efforts to ensure that the Registration Statement shall become effective under the U.S. Securities Act and shall remain effective so long as any Exchangeable Shares are outstanding. As soon as reasonably practicable after the Effective Date, TSA shall prepare and file with the SEC a registration statement on Form S-8 (or other appropriate form) with respect to the TSA Class A Common Shares subject to Replacement TSA Options. TSA shall use commercially reasonable efforts to ensure that such registration statement shall remain effective so long as any Replacement TSA Options are outstanding.

#### 6.8 Non-Solicitation

Upon execution of this Agreement and for a period of one hundred and eighty (180) days from the date that this Agreement is terminated pursuant to Article X, TSA and its Affiliates will not directly or indirectly recruit, solicit, induce or otherwise promote or encourage any Employee to terminate his or her employment or otherwise cease his or her relationship with any of the MDL Companies. In addition, neither TSA nor any Affiliate of TSA will hire or employ or use under any subcontracting arrangement any present or former MDL Employee of any of the MDL Companies for a period of one hundred and eighty (180) days from the date that this Agreement is terminated pursuant to Article X without the prior written consent of an authorized executive of MDL.

#### 6.9 Cooperation

MDL and TSA have discussed a strategy for approaching existing and prospective customers in an effort to ensure that the business objectives of the transactions contemplated hereby will be achieved and the business of MDL is not harmed after execution of this Agreement until the Closing Date. To the extent permitted by applicable Law and the contractual and other legal obligations of MDL and TSA to their respective customers, TSA will cooperate with MDL in developing this strategy and TSA agrees to approach customers on a joint basis with MDL consistent with the agreed strategy.

#### 6.10 Access to Information

Subject to the terms of the Mutual Non-Disclosure Agreement entered into between MDL and TSA on May 10, 2000 and provided that each Person having access to any TSA information also enters into a non-disclosure agreement with TSA (in form and substance satisfactory to TSA) agreeing not to sell or trade TSA Class A Common Shares so long as any information reviewed is in the non-public domain, during the term of this Agreement, TSA will allow MDL and its agents reasonable access to the files, books, records and offices of TSA, including, without limitation, all information relating to the Taxes, commitments, contracts, leases, licenses, and products of TSA and its Affiliates, the TSA IP Rights, and real, personal and intangible property and financial condition of TSA and its Affiliates as MDL may reasonably request. TSA will use commercially reasonable efforts to cause its accountants and personnel

to cooperate with MDL and its agents in making available to MDL all financial and other information reasonably requested. MDL acknowledges that certain of such information may be competitively sensitive and that disclosure thereof shall be limited to the extent necessary for the purpose of preserving for TSA the value inherent in its property, including the TSA IP Rights.

#### 6.11 Continuing Ownership

- (a) TSA will continue to be the indirect beneficial holder of all of the issued and outstanding shares of TSA Holdco. A Delaware special purpose corporation (directly or indirectly wholly-owned by TSA) will be the direct holder of the issued and outstanding shares of TSA Holdco.
- (b) TSA Holdco will continue to be the direct beneficial holder of all of the issued and outstanding voting shares of TSA Exchangeco. Non-voting preferred shares of TSA Exchangeco will be transferred to one or more third parties in connection with the Closing. The TSA Companies hereby undertake that the provisions attaching to such non-voting preferred shares will be appended as Appendix C to the Plan of Arrangement as soon as reasonably practicable but in no event later than fifteen (15) Business Days after execution of this Agreement. Such preferred shares will be entitled to cumulative dividends but the preferred share provisions will provide that no dividends will be paid on the preferred shares if TSA Exchangeco is in default of its dividend obligations on the Exchangeable Shares. The preferred shares may also be redeemable and retractable. MDL hereby consents to the necessary amendments to the Plan of Arrangement and other applicable Ancillary Agreements to reflect the existence and terms of such preferred shares.

#### 6.12 Preparation of Proxy Materials

TSA will cooperate with MDL in the preparation and drafting of the Proxy Materials. The information to be supplied by TSA for inclusion in the Proxy Materials shall be supplied by TSA as soon as reasonably practicable but in no event later than twenty (20) Business Days following the request for such information.

#### 6.13 Establishment of Escrow

Simultaneously with the execution and delivery of the Escrow Agreement, TSA Exchangeco shall deposit with the Escrow Agent certificates representing the Escrowed Shares.

### ARTICLE VII CLOSING MATTERS

#### 7.1 The Closing

Subject to the termination of this Agreement as provided in Article X (Termination) below, the Closing will take place on the Closing Date at the offices of Baker & McKenzie, Suite 2100, 181 Bay Street, Toronto, Ontario and at a time to be mutually agreed upon by the parties. The Closing Date shall be no later than the fifth (5th) Business Day after all conditions precedent set forth herein shall have been satisfied or waived, unless another place, time and date is mutually selected by MDL and TSA. Concurrently with the Closing, the Articles of Arrangement giving effect to the Plan of Arrangement will be filed with the Registrar under the ABCA.

#### 7.2 Ancillary Agreements/Reservation of Shares

- (a) Provided that the conditions set forth in Articles VIII and IX (Conditions Precedent) of this Agreement have been satisfied or waived, MDL shall, on the Closing Date, file the Articles of Arrangement giving effect to the Plan of Arrangement pursuant to the ABCA.
- (b) Provided that the conditions set forth in Articles VIII and IX (Condition Precedent) of this Agreement have been satisfied or waived, on the Closing Date the following Ancillary Agreements shall be executed and delivered by the parties thereto:

- (i) The TSA Companies shall execute and deliver the Support Agreement;
- (ii) The TSA Companies and the Trustee shall execute and deliver the Voting and Exchange Trust Agreement; and
- (iii) The TSA Companies, the Shareholder Agent and the Escrow Agent shall execute and deliver the Escrow Agreement.

On or before the Closing Date, the board of directors of TSA shall have adopted a resolution (i) designating and issuing the TSA Special Voting Share (as defined in the Plan of Arrangement), and such resolution shall be in full force and effect, (ii) authorizing the issuance of such number of TSA Class A Common Shares as shall be required to accommodate any acquisition of MDL Class A Shares or the immediate exchange of Exchangeable Shares, and (iii) adopting the MDL Stock Option Plan and authorizing the issuance of the Replacement TSA Options. On or before the Closing Date, TSA shall have reserved for issuance such number of TSA Class A Common Shares as shall be necessary to give effect to the exchanges contemplated hereby and by the Plan of Arrangement.

ARTICLE VIII  
CONDITIONS PRECEDENT TO OBLIGATIONS OF MDL

The obligations of MDL hereunder are subject to the fulfillment or satisfaction on or before the Closing Date of each of the following conditions (any one or more of which may be waived by MDL, but only in a writing signed by MDL):

8.1 Accuracy of Representations and Warranties

The representations and warranties of TSA set forth in Article IV shall be true and accurate in all material respects on and as of the Closing Date with the same force and effect as if they had been made on the Closing Date except for changes contemplated by this Agreement (including, without limitation, Section 6.1 (Advice of Changes) and MDL shall receive a certificate to such effect executed by an officer of TSA.

8.2 Covenants

TSA shall have performed and complied in all material respects with all of its covenants required to be performed by TSA under this Agreement or the Plan of Arrangement on or before the Closing Date, and MDL shall receive a certificate to such effect signed by an officer of TSA.

8.3 Absence of Material Adverse Effect

There shall not have occurred any event or change since the date hereof that has a Material Adverse Effect on TSA and its Affiliates. For the sake of clarity, a material decrease in the price of TSA Class A Common Shares does not itself constitute a Material Adverse Effect on TSA and its Affiliates.

8.4 Compliance with Law

There shall be no order, decree or ruling by any Governmental Entity or threat thereof, or any applicable Law enacted, entered, enforced or deemed applicable to the Plan of Arrangement, that would prohibit or render illegal the transactions contemplated by this Agreement.

8.5 Shareholder Approval

The Arrangement shall have been approved and adopted by the MDL Securityholders in accordance with applicable Law and MDL's articles of incorporation and bylaws, and, provided that MDL shall have filed the Articles of Arrangement giving effect to the Arrangement, such Articles of Arrangement shall have become legally effective to give effect to the Plan of Arrangement as of the Effective Time.

8.6 No Legal Action

No temporary restraining order, preliminary injunction or permanent injunction or other order preventing the consummation of the Arrangement or any other transaction contemplated hereby shall have been issued by any Governmental Entity and remain in effect, nor shall any proceeding seeking any of the foregoing be pending.

#### 8.7 Governmental Approvals

All necessary orders, approvals and consents required to consummate the Arrangement and this Agreement and the Ancillary Agreements shall have been obtained from applicable Governmental Entities including without limitation the following:

- (a) Orders, decisions or rulings of the applicable securities commissions and regulatory authorities (including approval of the Proxy Materials, if required);
- (b) Final order of the Court approving the Arrangement; and
- (c) Orders, decisions or rulings required under applicable Law (including "blue sky" Laws) and the rules of the NASDAQ.

#### 8.8 Exemption

An exemption from registration under Section 3(a)(10) of the U.S. Securities Act shall be available for the issuance of Replacement TSA Options, Exchangeable Shares and TSA Class A Common Shares issued at Closing in exchange for MDL Class A Shares or MDL Options.

#### 8.9 HSR Act

The parties shall have complied with the requirements of the HSR Act, if applicable.

#### 8.10 Tax Status

There shall not have occurred any change in the ITA or the regulations thereunder enacting into Law a change first proposed from and after the date hereof, or any proposal made from and after the date hereof by the Minister of Finance of Canada to amend the ITA or the regulations thereunder which, if enacted, would result in the exchange of MDL Class A Shares for Exchangeable Shares not being eligible for election under Subsection 85(1) or Subsection 85(2) of the ITA, to the extent that such exchange would have been eligible for election under Subsection 85(1) or 85(2) if such change had not been enacted; and there shall not have been any official or administrative pronouncement or action announced or adopted after the date hereof or judicial decision rendered after the date hereof interpreting or applying the ITA or the regulations thereunder, that would result in or could reasonably be expected to result in any of the foregoing.

#### 8.11 Delivery of Agreements

Each of the following agreements, in form and substance satisfactory to MDL, shall have been executed by all parties thereto except for MDL and the Shareholder Agent and delivered to MDL:

- (a) the Voting and Exchange Trust Agreement;
- (b) the Support Agreement; and
- (c) the Escrow Agreement.

#### 8.12 Effectiveness of the Registration Statement

The Registration Statement shall be effective under the U.S. Securities Act. No stop order suspending the effectiveness of the Registration Statement shall have been issued by the SEC and no proceedings for that purpose and no similar proceeding in respect of the Registration Statement shall have been initiated or threatened by the SEC.

#### 8.13 Opinion of TSA's Counsel

MDL shall have received from Baker & McKenzie, Canadian and U.S. counsel to TSA, opinions described in Exhibit 8.13 in connection with the transactions contemplated by this Agreement and subject to the customary qualifications and reliances.

8.14 Consents, Waivers, Etc

TSA shall have received all written consents, assignments, waivers, authorizations or other certificates necessary to provide for the continuation in full force and effect of any and all material contracts and leases of the TSA Companies and for the TSA Companies to consummate the transactions contemplated hereby, except when the failure to receive such consents, or other certificates would not have a Material Adverse Effect on TSA and its Affiliates.

ARTICLE IX  
CONDITIONS PRECEDENT TO OBLIGATIONS OF  
THE TSA COMPANIES

The obligations of the TSA Companies hereunder are subject to the fulfillment or satisfaction on or before the Closing Date of each of the following conditions (any one or more of which may be waived by TSA, but only in a writing signed by TSA):

9.1 Accuracy of Representations and Warranties

The representations and warranties of MDL set forth in Article III (as qualified by the MDL Disclosure Letter) shall be true and accurate in all material respects on and as of the Closing Date with the same force and effect as if they had been made at the Closing except for changes contemplated by this Agreement (including, without limitation, Section 5.1), the Ancillary Agreements and the Plan of Arrangement and TSA shall receive a certificate to such effect executed by MDL's Chief Executive Officer.

9.2 Covenants

MDL shall have performed and complied in all material respects with all of its covenants required to be performed by it under this Agreement or the Plan of Arrangement on or before the Closing Date, and TSA shall receive a certificate to such effect signed by MDL's Chief Executive Officer.

9.3 Absence of Material Adverse Effect

There shall not have occurred any event or change since the date hereof that has a Material Adverse Effect on MDL and the MDL Subsidiaries.

9.4 Compliance with Law

There shall be no order, decree or ruling by any Governmental Entity or threat thereof, or any applicable Law enacted, entered, enforced or deemed applicable to the Plan of Arrangement, that would prohibit or render illegal the transactions contemplated by this Agreement.

9.5 Opinion of MDL's Counsel

TSA shall have received from Miller Thomson LLP, Canadian counsel to MDL, opinions described in Exhibit 9.5 in connection with the transactions contemplated by this Agreement and subject to the customary qualifications and reliances.

9.6 Consents, Waivers, Etc

MDL shall have received all written consents, assignments, waivers, authorizations or other certificates necessary to provide for the continuation in full force and effect of any and all material contracts and leases of the MDL Companies and for MDL to consummate the transactions contemplated hereby, except when the failure to receive such consents, or other certificates would not have a Material Adverse Effect on MDL. For the avoidance of doubt and without limitation of the foregoing, consents under the contracts listed in Subsection 3.3(b) of the MDL Disclosure Letter will be required.

9.7 MDL Approvals

The Arrangement shall have been approved and adopted by the MDL



Securityholders in accordance with applicable Law and MDL's articles of incorporation and bylaws.

#### 9.8 Plan of Arrangement

Articles of Arrangement giving effect to the Arrangement shall have been filed with the Registrar under the ABCA and become legally effective to give effect to the Plan of Arrangement as of the Effective Time.

#### 9.9 Delivery of Agreements

The Principal Securityholders' Agreement and the Estoppel Certificates (as such term is defined in the Principal Securityholders' Agreement) shall be unamended and in full force and effect. In addition, each of the following agreements, in form and substance satisfactory to TSA, shall have been executed by all parties thereto except for the TSA Companies and delivered to TSA:

- (a) an Affiliate Letter executed by each SEC Affiliate of MDL, including executive officers, directors and holders of 10% or more of the MDL Class A Shares; and
- (b) the Escrow Agreement.

#### 9.10 No Legal Action

No temporary restraining order, preliminary injunction or permanent injunction or other order preventing the consummation of the Arrangement or any other transaction contemplated hereby shall have been issued by any Governmental Entity and remain in effect, nor shall any proceeding seeking any of the foregoing be pending.

#### 9.11 Termination of Certain Agreements

Each of the following agreements shall have been terminated: (i) the Shareholders Agreement; and (ii) Special Warrant Indenture dated December 30, 1999 between MDL and CIBC Mellon Trust Company. If the Agency Agreement dated December 30, 1999 between MDL and Yorkton Securities Inc., has not been terminated prior to the Closing, as of the Closing Date, MDL shall have satisfied all of its covenants pursuant thereto and not be in default of any provision thereto.

#### 9.12 Governmental Approvals

All necessary orders, approvals and consents required to consummate the Arrangement and this Agreement and the Ancillary Agreements as listed in Section 3.3 (Authority) of the MDL Disclosure Letter shall have been obtained from applicable Governmental Entities including without limitation the following:

- (a) Orders, decisions or rulings of the applicable securities commissions and regulatory authorities (including approval of the Proxy Materials, if required);
- (b) Final order of the Court approving the Arrangement in form and substance reasonably satisfactory to TSA; and
- (c) Orders, decisions or rulings required under applicable Law (including "blue sky" Laws) and the rules of the NASDAQ.

#### 9.13 HSR Act

The parties shall have complied with the requirements of the HSR Act, if applicable.

#### 9.14 Resignation of Directors and Officers

Each member of the board of directors of MDL and each officer of all of the MDL Companies shall have delivered to TSA an instrument resigning such person's position as of the Effective Time.

#### 9.15 Dissenting Shareholders

MDL shall not have received on or prior to the Effective Time notice from the holders of more than 5% of the MDL Securities (who have a right to dissent) of their intention to exercise rights of dissent under Section 184 of the ABCA or pursuant to an order of the Court.

9.16 Exemption from Registration for Exchangeable Shares

An exemption from registration under Section 3(a)(10) of the U.S. Securities Act shall be available for the issuance of Replacement TSA Options, Exchangeable Shares and TSA Class A Common Shares issued at Closing in exchange for MDL Class A Shares or MDL Options.

9.17 Effectiveness of the Registration Statement

The Registration Statement shall be effective under the U.S. Securities Act. No stop order suspending the effectiveness of the Registration Statement shall have been issued by the SEC and no proceedings for that purpose and no similar proceeding in respect of the Registration Statement shall have been initiated or threatened by the SEC.

ARTICLE X  
TERMINATION OF AGREEMENT

10.1 Termination

This Agreement may be terminated at any time prior to the Effective Time, whether before or after approval of the Plan of Arrangement by the MDL Securityholders and by the Court:

- (a) by mutual agreement of MDL and TSA;
- (b) by MDL, if there has been a breach by TSA of any representation, warranty, covenant or agreement set forth in this Agreement on the part of TSA, or if any representation of TSA shall have become untrue, in either case which has or can reasonably be expected to have a Material Adverse Effect on TSA and its Affiliates and which TSA fails to cure within fifteen (15) Business Days after written notice thereof from MDL (except that no cure period shall be provided for a breach by TSA which by its nature cannot be cured);
- (c) by MDL, if the conditions set forth in Subsections 5.9(b) and 5.9(c) have been satisfied and (i) the board of directors of MDL fails to recommend or withdraws its recommendation of this Agreement or the Plan of Arrangement or shall have resolved to do so pursuant to Section 5.9 (No Other Negotiations); or (ii) if the board of directors of MDL shall have recommended to the MDL Securityholders a Superior Proposal or resolved to do so. Notwithstanding the opening language of this Section 10.1, MDL's right to terminate in this Subsection only arises after the MDL Securityholders fail to approve the Plan of Arrangement at the MDL Securityholders Meeting or any adjournment thereof and MDL has paid up to \$1,000,000.00 of the TSA Expenses as required by Section 11.3 (Termination Fees and Expenses).
- (d) by TSA, if there has been a breach by MDL of any representation, warranty, covenant or agreement set forth in this Agreement on the part of MDL, or if any representation of MDL shall have become untrue, in either case which has or can reasonably be expected to have a Material Adverse Effect on the MDL Companies or TSA, and which MDL fails to cure within fifteen (15) Business Days after written notice thereof from TSA (except that no cure period shall be provided for a breach by MDL which by its nature cannot be cured);
- (e) by TSA, (i) if the board of directors of MDL fails to recommend or withdraws its recommendation of this Agreement or the Plan of Arrangement or shall have resolved to do so; or (ii) if the board of directors of MDL shall have recommended to the MDL Securityholders any Business Combination Transaction or resolved to do so; or (iii) if an offer to acquire 50% of more of the outstanding MDL Class A Shares is commenced, and the board of directors of MDL fails to recommend against the MDL Securityholders tendering their MDL Class A Shares into such offer;
- (f) by TSA, if the MDL Securityholders fail to approve the Plan of Arrangement at the MDL Securityholders Meeting;
- (g) by TSA or MDL, if the Court fails to issue an interim or final order approving the Plan of Arrangement;
- (h) by MDL or TSA, if all the conditions for Closing the Arrangement shall

not have been satisfied or waived on or before 5:00 p.m., Toronto time on the date which is one hundred and twenty (120) days following execution of this Agreement or such later date as may be agreed upon in writing by MDL and TSA, other than as a result of a breach of this Agreement by the terminating party; or

- (i) by MDL or TSA, if a permanent injunction or other order by any Governmental Entity shall have been issued and shall have become final and non-appealable that would (i) make illegal or otherwise restrain or prohibit the consummation of the Arrangement or any other transaction contemplated hereby, (ii) prohibit TSA's ownership or operation of all or any portion of the business or assets of the MDL Companies or (iii) compel TSA to dispose of or hold separate all or any portion of the business or assets of the MDL Companies.

#### 10.2 Notice of Termination

Any termination of this Agreement under Section 10.1 above will be effective by the delivery of written notice by the terminating party to the other party hereto.

#### 10.3 Effect of Termination

In the case of any termination of this Agreement as provided in this Article X, this Agreement shall be of no further force and effect (except as provided in Article XI). Termination or expiration of this Agreement and the Ancillary Agreements through any means and for any reason shall not relieve the parties of any obligation occurring prior thereto and shall be without prejudice to the rights and remedies of either party with respect to any prior breach of any provision of this Agreement. No termination of this Agreement shall affect the obligations of the parties contained in the Mutual Non-Disclosure Agreement entered into between TSA and MDL on May 10, 2000.

#### 10.4 Effect of Termination on Distribution Agreement

In the case of any termination of this Agreement as provided in this Article X, the Distribution Agreement shall contemporaneously terminate only if this Agreement is terminated: (a) by MDL, pursuant to (i) Subsection 10.1(b); or (ii) Subsection 10.1(h) due to a breach by TSA of any representation, warranty, covenant or agreement set forth in this Agreement on the part of TSA which has, or can reasonably be expected to have, a Material Adverse Effect on TSA and its Affiliates; or (b) by TSA, pursuant to Subsection 10.1(h) due to a breach by MDL of any representation, warranty, covenant or agreement set forth in this Agreement on the part of MDL which has not, or cannot reasonably be expected to have, a Material Adverse Effect on the MDL Companies. For the sake of clarity, unless one of the foregoing conditions is satisfied, the Distribution Agreement shall be unaffected by termination of this Agreement.

### ARTICLE XI SURVIVAL OF REPRESENTATIONS, WARRANTIES AND COVENANTS; INDEMNITY

#### 11.1 Survival of Representations and Warranties

All representations, warranties and covenants of MDL and each of the TSA Companies, respectively, contained in this Agreement will survive, regardless of any investigation made by, or on behalf of, the parties to this Agreement, until the first (1st) anniversary of the Effective Time or as noted below in Section 11.2. Notwithstanding anything in this Agreement, the aggregate liability of the TSA Companies whether to MDL or to the MDL Securityholders shall in no event exceed the aggregate value of 20% of the TSA Class A Common Shares delivered at Closing and TSA Class A Common Shares underlying the Exchangeable Shares based on the Average Trading Price.

#### 11.2 Survival of Certain Covenants

Certain covenants of the parties contained herein shall not be extinguished by the Closing or the termination of this Agreement in accordance with the terms of Article X hereof in the following manner:

- (a) The covenants of the parties contained in Sections 12.7 (Expenses), 12.8 (Legal Fees), 12.10 (No Personal Liability) and 12.12 (Further

Assurances) shall survive both the Closing and the termination of this Agreement in accordance with the terms of Article X hereof;

- (b) The covenants of TSA and its Affiliates, contained in Section 6.8 (Non-Solicitation) and the covenants of the parties contained in Section 12.13 (Public Announcement) of this Agreement shall survive the termination of this Agreement in accordance with the terms of Article X hereof and remain operative and in full force and effect for the periods stated therein;
- (c) The covenants of MDL and TSA contained in, respectively, Section 5.13 and 6.5 (Employee Incentive Arrangements) of this Agreement shall survive the Closing and shall remain operative and in full force and effect; and
- (d) The covenant of TSA contained in Section 6.7 (Registration Statement) shall survive the Closing and remain in full force and effect until there are no Exchangeable Shares held by holders other than TSA and its Affiliates.

#### 11.3 Termination Fees and Expenses

- (a) MDL shall pay TSA the Alternative Proposal Fee and the TSA Expenses if:
  - (i) this Agreement is terminated pursuant to Subsections 10.1(c) or 10.1(e) and any Business Combination Transaction is thereafter consummated within nine (9) months of such termination;
  - (ii) this Agreement is terminated pursuant to Subsection 10.1(f) as a result of the failure of the MDL Securityholders to approve the Arrangement and a Business Combination Transaction proposal shall have been made prior to such vote, and any Business Combination Transaction is thereafter consummated within nine (9) months of such termination; or
  - (iii) this Agreement is terminated pursuant to Subsection 10.1(g) as a result of the failure of the Court to issue an interim or final order approving this Agreement and the Arrangement and a Business Combination Transaction proposal shall have been made prior to such termination and any Business Combination Transaction is thereafter consummated within nine (9) months of such termination.
- (b) MDL shall not be required to pay TSA Expenses in excess of one million dollars (\$1,000,000.00) pursuant to this Section 11.3.
- (c) Payment of the TSA Expenses by MDL to TSA arising pursuant to the terms of Subsection 11.3(a)(i) shall be made prior to termination of this Agreement. Payment of the Alternative Proposal Fee by MDL to TSA arising pursuant to the terms of Subsection 11.3(a)(i) shall be made contemporaneously with the consummation of such Business Combination Transaction. For the sake of clarity, even if a Business Combination Transaction is not consummated within nine (9) months of a termination pursuant to Subsections 10.1(c) or 10.1(e), MDL shall be required to pay the TSA Expenses prior to such termination but shall not be required to pay the Alternative Proposal Fee.
- (d) Payment of the Alternative Proposal Fee and the TSA Expenses by MDL to TSA arising pursuant to the terms of Subsection 11.3(a)(ii) or (iii) shall be made contemporaneously with the consummation of such Business Combination Transaction.

#### 11.4 Indemnification of the Indemnitees

Without limiting any other rights the Indemnitees (as such term is defined in the Plan of Arrangement) may have as against Persons other than the Indemnifying Shareholders in respect of Losses suffered by TSA and its Affiliates in connection with this Agreement, at the Effective Time, the Indemnitees shall be entitled to exercise the rights set forth in Section 7.1 of the Plan of Arrangement and in the Escrow Agreement against the Indemnifying Shareholders in the event of any Losses suffered or incurred by an Indemnitee resulting from the inaccuracy or breach of any representation or warranty of MDL, any breach of or failure to perform any covenant or agreement of MDL in the Combination Agreement or in any certificate furnished by MDL pursuant to the

Combination Agreement at Closing or any of the Indemnifying Shareholders or any other matter set forth herein to the extent and on the terms set forth in the Escrow Agreement. The Indemnitees' sole remedy for such indemnification from the Indemnifying Shareholders is as set out in Section 7.1 of the Plan of Arrangement and the Escrow Agreement.

ARTICLE XII  
MISCELLANEOUS

12.1 Governing Law

The laws of the Province of Alberta, Canada (irrespective of its choice of law principles) will govern the validity of this Agreement, the construction of its terms and the interpretation and enforcement of the rights and duties of the parties hereto.

12.2 Assignment Binding Upon Successors and Assigns

None of the parties hereto may assign any of its rights or obligations hereunder or under the Ancillary Agreements without the prior written consent of the other parties hereto or thereto. This Agreement will be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns. The TSA Companies expressly agree and acknowledge that the representations, warranties and covenants of the TSA Companies herein are for the benefit of and shall inure to the benefit of the MDL Securityholders in addition to MDL.

12.3 Severability

If any provision of this Agreement, or the application thereof, will for any reason and to any extent be invalid or unenforceable, the remainder of this Agreement and 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 greatest extent possible, the economic, business, legal and other purposes of the void or unenforceable provision.

12.4 Facsimile and Counterparts

This Agreement may be executed by facsimile and in any number of counterparts, each of which will be deemed to be an original as regards any party whose signature appears thereon and all of which together will constitute one and the same instrument. This Agreement will become binding when one or more counterparts hereof, individually or taken together, will bear the signatures of all the parties reflected hereon as signatories.

12.5 Other Remedies

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 on such party, and the exercise of any one remedy will not preclude the exercise of any other.

12.6 Amendment and Waivers

Any term or provision of this Agreement may be amended, and the observance of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively) only by a writing signed by the party to be bound thereby. The waiver by a party of any breach hereof or default in the performance hereof will not be deemed to constitute a waiver of any other default or any succeeding breach or default. The Agreement may be amended by the parties hereto at any time before or after approval of the MDL Securityholders, but, after such approval, no amendment will be made which by applicable Law requires the further approval of the MDL Securityholders without obtaining such further approval.

12.7 Expenses

Each party will bear its respective fees and expenses (including the fees and expenses of legal counsel, accountants and investment bankers) incurred with respect to this Agreement, and the transactions contemplated hereby;

provided, that, in the event that this transaction is consummated, the total of all such fees and expenses incurred by MDL and for which it shall be responsible (including the fees and expenses described in Section 3.16 hereof) shall not exceed CDN\$1,800,000.00. MDL has provided TSA with a budget of all such fees and expenses required in connection with the completion of the transactions contemplated by this Agreement and shall use its commercially reasonable efforts to consummate such transactions without exceeding the budgeted amount and shall not enter into any agreement or take any action inconsistent with the foregoing. If MDL's aggregate fees and expenses exceed CDN\$1,800,000.00, then such excess amount shall be paid by the Indemnifying Shareholders pursuant to Section 7.1 of the Plan of Arrangement and the terms of the Escrow Agreement.

#### 12.8 Legal Fees

Should suit be brought to enforce or interpret any part of this Agreement, the prevailing party will be entitled to recover, as an element of the costs of suit and not as damages, reasonable legal fees to be fixed by the court (including, without limitation, costs, expenses and fees on any appeal). The prevailing party will be entitled to recover its costs of suit, regardless of whether such suit proceeds to final judgment.

#### 12.9 Notices

All notices and other communications pursuant to this Agreement shall be in writing and deemed to be sufficient if contained in a written instrument and shall be deemed given if delivered personally, by facsimile, sent by nationally-recognized overnight courier or mailed by registered or certified mail (return receipt requested), postage prepaid, to the parties at the following address (or at such other address for a party as shall be specified by like notice):

If to MDL to:

MessagingDirect Ltd.  
#900, 10117 Jasper Avenue  
Edmonton, Alberta  
T5J 1W8  
Attention: Chief Executive Officer  
Facsimile: (780) 424-4925

with a copy to:

Miller Thomson LLP  
2700 Commerce Place  
10155-102 Street  
Edmonton, AB  
T5J 4G8  
Attention: Joseph Yurkovich  
Facsimile: (780) 424-5866

with a copy to:

Miller Thomson LLP  
20 Queen Street West, Suite 2400  
Toronto, Ontario  
M5H 3S1  
Attention: Barbara Doherty  
Facsimile: (416) 595-8695

If to any TSA Company:

Transaction Systems Architects, Inc.  
224 South 108th Avenue  
Suite 7  
Omaha, Nebraska  
68154  
Attention: General Counsel and Secretary  
Facsimile: (402) 390-8077

with a copy to:

Baker & McKenzie  
181 Bay Street  
Suite 2100  
Toronto, Ontario  
M5J 2T3  
Attention: Kathleen M. Orysiuk  
Facsimile: (416) 863-6275

All such notices and other communications shall be deemed to have been received (a) in the case of personal delivery, on the date of such delivery, (b) in the case of a facsimile, when the party receiving such copy shall have confirmed receipt of the communication, (c) in the case of delivery by nationally-recognized overnight courier, on the Business Day following dispatch, and (d) in the case of mailing, on the tenth Business Day following such mailing.

#### 12.10 No Personal Liability

- (a) No director or officer of any MDL Company shall have, in such capacity, any personal liability to any Person under this Agreement or any other document delivered in connection with the Arrangement on behalf of a MDL Company. For the sake of clarity, if a director or officer of a MDL Company is also a MDL Securityholder, the foregoing limitation shall not apply to such Person's liability as a MDL Securityholder or under the Principal Securityholder Agreement.
- (b) No director or officer of TSA or any Affiliate of TSA shall have, in such capacity, any personal liability to any Person under this Agreement or any other document delivered in connection with the Arrangement on behalf of TSA or any Affiliate of TSA.

#### 12.11 No Joint Venture

Nothing contained in this Agreement will be deemed or construed as creating a joint venture or partnership between any of the parties. No party is by virtue of this Agreement authorized as an agent, employee or legal representative of any other party. No party will have the power to control the activities and operations of any other and their status is, and at all times, will continue to be, that of independent contractors with respect to each other. No party will have any power or authority to bind or commit any other. No party will hold itself out as having any authority or relationship in contravention of this Section.

#### 12.12 Further Assurances

Each party agrees to cooperate fully with the other parties and to execute such further instruments, documents and agreements and to give such further written assurances as may be reasonably requested by any other party to evidence and reflect the transactions described herein and contemplated hereby and to carry into effect the intents and purposes of this Agreement.

#### 12.13 Public Announcement

Upon execution of this Agreement, TSA and MDL promptly will issue a joint press release approved by both parties announcing the Plan of Arrangement. Thereafter, TSA or MDL may issue such press releases, and make such other disclosures regarding the Plan of Arrangement, as each determines (after consultation with legal counsel) are required under applicable Laws or by the NASDAQ, provided that to the extent reasonably practicable each will provide advance notice to the other of the form and content of any such disclosure and opportunity to comment promptly thereon, and shall in any case promptly deliver to the other a copy of such disclosure in the form released. Notwithstanding the foregoing, before the earlier of the Effective Time and the termination of this Agreement in accordance with its terms, MDL shall, prior to the issuance of any disclosure regarding its financial results for any period, provide to TSA a copy of such disclosure substantially in the form to be released.

#### 12.14 Entire Agreement

This Agreement and the exhibits hereto and the Ancillary Agreements constitute the entire understanding and agreement of the parties hereto with respect to the subject matter hereof and supersede all prior agreements or

understandings, inducements or conditions, express or implied, written or oral, between the parties with respect hereto other than the Mutual Non-Disclosure Agreement referred to in Section 10.3 (Effect of Termination), which shall remain in full force and effect. The express terms hereof control and supersede any course of performance or usage of the trade inconsistent with any of the terms hereof.

IN WITNESS WHEREOF, the parties hereto have executed this Combination Agreement as of the date first above written.

TRANSACTION SYSTEMS ARCHITECTS, INC.

By: \_\_\_\_\_  
Name:  
Title:

TRANSACTION SYSTEMS ARCHITECTS  
NOVA SCOTIA COMPANY

By: \_\_\_\_\_  
Name:  
Title:

TSA EXCHANGE CO LIMITED

By: \_\_\_\_\_  
Name:  
Title:

MESSAGINGDIRECT LTD.

By: \_\_\_\_\_  
Name:  
Title:

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LIST OF EXHIBITS

- Exhibit 2.1 - Plan of Arrangement
- Exhibit 2.4 - Escrow Agreement
- Exhibit 3.4 - MDL Balance Sheet
- Exhibit 7.2 (b) (i) - Support Agreement
- Exhibit 7.2 (b) (ii) - Voting and Exchange Trust Agreement
  
- Exhibit 8.13 - Opinion of TSA's counsel
- Exhibit 9.5 - Opinion of MDL's counsel
- Exhibit 9.9 (a) - Affiliate Letter

TABLE OF CONTENTS



ARTICLE I INTERPRETATION.....	2
1.1 Definitions.....	2
1.2 Interpretation not affected by headings, etc.....	9
1.3 Currency.....	10
1.4 Number, etc.....	10
1.5 Date for any action.....	10
1.6 Accounting Matters.....	10
1.7 Statutory References.....	10
1.8 Knowledge.....	10
ARTICLE II STRUCTURE OF THE TRANSACTION.....	11
2.1 Court Approval.....	11
2.2 Arrangement.....	11
2.3 Dissenting Shares.....	13
2.4 Escrow of Shares.....	13
2.5 Other Effects of the Arrangement.....	13
2.6 Exchange of Call Rights for Put Rights.....	13
2.7 Adjustments to Exchange Ratio Prior to Effective Date.....	14
2.8 Total Number of Shares.....	14
ARTICLE III REPRESENTATIONS AND WARRANTIES OF MDL.....	14
3.1 Organization, Good Standing, Qualification and Power.....	14
3.2 Capital Structure.....	15
3.3 Authority.....	16
3.4 Financial Statements.....	17
3.5 Absence of Undisclosed Liabilities.....	17
3.6 Receivables.....	17
3.7 Compliance with Applicable Laws.....	18
3.8 Litigation.....	18
3.9 Employees.....	18
3.10 Employee Benefits.....	21
3.11 Absence of Certain Changes or Events.....	23
3.12 Agreements.....	26
3.13 No Defaults.....	27
3.14 Taxes.....	28
3.15 Intellectual Property.....	29
3.16 Fees and Expenses.....	31
3.17 Insurance.....	32
3.18 Ownership of Property.....	32
3.19 Environmental Matters.....	33
3.20 Interested Party Transactions.....	33
3.21 Board Approval.....	33
3.22 Vote Required.....	34
3.23 Disclosure.....	34
3.24 Restrictions on Business Activities.....	34
3.25 Books and Records.....	35
3.26 Customers.....	35
3.27 Competition Act.....	35
3.28 Investment Canada Matters.....	36
3.29 Fairness Opinions.....	36
3.30 Sales of MDL Securities.....	36
3.31 Governmental Authorizations and Licenses.....	36
ARTICLE IV REPRESENTATIONS AND WARRANTIES OF THE TSA COMPANIES.....	36
4.1 Organization, Good Standing, Qualification and Power.....	36
4.2 Capital Structure.....	37
4.3 Authority.....	37
4.4 SEC Documents and Financial Statements.....	38
4.5 Compliance with Law.....	39
4.6 Absence of Certain Changes or Events.....	39
4.7 Investment Canada Act.....	40
4.8 TSA Class A Common Shares.....	40
4.9 Intellectual Property.....	40
4.10 Restrictions on Business Activities.....	40
4.11 TSA Holdco and TSA Exchangeco.....	40
4.12 No Dividends.....	41
4.13 Disclosure.....	41
ARTICLE V MDL COVENANTS.....	41
5.1 Advice of Changes.....	41
5.2 Maintenance of Business.....	42
5.3 Conduct of Business.....	42
5.4 Shareholder Approval.....	44
5.5 Regulatory Approvals.....	44
5.6 Necessary Consents.....	44
5.7 Access to Information.....	45
5.8 Satisfaction of Conditions Precedent.....	45
5.9 No Other Negotiations.....	45

5.10	Cooperation.....	47
5.11	Canadian Clearance Certificates.....	47
5.12	Insurance Policies.....	48
5.13	Employee Incentive Arrangements.....	48
ARTICLE VI	TSA COVENANTS.....	49
6.1	Advice of Changes.....	49
6.2	Regulatory Approvals.....	49
6.3	Necessary Consents.....	49
6.4	Satisfaction of Conditions Precedent.....	49
6.5	Employee Incentive Arrangements.....	50
6.6	Issuance and Listing of TSA Class A Common Share.....	50
6.7	Registration Statement.....	50
6.8	Non-Solicitation.....	50
6.9	Cooperation.....	50
6.10	Access to Information.....	51
6.11	Continuing Ownership.....	51
6.12	Preparation of Proxy Materials.....	52
6.13	Establishment of Escrow.....	52
ARTICLE VII	CLOSING MATTERS.....	52
7.1	The Closing.....	52
7.2	Ancillary Agreements/Reservation of Shares.....	52
ARTICLE VIII	CONDITIONS PRECEDENT TO OBLIGATIONS OF MDL.....	53
8.1	Accuracy of Representations and Warranties.....	53
8.2	Covenants.....	53
8.3	Absence of Material Adverse Effect.....	53
8.4	Compliance with Law.....	53
8.5	Shareholder Approval.....	54
8.6	No Legal Action.....	54
8.7	Governmental Approvals.....	54
8.8	Exemption.....	54
8.9	HSR Act.....	54
8.10	Tax Status.....	54
8.11	Delivery of Agreements.....	55
8.12	Effectiveness of the Registration Statement.....	55
8.13	Opinion of TSA's Counsel.....	55
8.14	Consents, Waivers, Etc.....	55
ARTICLE IX	CONDITIONS PRECEDENT TO OBLIGATIONS OF THE TSA COMPANIES.....	55
9.1	Accuracy of Representations and Warranties.....	56
9.2	Covenants.....	56
9.3	Absence of Material Adverse Effect.....	56
9.4	Compliance with Law.....	56
9.5	Opinion of MDL's Counsel.....	56
9.6	Consents, Waivers, Etc.....	56
9.7	MDL Approvals.....	57
9.8	Plan of Arrangement.....	57
9.9	Delivery of Agreements.....	57
9.10	No Legal Action.....	57
9.11	Termination of Certain Agreements.....	57
9.12	Governmental Approvals.....	57
9.13	HSR Act.....	58
9.14	Resignation of Directors and Officers.....	58
9.15	Dissenting Shareholders.....	58
9.16	Exemption from Registration for Exchangeable Shares.....	58
9.17	Effectiveness of the Registration Statement.....	58
ARTICLE X	TERMINATION OF AGREEMENT.....	58
10.1	Termination.....	58
10.2	Notice of Termination.....	60
10.3	Effect of Termination.....	60
10.4	Effect of Termination on Distribution Agreement.....	60
ARTICLE XI	SURVIVAL OF REPRESENTATIONS, WARRANTIES AND COVENANTS; INDEMNITY.....	61
11.1	Survival of Representations and Warranties.....	61
11.2	Survival of Certain Covenants.....	61
11.3	Termination Fees and Expenses.....	61
11.4	Indemnification of the Indemnitees.....	62
ARTICLE XII	MISCELLANEOUS.....	63
12.1	Governing Law.....	63
12.2	Assignment Binding Upon Successors and Assigns.....	63
12.3	Severability.....	63
12.4	Facsimile and Counterparts.....	63
12.5	Other Remedies.....	63
12.6	Amendment and Waivers.....	64
12.7	Expenses.....	64
12.8	Legal Fees.....	64
12.9	Notices.....	64
12.10	No Personal Liability.....	66

12.11	No Joint Venture.....	66
12.12	Further Assurances.....	66
12.13	Public Announcement.....	67
12.14	Entire Agreement.....	67

PLAN OF ARRANGEMENT  
UNDER SECTION 186  
OF THE BUSINESS CORPORATIONS ACT (ALBERTA)

ARTICLE 1      INTERPRETATION

1.1            Definitions

In this Plan of Arrangement unless there is something in the subject matter or context inconsistent therewith, the following terms shall have the respective meanings set out below and grammatical variations of such terms shall have corresponding meanings:

"ABCA" means the Business Corporation Act (Alberta), S.A. 1981, c. B-15;

"Affiliate" has the meaning ascribed to that term in the ABCA;

"Arrangement" means the arrangement contemplated by this Plan of Arrangement;

"Additional Consideration" has the meaning ascribed thereto in Subsection 2.2(f);

"Articles of Arrangement" means the articles of arrangement of MDL in respect of this Plan of Arrangement to be filed pursuant to Section 186 of the ABCA;

"Average Trading Price" means the simple average of the closing sale price of a TSA Class A Common Share as reported by the National Association of Securities Dealers on the NASDAQ for the thirty (30) consecutive trading days immediately preceding two (2) trading days prior to the MDL Securityholders' Meeting;

"Business Day" means any day, other than a Saturday, a Sunday or a day which is a statutory or civic holiday in the Province of Alberta or the State of Nebraska;

"Canadian Dollar Equivalent" has the meaning ascribed to that term in the Exchangeable Share Provisions;

"Canadian Resident" means a resident of Canada for the purposes of the ITA;

"Class A Shares" means one or more of the Class A common shares of MDL existing prior to the Effective Time;

"Combination Agreement" means the combination agreement among TSA, TSA Holdco, TSA Exchangeco and MDL;

"Compensation Warrants" means the warrants issued by MDL to Yorkton Securities Inc.;

"Court" means the Court of Queen's Bench of Alberta;

"Depositary" means MDL;

"Dividend Amount" has the meaning attributed to that term in the Exchangeable Share Provisions;

"Effective Date" means the date that the Articles of Arrangement are filed pursuant to the ABCA;

"Effective Time" means 12:01 a.m. (Edmonton, Alberta time) on the Effective Date;

"Election Deadline" means 5:00 p.m. (Edmonton, Alberta time) on the date which is two (2) Business Days following the MDL Securityholders Meeting;

"Eligible Holder" means a holder of Class A Shares who is not a U.S. Resident;

"Equivalent Ratio Adjustment" has the meaning ascribed to that term in the Exchangeable Share Provisions;

"Equivalent Stock Subdivision" has the meaning ascribed to that term in the Exchangeable Share Provisions;

"Escrow Agent" means the person designated as such pursuant to the Escrow Agreement;

"Escrow Agreement" means the agreement to be entered into on the Effective Date among TSA, TSA Holdco, TSA Exchangeco, the Indemnifying Shareholders, the Shareholder Agent (as such term is defined therein) and the Escrow Agent;

"Escrowed Shares" means 20% of the aggregate number of Exchangeable Shares and TSA Class A Common Shares delivered by TSA Exchangeco on the Effective Date as consideration for Class A Shares;

"Exchange Ratio" means 0.15528842, subject to adjustment, if any, as provided herein;

"Exchangeable Elected Share" means any Class A Share (including Class A Shares issued pursuant to Subsection 2.2(b) and other than Class A Shares held by Dissenting Shareholders who are ultimately entitled to be paid the fair value of the Class A Shares held by them), that the Eligible Holder thereof shall have elected, in a duly completed Letter of Transmittal and Election Form deposited with the Depositary no later than the Election Deadline, to transfer to TSA Exchangeco in exchange for a fraction of an Exchangeable Share based on the Exchange Ratio;

"Exchangeable Elected Share Consideration" means a certificate representing that number (rounded down to the nearest whole number pursuant to Section 4.4 (No Fractional Shares)) of Exchangeable Shares which such holder has the right to receive together with any dividends or distributions with respect thereto pursuant to Section 4.3 (Distributions with respect to Unsurrendered Certificates) less any amounts withheld pursuant to Section 4.7 (Withholding Rights);

"Exchangeable Shares" means the exchangeable shares in the capital of TSA Exchangeco which upon the filing of the Articles of Arrangement, shall have the attributes set forth in the Exchangeable Share Provisions;

"Exchangeable Share Provisions" means the rights, privileges, restrictions and conditions attaching to the Exchangeable Shares, which are set forth in Appendix B annexed hereto;

"Exchangeable Share Voting Event" has the meaning attributed to that term in the Exchangeable Share Provisions;

"Exempt Exchangeable Share Voting Event" has the meaning attributed to that term in the Exchangeable Share Provisions;

"Excess Transaction Fees" has the meaning ascribed to that term in Section 7.1;

"Final Order" means the final order of the Court approving the Arrangement, as such order may be amended by the Court at any time and from time to time prior to the Effective Time or if appealed, then unless such appeal is withdrawn or denied, as affirmed;

"Fractional Share Amount" has the meaning ascribed to that term in the Exchangeable Share Provisions;

"Indemnifying Shareholders" means all MDL Securityholders who receive either Exchangeable Shares or TSA Class A Common Shares under this Plan of Arrangement at the Effective Time;

"Indemnitee" has the meaning ascribed to that term in Section 7.1;

"Interim Order" means the interim order of the Court in relation to the Arrangement, as such order may be amended by the Court at any time and from time to time;

"ITA" means the Income Tax Act (Canada) R.S.C. 1985, c.1 (5th Supp.);

"Law" means any federal, state, provincial, territorial, municipal or other law, statute, regulation, code, recommendation, notice, judgment, treaty, directive, ordinance, writ, injunction, decree, by-law, order, restriction, official plan or stated policy, whether domestic or foreign; and "Laws" means all of the foregoing;

"Letter of Transmittal and Election Form" means the letter of transmittal and election form for use by holders of Class A Shares, in the form to be included

with the Proxy Materials;

"Liquidation Amount" has the meaning ascribed thereto in the Exchangeable Share Provisions;

"Liquidation Call Purchase Price" has the meaning ascribed thereto in Section 5.1;

"Liquidation Call Right" has the meaning ascribed thereto in Section 5.1;

"Liquidation Date" has the meaning ascribed thereto in the Exchangeable Share Provisions;

"Loss" means any and all demands, claims, actions or causes of action, assessments, losses, damages, liabilities, deficiencies, costs and expenses (including without limitation, all legal and other professional fees and disbursements), interest, penalties, costs of investigation and defence and amounts paid in settlement arising directly or indirectly as a consequence of such matter;

"MDL" means MessagingDirect Ltd., an Alberta corporation;

"MDL Options" means the options issued by MDL under MDL's Stock Option Plan;

"MDL Securities" means, collectively, the Class A Shares, the MDL Options, the Compensation Warrants and the Stonebridge Options;

"MDL Securityholder" means a holder of a MDL Security;

"MDL Securityholders Meeting" means the meeting of all of the MDL Securityholders (or such MDL Securityholders as directed by the Court) called for the purpose of considering and approving the Arrangement under Section 186 of the ABCA;

"MDL Shareholder" means a holder of a Class A Share;

"NASDAQ" means the Nasdaq National Market or any successor systems;

"NSCA" means the Companies Act (Nova Scotia), R.S.N.S. 1989, C.81;

"Person" includes any individual, firm, partnership, limited partnership, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, limited liability corporation, unlimited liability company, unincorporated association, trust, trustee, executor, administrator or other legal personal representative, regulatory body or agency, government or government agency, authority or entity however designated or constituted;

"Preferred Shares" means the preferred shares in the capital of TSA Exchangeco which TSA Exchangeco has created as an additional class of authorized stock, having the attributes set forth in Appendix C hereto;

"Proxy Materials" means any material to be mailed to the MDL Securityholders in connection with the approval and adoption by the MDL Securityholders of this Plan of Arrangement (including the Articles of Arrangement giving effect thereto) and related matters;

"Redemption Call Purchase Price" has the meaning ascribed thereto in Section 5.2;

"Redemption Call Right" has the meaning ascribed thereto in Section 5.2;

"Redemption Date" has the meaning ascribed thereto in the Exchangeable Share Provisions;

"Replacement TSA Option" has the meaning ascribed thereto in Subsection 2.2(g);

"Retraction Call Right" has the meaning ascribed thereto in the Exchangeable Share Provisions;

"Special Voting Share" has the meaning ascribed thereto in the Voting and Exchange Trust Agreement;

"Stonebridge Options" means the options issued by MDL to Stonebridge Merchant Capital Corp.;

"Tax" or "Taxes" means all income, capital, payroll, sales and use, value added, goods and services, documentary, stamp, transfer and real property taxes and customs and excise duties, whether foreign, federal, provincial, state or municipal (including tax withholdings, employer health taxes, workers' compensation assessments, penalties and surcharges, Canada and Quebec Pension Plans and employment insurance premiums, contributions and remittances) and including any interest, penalties or surcharges attributable thereto;

"Tax Election Deadline" means 5:00 p.m. (Edmonton, Alberta time) on the date which is ninety (90) days following the Effective Date;

"Taxing Authority" means Canada Customs and Revenue Agency, the United States Internal Revenue Service or any other taxing authority, including, without limitation, any value added tax or sales tax authority;

"Transfer Agent" means TSA Exchangeco or any duly appointed transfer agent for the time being of the Exchangeable Shares and if there is more than one such agent, then the principal Canadian agent;

"Trustee" means Wells Fargo Bank Minnesota, National Association;

"TSA" means Transaction Systems Architects, Inc., a Delaware corporation;

"TSA Class A Common Shares" means the voting shares of TSA, par value \$0.005 per share, having voting rights of one vote per share, and any other securities into which such shares may be changed;

"TSA Control Transaction" has the meaning attributed to that term in the Exchangeable Share Provisions;

"TSA Elected Share" means any Class A Share (including Class A Shares issued pursuant to Subsection 2.2(b) and other than Class A Shares held by Dissenting Shareholders who are ultimately entitled to be paid the fair value of the Class A Shares held by them), that the holder thereof, shall have elected, in a duly completed Letter of Transmittal and Election Form deposited with the Depositary no later than the Election Deadline, to transfer to TSA Exchangeco in exchange for a fraction of a TSA Class A Common Share, based on the Exchange Ratio, or that is deemed to be a TSA Elected Share pursuant to Subsection 2.2(c) or Subsection 2.3(a);

"TSA Elected Share Consideration" means a certificate representing that number (rounded down to the nearest whole number pursuant to Section 4.4 (No Fractional Shares)) of TSA Class A Common Shares which such holder has the right to receive together with any dividends or distributions with respect thereto pursuant to Section 4.3 (Distributions with respect to Unsurrendered Certificates) less any amounts withheld pursuant to Section 4.7 (Withholding Rights);

"TSA Exchangeco" means TSA Exchangeco Limited, a Nova Scotia limited company;

"TSA Holdco" means Transaction Systems Architects Nova Scotia Company, a Nova Scotia unlimited company;

"TSA Spin-Out Decision Date" has the meaning attributed to that term in the Exchangeable Share Provisions;

"U.S. Resident" means a resident of the United States for purposes of the United States Internal Revenue Code of 1986; and

"Voting and Exchange Trust Agreement" has the meaning attributed to that term in the Exchangeable Share Provisions.

1.2 Interpretation not affected by headings, etc.

The division of this Plan of Arrangement into Articles, Sections and other portions and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation hereof. Unless otherwise indicated, all references to an "Article" or "Section" followed by a number and/or a letter refer to the specified Article or Section of this Plan of Arrangement or Appendix thereto as specified. The terms "this Plan of Arrangement", "hereof", "herein" and "hereunder" and similar expressions refer to this Plan of Arrangement (including the Schedules and Appendixes hereto) and not to any particular Article, Section or other portion hereof and include any agreement or instrument supplementary or ancillary hereto. Any capitalized terms not otherwise defined herein shall bear the meanings attributed to such terms in the Combination Agreement.

### 1.3 Currency

Unless otherwise specifically indicated, all sums of money referred to in this Plan of Arrangement are expressed in lawful money of the United States of America.

### 1.4 Governing Law

The parties agree that this Plan of Arrangement shall be governed and construed in accordance with the substantive laws of the Province of Alberta and the laws of Canada applicable therein. The parties do hereby submit and attorn to the jurisdiction of the Courts of the Province of Alberta in any action or proceeding which may be commenced with respect to the enforcement of this Plan of Arrangement.

### 1.5 Number, etc.

Unless the context otherwise requires, words importing the singular shall include the plural and vice versa and words importing any gender shall include all genders.

### 1.6 Date for any action

In the event that any date on which any action is required to be taken hereunder by any of the parties hereto is not a Business Day, such action shall be required to be taken on the next succeeding day which is a Business Day.

### 1.7 Statutory References

Any reference in this Plan of Arrangement to a statute includes such statute as amended, consolidated or re-enacted from time to time, all rules and regulations made thereunder, all amendments to such rules and regulations from time to time, and any statute, rule or regulation which supersedes such statute, rule or regulations.

## ARTICLE 2 ARRANGEMENT

### 2.1 Binding Effect

This Plan of Arrangement will become effective at, and be binding at and after, the Effective Time on:

- (a) MDL;
- (b) TSA;
- (c) TSA Holdco;
- (d) TSA Exchangeco;
- (e) All holders and beneficial holders of Class A Shares;
- (f) All holders of MDL Options, Stonebridge Options and Compensation Warrants;
- (g) All holders and beneficial holders of Exchangeable Shares; and
- (h) All holders and beneficial holders of TSA Class A Common Shares issued at Closing in exchange for Class A Shares or issued in exchange for Exchangeable Shares from time to time.

### 2.2 Arrangement

At the Effective Time, the following transactions will occur and will be deemed to occur in the following order without any further act (including any action on the part of the holders thereof) or formality:

- (a) The MDL Stock Option Plan will be amended as set out in Appendix A to permit acceleration of vesting of the MDL Options and adoption of the MDL Stock Option Plan by TSA;
- (b) Each Stonebridge Option and Compensation Warrant will be converted into and exchanged for the number of fully-paid and non-assessable Class A Shares equal to (i) the number of Class A Shares purchasable on the Effective Date pursuant to such Stonebridge Option or Compensation Warrant, as applicable, less (ii) the quotient derived by dividing (A) the aggregate exercise price for the Class A Shares purchasable under such Stonebridge Option or Compensation Warrant, by (B) the product derived by multiplying (I) the Exchange Ratio by (II) the Average Trading Price. The holders of Stonebridge Options and Compensation Warrants may deliver their notices of exercise in lieu of a certificate for Class A Shares for the purposes of Sections 4.1 and 4.2. For purposes of this calculation, all dollar amounts



will be calculated using Canadian dollars or the Canadian Dollar Equivalent;

- (c) Each Class A Share in respect of which a duly completed Letter of Transmittal and Election Form has not been deposited with the Depositary on or prior to the Election Deadline (other than Class A Shares held by Dissenting Shareholders who are ultimately entitled to be paid the fair value of the Class A Shares held by them) will be deemed to be a TSA Elected Share;
- (d) Each TSA Elected Share will, pursuant to the terms hereof, be transferred to TSA Exchangeco in exchange for a number of fully paid and non-assessable TSA Class A Common Shares based on the Exchange Ratio. The name of each such holder will be removed from the register of Class A Shares and added to the register of TSA Class A Common Shares. TSA Exchangeco will be recorded as the registered holder of such Class A Shares so exchanged and will be deemed to be the legal and beneficial owner thereof. If the calculation of the number of TSA Class A Common Shares based on the Exchange Ratio results in an entitlement to a fractional interest in a TSA Class A Common Share, such entitlement shall be dealt with as set forth in Section 4.4 (No Fractional Shares) hereto;
- (e) Each Exchangeable Elected Share will, pursuant to the terms hereof, be transferred to TSA Exchangeco in exchange for a number of fully paid and non-assessable Exchangeable Shares based on the Exchange Ratio. The name of each such holder will be removed from the register of Class A Shares and added to the register of Exchangeable Shares. TSA Exchangeco will be recorded as the registered holder of such Class A Shares so exchanged and will be deemed to be the legal and beneficial owner thereof. If the calculation of the number of Exchangeable Shares based on the Exchange Ratio results in an entitlement to a fractional interest in an Exchangeable Share, such entitlement shall be dealt with as set forth in Section 4.4 (No Fractional Shares) hereto;
- (f) Each holder of a TSA Elected Share will receive additional TSA Class A Common Shares from TSA Exchangeco ("Additional Consideration"). The amount of the Additional Consideration payable to each holder of a TSA Elected Share will equal the product derived by multiplying (i) 200,000, by (ii) the quotient derived by dividing the number of TSA Elected Shares held by such holder by the aggregate number of TSA Elected Shares. In lieu of fractional TSA Class A Common Shares, each holder of a TSA Elected Share who otherwise would be entitled to receive a fraction of a TSA Class A Common Share will be paid by TSA Exchangeco an amount determined as set forth in Section 4.4 (No Fractional Shares) hereto;
- (g) Each of the MDL Options will be converted into an option to purchase ("Replacement TSA Option") that number of TSA Class A Common Shares equal to (i) the product of the number of MDL Class A Shares subject to such MDL Option at the Effective Time multiplied by the Exchange Ratio, less (ii) the quotient derived by dividing (A) the aggregate exercise price for the MDL Class A Shares subject to such MDL Option by (B) the Average Trading Price. The exercise price per share of TSA Class A Common Shares subject to such Replacement TSA Option will equal \$0.01 per share. If the foregoing calculation results in an exchanged MDL Option being exercisable for a fraction of a TSA Class A Common Share, then the number of TSA Class A Common Shares subject to such option will be rounded down to the nearest whole number of shares. The obligations of MDL under the MDL Options as so converted will be assumed by TSA. For purposes of this calculation, all dollar amounts will be calculated using Canadian dollars or the Canadian Dollar Equivalent;
- (h) In consideration of the grant of the Liquidation Call Rights, Redemption Call Rights and Retraction Call Rights, TSA will issue to and deposit with the Trustee the Special Voting Share to be thereafter held of record by the Trustee as trustee for and on behalf of, and for the use and benefit of, the holders of the Exchangeable Shares in accordance with the Voting and Exchange Trust Agreement; and
- (i) All of the Escrowed Shares will be deposited with the Escrow Agent under the Escrow Agreement.

## 2.3 Elections

- (a) Each Person who, at or prior to the Election Deadline, is a holder of

record of Class A Shares, will be entitled, with respect to all or a portion of such shares, to make an election at or prior to the Election Deadline to receive Exchangeable Shares or TSA Class A Common Shares in exchange for such holder's Class A Shares on the basis set forth herein and in the Letter of Transmittal and Election Form; provided that, notwithstanding anything to the contrary herein, a holder of Class A Shares who is not an Eligible Holder will not be entitled to elect to receive Exchangeable Shares and any such election otherwise made by any such holder will be deemed to be an election to receive a TSA Class A Common Share.

- (b) Each holder of Stonebridge Options or Compensation Warrants will be entitled, with respect to all or a part of such Stonebridge Options or Compensation Warrants, to make an election at or prior to the Election Deadline to receive Exchangeable Shares or TSA Class A Common Shares in exchange of such holder's Stonebridge Options or Compensation Warrants on the basis set forth herein and in the Letter of Transmittal and Election Form; provided that, notwithstanding anything to the contrary herein, a holder of Stonebridge Options or Compensation Warrants who is a U.S. Resident will not be entitled to elect to receive Exchangeable Shares and any such election otherwise made by any such holder will be and be deemed to be an election to receive a TSA Class A Common Share.
- (c) Eligible Holders who have elected to receive Exchangeable Shares from TSA Exchangeco in exchange for their Class A Shares pursuant to Subsections (a) and (b) above, will be entitled to make a joint income tax election with TSA Exchangeco pursuant to Section 85 of the ITA (and the analogous provisions of provincial income tax law) with respect to the transfer of such Class A Shares to TSA Exchangeco by providing a duly completed Tax election form together with any required supporting schedules, signed and forwarded by the Eligible Holders to MDL on or before the Tax Election Deadline, all as provided for in the Proxy Materials. Thereafter, subject to the election forms and other documents complying with the provisions of the ITA (or applicable provincial income tax law), the forms will be signed by TSA Exchangeco and forwarded by mail to the appropriate Taxing Authority, with a copy thereof to the Eligible Holder all as provided for in the Proxy Materials.

#### 2.4 Adjustments to Exchange Ratio Prior to Effective Date

If, after the Exchange Ratio has been set but prior to the Effective Time, TSA recapitalizes its outstanding capital stock through a subdivision of its outstanding shares into a greater number of shares, or a combination of its outstanding shares into a lesser number of shares, or reorganizes, reclassifies or otherwise changes its outstanding shares into the same or a different number of shares of other classes, or declares a dividend on its outstanding shares payable in shares of its capital stock or securities convertible into shares of its capital stock, or completes a rights offering for TSA Class A Common Shares solely to its existing shareholders at a price less than market price, or grants a material option solely to existing shareholders to acquire any TSA Class A Common Shares at a price less than market price and the record date for any such action is prior to the Effective Time, then the Exchange Ratio will be adjusted proportionately.

### ARTICLE 3 RIGHTS OF DISSENT

#### 3.1 Rights of Dissent

- (a) MDL Shareholders may exercise rights of dissent with respect to their Class A Shares pursuant to and in the manner set forth in Section 184 of the ABCA (as modified by the Interim Order) and this Section 3.1 in connection with the Arrangement provided that, notwithstanding Subsection 184(5) of the ABCA, the written objection to the Arrangement resolution referred to in Subsection 184(5) of the ABCA must be received by MDL not later than 5:00 p.m. (Edmonton, Alberta time) on the Business Day preceding the MDL Securityholders' Meeting and MDL Shareholders who duly exercise such rights of dissent and who:
  - (i) Are ultimately entitled to be paid fair value for their Class A Shares shall be deemed to have transferred such Class A Shares to MDL for cancellation on the Effective Date; or
  - (ii) Are ultimately not entitled, for any reason, to be paid the fair value for their Class A Shares, shall be deemed to have participated in the

Arrangement on the same basis as any non-dissenting MDL Shareholder.

In either case, MDL, TSA Exchangeco, TSA Holdings or TSA shall not be required to recognize such holders as MDL Shareholders on and after the Effective Date, and the names of such persons shall be deleted from the register of MDL Shareholders on the Effective Date.

- (b) In connection with payment to an MDL Shareholder of fair value for such MDL Shareholder's Class A Shares upon exercise of such MDL Shareholders' dissent rights, MDL shall be entitled to deduct and withhold from any consideration otherwise payable to any such holder such amounts as MDL is required or permitted to deduct and withhold with respect to such payment under the ITA or any other provision of applicable Tax Law; provided that such withheld amount shall not be remitted prior to two (2) Business Days prior to the date such amount is required by Law to be remitted (the "Remittance Date") and where certificates issued pursuant to Subsections 116(2) or 116(4) of the ITA are delivered prior to such Remittance Date, such withheld amount shall be released to such holder except to the extent that amounts were not withheld or deducted pursuant to another provision of applicable Tax Law. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes hereof as having been paid to the holder of the Class A Shares in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate Taxing Authority and a receipt evidencing such remittance is delivered to such holder.

#### ARTICLE 4 CERTIFICATES AND FRACTIONAL SHARES

##### 4.1 Exchange of Certificates for TSA Class A Common Shares

At or promptly after the Effective Time, TSA Exchangeco shall deposit with the Depositary, for the benefit of the holders of Class A Shares transferred pursuant to Subsection 2.2(d), certificates representing that whole number of TSA Class A Common Shares to be delivered pursuant to Subsection 2.2(d). Upon surrender to the Depositary of a certificate which immediately prior to the Effective Time represented outstanding Class A Shares that were transferred to TSA Exchangeco in exchange for TSA Class A Common Shares, together with such other documents and instruments as would have been required to effect a transfer of the shares formerly represented by such certificate under the ABCA and the by-laws of MDL and such additional documents and instruments as the Depositary may reasonably require (including a declaration of residency for the purposes of income Tax), the holder of such surrendered certificate shall be entitled to receive from TSA Exchangeco in exchange therefor, and the Depositary shall deliver (a) to the Escrow Agent, twenty percent (20%) of the TSA Class A Common Shares issuable to such holder at the Effective Time, to be held and distributed in accordance with the terms of the Escrow Agreement and (b) to such holder, the balance of the TSA Elected Share Consideration and Additional Consideration. In the event of a transfer of ownership of Class A Shares that is not registered in the transfer records of MDL, a certificate representing the proper number of TSA Class A Common Shares may be issued to the transferee if the certificate representing such Class A Shares is presented to the Depositary, accompanied by all documents required to evidence and effect such transfer. Until surrendered as contemplated by this Section 4.1, each certificate which immediately prior to the Effective Time represented outstanding Class A Shares that were transferred to TSA Exchangeco in exchange for TSA Class A Common Shares shall be deemed at any time after the Effective Time, subject to Section 4.6 (Extinguishment of Rights), to represent only the right to receive upon such surrender the TSA Elected Share Consideration.

##### 4.2 Issuance of Certificates Representing Exchangeable Shares

At or promptly after the Effective Time, TSA Exchangeco shall deposit with the Depositary, for the benefit of the holders of Class A Shares transferred to TSA Exchangeco pursuant to Subsection 2.2(e), certificates representing the whole number of Exchangeable Shares issued pursuant to Subsection 2.2(e). Upon surrender to the Depositary of a certificate which immediately prior to the Effective Time represented outstanding Class A Shares that were transferred to TSA Exchangeco in exchange for Exchangeable Shares, together with such other documents and instruments as would have been required to effect a transfer of the shares formerly represented by such certificate under the ABCA and the by-laws of MDL and such additional documents and instruments as the Depositary may reasonably require (including a declaration of residency for the purposes of income Tax), the holder of such surrendered certificate shall be entitled to receive from TSA Exchangeco in exchange therefor, and the Depositary shall deliver (a) to the Escrow Agent, twenty percent (20%) of the Exchangeable Shares

issuable to such holder at the Effective Time, to be held and distributed in accordance with the terms of the Escrow Agreement and (b) to such holder, the balance of the Exchangeable Elected Share Consideration. In the event of a transfer of ownership of Class A Shares that is not registered in the transfer records of MDL, a certificate representing the proper number of Exchangeable Shares may be issued to the transferee if the certificate representing such Class A Shares is presented to the Depositary, accompanied by all documents required to evidence and effect such transfer. Until surrendered as contemplated by this Section 4.2, each certificate which immediately prior to the Effective Time represented outstanding Class A Shares that were transferred to TSA Exchangeco in exchange for Exchangeable Shares shall be deemed at any time after the Effective Time, subject to Section 4.6 (Extinguishment of Rights), to represent only the right to receive upon such surrender the Exchangeable Elected Share Consideration.

#### 4.3 Distributions With Respect to Unsurrendered Certificates

No dividends or other distributions declared or made after the Effective Time with respect to Exchangeable Shares or TSA Class A Common Shares with a record date after the Effective Time shall be paid to the holder of any unsurrendered certificate which, immediately prior to the Effective Time, represented outstanding Class A Shares that were exchanged pursuant to Subsection 2.2(d) or 2.2(e), and no interest will be earned or payable on these proceeds unless and until such certificate shall be surrendered in accordance with Section 4.1 or 4.2. Subject to applicable Law and to Section 4.6 (Extinguishment of Rights), at the time of such surrender of any such certificate (or, in the case of clause (iii) below, at the appropriate payment date), there shall be paid to the record holder of the certificates representing whole Exchangeable Shares or TSA Class A Common Shares, as the case may be, without interest, (i) the amount of any dividends or other distributions with a record date after the Effective Time theretofore paid with respect to such whole Exchangeable Shares or TSA Class A Common Shares, as the case may be, and (ii) the amount of dividends or other distributions with a record date after the Effective Time but prior to surrender and a payment date subsequent to surrender payable with respect to such whole Exchangeable Shares or TSA Class A Common Shares, as the case may be.

#### 4.4 No Fractional Shares

No certificates representing fractional Exchangeable Shares or TSA Class A Common Shares, as the case may be, shall be issued pursuant to Section 4.1 or 4.2 and no dividend, stock split or other change in the capital structure of TSA Exchangeco shall relate to any such fractional security and such fractional interests shall not entitle the owner thereof to vote or to exercise any rights as a security holder of MDL, TSA Exchangeco or TSA, as the case may be. In the event that the calculation of a person's entitlement to Exchangeable Shares or TSA Class A Common Shares pursuant to Subsection 2.2(d), 2.2(e) or 2.2(f) results in an entitlement to a fractional interest in an Exchangeable Share or TSA Class A Common Shares, as the case may be, then the number of Exchangeable Shares or TSA Class A Common Shares to which such person is entitled will be rounded down to the nearest whole number of Exchangeable Shares or TSA Class A Common Shares, as the case may be.

#### 4.5 Lost Certificates

If any certificate which immediately prior to the Effective Time represented outstanding Class A Shares that were exchanged pursuant to Subsection 2.2(d) or 2.2(e) has been lost, stolen or destroyed, upon the making of an affidavit of that fact by the Person claiming such certificate to be lost, stolen or destroyed, the Depositary will issue in exchange for such lost, stolen or destroyed certificate, the Exchangeable Elected Share Consideration or TSA Elected Share Consideration deliverable in accordance with such holder's Letter of Transmittal and Election Form. When authorizing such payment in exchange for any lost, stolen or destroyed certificate, the Person to whom certificates are to be issued shall, as a condition precedent to the issuance thereof, give a bond satisfactory to TSA Exchangeco or TSA and their respective transfer agents, as the case may be, in such sum as TSA Exchangeco or TSA may direct, or otherwise indemnify TSA Exchangeco or TSA and their respective transfer agents against any claim that may be made against MDL, TSA Exchangeco or TSA or their respective transfer agents with respect to the certificate alleged to have been lost, stolen or destroyed.

#### 4.6 Extinguishment of Rights

(a) Any certificate which immediately prior to the Effective Time represented outstanding Class A Shares that were exchanged pursuant to Subsection

2.2(d) and has not been deposited, with all other instruments required by Section 4.1 (Exchange of Certificates for TSA Class A Common Shares), on or prior to the sixth anniversary of the Effective Date shall cease to represent a claim or interest of any kind or nature as a MDL Securityholder. On such date, the TSA Class A Common Shares to which the former registered holder of the certificate referred to in the preceding sentence was ultimately entitled shall be deemed to have been surrendered to TSA Exchangeco together with all entitlements to dividends, distributions and interests thereon held for such former registered holder for no consideration.

- (b) Any certificate which immediately prior to the Effective Time represented outstanding Class A Shares that were exchanged pursuant to Subsection 2.2(e) and has not been deposited, with all other instruments required by Section 4.2 (Issuance of Certificates Representing Exchangeable Shares), on or prior to the earlier of: (i) the first anniversary of the Redemption Date or Liquidation Date or (ii) the sixth anniversary of the Effective Date, shall cease to represent a claim or interest of any kind or nature as a MDL Securityholder. On such date, the Exchangeable Shares to which the former registered holder of the certificate referred to in the preceding sentence was ultimately entitled shall be deemed to have been surrendered to TSA Exchangeco together with all entitlements to dividends, distributions and interests thereon held for such former registered holder for no consideration.

In either case, none of TSA, TSA Holdco, TSA Exchangeco, MDL and the Depositary shall be liable to any person in respect of any TSA Class A Common Shares or Exchangeable Shares (or dividends, distributions and interest in respect thereof) delivered to a public official pursuant to any applicable abandoned property, escheat or similar Law.

#### 4.7 Withholding Rights

Each Person who holds, or has a right to hold, a MDL Security at or immediately prior to the Effective Date, shall deliver to MDL or its designee, at or before the Effective Date:

- (a) a certificate confirming that such MDL Securityholder is a Canadian Resident; or
- (b) in the case of a MDL Securityholder who is not a Canadian Resident, a certificate satisfactory to TSA Exchangeco acting reasonably, issued pursuant to Subsection 116(2) of the ITA, with respect to the MDL Security exchanged or disposed of, having as the "certificate limit", as defined in Subsection 116(2) of the ITA, an amount no less than the cost of the MDL Security (which may be equal to the fair market value of the Exchangeable Shares or TSA Class A Common Shares, as the case may be, and any cash receivable by such MDL Securityholder) to TSA Exchangeco.

In the case of a holder of a MDL Security who is a partnership, the holder shall also provide a certificate confirming the name and address of each member thereof and the percentage of partnership interest held by each member.

In the event that a holder of a MDL Security fails to deliver one of the requisite certificates described above at or before the exchange or disposition of such MDL Security, TSA Exchangeco shall be entitled to deduct and withhold from any consideration otherwise payable to any such holder such amounts as TSA Exchangeco is required to deduct and withhold with respect to such payment under the ITA or any other provision of applicable Tax Law; provided that such withheld amount shall not be remitted prior to two (2) Business Days prior to the date such amount is required by Law to be remitted (the "Remittance Date") and where such certificate, or a certificate issued pursuant to Subsection 116(4) satisfactory to TSA Exchangeco, acting reasonably, is delivered prior to such Remittance Date, such withheld amount shall be released to such holder except to the extent that amounts were withheld or deducted pursuant to another provision of applicable Tax Law. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes hereof as having been paid to such holder of the MDL Security in respect of which such deduction and withholding was made provided that such withheld amounts are actually remitted to the appropriate Taxing Authority and a receipt evidencing such remittance is delivered to such holder. To the extent that the amount so required to be deducted or withheld from any payment to a holder exceeds the cash portion of the consideration otherwise payable to such holder, TSA Exchangeco, as agent for such holder, is hereby authorized to sell or otherwise dispose of such portion of the consideration as is necessary to provide sufficient funds to TSA

Exchangeco to enable it to comply with such deduction or withholding requirement and TSA Exchangeco shall notify such holder thereof and remit any unapplied balance of the net proceeds of such sale. If the proceeds of such sale are insufficient to fund the required withholding, such holder shall forthwith pay the deficiency to TSA Exchangeco or remit same to the applicable Taxing Authority. Such holder shall bear all reasonable costs and expenses associated with any sale by TSA Exchangeco pursuant to the two immediately preceding sentences.

With the necessary changes, the requirements in this Section 4.7 shall apply upon the conversion and exchange of any Stonebridge Options or Compensation Warrants for Class A Shares, upon the exchange of Class A Shares for TSA Class A Common Shares, upon the exchange of Class A Shares for Exchangeable Shares and, with delivery to TSA Exchangeco or its designee, upon the exchange of Exchangeable Shares for TSA Class A Common Shares.

#### 4.8 Stamp or other Transfer Taxes

Pursuant to the terms of Section 5.8 of the Voting and Exchange Trust Agreement, a holder of Exchangeable Shares or TSA Class A Common Shares, as the case may be, shall also be required to pay any documentary, stamp, transfer or other similar Taxes that may be payable in respect of any transfer involved in the issuance or delivery of the TSA Class A Common Shares to a Person other than such holder.

### ARTICLE 5 CERTAIN RIGHTS OF TSA TO ACQUIRE EXCHANGEABLE SHARES

#### 5.1 TSA Liquidation Call Right

- (a) TSA shall have the overriding right (the "Liquidation Call Right"), in the event of and notwithstanding the proposed liquidation, dissolution or winding-up of TSA Exchangeco or any other distribution of the assets of TSA Exchangeco for the purposes of winding-up its affairs pursuant to Article 5 of the Exchangeable Share Provisions, to purchase from all but not less than all of the holders of Exchangeable Shares (other than TSA and its Affiliates) on the Liquidation Date all but not less than all of the Exchangeable Shares held by each such holder on payment by TSA of an amount per share equal to: (i) the Current Market Price (as defined in the Exchangeable Share Provisions) of one TSA Class A Common Share on the last Business Day prior to the Liquidation Date, which shall be satisfied in full by TSA delivering or causing to be delivered to such holder one TSA Class A Common Share (subject to any Equivalent Ratio Adjustment), plus (ii) the Dividend Amount; plus (iii) the Fractional Share Amount (collectively the "Liquidation Call Purchase Price") without interest. In the event of the exercise of the Liquidation Call Right by TSA, each holder shall be obligated to sell all of the Exchangeable Shares held by the holder to TSA on the Liquidation Date on payment by TSA to the holder of the Liquidation Call Purchase Price for each such share;
- (b) To exercise the Liquidation Call Right, TSA must notify the Transfer Agent in writing, as agent for the holders of Exchangeable Shares, and TSA Exchangeco of TSA's intention to exercise such right at least thirty (30) Business Days before the Liquidation Date in the case of a voluntary liquidation, dissolution or winding up of TSA Exchangeco and at least five (5) Business Days before the Liquidation Date in the case of an involuntary liquidation, dissolution or winding up of TSA Exchangeco. TSA will notify the Transfer Agent accordingly if it does not intend to exercise the Liquidation Call Right. The Transfer Agent will notify the holders of Exchangeable Shares as to whether or not TSA has exercised the Liquidation Call Right forthwith after the expiry of the date by which the same may be exercised by TSA. If TSA exercises the Liquidation Call Right, on the Liquidation Date, TSA will purchase and the holders will sell all of the Exchangeable Shares then outstanding for a price per share equal to the Liquidation Call Purchase Price;
- (c) Prior to the Liquidation Date, each holder of Exchangeable Shares shall deliver to TSA:
- (i) a certificate confirming that such holder is a Canadian Resident; or
  - (ii) in the case of a holder who is not a Canadian Resident, a certificate satisfactory to TSA acting reasonably, issued pursuant to Subsection 116(2) of the ITA, with respect to the Exchangeable Shares exchanged or disposed of, having as the "certificate limit", as defined in Subsection 116(2) of the ITA, an amount no less than the cost of the

Exchangeable Shares (which may be equal to the fair market value of the TSA Class A Common Shares and any cash receivable by such holder of Exchangeable Shares) to TSA or TSA Holdco, as the case may be.

In the case of a holder who is a partnership, the holder shall also provide a certificate confirming the name and address of each member thereof and the percentage of partnership interest held by each member.

In the event that a holder fails to deliver one of the requisite certificates described above at or before the Liquidation Date or, if TSA is required to deduct or withhold any amount pursuant to any other provision of applicable Tax Law, TSA shall be entitled to deduct and withhold from any consideration otherwise payable to any such holder such amounts and by such means as set out in Section 4.7 (Withholding Rights) above;

- (d) For the purposes of completing the purchase of the Exchangeable Shares pursuant to the Liquidation Call Right, TSA shall deposit with the Transfer Agent, on or before the Liquidation Date, certificates representing the aggregate number of TSA Class A Common Shares deliverable by TSA in partial satisfaction of the total Liquidation Call Purchase Price and a cheque or cheques in the amount of the remaining portion, if any, of the total Liquidation Call Purchase Price without interest. Provided that the total Liquidation Call Purchase Price has been so deposited with the Transfer Agent (or withheld pursuant to paragraph (c) and Section 4.7 above), on and after the Liquidation Date the rights of each holder of Exchangeable Shares will be limited to receiving such holder's proportionate part of the total Liquidation Call Purchase Price payable by TSA without interest upon presentation and surrender by the holder of certificates representing the Exchangeable Shares held by such holder. The holder shall on and after the Liquidation Date be considered and deemed for all purposes to be the holder of the TSA Class A Common Shares delivered to it. Upon surrender to the Transfer Agent of a certificate or certificates representing Exchangeable Shares, together with such other documents and instruments as may be required to effect a transfer of Exchangeable Shares under the NSCA and the memorandum and articles of association of TSA Exchangeco and such additional documents and instruments as the Transfer Agent may reasonably require, the holder of such surrendered certificate or certificates shall be entitled to receive in exchange therefor, and the Transfer Agent on behalf of TSA shall deliver to such holder, certificates representing the TSA Class A Common Shares to which the holder is entitled and a cheque or cheques of TSA payable at par at any branch of the bankers of TSA in payment of the remaining portion, if any, of the total Liquidation Call Purchase Price. If TSA does not exercise the Liquidation Call Right in the manner described above, on the Liquidation Date the holders of the Exchangeable Shares will be entitled to receive in exchange therefor the Liquidation Amount otherwise payable by TSA Exchangeco in connection with the liquidation, dissolution or winding-up of TSA Exchangeco pursuant to Article 5 of the Exchangeable Share Provisions.

## 5.2 TSA Redemption Call Right

- (a) TSA shall have the overriding right (the "Redemption Call Right"), notwithstanding the proposed redemption of the Exchangeable Shares by TSA Exchangeco pursuant to Article 7 of the Exchangeable Share Provisions, to purchase from all but not less than all of the holders of Exchangeable Shares (other than TSA and its Affiliates) on the Redemption Date all but not less than all of the Exchangeable Shares held by each such holder on payment by TSA to the holder of an amount per share equal to (i) the Current Market Price (as defined in the Exchangeable Share Provisions) of one TSA Class A Common Share on the last Business Day prior to the Redemption Date which shall be satisfied in full by causing to be delivered to such holder one TSA Class A Common Share (subject to any Equivalent Ratio Adjustment) plus; (ii) the Dividend Amount, plus (iii) the Fractional Share Amount (collectively the "Redemption Call Purchase Price"). In the event of the exercise of the Redemption Call Right by TSA, each holder shall be obligated to sell all of the Exchangeable Shares held by the holder to TSA on the Redemption Date on payment by TSA to the holder of the Redemption Call Purchase Price for each such share.
- (b) To exercise the Redemption Call Right, TSA must notify the Transfer

Agent in writing, as agent for the holders of Exchangeable Shares, and TSA Exchangeco of TSA's intention to exercise such right at least forty (40) Business Days before the Redemption Date, except in the case of a redemption occurring as a result of a TSA Control Transaction, a TSA Spin-Out Decision Date, an Exchangeable Share Voting Event or an Exempt Exchangeable Share Voting Event, in which case TSA shall so notify the Transfer Agent and TSA Exchangeco on or before the Redemption Date. The Transfer Agent will notify the holders of the Exchangeable Shares as to whether or not TSA has exercised the Redemption Call Right forthwith after the date by which the same may be exercised by TSA. If TSA exercises the Redemption Call Right, on the Redemption Date, TSA will purchase and the holders will sell all of the Exchangeable Shares then outstanding for a price per share equal to the Redemption Call Purchase Price;

- (c) Prior to the Redemption Date, each holder of Exchangeable Shares shall deliver to TSA:
- (i) a certificate confirming that such holder is a Canadian Resident; or
  - (ii) in the case of a holder who is not a Canadian Resident, a certificate satisfactory to the purchaser acting reasonably, issued pursuant to Subsection 116(2) of the ITA, with respect to the Exchangeable Shares exchanged or disposed of a certificate under Subsection 116(2) of the ITA having as the "certificate limit", as defined in Subsection 116(2) of the ITA, an amount no less than the cost of the Exchangeable Shares (which may be equal to the fair market value of the TSA Class A Common Shares and any cash receivable by such holder of Exchangeable Shares) to TSA or TSA Holdco, as the case may be.

In the case of a holder who is a partnership, the holder shall also provide a certificate confirming the name and address of each member thereof and the percentage of partnership interest held by each member.

In the event that a holder fails to deliver one of the requisite certificates described above or, if TSA is required to deduct or withhold any other amount pursuant to any provision of applicable Tax Law, at or before the Redemption Date, TSA shall be entitled to deduct and withhold from any consideration otherwise payable to any such holder such amounts and by such means as set out in Section 4.7 (Withholding Rights) above;

- (d) For the purposes of completing the purchase of the Exchangeable Shares pursuant to the Redemption Call Right, TSA shall deposit with the Transfer Agent, on or before the Redemption Date, certificates representing the aggregate number of TSA Class A Common Shares deliverable by TSA in partial satisfaction of the total Redemption Call Purchase Price and a cheque or cheques in the amount of the remaining portion, if any, of the total Redemption Call Purchase Price. Provided that the total Redemption Call Purchase Price has been so deposited with the Transfer Agent (or withheld pursuant to paragraph (c) and Section 4.7 above), on and after the Redemption Date the rights of each holder of Exchangeable Shares will be limited to receiving such holder's proportionate part of the total Redemption Call Purchase Price payable by TSA upon presentation and surrender by the holder of certificates representing the Exchangeable Shares held by such holder. The holder shall on and after the Redemption Date be considered and deemed for all purposes to be the holder of the TSA Class A Common Shares delivered to such holder without interest. Upon surrender to the Transfer Agent of a certificate or certificates representing Exchangeable Shares, together with such other documents and instruments as may be required to effect a transfer of Exchangeable Shares under the NSCA and the memorandum and articles of association of TSA Exchangeco and such additional documents and instruments as the Transfer Agent may reasonably require, the holder of such surrendered certificate or certificates shall be entitled to receive in exchange therefor, and the Transfer Agent on behalf of TSA shall deliver to such holder, certificates representing the TSA Class A Common Shares to which the holder is entitled and a cheque or cheques of TSA payable at par at any branch of the bankers of TSA in payment of the remaining portion, if any, of the total Redemption Call Purchase Price. If TSA does not exercise the Redemption Call Right in the manner described above, on the Redemption Date the holders of the Exchangeable Shares will be entitled to receive in exchange therefor the redemption price otherwise payable by TSA Exchangeco in connection with the redemption of the Exchangeable Shares pursuant to Article 7 of the



Exchangeable Share Provisions.

5.3 TSA Retraction Call Right

TSA shall have an overriding Retraction Call Right.

5.4 Assignment and Delegation

TSA shall be permitted to assign or delegate the Liquidation Call Right, the Redemption Call Right and Retraction Call Right to TSA Holdco with the result that all references to TSA in this Plan of Arrangement and the Exchangeable Share Provisions with respect to the Liquidation Call Right, the Redemption Call Right and Retraction Call Right in respect of which the assignment or delegation is made shall be deemed to refer to TSA Holdco.

5.5 No Liens

The Exchangeable Shares and the TSA Class A Common Shares issued pursuant to this Plan of Arrangement and the TSA Class A Common Shares issued in exchange for Exchangeable Shares from time to time shall be issued free and clear of any lien, claim or encumbrance attributable to, or arising due to, any action or omission of the issuer of such share.

ARTICLE 6 RESTRICTIONS ON RESALE OF EXCHANGEABLE SHARES AND OF TSA CLASS A COMMON SHARES

6.1 Resale Restriction

Each holder of Exchangeable Shares (other than TSA and its Affiliates) shall be prohibited from selling, transferring, conveying, hypothecating or encumbering any of his Exchangeable Shares (or agreeing to do any of the foregoing) (collectively referred to as "Trade" or "Trading") except in accordance with the terms of this Plan of Arrangement. Following the exchange of the Exchangeable Shares for TSA Class A Common Shares or the direct issuance of TSA Class A Common Shares pursuant to the terms of this Plan of Arrangement, each holder of such TSA Class A Common Shares shall be prohibited from Trading any of his TSA Class A Common Shares except as follows:

- (a) After thirty (30) days following the Effective Date, each holder of TSA Class A Common Shares shall be permitted to Trade 33-1/3% of the aggregate number of TSA Class A Common Shares issued or issuable in accordance with the Plan of Arrangement, whether issued directly or upon exchange of his Exchangeable Shares ("Total TSA Holdings");
- (b) After ninety (90) days following the Effective Date, each holder of TSA Class A Common Shares shall be permitted to Trade an additional 33-1/3% of his Total TSA Holdings; and
- (c) After one hundred and eighty-days (180) days following the Effective Date, each holder of TSA Class A Common Shares shall be permitted to Trade an additional 33-1/3% of his Total TSA Holdings, net of any Exchangeable Shares and TSA Class A Common Shares held in escrow.

Notwithstanding the foregoing, this resale restriction shall not restrict TSA, TSA Holdco, TSA Exchangeco or the Depositary from selling any TSA Class A Common Shares as set out in Section 4.7 (Withholding Rights), nor shall it restrict the holders from dealing with their TSA Class A Common Shares in the event of a Redemption Date established in connection with a TSA Control Transaction, TSA Spin-Out Decision Date, an Exchangeable Share Voting Event or an Exempt Exchangeable Share Voting Event.

6.2 Legend

The certificates evidencing the Exchangeable Shares and the TSA Class A Common Shares issued in respect thereof shall contain or have affixed thereto a legend, in form and on terms approved by TSA, the terms of the resale restrictions set forth above in Section 6.1.

6.3 Acknowledgment

Each holder of an Exchangeable Share (other than TSA and its Affiliates) or of a TSA Class A Common Share, whether of record or beneficially, by virtue of becoming and being such a holder pursuant to this Plan of Arrangement shall be deemed to acknowledge and accept the resale restrictions set forth above in

Section 6.1.

ARTICLE 7 ESCROW AND APPOINTMENT OF SHAREHOLDER AGENT

7.1 Upon this Plan of Arrangement becoming effective on the Effective Date, and without further action:

(a) The Escrow Agreement will become effective and bind the Indemnifying Shareholders (including, for greater certainty, in their capacities as Principal Securityholders (as such term is defined in the Principal Securityholders Voting Agreement) under the Principal Securityholders Voting Agreement);

(b) Each Indemnifying Shareholder is deemed to make the following covenant:

Each Indemnifying Shareholder hereby severally, to the extent of his or its initial pro rata share of the Escrowed Shares as identified on Schedule I of the Escrow Agreement, covenants and agrees to pay any and all fees and expenses of MDL (including the fees and expenses of legal counsel, accountants and investment bankers) incurred by MDL with respect to the fees accrued relating to the Combination Agreement and this Plan of Arrangement whether or not billed or due, to the extent such fees and expenses exceed CDN\$1,800,000.00 ("Excess Transaction Fees").

(c) Each Indemnifying Shareholder is deemed to give the following indemnity:

Subject to the terms and conditions of the Escrow Agreement, each Indemnifying Shareholder shall severally, to the extent of its initial pro rata share of the Escrowed Shares as identified on Schedule I of the Escrow Agreement, indemnify and hold harmless TSA, TSA Holdco, TSA Exchangeco, MDL and all other direct or indirect wholly-owned subsidiaries of TSA (the "Indemnitees" and each an "Indemnitee") and each of them, from, against, for and in respect of any and all Losses paid, suffered or incurred by, an Indemnitee and resulting from, caused by, or arising out of (i) the inaccuracy or breach of any representation or warranty of MDL contained in or made pursuant to the Combination Agreement (including the MDL Disclosure Letter referenced therein), or in any certificate furnished by MDL pursuant to the Combination Agreement at Closing, or the failure to perform any covenant or agreement of MDL made in the Combination Agreement; or (ii) the failure of the Indemnifying Shareholders to pay Excess Transaction Fees.

(d) For greater certainty, any Loss shall include an interest component, calculated at a floating rate equal to the prime rate of interest announced from time to time by Wells Fargo Bank Minnesota, NA, accruing from the date of actual payment or other realization by an Indemnitee of a Loss which is ultimately determined to be subject to indemnification pursuant to this Agreement, until the date of determination of the Recovery Amount (as such term is defined in the Escrow Agreement) in respect of such Loss.

(e) The Indemnitees' sole remedy for such indemnification by the Indemnifying Shareholders is as set out herein and in the Escrow Agreement.

ARTICLE 8 AMENDMENT AND FURTHER ASSURANCES

8.1 Plan of Arrangement Amendment

MDL reserves the right to amend, modify and/or supplement this Plan of Arrangement at any time and from time to time provided that any such amendment, modification or supplement must be contained in a written document that is (a) agreed to by TSA, (b) filed with the Court and, if made following the MDL Securityholders' Meeting, approved by the Court and (c) communicated to the MDL Securityholders if and as required by the Court.

Any amendment, modification or supplement to this Plan of Arrangement may be proposed by MDL at any time prior to or at the MDL Securityholders' Meeting (provided that TSA shall have consented thereto) with or without any other prior notice or communication, and if so proposed and accepted by the MDL Securityholders voting at the MDL Securityholders' Meeting (other than as may be required under the Interim Order), shall become part of this Plan of Arrangement for all purposes.

Any amendment, modification or supplement to this Plan of Arrangement which is approved or directed by the Court following the MDL Securityholders' Meeting shall be effective only if: (a) it is consented to by MDL; (b) it is consented to by TSA; and (c) it is consented to by the MDL Securityholders or the holders

of Exchangeable Shares or TSA Class A Common Shares, as the case may be, in the manner required by the Court or applicable Law.

## 8.2 Appeal of Interim or Final Order

Any appeal of an Interim or Final Order made by MDL shall be made only with the consent of TSA, such consent not to be unreasonably withheld or delayed, or by MDL and TSA jointly.

## 8.3 Further Assurances

Notwithstanding that the transactions and events set out herein shall occur and be deemed to occur in the order set out in this Plan of Arrangement without any further act or formality, the MDL Securityholders, MDL, TSA, TSA Holdco and TSA Exchangeco acknowledge that they will make, do and execute, or cause to be made, done and executed all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by any of them in order to further, document or evidence any of the transactions or events set out herein.

### LIST OF APPENDICES AND SCHEDULES

APPENDIX A	-	Amended and Restated Stock Option Plan
APPENDIX B	-	Provisions Attaching to Exchangeable Shares
		Schedule A - Notice of Retraction
		Schedule B - TSA Liquidation Call Right
		Schedule C - TSA Redemption Call Right
		Schedule D - Support Agreement
APPENDIX C	-	Provisions Attaching to Preferred Shares

### APPENDIX A TO THE PLAN OF ARRANGEMENT

MESSAGINGDIRECT LTD.  
(the "Corporation")

### AMENDED AND RESTATED EMPLOYEE SHARE OPTION PLAN

## ARTICLE 1 - DEFINITIONS

### 1.1 Definitions

In this Share Option Plan:

- (a) AFFILIATE has the meaning ascribed to it in Section 2 of the Business Corporations Act, Alberta, as amended from time to time.
- (b) BOARD means the Board of Directors of the CORPORATION;
- (c) BUSINESS DAY means any day, other than a Saturday, Sunday or statutory holiday in Alberta.
- (d) COMMITTEE means the BOARD or any committee of the BOARD designated by the BOARD as the committee for the purposes of this PLAN.
- (e) CORPORATION means MESSAGINGDIRECT LTD. or any AFFILIATE of MESSAGINGDIRECT LTD. that adopts this Plan.
- (f) ELIGIBLE PERSON means any director, officer, full time employee of the CORPORATION or of any AFFILIATE, and any other person as the COMMITTEE determines is providing key services

to the CORPORATION or any AFFILIATE and is accepted by the COMMITTEE for the purposes of the PLAN as an ELIGIBLE PERSON.

- (g) EXERCISE PRICE means an amount per SHARE in Canadian or United States funds established by the COMMITTEE at the time of the granting of an OPTION, at which SHARES may be purchased by the OPTIONEE, as adjusted pursuant to Section 4.2 hereof;
- (h) OPTION means an option to purchase SHARES granted to an ELIGIBLE PERSON under this PLAN;
- (i) OPTION DATE means with respect to each grant of an OPTION the date upon which the COMMITTEE grants the OPTION;
- (j) "PLAN" means this Share Option Plan, as amended;
- (k) OPTIONEE means an ELIGIBLE PERSON to whom an OPTION has been granted;
- (l) SHARES means the common shares of the CORPORATION, or, in the event of an adjustment contemplated by Section 4.2 hereof, the other shares and securities to which an OPTIONEE may be entitled upon exercise of an OPTION, as a result of the adjustment;

## ARTICLE 2 - PURPOSE OF THE PLAN

### 2.1 Purpose

The purpose of the PLAN is to assist the CORPORATION and its AFFILIATES to attract, retain and motivate employees, officers, directors and consultants by conveying a sense of pride of ownership and the potential to achieve significant personal wealth by contributing to the successful growth of the CORPORATION, and to be achieved by permitting such persons to participate in the growth and development of the CORPORATION and its AFFILIATES through the acquisition of OPTIONS.

## ARTICLE 3 - ADMINISTRATION OF THE PLAN

### 3.1 Administration

The PLAN shall be administered by the COMMITTEE.

### 3.2 Powers

The COMMITTEE shall have the power, where consistent with the general purpose and intent of the PLAN, and subject to the specific provisions of the PLAN:

- (a) to establish policies, procedures and to adopt rules and regulations for carrying out the purposes, provisions and administration of the PLAN;
- (b) to interpret and construe the PLAN and to determine all questions arising out of the PLAN and any OPTION and any interpretation or construction made by the COMMITTEE shall be final, binding and conclusive for all purposes;
- (c) to determine which ELIGIBLE PERSONS will be granted OPTIONS;
- (d) to determine the terms and provisions of any grant of OPTION, including the time or times when any OPTION is exercisable and any restrictions on exercise of the OPTION or on the SHARES to be issued on exercise of the OPTION;
- (e) to determine the terms and provisions of any agreements or documents arising from the PLAN;
- (f) to determine the number of SHARES covered by each OPTION; and
- (g) to determine the EXERCISE PRICE.

## ARTICLE 4 - SHARES SUBJECT TO PLAN

### 4.1 SHARES Available

The number of SHARES available for issuance upon exercise of OPTIONS granted shall be as specified by the BOARD from time to time provided that, subject to the provisions of Section 4.2, the total number of SHARES so available together with those previously issued under the PLAN shall not exceed five million (5,000,000) SHARES at the date of the grant of any OPTION. If any OPTION shall lapse or terminate for any reason without having been exercised in full, the unpurchased SHARES that are the subject of that OPTION shall be available for future OPTIONS.

#### 4.2 Adjustments

The number of SHARES subject to the PLAN, the number of SHARES optioned and the EXERCISE PRICE shall be adjusted by the BOARD to give effect to adjustments resulting from subdivisions or consolidations or reclassifications or changes to, Class "A" shares or SHARES, the payment of stock dividends by the CORPORATION (other than dividends in the ordinary course) or other relevant changes in the capital of the CORPORATION.

### ARTICLE 5 - ELIGIBILITY AND GRANT

#### 5.1 Eligibility

Options may only be granted to ELIGIBLE PERSONS. Any member of the COMMITTEE shall be eligible to be granted OPTIONS notwithstanding that such person shall be a member of the COMMITTEE.

#### 5.2 Grant

The COMMITTEE may, from time to time, grant OPTIONS to ELIGIBLE PERSONS. Each ELIGIBLE PERSON who receives a grant of an OPTION shall receive a written notification from the CORPORATION specifying the relevant terms and provisions of the grant of the OPTION.

#### 5.3 Term

In no event may the term of an OPTION exceed eight (8) years from the OPTION DATE, unless extended pursuant to the adoption of the PLAN under Article 9 hereof.

#### 5.4 Non-Assignable

The OPTIONS granted hereunder are not assignable.

### ARTICLE 6 - TERMINATION OF OPTION

#### 6.1 Termination

Subject to Section 6.2 hereof, an OPTION shall expire and terminate and be incapable of exercise immediately upon the OPTIONEE ceasing to be an ELIGIBLE PERSON. A person other than a director, officer or full time employee of the CORPORATION or of any AFFILIATE shall cease to be an ELIGIBLE PERSON ten (10) BUSINESS DAYS after receipt of notice to that effect from the CORPORATION.

#### 6.2 Rights in Certain Circumstances

If before the expiry of an OPTION:

- (a) the OPTIONEE ceases to be an ELIGIBLE PERSON as a result of a death or employment terminating as a result of permanent disability, then the OPTION may be exercised by the OPTIONEE or, in the event of death, by his legal representative only within twelve (12) months of the date of death or ceasing employment as a result of permanent disability or retirement but only to the extent that the OPTIONEE was entitled to exercise the OPTION at the date of death or termination of employment;
- (b) the OPTIONEE ceases to be an ELIGIBLE PERSON as a result of resignation or termination of employment, without cause, by the CORPORATION or an AFFILIATE, then the OPTION may be exercised by the APPOINTEE only within sixty (60) days of the resignation or termination but only to the extent that the OPTIONEE was entitled to exercise the OPTION at the date of resignation or termination;
- (c) the OPTIONEE ceases to be an ELIGIBLE PERSON as a result of the OPTIONEE receiving written notice to that effect from the CORPORATION as provided

for in Section 6.1 hereof, then the OPTION may be exercised by the OPTIONEE only within sixty (60) days of the OPTIONEE ceasing to be an ELIGIBLE PERSON but only to the extent that the OPTIONEE was entitled to exercise the OPTION at the date that the OPTIONEE ceased to be an ELIGIBLE PERSON;

- (d) the OPTIONEE ceases to be an ELIGIBLE PERSON as a result of termination of employment, for cause, by the CORPORATION or an AFFILIATE, then the OPTION may be exercised by the OPTIONEE only within five (5) days of the termination but only to the extent that the OPTIONEE was entitled to exercise the OPTION at the date of termination.
- (e) an order is made by a court of competent jurisdiction pursuant to the Matrimonial Property Act (Alberta) or other similar legislation purporting to deal with any SHARES held by the OPTIONEE or there is a seizure or attachment in any way of any SHARES held by the OPTIONEE for the payment of any judgment or order, then the OPTION may be exercised by the OPTIONEE only within five days of the occurrence of such event but only to the extent that the OPTIONEE was entitled to exercise the OPTION as of the date of the occurrence of such event;
- (f) the OPTIONEE purports to sell, transfer, assign, pledge, hypothecate, mortgage or encumber any of the SHARES held by the OPTIONEE, other than to the CORPORATION, then the OPTION may be exercised by the OPTIONEE only within five (5) days of the occurrence of such event but only to the extent that the OPTIONEE was entitled to exercise the OPTION as of the date of the occurrence of such event.

The foregoing provisions shall not have the effect of extending any OPTION beyond the period for exercise in accordance with its terms.

#### ARTICLE 7 - AMENDMENT OR TERMINATION OF PLAN

##### 7.1 Amendment or Termination

The PLAN may be amended by the BOARD as it may from time to time deem advisable. The BOARD may, in its discretion, terminate or fix a date for the termination of the PLAN. No amendment or termination of the PLAN may increase any EXERCISE PRICE other than by way of an adjustment contemplated by Section 4.2.

#### ARTICLE 8 - EXERCISE OF OPTIONS

##### 8.1 Exercise

Subject to the provisions of the PLAN, an OPTION may be exercised from time to time by delivery to the CORPORATION at its registered office of a written notice of exercise addressed to the secretary of the CORPORATION specifying the number of SHARES with respect to which the OPTION is being exercised and accompanied by payment in full of the EXERCISE PRICE of the SHARES to be purchased. Certificates for SHARES that are the subject of the exercise of an OPTION shall be issued and delivered to the OPTIONEE within a reasonable time following the receipt of the notice and payment.

#### ARTICLE 9 - ADOPTION

9.1 Upon Transaction Systems Architects, Inc. ("TSA") adopting this PLAN the term of each OPTION due to expire on or after the date of the Combination Agreement made inter alia, among TSA and the CORPORATION and on or before the effective date thereunder shall be extended to February 28, 2001 and any then outstanding unvested OPTION shall automatically accelerate and become fully vested and immediately exercisable as of the effective date of the adoption of the PLAN by TSA.

#### ARTICLE 10 - MISCELLANEOUS

##### 10.1 Rights Prior to Exercise

An OPTIONEE shall not have any rights as a shareholder of the CORPORATION with respect to any of the SHARES covered by an OPTION until the OPTIONEE has exercised the OPTION in accordance with the terms of the PLAN. Nothing herein or in an OPTION shall confer on the OPTIONEE any right or interest whatsoever as a holder of SHARES or other securities of the CORPORATION or any other right or interest in any property of the CORPORATION except as herein expressly provided.

10.2 Employment Rights Not Conferred

Nothing in the PLAN or any OPTION shall confer upon any OPTIONEE any right to continue in the employment of the CORPORATION or any AFFILIATE or affect in any way the right of the CORPORATION or any AFFILIATE to terminate the employment of an OPTIONEE at any time. Nothing in the PLAN or in any OPTION shall be deemed or construed to constitute an agreement or an expression of intent on the part of the CORPORATION or any AFFILIATE to extend the employment of an OPTIONEE beyond the time that the OPTIONEE would normally be retired pursuant to any provisions of any present or future retirement plan or policy of the CORPORATION or any AFFILIATE, or beyond the time at which the OPTIONEE would otherwise be retired pursuant to the provisions of any contract of employment with the CORPORATION or an AFFILIATE.

10.3 Singular, Plural and Gender

Wherever the singular, plural, masculine, feminine or neuter is used throughout this PLAN, the same shall be construed as meaning the singular, plural, masculine, feminine or body corporate where the facts or context so requires.

10.4 Governing Law

This PLAN shall be governed and applied in accordance with the laws of the Province of Alberta, Canada.

10.5 Notice

Any notice permitted or contemplated to be given to an OPTIONEE may be given by the CORPORATION in writing addressed to the address of the OPTIONEE set forth in the OPTION CERTIFICATE or such other address as shall have been specified by the OPTIONEE by written notification to the CORPORATION and such a notice to the OPTIONEE shall be effective for all purposes of the PLAN.

DATED at the City of Edmonton, in the Province of Alberta, this \_\_\_\_ day of \_\_\_\_\_, 2001.

MESSAGINGDIRECT LTD.

Per: \_\_\_\_\_

Per: \_\_\_\_\_

The foregoing Amended and Restated Stock Option plan is hereby expressly adopted by Transaction Systems Architects, Inc.

DATED at the City of Omaha, in the State of Nebraska, this \_\_\_\_ day of \_\_\_\_\_, 2001.

TRANSACTION SYSTEMS ARCHITECTS, INC.

Per: \_\_\_\_\_

Per: \_\_\_\_\_

APPENDIX B TO THE PLAN OF ARRANGEMENT

PROVISIONS ATTACHING TO EXCHANGEABLE SHARES

The Exchangeable Shares in the capital of TSA Exchangeco Limited shall have the following rights, privileges, restrictions and conditions.

ARTICLE 1

## INTERPRETATION

For the purposes of these share provisions:

"ABCA" means the Business Corporations Act (Alberta), S.A. 1981, c. B-15, as amended;

"Affiliate" has the meaning ascribed to that term in the ABCA;

"Board of Directors" means the Board of Directors of the Corporation;

"Business Day" means any day, other than a Saturday, a Sunday or a day which is a statutory or civic holiday in the Province of Alberta or the State of Nebraska;

"Canadian Dollar Equivalent" means in respect of an amount expressed in currency other than Canadian dollars (the "Foreign Currency Amount") on any date, the product obtained by multiplying (a) the Foreign Currency Amount by (b) the noon spot exchange rate on such date for such foreign currency expressed in Canadian dollars as reported by the Bank of Canada or, in the event such spot exchange rate is not available, such exchange rate on such date for such foreign currency expressed in Canadian dollars as may be deemed by the Board of Directors to be appropriate for such purpose;

"Canadian Resident" means a resident of Canada for the purposes of the ITA;

"Combination Agreement" means the combination agreement among TSA, TSA Holdco, MDL and the Corporation;

"Common Shares" means the common shares of the Corporation;

"Corporation" means TSA Exchangeco Limited, a Nova Scotia limited company;

"Current Market Price" means, in respect of a TSA Class A Common Share on any date, the Canadian Dollar Equivalent of the average closing price (computed and rounded to the third decimal point) of TSA Class A Common Shares during a period of twenty (20) consecutive trading days ending not more than three (3) trading days before such date on the NASDAQ, or, if the TSA Class A Common Shares are not then listed on the NASDAQ, on such other stock exchange or automated quotation system on which the TSA Class A Common Shares are listed or quoted, as the case may be, as may be selected by the Board of Directors for such purpose; provided, however, that if in the opinion of the Board of Directors the public distribution or trading activity of TSA Class A Common Shares during such period does not create a market which reflects the fair market value of a TSA Class A Common Share, then the Current Market Price of a TSA Class A Common Share shall be determined by the Board of Directors based upon the advice of such qualified independent financial advisors as the Board of Directors may deem to be appropriate, and provided further that any such selection, opinion or determination by the Board of Directors shall be conclusive and binding;

"Dividend Amount" means an amount equal to the full amount of all declared and unpaid dividends on each Exchangeable Share with a dividend record date prior to the effective date of the exchange of Exchangeable Shares for TSA Class A Common Shares hereunder;

"Effective Date" means the date that the Articles of Arrangement are filed pursuant to the ABCA;

"Equivalent Ratio Adjustment" has the meaning ascribed thereto in Section 3.1(b) of these share provisions;

"Equivalent Stock Subdivision" has the meaning ascribed thereto in Section 3.1(b) of these share provisions;

"Exchangeable Shares" mean the exchangeable non-voting shares of the Corporation having the rights, privileges, restrictions and conditions set forth herein;

"Exchangeable Share Voting Event" means any matter in respect of which holders of Exchangeable Shares are entitled to vote as shareholders of the Corporation, other than an Exempt Exchangeable Share Voting Event, and, for greater certainty, excluding any matter in respect of which holders of Exchangeable Shares are entitled to vote (or instruct the Trustee to vote) in their capacity as Holders under (and as that term is defined in) the Voting and Exchange Trust Agreement;



"Exempt Exchangeable Share Voting Event" means any matter in respect of which holders of Exchangeable Shares are entitled to vote as shareholders of the Corporation in order to approve or disapprove, as applicable, any change to, or in the rights of the holders of, the Exchangeable Shares, where the approval or disapproval, as applicable, of such change would be required to maintain the equivalence of the Exchangeable Shares and the TSA Class A Common Shares;

"Fractional Share Amount" means the amount of cash payable in lieu of a fractional share that would otherwise be issuable to the holder of an Exchangeable Share as a result of an Equivalent Ratio Adjustment;

"ITA" means the Income Tax Act (Canada) R.S.C. 1985, c.1 (5th Supp.), as amended;

"Law" means any federal, state, provincial, territorial, municipal or other law, statute, regulation, code, recommendation, notice, judgment, treaty, directive, ordinance, writ, injunction, decree, by-law, order, restriction, official plan or stated policy, whether domestic or foreign; and "Laws" means all of the foregoing;

"Liquidation Amount" has the meaning ascribed thereto in Section 5.1 of these share provisions;

"Liquidation Call Right" has the meaning ascribed thereto in Schedule B attached hereto;

"Liquidation Date" has the meaning ascribed thereto in Section 5.1 of these share provisions;

"MDL" means MessagingDirect Ltd., an Alberta corporation;

"NASDAQ" means the Nasdaq National Market or any successor systems;

"NSCA" means the Companies Act (Nova Scotia), R.S.N.S. 1989, C.81, as amended;

"Plan of Arrangement" means the Plan of Arrangement in respect of MDL, to which Plan of Arrangement these share provisions are an appendix;

"Purchase Price" has the meaning ascribed thereto in Section 6.3 of these share provisions;

"Redemption Call Purchase Price" has the meaning ascribed thereto in Schedule C attached hereto;

"Redemption Call Right" has the meaning ascribed thereto in Schedule C attached hereto;

"Redemption Date" means the date which is the earlier of: (i) the fifth (5th) anniversary of the Effective Date; or (ii) the date, if any, established by the Board of Directors for the redemption by the Corporation of all but not fewer than all of the Exchangeable Shares (other than Exchangeable Shares held by TSA and its Affiliates) pursuant to Article 7 of these share provisions if any of the following occurs:

- (a) the number of Exchangeable Shares outstanding is less than one-third (1/3) of the number of Exchangeable Shares issued on the Effective Date and as such number of shares may be adjusted as deemed appropriate by the Board of Directors to give effect to any subdivision or consolidation of or stock dividend on the Exchangeable Shares or TSA Class A Common Shares, any issue or distribution of rights to acquire Exchangeable Shares or TSA Class A Common Shares or securities exchangeable for or convertible into Exchangeable Shares or TSA Class A Common Shares, any issue or distribution of other securities or rights or evidences of indebtedness or assets, or any other capital reorganization or other transaction affecting the Exchangeable Shares or TSA Class A Common Shares, in which case the Board of Directors may accelerate such redemption date as it may determine upon at least forty (40) Business Days' prior written notice to the registered holders of the Exchangeable Shares (other than TSA and its Affiliates);
- (b) a TSA Control Transaction occurs, in which case, provided that the Board of Directors determines in good faith and in its sole discretion that it is not reasonably practicable to substantially replicate the terms and conditions of the Exchangeable Shares in connection with such TSA Control Transaction and that the redemption of all, but not fewer than all, of the

outstanding Exchangeable Shares is necessary to enable the completion of such TSA Control Transaction in accordance with its terms, the Board of Directors may accelerate such redemption date as it may determine upon such number of days' prior written notice to the registered holders of the Exchangeable Shares (other than TSA and its Affiliates) as the Board of Directors may determine to be reasonably practicable in such circumstances with a view to permitting holders of Exchangeable Shares sufficient time to exchange their Exchangeable Shares prior to the record date for the determination of the registered holders of TSA Class A Common Shares entitled to participate in the TSA Control Transaction;

- (c) an Exchangeable Share Voting Event is proposed, in which case, provided that the Board of Directors has determined, in good faith and in its sole discretion, that it is not reasonably practicable to accomplish the business purpose intended by the Exchangeable Share Voting Event, which business purpose must be bona fide and not for the primary purpose of causing the occurrence of a Redemption Date, in any other commercially reasonable manner that does not result in an Exchangeable Share Voting Event, the Board of Directors may accelerate such redemption date to the Business Day prior to the record date for any meeting or vote of the holders of the Exchangeable Shares to consider the Exchangeable Share Voting Event and the Board of Directors shall give such number of days' prior written notice of such redemption to the registered holders of the Exchangeable Shares (other than TSA and its Affiliates) as the Board of Directors may determine to be reasonably practicable in such circumstances;
- (d) an Exempt Exchangeable Share Voting Event is proposed and the holders of the Exchangeable Shares (other than TSA and its Affiliates) fail to take the necessary action at a meeting or by other resolution or action of holders of Exchangeable Shares, to approve or disapprove, as applicable, the Exempt Exchangeable Share Voting Event, in which case the redemption date shall be the Business Day following the day on which the holders of the Exchangeable Shares failed to take such action and the Board of Directors shall give such number of days' prior written notice of such redemption to the registered holders of the Exchangeable Shares (other than TSA and its Affiliates) as the Board of Directors may determine to be reasonably practicable in such circumstances; or
- (e) a TSA Spin-Out Decision Date occurs in which case the Board of Directors may accelerate such redemption date as it may determine, upon such number of days' prior written notice to the registered holders of the Exchangeable Shares (other than TSA and its Affiliates) as the Board of Directors may determine, acting in good faith and in its sole discretion and with a view to permitting holders of Exchangeable Shares sufficient time to exchange their Exchangeable Shares prior to the record date for the determination of the registered holders of TSA Class A Common Shares entitled to participate in the TSA spin-out, to be reasonably practicable in such circumstances,

provided, however, that the accidental failure or omission to give any notice of redemption under clauses (a), (b), (c), (d) or (e) above to less than 10% of such holders of Exchangeable Shares (other than TSA and its Affiliates) shall not affect the validity of any such redemption;

"Redemption Price" has the meaning ascribed thereto in Section 7.1 of these share provisions;

"Retracted Shares" has the meaning ascribed thereto in Subsection 6.1 (a) of these share provisions;

"Retraction Call Right" has the meaning ascribed thereto in Subsection 6.1 (c) of these share provisions;

"Retraction Date" has the meaning ascribed thereto in Subsection 6.1 (b) of these share provisions;

"Retraction Price" has the meaning ascribed thereto in Section 6.1 of these share provisions;

"Retraction Request" has the meaning ascribed thereto in Section 6.1 of these share provisions;

"Support Agreement" means the Support Agreement to be entered into among TSA, TSA Holdco, and the Corporation on or before the Effective Date, a copy of which is attached hereto as Schedule D;

"Tax" or "Taxes" means all income, capital, payroll, sales and use, value added, goods and services, documentary, stamp, transfer and real property taxes and customs and excise duties, whether foreign, federal, provincial, state or municipal (including tax withholdings, employer health taxes, workers' compensation assessments, penalties and surcharges, Canada and Quebec Pension Plans and employment insurance premiums, contributions and remittances) and including any interest, penalties or surcharges attributable thereto;

"Taxing Authority" means Canada Customs and Revenue Agency, the Internal Revenue Service or any other taxing authority, including, without limitation, any value added tax or sales tax authority;

"Transfer Agent" means TSA Exchangeco or any duly appointed transfer agent for the time being of the Exchangeable Shares and if there is more than one such agent, then the principal Canadian agent;

"Trustee" means Wells Fargo Bank Minnesota, National Association, and any successor trustee appointed under the Voting and Exchange Trust Agreement;

"TSA" means Transaction Systems Architects, Inc., a Delaware corporation;

"TSA Call Notice" has the meaning ascribed thereto in Section 6.3 of these share provisions;

"TSA Class A Common Shares" mean the voting shares of TSA, par value \$0.005 per share, having voting rights of one vote per share, and any other securities into which such shares may be changed;

"TSA Control Transaction" means the earlier to occur of the occurrence of or approval by the stockholders of TSA of (a) any statutory exchange, merger or amalgamation involving TSA, (b) any sale, lease, exchange or other transfer (in one transaction or a series of transactions) of all, or substantially all, of the assets of TSA; (c) any tender offer for TSA; or (d) any Person becoming the beneficial owner of 20% or more of the outstanding TSA common stock who was not the beneficial owner of 20% or more of such stock prior to the date of the Combination Agreement;

"TSA Dividend Declaration Date" means the date on which the board of directors of TSA declares any dividend on the TSA Class A Common Shares;

"TSA Holdco" means Transaction Systems Architects Nova Scotia Company, a Nova Scotia unlimited company;

"TSA Spin-Out Decision Date" means the earlier of: (i) the date on which the board of directors of TSA resolves in good faith, and in its sole discretion, to distribute any of the shares or other interests of an Affiliate of TSA (other than TSA Exchangeco) or a business unit of TSA or its Affiliate to the holders of TSA Class A Common Shares whether by dividend in kind, as satisfaction for the purchase price on an exchange or repurchase of TSA stock in connection with such distribution, or otherwise; or (ii) the date on which TSA reasonably determines in good faith and in its sole discretion, based on the written advice of its external tax advisor (which shall be a national accounting firm), that the failure of TSA Exchangeco to redeem (or of TSA to acquire pursuant to the exercise of its Redemption Call Right) the Exchangeable Shares would reasonably be expected to create a significant risk of adversely impacting the U.S. federal income tax treatment of any distribution of any of the shares or other interests of an Affiliate of TSA (other than TSA Exchangeco) or a business unit of TSA or its Affiliate to the holders of TSA Class A Common Shares or would reasonably be expected to create a significant risk of adversely impacting TSA's ability to receive, on a timely basis, a favourable private letter ruling from the U.S. Taxing Authority as to the treatment of such distribution as a dividend in kind, as satisfaction for the purchase price on an exchange or as the repurchase of TSA stock; and

"Voting And Exchange Trust Agreement" means the Voting and Exchange Trust Agreement dated as of on or before the Effective Date, among TSA, TSA Holdco, the Corporation and the Trustee.

## ARTICLE 2

### RANKING OF EXCHANGEABLE SHARES

- 2.1 The Exchangeable Shares shall be entitled to a preference over the Common Shares and any other shares ranking junior to the Exchangeable Shares, with respect to the distribution of assets in the event of the

liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding up its affairs. The Corporation will not pay a dividend on any shares ranking junior to the Exchangeable Shares if the Corporation is in default of any dividend obligations with respect to the Exchangeable Shares.

### ARTICLE 3

#### DIVIDENDS

- 3.1 A holder of an Exchangeable Share shall be entitled to receive and the Board of Directors shall, subject to applicable Law, on each TSA Dividend Declaration Date, declare a dividend on each Exchangeable Share:
- (a) in the case of a cash dividend declared on the TSA Class A Common Shares, in an amount in cash for each Exchangeable Share equal to the Canadian Dollar Equivalent on the Business Day immediately preceding the date of payment of the cash dividend declared on each TSA Class A Common Share;
  - (b) in the case of a stock dividend declared on the TSA Class A Common Shares to be paid in TSA Class A Common Shares (including a stock split payable as a stock dividend), in such number of Exchangeable Shares for each Exchangeable Share as is equal to the number of TSA Class A Common Shares to be paid on each TSA Class A Common Share unless in lieu of such stock dividend the Corporation elects in its sole and absolute discretion to effect either: (i) a corresponding and contemporaneous and economically equivalent subdivision (as determined by the Board of Directors as contemplated by Section 3.5 hereof) of the outstanding Exchangeable Shares (an "Equivalent Stock Subdivision"); or (ii) an adjustment to the ratio of TSA Class A Common Shares to be received in exchange for each Exchangeable Share (an "Equivalent Ratio Adjustment") to provide a benefit to the holders of the Exchangeable Shares that is equivalent to the benefit paid to the holders of the TSA Class A Common Shares; or
  - (c) in the case of a dividend declared on the TSA Class A Common Shares in property other than cash or TSA Class A Common Shares, in such type and amount of property for each Exchangeable Share as is the same as or economically equivalent to (to be determined by the Board of Directors as contemplated by Section 3.5 hereof) the type and amount of property declared as a dividend on each TSA Class A Common Share.

Such dividends shall be paid out of money, assets or property, as applicable, of the Corporation properly applicable to the payment of dividends, or in the case of a stock dividend contemplated by Section 3.1(b), out of authorized but unissued shares of the Corporation. Notwithstanding the foregoing, a holder's right to receive a dividend pursuant to Section 3.1(c) and the Corporation's obligation to declare a dividend on the Exchangeable Shares or otherwise provide economic equivalence shall be subject to TSA's overriding right to redeem the Exchangeable Shares pursuant to the occurrence of a TSA Spin-Out Decision Date as set out in Article 7.

- 3.2 Cheques of the Corporation payable at any branch of the bankers of the Corporation shall be issued in respect of any cash dividends contemplated by Section 3.1 (a) hereof and the sending of such a cheque to each holder of an Exchangeable Share shall satisfy the cash dividend represented thereby unless the cheque is not paid on presentation. Certificates registered in the name of the registered holder of Exchangeable Shares shall be issued or transferred in respect of any stock dividends contemplated by Section 3.1 (b) hereof and the sending of such a certificate to each holder of an Exchangeable Share shall, absent non-receipt thereof, satisfy the stock dividend represented thereby. Such other type and amount of property in respect of any dividends contemplated by Section 3.1 (c) hereof shall be issued, distributed or transferred by the Corporation in such manner as it shall determine and the issuance, distribution or transfer thereof by the Corporation to each holder of an Exchangeable Share shall satisfy the dividend represented thereby. In all cases,

any such dividends shall be subject to any reduction or adjustment for Tax required to be deducted and withheld from such dividends paid or credited by the Corporation. No holder of an Exchangeable Share shall be entitled to recover by action or other legal process against the Corporation any dividend that is represented by a cheque that has not been duly presented to the Corporation's bankers for payment or that otherwise remains unclaimed for a period of six years from the date on which such dividend was payable.

- 3.3 The record date for the determination of the holders of Exchangeable Shares entitled to receive payment of, and the payment date for, any dividend declared on the Exchangeable Shares under Section 3.1 hereof shall be the same dates as the record date and payment date, respectively, for the corresponding dividend declared on the TSA Class A Common Shares. The record date for the determination of the holders of Exchangeable Shares entitled to receive Exchangeable Shares in connection with any Equivalent Stock Subdivision under Subsection 3.1(b) hereof and the effective date of such Equivalent Stock Subdivision shall be the same dates as the record and payment date, respectively, for the corresponding stock dividend declared on the TSA Class A Common Shares. The effective date of the Equivalent Ratio Adjustment shall be the same date as the payment date for the corresponding stock dividend declared on the TSA Class A Common Shares.
- 3.4 If on any payment date for any dividend declared on the Exchangeable Shares under Section 3.1 hereof the dividend is not paid in full on all of the Exchangeable Shares then outstanding, any such dividend that remains unpaid shall be paid on a subsequent date or dates determined by the Board of Directors on which the Corporation shall have sufficient moneys, assets or property properly applicable to the payment of such dividends.
- 3.5 If the Board of Directors decides to provide economic equivalence pursuant to Section 3.1 hereof then the Board of Directors shall determine, in good faith and in its sole and absolute discretion (with the assistance of such reputable and qualified independent financial advisors and/or other experts as the Board of Directors may require), such economic equivalence for the purposes of Section 3.1 hereof, and each such determination shall be conclusive and binding on the Corporation and its shareholders. In making such determination, the following factors shall, without excluding other factors determined by the Board of Directors to be relevant, be considered by the Board of Directors:
- (a) in the case of any stock dividend or other distribution payable in TSA Class A Common Shares, the number of such shares issued in proportion to the number of TSA Class A Common Shares previously outstanding;
  - (b) in the case of the issuance or distribution of any rights, options or warrants to subscribe for or purchase TSA Class A Common Shares (or securities exchangeable for or convertible into or carrying rights to acquire TSA Class A Common Shares), the relationship between the exercise price of each such right, option or warrant and the Current Market Price;
  - (c) in the case of the issuance or distribution of any other form of property (including without limitation any securities of TSA of any class other than TSA Class A Common Shares, any rights, options or warrants other than those referred to in Subsection 3.5(b) above, any evidences of indebtedness of TSA or any assets of TSA), the relationship between the fair market value (as determined by the Board of Directors in the manner above contemplated) of such property to be issued or distributed with respect to each outstanding TSA Class A Common Share and the Current Market Price of a TSA Class A Common Share;
  - (d) in the case of any subdivision, re-division or change of the then outstanding TSA Class A Common Shares into a greater number of TSA Class A Common Shares or the reduction, combination or consolidation or change of the then outstanding TSA Class A Common Shares into a lesser number of TSA Class A Common Shares or any amalgamation, merger, re-organization or other transaction effecting the TSA Class A Common Shares, the effect thereof on the then outstanding shares of TSA Class A Common Shares; and

- (e) in all such cases, the general taxation consequences of the relevant event to holders of Exchangeable Shares to the extent that such consequences may differ from the taxation consequences to holders of TSA Class A Common Shares as a result of differences between Tax Laws of Canada, the United Kingdom and the United States (except for any differing consequences arising as a result of differing marginal taxation rates and without regard to the individual circumstances of holders of Exchangeable Shares).
- 3.6 Except as provided in Sections 3.1 and 3.4, the holders of Exchangeable Shares shall not be entitled to receive dividends in respect thereof.

#### ARTICLE 4

##### CERTAIN RESTRICTIONS

- 4.1 So long as any of the Exchangeable Shares are outstanding, the Corporation shall not in the circumstances described below at any time without, but may at any time with, the approval of the holders of the Exchangeable Shares given as specified in Article 10 of these share provisions:
- (a) pay any dividends on the Common Shares, or any other shares ranking junior to the Exchangeable Shares, other than stock dividends payable in Common Shares or such other shares ranking junior to the Exchangeable Shares, as the case may be;
  - (b) redeem or purchase or make any capital distribution in respect of Common Shares or any other shares ranking junior to the Exchangeable Shares with respect to the payment of dividends or on any liquidation distribution;
  - (c) redeem or purchase any other shares of the Corporation ranking equally with the Exchangeable Shares with respect to the payment of dividends or on any liquidation distribution; or
  - (d) issue any Exchangeable Shares or any other shares of the Corporation ranking equally with, or superior to, the Exchangeable Shares other than to the holders of Exchangeable Shares in accordance with these share provisions.

The restrictions in Subsections 4.1(a), (b), (c) and (d) above shall not apply if all dividends on the outstanding Exchangeable Shares corresponding to dividends declared and paid to date on the TSA Class A Common Shares have been declared and paid on the Exchangeable Shares. Nothing herein shall be interpreted to restrict the Corporation from issuing additional Common Shares.

#### ARTICLE 5

##### DISTRIBUTION ON LIQUIDATION

- 5.1 In the event of the liquidation, dissolution or winding-up of the Corporation or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding up its affairs, subject to the exercise by TSA or TSA Holdco of the Liquidation Call Right, a holder of Exchangeable Shares shall be entitled, subject to applicable Law, to receive from the assets of the Corporation in respect of each Exchangeable Share held by such holder on the effective date (the "Liquidation Date") of such liquidation, dissolution or winding-up, before or simultaneously with any distribution of any part of the assets of the Corporation among the holders of the Common Shares and before any distribution on any other shares ranking junior to the Exchangeable Shares, an amount per share equal to (i) subject to any Equivalent Ratio Adjustment, the Current Market Price of one TSA Class A Common Share on the last Business Day prior to the Liquidation Date, which shall be satisfied in full by the Corporation causing to be delivered to such holder one TSA Class A Common Share, plus (ii) the Dividend Amount; and (iii) the Fractional Share Amount (collectively the "Liquidation Amount"). In connection with payment of the Liquidation Amount, the Corporation shall be entitled to deduct and withhold from any consideration otherwise payable to any such holder such amounts as the Corporation or TSA, as the case may be, is required or permitted to deduct and withhold with

respect to such payment under the ITA or any other provision of applicable Tax Law, in each case, as amended or succeeded; provided that such withheld amount shall not be remitted prior to two (2) Business Days prior to that date such amount is required by Law to be remitted (the "Remittance Date") and where certificates issued pursuant to Subsection 116(2) or 116(4) of the ITA, if applicable, are delivered prior to such Remittance Date, such withheld amount shall be released to the holder except to the extent that amounts were withheld or deducted pursuant to another provision of applicable Tax Law. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes hereof as having been paid to the holder of the Exchangeable Shares in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate Taxing Authority and a receipt evidencing such remittance is delivered to such holder. To the extent that the amount so required or permitted to be deducted or withheld from any payment to a holder exceeds the cash portion of the consideration otherwise payable to such holder, the Corporation or TSA, as the case may be, as agent of such holder, is hereby authorized to sell or otherwise dispose of such portion of the consideration as is necessary to provide sufficient funds to it to enable it to comply with such deduction or withholding requirement and the Corporation or TSA, as the case may be, shall notify such holder thereof and remit to such holder any unapplied balance of the net proceeds of such sale. If the proceeds of such sale are insufficient to fund the required withholding, such holder shall forthwith pay to the Corporation or TSA, as the case may be, or remit to the applicable Taxing Authority the deficiency. Such holder shall bear all reasonable costs and expenses associated with any sale by the Corporation or TSA, as the case may be, pursuant to the two immediately preceding sentences.

- 5.2 On or promptly after the Liquidation Date, and subject to the exercise by TSA of the Liquidation Call Right, the Corporation shall cause to be delivered to the holders of the Exchangeable Shares the Liquidation Amount for each such Exchangeable Share upon presentation and surrender of the certificates representing such Exchangeable Shares, together with such other documents and instruments as may be required to effect a transfer of Exchangeable Shares under any applicable Law and the memorandum and articles of association of the Corporation and such additional documents and instruments as the Transfer Agent may reasonably require, at the registered office of the Corporation or at any office of the Transfer Agent as may be specified by the Corporation by notice to the holders of the Exchangeable Shares. Payment of the total Liquidation Amount for such Exchangeable Shares shall be made by delivery to each holder, at the address of the holder recorded in the securities register of the Corporation for the Exchangeable Shares or by holding for pick up by the holder at the registered office of the Corporation or at any office of the Transfer Agent as may be specified by the Corporation by notice to the holders of Exchangeable Shares, on behalf of the Corporation of certificates representing fully paid and non-assessable TSA Class A Common Shares and a cheque of the Corporation payable at par at any branch of the bankers of the Corporation in payment of the remaining portion, if any, of the total Liquidation Amount (less any Tax required to be deducted and withheld from the total Liquidation Amount by the Corporation without interest). On and after the Liquidation Date, the holders of the Exchangeable Shares shall cease to be holders of such Exchangeable Shares and shall not be entitled to exercise any of the rights of holders in respect thereof, other than the right to receive their proportionate part of the total Liquidation Amount, unless payment of the total Liquidation Amount for such Exchangeable Shares shall not be made upon presentation and surrender of share certificates in accordance with the foregoing provisions, in which case the rights of the holders shall remain unaffected until the total Liquidation Amount has been paid in the manner hereinbefore provided. The Corporation shall have the right at any time on or after the Liquidation Date to deposit or cause to be deposited the total Liquidation Amount in respect of the Exchangeable Shares represented by certificates that have not at the Liquidation Date been surrendered by the holders thereof in a custodial account with any chartered bank or trust company in Canada. Upon such deposit being made, the rights of the holders of Exchangeable Shares after such deposit shall be limited to receiving their proportionate part of the total Liquidation Amount (less any Tax required to be deducted and withheld therefrom) without interest for such Exchangeable Shares so deposited, against

presentation and surrender of the said certificates held by them, respectively, in accordance with the foregoing provisions. Upon such payment or deposit of the total Liquidation Amount, the holders of the Exchangeable Shares shall thereafter be considered and deemed for all purposes to be the holders of the TSA Class A Common Shares delivered to them. Any certificate which represented an Exchangeable Share that has not been deposited, with all other instruments required by this Section 5.2, on or prior to the first anniversary of the Liquidation Date, shall cease to represent a claim or interest of any kind or nature as a holder of an Exchangeable Share.

- 5.3 After the Corporation has satisfied its obligations to pay the holders of the Exchangeable Shares the Liquidation Amount per Exchangeable Share pursuant to Section 5.1 of these share provisions, such holders shall not be entitled to share in any further distribution of the assets of the Corporation.
- 5.4 If TSA or TSA Holdco exercise the Liquidation Call Right, the holders of Exchangeable Shares shall be obligated to transfer their Exchangeable Shares to TSA or TSA Holdco, as applicable, in accordance with the terms of the Liquidation Call Right.

## ARTICLE 6

### RETRACTION OF EXCHANGEABLE SHARES BY HOLDER

- 6.1 A holder of Exchangeable Shares shall be entitled at any time, subject to the exercise by TSA of the Retraction Call Right and otherwise upon compliance with the provisions of this Article 6, to require the Corporation to redeem any or all of the Exchangeable Shares registered in the name of such holder for an amount per share equal to (i) subject to any Equivalent Ratio Adjustment, the Current Market Price of a TSA Class A Common Share on the last Business Day prior to the Retraction Date, which shall be satisfied in full by the Corporation causing to be delivered to such holder one TSA Class A Common Share for each Exchangeable Share presented and surrendered by the holder, plus (ii) the Dividend Amount and (iii) the Fractional Amount (collectively the "Retraction Price"). To effect such redemption, the holder shall present and surrender at the registered office of the Corporation or at any office of the Transfer Agent as may be specified by the Corporation by notice to the holders of Exchangeable Shares the certificate or certificates representing the Exchangeable Shares which the holder desires to have the Corporation redeem, together with such other documents and instruments as may be required to effect a transfer of Exchangeable Shares under applicable Law and the memorandum and articles of association of the Corporation and such additional documents and instruments as the Transfer Agent may reasonably require, and together with a duly executed statement (the "Retraction Request") in the form of Schedule A hereto or in such other form as may be acceptable to the Corporation:
- (a) specifying that the holder desires to have all or any number specified therein of the Exchangeable Shares represented by such certificate or certificates (the "Retracted Shares") redeemed by the Corporation;
  - (b) stating the Business Day on which the holder desires to have the Corporation redeem the Retracted Shares (the "Retraction Date"), provided that the Retraction Date shall be not less than ten (10) Business Days nor more than fifteen (15) Business Days after the date on which the Retraction Request is received by the Corporation and further provided that, in the event that no such Business Day is specified by the holder in the Retraction Request, the Retraction Date shall be deemed to be the fifteenth (15th) Business Day after the date on which the Retraction Request is received by the Corporation;
  - (c) acknowledging the overriding right (the "Retraction Call Right") of TSA to purchase all but not fewer than all the Retracted Shares directly from the holder and that the



Retraction Request shall be deemed to be a revocable offer by the holder to sell the Retracted Shares to TSA in accordance with the Retraction Call Right on the terms and conditions set out in Section 6.3 below; and

(e) stating whether the holder is a Canadian Resident or is not a Canadian Resident.

6.2 Subject to the exercise by TSA of the Retraction Call Right, upon receipt by the Corporation or the Transfer Agent in the manner specified in Section 6.1 hereof of a certificate or certificates representing the number of Exchangeable Shares which the holder desires to have the Corporation redeem, together with a Retraction Request, and provided that the Retraction Request is not revoked by the holder in the manner specified in Section 6.8, the Corporation shall redeem the Retracted Shares effective at the close of business on the Retraction Date and shall cause to be delivered to such holder the total Retraction Price with respect to such shares. If only a part of the Exchangeable Shares represented by any certificate are redeemed (or purchased by TSA pursuant to the Retraction Call Right), a new certificate for the balance of such Exchangeable Shares shall be issued to the holder at the expense of the Corporation.

6.3 Upon receipt by the Corporation of a Retraction Request, the Corporation shall immediately notify TSA thereof and provide a copy of such Retraction Request. In order to exercise the Retraction Call Right, TSA must notify the Corporation in writing of its determination to do so (the "TSA Call Notice") within five (5) Business Days of notification to TSA by the Corporation of the receipt by the Corporation of the Retraction Request. If TSA does not so notify the Corporation within such five (5) Business Day period, the Corporation will notify the holder as soon as possible thereafter that TSA will not exercise the Retraction Call Right. If TSA delivers the TSA Call Notice within such five (5) Business Day time period, and provided that the Retraction Request is not revoked by the holder in the manner specified in Section 6.8, the Retraction Request shall thereupon be considered only to be an offer by the holder to sell the Retracted Shares to TSA in accordance with the Retraction Call Right. In such event, the Corporation shall not redeem the Retracted Shares and TSA shall purchase from such holder and such holder shall sell to TSA on the Retraction Date the Retracted Shares for a purchase price (the "Purchase Price") per share equal to the Retraction Price per share. For the purposes of completing a purchase pursuant to the Retraction Call Right, TSA shall deposit with the Transfer Agent, on or before the Retraction Date, certificates representing TSA Class A Common Shares and, if applicable, a cheque or cheques of TSA payable at par at any branch of the bankers of TSA representing the aggregate Dividend Amount less any amounts withheld on account of Tax required by Law to be deducted and withheld therefrom. Provided that TSA has complied with the immediately preceding sentence, the closing of the purchase and sale of the Retracted Shares pursuant to the Retraction Call Right shall be deemed to have occurred as at the close of business on the Retraction Date and, for greater certainty, no redemption by the Corporation of such Retracted Shares shall take place on the Retraction Date. In the event that TSA does not deliver a TSA Call Notice within such five (5) Business Day period, and provided that Retraction Request is not revoked by the holder in the manner specified in Section 6.8, the Corporation shall redeem the Retracted Shares on the Retraction Date and in the manner otherwise contemplated in this Article 6.

TSA shall be permitted to delegate or assign the Retraction Call Right to TSA Holdco with the result that all references to TSA in these share provisions with respect to the exercise of the Retraction Call Right in respect of which the delegation or assignment is made shall be deemed to refer to TSA Holdco.

6.4 A holder who is not a Canadian Resident shall deliver with each Retraction Request a certificate satisfactory to the Corporation or TSA, as the case may be, acting reasonably, issued pursuant to Subsection 116(2) of the ITA, with respect to the Exchangeable Shares being exchanged, having as the "certificate limit" as defined in Subsection 116(2) of the ITA, an amount no less than the cost of the Exchangeable Shares (which may be equal to the fair market value of the TSA Class A Common Shares and any cash receivable by such holder

of Exchangeable Shares) to the Corporation or TSA, as the case may be.

In the case of a holder who is a partnership, the holder shall also provide a certificate confirming the name and address of each member thereof and the percentage of partnership interest held by each member.

In the event that a holder fails to deliver one of the requisite certificates described with such holder's Retraction Request or, if the Corporation or TSA is required to deduct or withhold any amount under any other provision of applicable Tax Law, the Corporation or TSA, as the case may be, shall be entitled to deduct and withhold from any consideration otherwise payable to any such holder such amounts as the Corporation or TSA, as the case may be, is required or permitted to deduct and withhold with respect to such payment under the ITA or any other provision of applicable Tax Law, in each case, as amended or succeeded; provided that such withheld amount shall not be remitted prior to two (2) Business Days prior to the date such amount is required by Law to be remitted (the "Remittance Date") and where such certificate or a certificate issued pursuant to Subsection 116(4) satisfactory to TSA Exchangeco, acting reasonably, is delivered prior to such Remittance Date, such withheld amount shall be released to the holder except to the extent that amounts were withheld or deducted pursuant to another provision of applicable Tax Law. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes hereof as having been paid to such holder of the Exchangeable Shares in respect of such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate Taxing Authority and a receipt evidencing such remittance is delivered to such holder. To the extent that the amount so required or permitted to be deducted or withheld from any payment to a holder exceeds the cash portion of the consideration otherwise payable to such holder, the Corporation or TSA, as the case may be, as agent of such holder, is hereby authorized to sell or otherwise dispose of such portion of the consideration as is necessary to provide sufficient funds to it to enable it to comply with such deduction or withholding requirement and the Corporation or TSA, as the case may be, shall notify such holder thereof and remit to such holder any unapplied balance of the net proceeds of such sale. If the proceeds of such sale are insufficient to fund the required withholding, such holder shall forthwith pay to the Corporation or TSA, as the case may be, or remit to the applicable Taxing Authority the deficiency. Such holder shall bear all reasonable costs and expenses associated with any sale by the Corporation or TSA, as the case may be, pursuant to the two immediately preceding sentences.

6.5 The Corporation or TSA, as the case may be, shall deliver or cause the Transfer Agent to deliver to the relevant holder, at the address of the holder recorded in the securities register of the Corporation for the Exchangeable Shares or at the address specified in the holder's Retraction Request or by holding for pick-up by the holder at the registered office of the Corporation or at any office of the Transfer Agent as may be specified by the Corporation by notice to the holders of Exchangeable Shares, certificates representing fully paid and non-assessable TSA Class A Common Shares registered in the name of the holder or in such other name as the holder may request, and, if applicable, a cheque payable at par at any branch of the bankers of the Corporation or, as applicable, representing the aggregate Dividend Amount or Fractional Share Amount in partial satisfaction of the remaining portion of the total Retraction Price or the total Purchase Price, as the case may be, in each case, less any amounts withheld on account of Tax required to be deducted and withheld therefrom, and such delivery of such certificates and cheques on behalf of the Corporation or by TSA, as the case may be, or by the Transfer Agent shall be deemed to be payment of and shall satisfy and discharge all liability for the total Retraction Price or total Purchase Price, as the case may be, to the extent that the same is represented by such share certificates and cheques (plus any Tax deducted and withheld therefrom and remitted to the proper Taxing Authority without interest), unless such cheque is not paid on due presentation.

6.6 On and after the close of business on the Retraction Date, the holder of the Retracted Shares shall cease to be a holder of such Retracted Shares and shall not be entitled to exercise any of the rights of a holder in respect thereof, other than the right to receive his

proportionate part of the total Retraction Price or total Purchase Price, as the case may be, unless upon presentation and surrender of certificates in accordance with the foregoing provisions, payment of the total Retraction Price or the total Purchase Price, as the case may be, shall not be made as provided in Section 6.5, in which case the rights of such holder shall remain unaffected until the total Retraction Price or the total Purchase Price, as the case may be, has been paid in the manner hereinbefore provided. On and after the close of business on the Retraction Date, provided that presentation and surrender of certificates and payment of the total Retraction Price or the total Purchase Price, as the case may be, has been made in accordance with the foregoing provisions, the holder of the Retracted Shares so redeemed by the Corporation or purchased by TSA shall thereafter be considered and deemed for all purposes to be a holder of the TSA Class A Common Shares delivered to it. Any certificate which represented an Exchangeable Share that has not been deposited, with all other instruments required by this Article 6, on or prior to the sixth anniversary of the Effective Date, shall cease to represent a claim or interest of any kind or nature as a holder of an Exchangeable Share.

6.7 Notwithstanding any other provision of this Article 6, the Corporation shall not be obligated to redeem Retracted Shares specified by a holder in a Retraction Request to the extent that such redemption of Retracted Shares would be contrary to solvency requirements or other provisions of applicable Law, including, without limitation, the NSCA and United States securities Laws. If the Corporation believes that on any Retraction Date it would not be permitted by any of such provisions to redeem all the Retracted Shares tendered for redemption on such date, and provided that TSA shall not have exercised the Retraction Call Right with respect to all the Retracted Shares, the Corporation shall only be obligated to redeem Retracted Shares specified by a holder in a Retraction Request to the extent of the maximum number that may be so redeemed (rounded down to a whole number of shares) as would not be contrary to such provisions and shall notify the holder at least two (2) Business Days prior to the Retraction Date as to the number of Retracted Shares which will not be redeemed by the Corporation. In any case in which the redemption by the Corporation of Retracted Shares would be contrary to solvency requirements or other provisions of applicable Law, including, without limitation, the NSCA and United States securities Laws, the Corporation shall redeem the maximum number of whole Exchangeable Shares which the Board of Directors determine the Corporation is, on the Retraction Date, permitted to redeem, which shall be selected as nearly as may be pro rata (disregarding fractions) in proportion to the total number of Exchangeable Shares tendered for retraction by each holder thereof and the Corporation shall issue to each holder of Retracted Shares a new certificate, at the expense of the Corporation, representing the Retracted Shares not redeemed by the Corporation pursuant to Section 6.2 hereof. Provided that the Retraction Request is not revoked by the holder in the manner specified in Section 6.8 and provided further that TSA shall not have exercised the Retraction Call Right with respect to the Retracted Shares, the holder of any such Retracted Shares not redeemed by the Corporation pursuant to Section 6.2 of these share provisions as a result of liquidity or solvency requirements or applicable Laws shall be deemed, by giving the Retraction Request, to require TSA to purchase such Retracted Shares from such holder on the Retraction Date or as soon as practicable thereafter on payment by TSA to such holder of the Purchase Price for each such Retracted Share, all as more specifically provided in the Voting and Exchange Trust Agreement.

6.8 A holder of Retracted Shares may, by notice in writing given by such holder to the Corporation before the close of business on the Business Day immediately preceding the Retraction Date, withdraw its Retraction Request in which event such Retraction Request shall be null and void and, for greater certainty, the revocable offer constituted by the Retraction Request to sell the Retracted Shares to TSA shall be deemed to have been revoked.

#### ARTICLE 7

#### REDEMPTION OF EXCHANGEABLE SHARES BY THE CORPORATION

- 7.1 Subject to applicable Law (including solvency restrictions which may require redemption of fewer than all of the Exchangeable Shares on a partial, pro-rata basis), and if TSA does not exercise the Redemption Call Right, the Corporation shall on the Redemption Date redeem the whole of the then outstanding Exchangeable Shares (other than those held by TSA and its Affiliates) for an amount per share equal to (i) subject to any Equivalent Ratio Adjustment, the Current Market Price of a TSA Class A Common Share on the last Business Day prior to the Redemption Date, which shall be satisfied in full by the Corporation causing to be delivered to each holder of Exchangeable Shares one TSA Class A Common Share for each Exchangeable Share held by such holder, plus (ii) the Dividend Amount plus (iii) the Fractional Share Amount (collectively the "Redemption Price").
- 7.2 In any case of a redemption of Exchangeable Shares under this Article 7, the Corporation shall, at least forty (40) Business Days before the Redemption Date (other than a Redemption Date established in connection with a TSA Control Transaction, a TSA Spin-Out Decision Date, an Exchangeable Share Voting Event or an Exempt Exchangeable Share Voting Event), send or cause to be sent to each holder of Exchangeable Shares a notice in writing of the redemption by the Corporation or the purchase by TSA under the Redemption Call Right, as the case may be, of the Exchangeable Shares held by such holder. In the case of a Redemption Date established in connection with a TSA Control Transaction, a TSA Spin-Out Decision Date, an Exchangeable Share Voting Event and an Exempt Exchangeable Share Voting Event, the written notice of redemption by the Corporation or the purchase by TSA under the Redemption Call Right will be sent on or before the Redemption Date, on as many days prior written notice as may be determined by the Board of Directors of the Corporation, acting in good faith and in its sole discretion and with a view to permitting the holders of Exchangeable Shares sufficient time to exchange their Exchangeable Shares prior to the record date for determination of the registered holders of TSA Class A Common Shares in order to participate in a TSA Control Transaction or TSA Spin-Out Decision Date, to be reasonably practicable in the circumstances. In any such case, such notice shall set out the Redemption Price or the Redemption Call Purchase Price, as the case may be, the Redemption Date and, if applicable, particulars of the Redemption Call Right.
- 7.3 On or before the Redemption Date, a holder of Exchangeable Shares shall deliver to the Corporation a certificate stating whether the holder is a Canadian Resident or is not a Canadian Resident.

On or before the Redemption Date, a holder of Exchangeable Shares who is not a Canadian Resident shall deliver to the Corporation a certificate issued pursuant to Subsection 116(2) of the ITA, with respect to the Exchangeable Shares being redeemed having as the "certificate limit" as defined in Subsection 116(2) of the ITA, an amount no less than the cost of the Exchangeable Shares (which may be equal to the fair market value of the TSA Class A Common Shares and any cash receivable by such holder) to the Corporation.

In the case of a holder who is a partnership, the holder shall also provide a certificate confirming the name and address of each member thereof and the percentage of partnership interest held by each member.

In the event that a holder fails to deliver one of the requisite certificates described or if the Corporation is required to deduct or withhold any amount under any other provision of applicable Tax Law, the Corporation shall be entitled to deduct and withhold from any consideration otherwise payable to any such holder such amounts as the Corporation is required or permitted to deduct and withhold with respect to such payment under the ITA or any other provision of applicable Tax Law, in each case, as amended or succeeded; provided that such withheld amount shall not be remitted prior to two (2) Business Days prior to the date such amount is required by Law to be remitted (the "Remittance Date") and where such certificate or a certificate issued pursuant to Subsection 116(4) satisfactory to the Corporation, acting reasonably, is delivered prior to such Remittance Date, such withheld amount shall be released to the holder except to the extent that amounts were withheld or deducted pursuant to another provision of applicable Tax Law. To the extent that amounts are so

withheld, such withheld amounts shall be treated for all purposes hereof as having been paid to such holder of the Exchangeable Shares in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate Taxing Authority and a receipt evidencing such remittance is delivered to such holder. To the extent that the amount so required or permitted to be deducted or withheld from any payment to a holder exceeds the cash portion of the consideration otherwise payable to such holder, the Corporation, as the case may be, as agent of such holder, is hereby authorized to sell or otherwise dispose of (or itself take title at the then-Current Market Price) such portion of the consideration as is necessary to provide sufficient funds to it to enable it to comply with such deduction or withholding requirement and the Corporation shall notify such holder thereof and remit to such holder any unapplied balance of the net proceeds of such sale. If the proceeds of such sale are insufficient to fund the required withholding, such holder shall forthwith pay to the Corporation or remit to the applicable Taxing Authority the deficiency. Such holder shall bear all reasonable costs and expenses associated with any sale by the Corporation pursuant to the two immediately preceding sentences.

- 7.4 On or after the Redemption Date and subject to the exercise by TSA of the Redemption Call Right, the Corporation shall cause to be delivered to the holders of the Exchangeable Shares to be redeemed the Redemption Price for each such Exchangeable Share, upon presentation and surrender at the registered office of the Corporation or at any office of the Transfer Agent as may be specified by the Corporation in such notice of the certificates representing such Exchangeable Shares, together with such other documents and instruments as may be required to effect a transfer of Exchangeable Shares under applicable Law and the memorandum and articles of association of the Corporation and such additional documents and instruments as the Transfer Agent may reasonably require. Payment of the total Redemption Price for such Exchangeable Shares shall be made by delivery to each holder, at the address of the holder recorded in the securities register of the Corporation or by holding for pick up by the holder at the registered office of the Corporation or at any office of the Transfer Agent as may be specified by the Corporation in such notice, on behalf of the Corporation of certificates representing fully paid and non-assessable TSA Class A Common Shares and, if applicable, a cheque of the Corporation payable at par at any branch of the bankers of the Corporation in respect of the full amount of the Dividend Amount or Fractional Share Amount comprising the total Redemption Price (less any Tax required to be deducted and withheld from the total Redemption Price by the Corporation without interest). On and after the Redemption Date, the holders of the Exchangeable Shares called for redemption shall cease to be holders of such Exchangeable Shares and shall not be entitled to exercise any of the rights of holders in respect thereof, other than the right to receive their proportionate part of the total Redemption Price, unless payment of the total Redemption Price for such Exchangeable Shares shall not be made upon presentation and surrender of certificates in accordance with the foregoing provisions, in which case the rights of the holders shall remain unaffected until the total Redemption Price has been paid in the manner hereinbefore provided. The Corporation shall have the right at any time after the sending of notice of its intention to redeem the Exchangeable Shares as aforesaid to deposit or cause to be deposited the total Redemption Price for the Exchangeable Shares so called for redemption, or of such of the said Exchangeable Shares represented by certificates that have not at the date of such deposit been surrendered by the holders thereof in connection with such redemption, in a custodial account with any chartered bank or trust company in Canada named in such notice, less any amounts withheld on account of Tax required to be deducted and withheld therefrom. Upon the later of such deposit being made and the Redemption Date, the Exchangeable Shares in respect whereof such deposit shall have been made shall be redeemed and the rights of the holders thereof after such deposit or Redemption Date, as the case may be, shall be limited to receiving their proportionate part of the total Redemption Price for such Exchangeable Shares so deposited, against presentation and surrender of the said certificates held by them, respectively, in accordance with the foregoing provisions. Upon such payment or deposit of the total Redemption Price, the holders of the Exchangeable Shares shall thereafter be considered and deemed for all purposes to be holders of

the TSA Class A Common Shares delivered to them. Any certificate which represented an Exchangeable Share that has not been deposited, with all other instruments required by this Section 7.4, on or prior to the first anniversary of the Redemption Date, shall cease to represent a claim or interest of any kind or nature as a holder of an Exchangeable Share.

- 7.5 If TSA or TSA Holdco exercises the Redemption Call Right, the holders of Exchangeable Shares shall be obligated to transfer their Exchangeable Shares to TSA or TSA Holdco, as the case may be, in accordance with the terms of the Redemption Call Right.

## ARTICLE 8

### VOTING RIGHTS

- 8.1 Except as required by applicable Law and the provisions of Article 9 and Sections 10.1, 10.2 and 11.2, the holders of the Exchangeable Shares shall not be entitled as such to receive notice of or to attend any meeting of the shareholders of the Corporation or to vote at any such meeting. The holders of the Exchangeable Shares shall, however, be entitled to notice of meetings of the shareholders called for the purpose of authorizing the liquidation, dissolution or winding up of the Corporation.

## ARTICLE 9

### AMENDMENT, APPROVAL AND CONVERSION

- 9.1 The rights, privileges, restrictions and conditions attaching to the Exchangeable Shares may be added to, changed or removed but only with the approval of the holders of the Exchangeable Shares given as hereinafter specified.
- 9.2 Any approval given by the holders of the Exchangeable Shares to add to, change or remove any right, privilege, restriction or condition attaching to the Exchangeable Shares or any other matter requiring the approval or consent of the holders of the Exchangeable Shares shall be deemed to have been sufficiently given if it shall have been given in accordance with applicable Law, including without limitation the NSCA, subject to a minimum requirement that such approval be evidenced by resolution passed by not less than two-thirds of the votes cast on such resolution at a meeting of holders of Exchangeable Shares duly called and held at which the holders of at least 25% of the outstanding Exchangeable Shares at that time are present or represented by proxy (excluding Exchangeable Shares beneficially owned by TSA or an Affiliate of TSA). If at any such meeting the holders of at least 25% of the outstanding Exchangeable Shares at that time are not present or represented by proxy within one-half hour after the time appointed for such meeting then the meeting shall be adjourned to such date not less than five days thereafter and to such time and place as may be designated by the chairman of such meeting. At such adjourned meeting the holders of Exchangeable Shares present or represented by proxy thereat may transact the business for which the meeting was originally called and a resolution passed thereat by the affirmative vote of not less than two-thirds of the votes cast on such resolution at such meeting shall constitute the approval or consent of the holders of the Exchangeable Shares.
- 9.3 Notwithstanding any other provision hereof, the Corporation shall be entitled to convert at any time any outstanding Exchangeable Shares into Common Shares with the consent of the holder of such Exchangeable Shares (the "Corporation Conversion Right"). To exercise the Corporation Conversion Right, the Corporation will send a written request for the consent of a holder to convert a specified number of Exchangeable Shares into Common Shares (the "Conversion Request"), and, at a mutually agreed time, the Corporation shall convert each such Exchangeable Share held by such holder who has given his or its consent thereto for such number of Common Shares as would have an equivalent value at the time of conversion (the "Conversion Amount") upon presentation and surrender at the principal corporate office of the Corporation of the certificate(s) representing such Exchangeable Shares, together with such other documents and instruments as may be

required to effect a transfer of the Exchangeable Shares under applicable Law and the memorandum and articles of association of the Corporation and such additional documents and instruments, if any, as the Corporation may reasonably require. Payment of the Conversion Amount shall be made by delivery to the consenting holder, at the address stated in the Conversion Request, of the specified number of Common Shares, which shares shall be duly issued as fully paid and non-assessable and shall be free and clear of any lien, claim or encumbrance.

#### ARTICLE 10

##### RECIPROCAL CHANGES, ETC. IN RESPECT OF TSA CLASS A COMMON SHARES

10.1 Each holder of an Exchangeable Share is deemed to acknowledge that the Support Agreement provides, in part, that so long as there are Exchangeable Shares outstanding which are not held by TSA or any Affiliate of TSA, TSA will not without the prior approval of the Corporation and the prior approval of the holders of the Exchangeable Shares given in accordance with Section 9.2 of these share provisions:

- (a) issue or distribute TSA Class A Common Shares (or securities exchangeable for or convertible into or carrying rights to acquire TSA Class A Common Shares) to the holders of all or substantially all of the then outstanding TSA Class A Common Shares by way of stock dividend (or a stock split payable as a stock dividend) or other distribution, other than an issue of TSA Class A Common Shares (or securities exchangeable for or convertible into or carrying rights to acquire TSA Class A Common Shares) to holders of TSA Class A Common Shares who exercise an option to receive dividends in TSA Class A Common Shares (or securities exchangeable for or convertible into or carrying rights to acquire TSA Class A Common Shares) in lieu of receiving cash dividends; or
- (b) issue or distribute rights, options or warrants to the holders of all or substantially all of the then outstanding TSA Class A Common Shares entitling them to subscribe for or to purchase TSA Class A Common Shares (or securities exchangeable for or convertible into or carrying rights to acquire TSA Class A Common Shares); or
- (c) issue or distribute to the holders of all or substantially all of the then outstanding TSA Class A Common Shares:
  - (i) shares or securities of TSA of any class other than TSA Class A Common Shares (other than shares convertible into or exchangeable for or carrying rights to acquire TSA Class A Common Shares);
  - (ii) rights, options or warrants other than those referred to in Subsection 10.1(b) above,
  - (iii) evidences of indebtedness of TSA; or
  - (iv) assets of TSA;

unless the Corporation or TSA is permitted under applicable Law to issue and distribute the same, or the economic equivalent on a per share basis of, such rights, options, securities, shares, evidences of indebtedness or other assets to holders of the Exchangeable Shares other than TSA and its Affiliates or to effect an Equivalent Stock Subdivision or an Equivalent Ratio Adjustment and the Corporation or TSA issues or distributes the same, or the economic equivalent of, such rights, options, securities, shares, evidences of indebtedness or other assets simultaneously to holders of the Exchangeable Shares or effect an Equivalent Stock Subdivision or an Equivalent Ratio Adjustment; provided that, for greater certainty, the above restrictions shall not: (i) apply to any securities issued or distributed by TSA in order to give effect to and to consummate the transactions contemplated by, and in accordance with, the Plan of Arrangement or (ii) restrict TSA's overriding Redemption Call Right in the event of a TSA Spin-Out Decision Date.

10.2 Each holder of an Exchangeable Share is deemed to acknowledge that the Support Agreement further provides, in part, that so long as there are Exchangeable Shares outstanding which are not held by TSA or any Affiliate of TSA, TSA will not without the prior approval of the Corporation and the prior approval of the holders of the Exchangeable Shares given in accordance with Section 9.2 of these share provisions:

- (a) subdivide, redivide or change the then outstanding TSA Class A Common Shares into a greater number of TSA Class A Common Shares; or
- (b) reduce, combine or consolidate or change the then outstanding TSA Class A Common Shares into a lesser number of TSA Class A Common Shares; or
- (c) reclassify or otherwise change the TSA Class A Common Shares or effect an amalgamation, merger, reorganization or other transaction affecting the TSA Class A Common Shares;

unless (i) the Corporation is permitted under applicable Law to simultaneously make the same or an economically equivalent change to, or in the rights of the holders of, the Exchangeable Shares, and (ii) the same or an economically equivalent change is made to, or in the rights of the holders of, the Exchangeable Shares.

The Support Agreement further provides, in part, that the aforesaid provisions of the Support Agreement shall not be changed without the approval of the holders of the Exchangeable Shares given in accordance with Section 9.2 of these share provisions.

#### ARTICLE 11

##### ACTIONS BY THE CORPORATION UNDER THE SUPPORT AGREEMENT

11.1 The Corporation will take all such actions and do all such things as shall be necessary or advisable to perform and comply with and to ensure performance and compliance by TSA and TSA Holdco with all provisions of the Support Agreement applicable to the Corporation, TSA and TSA Holdco, respectively, in accordance with the terms thereof including, without limitation, taking all such actions and doing all such things as shall be necessary or advisable to enforce to the fullest extent possible for the direct benefit of the Corporation or the holders of Exchangeable Shares all rights and benefits in favour of the Corporation or the holders of Exchangeable Shares under or pursuant to such agreement.

11.2 The Corporation shall not propose, agree to or otherwise give effect to any amendment to, or waiver or forgiveness of its rights or obligations under, the Support Agreement without the approval of the holders of the Exchangeable Shares given in accordance with Section 9.2 of these share provisions other than such amendments, waivers and/or forgiveness as may be necessary or advisable for the purposes of:

- (a) adding to the covenants of any or all parties to such agreement for the protection of the Corporation or the holders of the Exchangeable Shares;
- (b) making such provisions or modifications not inconsistent with these Exchangeable Share Provisions as may be necessary or desirable with respect to matters or questions which, in the good faith opinion of the Board of Directors of the Corporation, it may be expedient to make, provided that such Board of Directors shall be of the good faith opinion, after consultation with counsel, that such provisions or modifications will not be prejudicial to the interests of the holders of the Exchangeable Shares; or
- (c) making such changes or corrections to such agreement which, on the advice of counsel to the Corporation, are reasonably required for the purpose of curing or correcting any ambiguity or defect or inconsistent provision or clerical omission or mistake or manifest error, provided that in the opinion of the Board of



Directors of the Corporation, after consultation with counsel, such changes or corrections will not be prejudicial to the interests of the holders of the Exchangeable Shares.

## ARTICLE 12

### LEGEND; CALL RIGHTS

- 12.1 The certificates evidencing the Exchangeable Shares shall contain or have affixed thereto a legend, in form and on terms approved by the Board of Directors, with respect to:
- (a) the Support Agreement;
  - (b) the provisions of these share provisions relating to the Liquidation Call Right, the Retraction Call Right and the Redemption Call Right (a copy of which rights shall be attached to each certificate); and
  - (c) the Voting and Exchange Trust Agreement (including the provisions with respect to the voting rights, exchange right and automatic exchange thereunder).
- 12.2 Each holder of an Exchangeable Share, whether of record or beneficially, by virtue of becoming and being such a holder shall be deemed to acknowledge each of the Liquidation Call Right, the Retraction Call Right and the Redemption Call Right, in each case, in favor of TSA and other permitted persons and the overriding nature thereof in connection with the liquidation, dissolution or winding-up of the Corporation or the retraction or redemption of Exchangeable Shares, as the case may be, and to be bound thereby in favor of TSA and other permitted persons as therein provided.

## ARTICLE 13

### MISCELLANEOUS

- 13.1 Any notice, request or other communication to be given to the Corporation by a holder of Exchangeable Shares shall be in writing and shall be valid and effective if given by mail (postage prepaid) or by facsimile or by delivery to the registered office of the Corporation and addressed to the attention of the Secretary. Any such notice, request or other communication, if given by mail, facsimile or delivery, shall only be deemed to have been given and received upon actual receipt thereof by the Corporation.
- 13.2 Any presentation and surrender by a holder of Exchangeable Shares to the Corporation or the Transfer Agent of certificates representing Exchangeable Shares in connection with the liquidation, dissolution or winding up of the Corporation or the retraction or redemption of Exchangeable Shares shall be made by registered mail (postage prepaid) or by delivery to the registered office of the Corporation or to such office of the Transfer Agent as may be specified by the Corporation, in each case addressed to the attention of the Secretary of the Corporation. Any such presentation and surrender of certificates shall only be deemed to have been made and to be effective upon actual receipt thereof by the Corporation or the Transfer Agent, as the case may be. Any such presentation and surrender of certificates made by registered mail shall be at the sole risk of the holder mailing the same.
- 13.3 Any notice, request or other communication to be given to a holder of Exchangeable Shares by or on behalf of the Corporation shall be in writing and shall be valid and effective if given by mail (postage prepaid) or by delivery to the address of the holder recorded in the securities register of the Corporation or, in the event of the address of any such holder not being so recorded, then at the last known address of such holder. Any such notice, request or other communication, if given by mail, shall be deemed to have been given and received on the fifth (5th) Business Day following the date of mailing and, if given by delivery, shall be deemed to have been given

and received on the date of delivery. Accidental failure or omission to give any notice, request or other communication to one or more holders of Exchangeable Shares shall not invalidate or otherwise alter or affect any action or proceeding to be taken by the Corporation pursuant thereto.

13.4 If the Corporation determines that mail service is or is threatened to be interrupted at the time when the Corporation is required or elects to give any notice to the holders of Exchangeable Shares hereunder, the Corporation shall, notwithstanding the provisions hereof, give such notice by means of publication in The National Post, The Globe and Mail, national edition, or any other English language daily newspaper or newspapers of general circulation in Canada and in a French language daily newspaper of general circulation in the Province of Quebec, once in each of two (2) successive weeks, and notice so published shall be deemed to have been given on the latest date on which the first publication has taken place.

If, by reason of any actual or threatened interruption of mail service due to strike, lock-out or otherwise, any notice to be given to the Corporation would be unlikely to reach its destination in a timely manner, such notice shall be valid and effective only if delivered personally to the Corporation in accordance with Sections 13.1 or 13.2, as the case may be.

13.5 For greater certainty, the Corporation shall not be required for any purpose under these share provisions to recognize or take account of persons who are not so recorded in such securities register.

13.6 Except as otherwise provided by applicable Law, all Exchangeable Shares acquired by the Corporation upon the redemption or retraction thereof shall be cancelled.

SCHEDULE A

TO

PROVISIONS ATTACHING TO EXCHANGEABLE SHARES

NOTICE OF RETRACTION

To the Corporation, TSA and TSA Holdco:

This notice is given pursuant to Article 6 of the provisions (the "Share Provisions") attaching to the share(s) represented by this certificate and all capitalized words and expressions used in this notice which are defined in the Exchangeable Share Provisions have the meanings ascribed to such words and expressions in such Exchangeable Share Provisions.

The undersigned hereby notifies the Corporation that, subject to the Retraction Call Right referred to below, the undersigned desires to have the Corporation redeem in accordance with Article 6 of the Share Provisions:

all share(s) represented by this certificate; or

\_\_\_\_\_ share(s) only.

The undersigned hereby notifies the Corporation that the Retraction Date shall be \_\_\_\_\_.

NOTE: The Retraction Date must be a Business Day and must not be less than ten (10) Business Days nor more than fifteen (15) Business Days after the date upon which this notice is received by the Corporation. In the event that no such Business Day is specified above, the Retraction Date shall be deemed to be the fifteenth (15th) Business Day after the date on which this notice is received by the Corporation.

The undersigned acknowledges the Retraction Call Right of TSA to purchase all but not less than all the Retracted Shares from the undersigned and that this

notice shall be deemed to be a revocable offer by the undersigned to sell the Retracted Shares to TSA in accordance with the Retraction Call Right on the Retraction Date for the Retraction Price and on the other terms and conditions set out in Section 6.3 of the Share Provisions. If TSA determines not to exercise the Retraction Call Right, the Corporation will notify the undersigned of such fact as soon as possible. This notice of retraction, and offer to sell the Retracted Shares to TSA, may be revoked and withdrawn by the undersigned by notice in writing given to the Corporation at any time before the close of business on the Business Day immediately preceding the Retraction Date.

The undersigned acknowledges that the Retraction Call Rights of TSA may, at the option of TSA, be exercised by TSA or TSA Holdco.

The undersigned acknowledges that if, as a result of solvency provisions of applicable Law, the Corporation is unable to redeem all Retracted Shares, the undersigned will be deemed to have exercised the Exchange Right (as defined in the Voting and Exchange Trust Agreement) so as to require TSA to purchase the unredeemed Retracted Shares.

The undersigned hereby represents and warrants to the Corporation, TSA and TSA Holdco that the undersigned has good title to, and owns, the share(s) represented by this certificate to be acquired by the Corporation or TSA, as the case may be, free and clear of all liens, claims and encumbrances.

\_\_\_\_\_  
(Date)                                      (Signature of Shareholder)                                      (Guarantee of Signature)

Please check box if the securities and any cheque(s) resulting from the retraction or purchase of the Retracted Shares are to be held for pick-up by the shareholder at the principal transfer office of Wells Fargo Bank Minnesota, National Association (the "Transfer Agent") in South St. Paul, Minnesota, failing which the securities and any cheque(s) will be mailed to the last address of the shareholder as it appears on the register.

The legal or beneficial owner of the Retracted Shares is for the purposes of the Income Tax Act (Canada), as amended (please check one):

a resident of Canada

a non-resident of Canada

NOTE: A holder of Exchangeable Shares who is a non-resident of Canada for Canadian income tax purposes is required to deliver a clearance certificate which evidences that such shareholder has prepaid any Canadian income tax arising on a capital gain realized on the retraction. In addition, similar certificates may be required by provincial taxing authorities. A clearance certificate must be obtained even in circumstances where the holder is not subject to Canadian income tax on a retraction. In the event that a holder fails to deliver the requisite certificates described above with this Notice of Retraction, the purchaser of the Retracted Shares is entitled to deduct and withhold from any consideration otherwise payable to any such holder such amounts (including a portion of the TSA Class A Common Shares that would otherwise be delivered on a Retraction) as the purchaser is required or permitted to deduct and withhold with respect to such payment under Canadian or provincial income tax law. The details of such withholding are set out more fully in the Exchangeable Share Provisions.

NOTE: This section must be completed and this certificate, together with such additional documents as the Transfer Agent may require, must be deposited with the Transfer Agent at its principal transfer office in South St. Paul, Minnesota. The securities and any cheque(s) resulting from the retraction or purchase of the Retracted Shares will be issued and registered in, and made payable to, respectively, the name of the shareholder as it appears on the register of the Corporation and the securities and cheque(s) resulting from such retraction or purchase will be delivered to such shareholder as indicated above, unless the form appearing immediately below is duly completed.

\_\_\_\_\_ Date \_\_\_\_\_

Name of Person in Whose Name Securities or Cheque(s)

Are To Be Registered, Issued or Delivered (please print)

\_\_\_\_\_  
Street Address or P.O. Box

\_\_\_\_\_  
Signature of Shareholder

\_\_\_\_\_  
City - Province/State

\_\_\_\_\_  
Signature Guaranteed by

NOTE: If the notice of retraction is for less than all of the share(s) represented by this certificate, a certificate representing the remaining shares of the Corporation will be issued and registered in the name of the shareholder as it appears on the register of the Corporation, unless the share transfer power on the share certificate is duly completed in respect of such shares.

SCHEDULE B

TO

PROVISIONS ATTACHING TO EXCHANGEABLE SHARES

TSA LIQUIDATION CALL RIGHT

- (a) TSA shall have the overriding right (the "Liquidation Call Right"), in the event of and notwithstanding the proposed liquidation, dissolution or winding-up of TSA Exchangeco or any other distribution of the assets of TSA Exchangeco for the purposes of winding-up its affairs pursuant to Article 5 of the Exchangeable Share Provisions, to purchase from all but not less than all of the holders of Exchangeable Shares (other than TSA and its Affiliates) on the Liquidation Date all but not less than all of the Exchangeable Shares held by each such holder on payment by TSA of an amount per share equal to: (i) the Current Market Price (as defined in the Exchangeable Share Provisions) of one TSA Class A Common Share on the last Business Day prior to the Liquidation Date, which shall be satisfied in full by TSA delivering or causing to be delivered to such holder one TSA Class A Common Share (subject to any Equivalent Ratio Adjustment), plus (ii) the Dividend Amount; plus (iii) the Fractional Share Amount (collectively the "Liquidation Call Purchase Price") without interest. In the event of the exercise of the Liquidation Call Right by TSA, each holder shall be obligated to sell all of the Exchangeable Shares held by the holder to TSA on the Liquidation Date on payment by TSA to the holder of the Liquidation Call Purchase Price for each such share;
- (b) To exercise the Liquidation Call Right, TSA must notify the Transfer Agent in writing, as agent for the holders of Exchangeable Shares, and TSA Exchangeco of TSA's intention to exercise such right at least thirty (30) Business Days before the Liquidation Date in the case of a voluntary liquidation, dissolution or winding up of TSA Exchangeco and at least five (5) Business Days before the Liquidation Date in the case of an involuntary liquidation, dissolution or winding up of TSA Exchangeco. TSA will notify the Transfer Agent accordingly if it does not intend to exercise the Liquidation Call Right. The

Transfer Agent will notify the holders of Exchangeable Shares as to whether or not TSA has exercised the Liquidation Call Right forthwith after the expiry of the date by which the same may be exercised by TSA. If TSA exercises the Liquidation Call Right, on the Liquidation Date, TSA will purchase and the holders will sell all of the Exchangeable Shares then outstanding for a price per share equal to the Liquidation Call Purchase Price;

(c) Prior to the Liquidation Date, each holder of Exchangeable Shares shall deliver to TSA:

- (i) a certificate confirming that such holder is a Canadian Resident; or
- (ii) in the case of a holder who is not a Canadian Resident, a certificate satisfactory to TSA acting reasonably, issued pursuant to Subsection 116(2) of the ITA, with respect to the Exchangeable Shares exchanged or disposed of, having as the "certificate limit", as defined in Subsection 116(2) of the ITA, an amount no less than the cost of the Exchangeable Shares (which may be the fair market value of the TSA Class A Common Shares and any cash receivable by such holder of Exchangeable Shares) to TSA or TSA Holdco as the case may be.

In the case of a holder who is a partnership, the holder shall also provide a certificate confirming the name and address of each member thereof and the percentage of partnership interest held by each member.

In the event that a holder fails to deliver one of the requisite certificates described above at or before the Liquidation Date or, if TSA is required to deduct or withhold any amount pursuant to any other provision of applicable Tax Law, TSA shall be entitled to deduct and withhold from any consideration otherwise payable to any such holder such amounts and by such means as set out in Section 4.7 (Withholding Rights) of the Plan of Arrangement;

(d) For the purposes of completing the purchase of the Exchangeable Shares pursuant to the Liquidation Call Right, TSA shall deposit with the Transfer Agent, on or before the Liquidation Date, certificates representing the aggregate number of TSA Class A Common Shares deliverable by TSA in partial satisfaction of the total Liquidation Call Purchase Price and a cheque or cheques in the amount of the remaining portion, if any, of the total Liquidation Call Purchase Price without interest. Provided that the total Liquidation Call Purchase Price has been so deposited with the Transfer Agent (or withheld pursuant to paragraph (c) above), on and after the Liquidation Date the rights of each holder of Exchangeable Shares will be limited to receiving such holder's proportionate part of the total Liquidation Call Purchase Price payable by TSA without interest upon presentation and surrender by the holder of certificates representing the Exchangeable Shares held by such holder. The holder shall on and after the Liquidation Date be considered and deemed for all purposes to be the holder of the TSA Class A Common Shares delivered to it. Upon surrender to the Transfer Agent of a certificate or certificates representing Exchangeable Shares, together with such other documents and instruments as may be required to effect a transfer of Exchangeable Shares under the NSCA and the memorandum and articles of association of TSA Exchangeco and such additional documents and instruments as the Transfer Agent may reasonably require, the holder of such surrendered certificate or certificates shall be entitled to receive in exchange therefor, and the Transfer Agent on behalf of TSA shall deliver to such holder, certificates representing the TSA Class A Common Shares to which the holder is entitled and a cheque or cheques of TSA payable at par at any branch of the bankers of TSA in payment of the remaining portion, if any, of the total Liquidation Call Purchase Price. If TSA does not exercise the Liquidation Call Right in the manner described above, on the Liquidation Date the holders of the Exchangeable Shares will be entitled to receive in exchange therefor the Liquidation Amount otherwise payable by TSA Exchangeco in

connection with the liquidation, dissolution or winding-up of TSA Exchangeco pursuant to Article 5 of the Exchangeable Share Provisions.

#### SCHEDULE C

TO

#### PROVISIONS ATTACHING TO EXCHANGEABLE SHARES

#### TSA REDEMPTION CALL RIGHT

- (a) TSA shall have the overriding right (the "Redemption Call Right"), notwithstanding the proposed redemption of the Exchangeable Shares by TSA Exchangeco pursuant to Article 7 of the Exchangeable Share Provisions, to purchase from all but not less than all of the holders of Exchangeable Shares (other than TSA and its Affiliates) on the Redemption Date all but not less than all of the Exchangeable Shares held by each such holder on payment by TSA to the holder of an amount per share equal to (i) the Current Market Price (as defined in the Exchangeable Share Provisions) of one TSA Class A Common Share on the last Business Day prior to the Redemption Date which shall be satisfied in full by causing to be delivered to such holder one TSA Class A Common Share (subject to any Equivalent Ratio Adjustment) plus; (ii) the Dividend Amount, plus (iii) the Fractional Share Amount (collectively the "Redemption Call Purchase Price"). In the event of the exercise of the Redemption Call Right by TSA, each holder shall be obligated to sell all of the Exchangeable Shares held by the holder to TSA on the Redemption Date on payment by TSA to the holder of the Redemption Call Purchase Price for each such share.
- (b) To exercise the Redemption Call Right, TSA must notify the Transfer Agent in writing, as agent for the holders of Exchangeable Shares, and TSA Exchangeco of TSA's intention to exercise such right at least forty (40) Business Days before the Redemption Date, except in the case of a redemption occurring as a result of a TSA Control Transaction, a TSA Spin-Out Decision Date, an Exchangeable Share Voting Event or an Exempt Exchangeable Share Voting Event, in which case TSA shall so notify the Transfer Agent and TSA Exchangeco on or before the Redemption Date. The Transfer Agent will notify the holders of the Exchangeable Shares as to whether or not TSA has exercised the Redemption Call Right forthwith after the date by which the same may be exercised by TSA. If TSA exercises the Redemption Call Right, on the Redemption Date, TSA will purchase and the holders will sell all of the Exchangeable Shares then outstanding for a price per share equal to the Redemption Call Purchase Price;
- (c) Prior to the Redemption Date, each holder of Exchangeable Shares shall deliver to TSA:
- (i) a certificate confirming that such holder is a Canadian Resident; or
  - (ii) in the case of a holder who is not a Canadian Resident, a certificate satisfactory to the purchaser acting reasonably, issued pursuant to Subsection 116(2) of the ITA, with respect to the Exchangeable Shares exchanged or disposed of a certificate under Subsection 116(2) of the ITA having as the "certificate limit", as defined in Subsection 116(2) of the ITA, an amount no less than the cost of the Exchangeable Shares (which may be the fair market value of the TSA Class A Common Shares and any cash receivable by such holder of Exchangeable Shares) to TSA or TSA Holdco, as the case may be.

In the case of a holder who is a partnership, the holder shall also provide a certificate confirming the name and address of each member thereof and the percentage of partnership interest

held by each member.

In the event that a holder fails to deliver one of the requisite certificates described above or, if TSA is required to deduct or withhold any other amount pursuant to any provision of applicable Tax Law, at or before the Redemption Date, TSA shall be entitled to deduct and withhold from any consideration otherwise payable to any such holder such amounts and by such means as set out in Section 4.7 (Withholding Rights) of the Plan of Arrangement;

- (d) For the purposes of completing the purchase of the Exchangeable Shares pursuant to the Redemption Call Right, TSA shall deposit with the Transfer Agent, on or before the Redemption Date, certificates representing the aggregate number of TSA Class A Common Shares deliverable by TSA in partial satisfaction of the total Redemption Call Purchase Price and a cheque or cheques in the amount of the remaining portion, if any, of the total Redemption Call Purchase Price. Provided that the total Redemption Call Purchase Price has been so deposited with the Transfer Agent (or withheld pursuant to paragraph (c) above), on and after the Redemption Date the rights of each holder of Exchangeable Shares will be limited to receiving such holder's proportionate part of the total Redemption Call Purchase Price payable by TSA upon presentation and surrender by the holder of certificates representing the Exchangeable Shares held by such holder. The holder shall on and after the Redemption Date be considered and deemed for all purposes to be the holder of the TSA Class A Common Shares delivered to such holder without interest. Upon surrender to the Transfer Agent of a certificate or certificates representing Exchangeable Shares, together with such other documents and instruments as may be required to effect a transfer of Exchangeable Shares under the NSCA and the memorandum and articles of association of TSA Exchangeco and such additional documents and instruments as the Transfer Agent may reasonably require, the holder of such surrendered certificate or certificates shall be entitled to receive in exchange therefor, and the Transfer Agent on behalf of TSA shall deliver to such holder, certificates representing the TSA Class A Common Shares to which the holder is entitled and a cheque or cheques of TSA payable at par at any branch of the bankers of TSA in payment of the remaining portion, if any, of the total Redemption Call Purchase Price. If TSA does not exercise the Redemption Call Right in the manner described above, on the Redemption Date the holders of the Exchangeable Shares will be entitled to receive in exchange therefor the redemption price otherwise payable by TSA Exchangeco in connection with the redemption of the Exchangeable Shares pursuant to Article 7 of the Exchangeable Share Provisions.

#### SCHEDULE D

TO

PROVISIONS ATTACHING TO EXCHANGEABLE SHARES

SUPPORT AGREEMENT

SUPPORT AGREEMENT, dated as of January 11, 2001 among Transaction Systems Architects, Inc., a Delaware corporation ("TSA"), Transaction Systems Architects Nova Scotia Company, a Nova Scotia unlimited company ("TSA Holdco"), and TSA Exchangeco Limited, a Nova Scotia limited company ("TSA Exchangeco").

WHEREAS in connection with a combination agreement dated as of October 24, 2000 among TSA, TSA Holdco, TSA Exchangeco and MessagingDirect Ltd., an Alberta Corporation ("MDL"), (the "Combination Agreement"), TSA Exchangeco is to issue exchangeable shares (the "Exchangeable Shares") to certain holders of securities of MDL pursuant to the plan of arrangement to be effected by Articles of Arrangement filed under the Business Corporations Act (Alberta) contemplated by the Combination Agreement and attached as an exhibit

thereto (the "Plan of Arrangement");

WHEREAS, the Plan of Arrangement sets forth the rights, privileges, restrictions and conditions (collectively, the "Exchangeable Share Provisions") attaching to the Exchangeable Shares;

WHEREAS, the parties to the Combination Agreement desire to make appropriate provision and to establish a procedure whereby TSA, TSA Holdco and TSA Exchangeco will take certain actions and make certain payments and deliveries necessary to ensure that TSA Exchangeco will be able to make certain payments and to deliver or cause to be delivered TSA Class A Common Shares ("TSA Class A Common Shares") in satisfaction of the obligations of TSA Exchangeco under the Exchangeable Share Provisions with respect to the payment and satisfaction of dividends, Liquidation Amounts, Retraction Prices and Redemption Prices, all in accordance with the Exchangeable Share Provisions; and

WHEREAS, as part of the Plan of Arrangement and pursuant to the Combination Agreement, the parties hereto are to execute and deliver a Support Agreement substantially in the form of this Agreement on the Effective Date (as defined in the Combination Agreement);

NOW THEREFORE in consideration of the respective covenants and agreements provided in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

#### ARTICLE I DEFINITIONS AND INTERPRETATION

##### 1.1 Defined Terms

Each term denoted herein by initial capital letters and not otherwise defined herein shall have the meaning ascribed thereto in the Exchangeable Share Provisions, unless the content requires otherwise.

##### 1.2 Interpretation Not Affected by Headings, Etc.

The division of this Agreement into Articles, Sections and other portions and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation hereof. Unless otherwise indicated, all references to an "Article" or "Section" followed by a number and/or a letter refer to the specified Article or Section of this Agreement. The terms "this Agreement", "hereof", "herein" and "hereunder" and similar expressions refer to this Agreement (including the Schedules and Exhibits hereto) and not to any particular Article, Section or other portion hereof, but do not include any agreement or instrument supplementary or ancillary hereto.

##### 1.3 Number, Gender, Etc.

Words importing the singular number only shall include the plural and vice versa. Words importing the use of any gender shall include all genders.

##### 1.4 Date For Any Action

If any date on which any action is required to be taken under this Agreement is not a Business Day, such action shall be required to be taken on the next succeeding Business Day.

#### ARTICLE II

##### COVENANTS OF TSA, TSA HOLDCO AND TSA EXCHANGECO

##### 2.1 Covenants of TSA Regarding Exchangeable Shares

So long as any Exchangeable Shares not owned by TSA or its Affiliates are outstanding, TSA will:

- (a) not declare or pay any dividend on the TSA Class A Common Shares unless: (i) TSA Exchangeco shall comply with the provisions of Section 3.1 of the Exchangeable Share Provisions; and (ii) TSA Exchangeco shall have sufficient money or other assets or authorized but unissued securities available to enable the due



declaration and the due and punctual payment, in accordance with applicable Law, of any dividend to be declared and paid by TSA Exchangeco all in accordance with Section 3.1 of the Exchangeable Share Provisions;

- (b) advise TSA Exchangeco sufficiently in advance of the declaration by TSA of any dividend on the TSA Class A Common Shares and take all such other actions as are necessary, in cooperation with TSA Exchangeco, to ensure that: (i) the respective declaration date, record date and payment date for a dividend on the Exchangeable Shares shall be the same declaration date, record date and payment date for the corresponding dividend on the TSA Class A Common Shares; or, (ii) the effective date for an Equivalent Stock Subdivision or Equivalent Ratio Adjustment, as the case may be, shall be the same as the payment date for the corresponding stock dividend on the TSA Class A Common Shares;
- (c) take all such actions and do all such things as are necessary or desirable to enable and permit TSA Exchangeco, in accordance with applicable Law, to pay and otherwise perform its obligations with respect to the satisfaction of the Liquidation Amount, the Retraction Price or the Redemption Price in respect of each issued and outstanding Exchangeable Share (other than Exchangeable Shares owned by TSA or its Affiliates) upon the liquidation, dissolution or winding up of TSA Exchangeco, or any other distribution of the assets of TSA Exchangeco among its Shareholders for the purpose of winding up its affairs, the delivery of a Retraction Request by a holder of Exchangeable Shares or a redemption of Exchangeable Shares by TSA Exchangeco, as the case may be, including, without limitation, all such actions and all such things as are necessary or desirable to enable and permit TSA Exchangeco to cause to be delivered TSA Class A Common Shares to the holders of Exchangeable Shares in accordance with the provisions of Articles 5, 6 or 7, as the case may be, of the Exchangeable Share Provisions;
- (d) take all such actions and do all such things as are reasonably necessary or desirable to enable and permit TSA Exchangeco, TSA Holdco or TSA, in accordance with applicable Law, to perform its obligations contemplated in the Plan of Arrangement (including the Exchangeable Share Provisions), including without limitation, those obligations arising upon the exercise by it of the Liquidation Call Right, the Retraction Call Right or the Redemption Call Right, and further including, without limitation, all such actions and all such things as are necessary or desirable to enable and permit TSA Exchangeco, TSA Holdco or TSA to cause TSA Class A Common Shares to be delivered to the holders of Exchangeable Shares, in accordance with the provisions of the Liquidation Call Right, the Retraction Call Right or the Redemption Call Right, as the case may be; and
- (e) not exercise its vote as a shareholder, directly or indirectly, to initiate the voluntary liquidation, dissolution or winding up of TSA Exchangeco or any other distribution of the assets of TSA Exchangeco among its shareholders for the purpose of winding up its affairs, nor take any action or omit to take, directly or indirectly, any action that is designed to result in the liquidation, dissolution or winding up of TSA Exchangeco or any other distribution of the assets of TSA Exchangeco among its shareholders for the purpose of winding up its affairs, subject to the provision in section 2.9 herein that a reorganization of TSA Exchangeco shall not be prohibited in circumstances outlined therein.

## 2.2 Segregation of Funds

TSA will cause TSA Exchangeco to deposit a sufficient amount of funds in a separate account of TSA Exchangeco and segregate a sufficient amount of such assets and other property as is necessary to enable TSA

Exchangeco to pay dividends when due and to pay or otherwise satisfy the applicable dividends, Liquidation Amount, Retraction Price or Redemption Price, in each case for the benefit of holders from time to time of the Exchangeable Shares (other than TSA and its Affiliates), and TSA Exchangeco will use such funds, assets and other property so segregated exclusively for the payment of dividends and the payment or other satisfaction of the Liquidation Amount, the Retraction Price or the Redemption Price, as applicable, net of any corresponding withholding tax obligations and for the remittance of such withholding tax obligations.

### 2.3 Reservation of TSA Class A Common Shares

TSA hereby represents, warrants and covenants that it has irrevocably reserved for issuance and will at all times while any Exchangeable Shares (other than Exchangeable Shares held by TSA or its Affiliates) are outstanding, keep available, free from pre-emptive and other rights, out of its authorized and unissued share capital such number of TSA Class A Common Shares (or other shares or securities into which TSA Class A Common Shares may be reclassified or changed as contemplated by Section 2.7 hereof): (a) as is equal to the sum of: (i) the number of Exchangeable Shares issued and outstanding from time to time (other than those Exchangeable Shares that have been acquired by TSA or its Affiliates); and (ii) the number of Exchangeable Shares issuable upon the exercise of all rights to acquire Exchangeable Shares outstanding from time to time; and (b) as are now and may hereafter be required to enable and permit TSA Exchangeco to meet its obligations hereunder, under the Voting and Exchange Trust Agreement, under the Exchangeable Share Provisions and under any other security or commitment pursuant to the Plan of Arrangement with respect to which TSA may now or hereafter be required to issue TSA Class A Common Shares and to enable and permit TSA Exchangeco, TSA Holdco, or TSA to meet its obligations under the Automatic Exchange Rights (as defined in the Voting and Exchange Trust Agreement), Exchangeable Share Provisions, Liquidation Call Right, the Retraction Call Right and the Redemption Call Right.

### 2.4 Notification of Certain Events

In order to assist TSA in complying with its obligations hereunder and to permit TSA Exchangeco, TSA Holdco, or TSA to exercise the Liquidation Call Right, the Retraction Call Right and the Redemption Call Right, TSA Exchangeco will notify TSA, and TSA Holdco (and with respect to (a) below, the transfer agent of the Exchangeable Shares) of each of the following events at the time set forth below:

- (a) in the event of any determination by the Board of Directors of TSA Exchangeco to institute voluntary liquidation, dissolution or winding up proceedings with respect to TSA Exchangeco or to effect any other distribution of the assets of TSA Exchangeco among its shareholders for the purpose of winding up its affairs, at least 60 days prior to the proposed effective date of such liquidation, dissolution, winding up or other distribution;
- (b) immediately, upon the earlier of: (i) receipt by TSA Exchangeco of notice of; and (ii) TSA Exchangeco otherwise becoming aware of, any threatened or instituted claim, suit, petition or other proceedings with respect to the involuntary liquidation, dissolution or winding up of TSA Exchangeco or to effect any other distribution of the assets of TSA Exchangeco among its shareholders for the purpose of winding up its affairs;
- (c) immediately, upon receipt by TSA Exchangeco of a Retraction Request;
- (d) on the same date on which notice of redemption is given to the holders of Exchangeable Shares, upon the determination of a Redemption Date in accordance with the Exchangeable Share Provisions; and
- (e) as soon as practicable upon the issue by TSA Exchangeco of any Exchangeable Shares or rights to acquire Exchangeable Shares (other than the issue of Exchangeable Shares and rights to acquire Exchangeable Shares in exchange for MDL Class A Shares pursuant to the Arrangement).

### 2.5 Delivery of TSA Class A Common Shares

In furtherance of TSA's obligations under Sections 2.1 (c) and 2.1 (d) hereof, upon notice from TSA Exchangeco, TSA Holdco or TSA of any event that requires any such party to cause TSA Class A Common Shares to be delivered to any holder of Exchangeable Shares, TSA shall forthwith allot or reserve, issue and deliver or cause to be delivered to the relevant holder of Exchangeable Shares as directed by TSA Exchangeco, TSA Holdco or TSA of the requisite number of TSA Class A Common Shares to be allotted to or reserved for, and received by and issued to the former holder of the surrendered Exchangeable Shares. All such TSA Class A Common Shares shall be validly issued, fully paid, non-assessable, and will be free and clear of any lien, claim or encumbrance attributable to, or arising due to, any action or omission of the issuer.

2.6 Issuance, Listing and Registration of TSA Class A Common Shares

So long as any Exchangeable Shares not owned by TSA or its Affiliates are outstanding, TSA will cause the TSA Class A Common Shares to be issued from time to time upon exchange of the Exchangeable Shares to be quoted on the NASDAQ or such other exchange or quotation system to the same extent as TSA stock is quoted generally, subject only to official notice of issuance. TSA will prepare and file the Registration Statement (as defined in the Combination Agreement) with the SEC.

2.7 Economic Equivalence

So long as any Exchangeable Shares not owned by TSA or its Affiliates are outstanding:

(a) TSA will not without the prior approval of TSA Exchangeco and the prior approval of the holders of the Exchangeable Shares given in accordance with Section 9.2 of the Exchangeable Share Provisions:

(i) issue or distribute TSA Class A Common Shares (or securities exchangeable for or convertible into or carrying rights to acquire TSA Class A Common Shares) to the holders of all or substantially all of the then outstanding TSA Class A Common Shares by way of stock dividend (including a stock split payable as a stock dividend) or other distribution, other than an issue of TSA Class A Common Shares (or securities exchangeable for or convertible into or carrying rights to acquire TSA Class A Common Shares) to holders of TSA Class A Common Shares who exercise an option to receive dividends in TSA Class A Common Shares (or securities exchangeable for or convertible into or carrying rights to acquire TSA Class A Common Shares) in lieu of receiving cash dividends;

(ii) issue or distribute rights, options or warrants to the holders of all or substantially all of the then outstanding TSA Class A Common Shares entitling them to subscribe for or to purchase TSA Class A Common Shares (or securities exchangeable for or convertible into or carrying rights to acquire TSA Class A Common Shares); or

(iii) issue or distribute to the holders of all or substantially all of the then outstanding TSA Class A Common Shares:

(A) shares or securities of TSA of any class other than TSA Class A Common Shares (other than shares

convertible into or exchangeable for or carrying rights to acquire TSA Class A Common Shares);

- (B) rights, options or warrants other than those referred to in Section 2.7(a)(ii) above;
- (C) evidences of indebtedness of TSA; or
- (D) assets of TSA;

unless TSA or TSA Exchangeco is permitted under applicable Law to issue or distribute the same, or the economic equivalent on a per share basis of, such rights, options, securities, shares, evidences of indebtedness or other assets to holders of the Exchangeable Shares other than TSA and its Affiliates or to effect an Equivalent Stock Subdivision or Equivalent Ratio Adjustment and TSA or TSA Exchangeco issues or distributes the same, or the economic equivalent of, such rights, options, securities, shares, evidences of indebtedness or other assets simultaneously to holders of the Exchangeable Shares or effects an Equivalent Stock Subdivision or Equivalent Ratio Adjustment; provided that, for greater certainty, the above restrictions shall not: (i) apply to any securities issued or distributed by TSA in order to give effect to and to consummate the transactions contemplated by, and in accordance with, the Plan of Arrangement or (ii) restrict TSA's overriding Redemption Call Right in the event of a TSA Spin-Out Decision Date.

- (b) TSA will not without the prior approval of TSA Exchangeco and the prior approval of the holders of the Exchangeable Shares given in accordance with Section 9.2 of the Exchangeable Share Provisions:
  - (i) subdivide, redivide or change the then outstanding TSA Class A Common Shares into a greater number of TSA Class A Common Shares; or
  - (ii) reduce, combine, consolidate or change the then outstanding TSA Class A Common Shares into a lesser number of TSA Class A Common Shares; or
  - (iii) reclassify or otherwise change the TSA Class A Common Shares or effect an amalgamation, merger, reorganization or other transaction affecting the TSA Class A Common Shares;

unless (x) TSA Exchangeco is permitted under applicable Law to make the same or an economically equivalent change to, or in the rights of holders of, the Exchangeable Shares and (y) the same or an economically equivalent change is made to, or in the rights of the holders of, the Exchangeable Shares.

- (c) Should the board of directors of TSA Exchangeco determine, in good faith and in its sole and absolute discretion, to provide economic equivalence for the purposes of any event referred to in section 2.7 (a) or (b) above, the board of directors of TSA Exchangeco shall determine, in its sole and absolute discretion, (with the assistance of such reputable and qualified independent financial advisors and/or other experts as the board of directors of TSA Exchangeco may require) such economic equivalence, and each such determination shall be conclusive and binding on TSA Exchangeco, all TSA Exchangeco security holders and TSA. In making such determination of economic equivalence, the

following factors shall, without excluding other factors determined by the board of directors of TSA Exchangeco to be relevant, be considered by the board of directors of TSA Exchangeco :

- (i) in the case of any stock dividend or other distribution payable in TSA Class A Common Shares, the number of such shares issued in proportion to the number of TSA Class A Common Shares previously outstanding;
  - (ii) in the case of the issuance or distribution of any rights, options or warrants to subscribe for or purchase TSA Class A Common Shares (or securities exchangeable for or convertible into or carrying rights to acquire TSA Class A Common Shares), the relationship between the exercise price of each such right, option or warrant and the Current Market Price;
  - (iii) in the case of the issuance or distribution of any other form of property (including without limitation any securities of TSA of any class other than TSA Class A Common Shares, any rights, options or warrants other than those referred to in Subsection (b) above, any evidences of indebtedness of TSA or any assets of TSA), the relationship between the fair market value (as determined by the board of directors of TSA Exchangeco in the manner above contemplated) of such property to be issued or distributed with respect to each outstanding TSA Class A Common Share and the Current Market Price;
  - (iv) in the case of any subdivision, re-division or change of the then outstanding TSA Class A Common Shares into a greater number of TSA Class A Common Shares or the reduction, combination or consolidation or change of the then outstanding TSA Class A Common Shares into a lesser number of TSA Class A Common Shares or any amalgamation, merger, re-organization or other transaction effecting the TSA Class A Common Shares, the effect thereof on the then outstanding shares of TSA Class A Common Shares; and
  - (v) the general taxation consequences of the relevant event to holders of Exchangeable Shares to the extent that such consequences may differ from the taxation consequences to holders of TSA Class A Common Shares as a result of differences between Tax Laws of Canada, the United Kingdom, and the United States (except for any differing consequences arising as a result of differing marginal taxation rates and without regard to the individual circumstances of holders of Exchangeable Shares).
- (d) TSA Exchangeco agrees that, to the extent required, and subject to TSA's overriding Redemption Call Right in the event of a TSA Spin-Out Decision Date, upon due notice from TSA, TSA Exchangeco will use its best efforts to take or cause to be taken such steps as may be necessary for the purposes of ensuring that appropriate dividends are paid or other distributions are made by TSA Exchangeco, or changes are made to the Exchangeable Shares or that an Equivalent Ratio Adjustment is made, in order to

implement the required economic equivalence with respect to TSA Class A Common Shares and Exchangeable Shares as provided for in this Section 2.7.

## 2.8 Tender Offers, Etc.

In the event that a tender offer, share exchange offer, issuer bid, take-over bid or similar transaction with respect to TSA Class A Common Shares (an "Offer") is proposed by TSA or is proposed to TSA or its shareholders and is recommended by the board of directors of TSA, or is otherwise effected or to be effected with the consent or approval of the board of directors of TSA and the Exchangeable Shares are not redeemed by TSA Exchangeco or purchased by TSA Holdco (or TSA) pursuant to the Redemption Call Right or Automatic Exchange Rights, TSA will use its reasonable efforts in good faith to take all such actions and do all such things as are reasonably necessary or desirable to enable and permit holders of Exchangeable Shares other than TSA and its Affiliates to participate in such Offer to the same extent and on an economically equivalent basis as the holders of TSA Class A Common Shares, without discrimination. Without limiting the generality of the foregoing, TSA will use its reasonable efforts in good faith to ensure that holders of Exchangeable Shares may participate in each such Offer without being required to retract Exchangeable Shares as against TSA Exchangeco (or, if so required, to ensure that any such retraction shall be effective only upon, and shall be conditional upon, the closing of such Offer and only to the extent necessary to tender or deposit to the Offer). Nothing herein shall affect the rights of TSA Exchangeco to redeem (or TSA Holdco or TSA to purchase pursuant to the Redemption Call Right or Automatic Exchange Rights) Exchangeable Shares, as applicable, in the event of a TSA Control Transaction.

## 2.9 Ownership of Outstanding Shares of TSA Exchangeco

TSA covenants and agrees in favour of TSA Exchangeco that, as long as any outstanding Exchangeable Shares are owned by any Person other than TSA or its Affiliates, TSA will be and remain the direct or indirect beneficial owner of all issued and outstanding voting shares in the capital of TSA Exchangeco and of all of the issued and outstanding shares of TSA Holdco, unless obtaining the prior approval of TSA Exchangeco and the prior approval of the holders of the Exchangeable Shares given in accordance with Section 9.2 of the Exchangeable Share Provisions, and provided that this shall not prohibit a reorganization of TSA Exchangeco or TSA Holdco which results in TSA or its Affiliates assuming or succeeding to the rights and obligations of TSA Exchangeco and TSA Holdco hereunder, but provided further that no such reorganization shall result in the holders of Exchangeable Shares becoming shareholders or otherwise beneficially interested in any body corporate or other entity which does not afford its shareholders (or other equity holders) limited liability.

## 2.10 TSA and Affiliates Not to Vote Exchangeable Shares

TSA covenants and agrees that it will appoint and cause to be appointed proxy holders with respect to all Exchangeable Shares held by TSA and its Affiliates, specifically including TSA Holdco, for the sole purpose of attending each meeting of holders of Exchangeable Shares in order to be counted as part of the quorum for each such meeting. TSA further covenants and agrees that it will not, and will cause each of its Affiliates (including TSA Holdco) not to, exercise any voting rights that may be exercisable by holders of Exchangeable Shares from time to time pursuant to the Exchangeable Share Provisions or pursuant to the provisions of the ABCA (or any successor or other corporate statute by which TSA Exchangeco may in the future be governed) with respect to any Exchangeable Shares held by it or by TSA Holdco, TSA or by TSA's Affiliates in respect of any matter considered at any meeting of holders of Exchangeable Shares.

## 2.11 Due Performance

On and after the Effective Date, TSA shall duly and timely perform all of its obligations provided for in the Plan of Arrangement, including any obligations that may arise upon the exercise of TSA's rights under the Exchangeable Share Provisions.

## ARTICLE III

### GENERAL

3.1 Term

This Agreement shall come into force and be effective as of the date hereof and shall terminate and be of no further force and effect at such time as no Exchangeable Shares (or securities or rights convertible into or exchangeable for or carrying rights to acquire Exchangeable Shares) are held by any party other than TSA and any of its Affiliates.

3.2 Changes in Capital of TSA and TSA Exchangeco

Notwithstanding the provisions of Section 3.4 hereof, at all times after the occurrence of any event effected pursuant to Section 2.7 or 2.8 hereof or otherwise, as a result of which either the TSA Class A Common Shares or the Exchangeable Shares or both are in any way changed, this Agreement shall forthwith be amended and modified as necessary in order that it shall apply with full force and effect, mutatis mutandis, to all new securities into which TSA Class A Common Shares or the Exchangeable Shares or both are so changed and the parties hereto shall execute and deliver an agreement in writing giving effect to and evidencing such necessary amendments and modifications.

3.3 Severability

If any provision of this Agreement, or the application thereof, will for any reason and to any extent be invalid or unenforceable, the remainder of this Agreement and 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 greatest extent possible, the economic, businesses, legal and other purposes of the void or unenforceable provision.

3.4 Amendments, Modifications, Etc.

Subject to Section 3.2, 3.3 and 3.5, this Agreement may not be amended or modified except by an agreement in writing executed by TSA Exchangeco, TSA, and TSA Holdco and approved by the holders of the Exchangeable Shares in accordance with Section 9.2 of the Exchangeable Share Provisions.

3.5 Administrative Amendments

Notwithstanding the provisions of Section 3.4, the parties to this Agreement may in writing, at any time and from time to time, without the approval of the holders of the Exchangeable Shares, amend or modify this Agreement as may be necessary or advisable for the purposes of:

- (a) adding to the covenants of any or all parties to this Agreement for the protection of TSA Exchangeco or the holders of the Exchangeable Shares, provided that the board of directors of each of TSA, TSA Exchangeco and TSA Holdco shall be of the good faith opinion, after consultation with counsel, that such additions will not be prejudicial to the rights or interest of the holders of Exchangeable Shares;
- (b) making such provisions or modifications not inconsistent with this Agreement as may be necessary or desirable with respect to matters or questions which, in the good faith opinion of the board of directors of each of TSA Exchangeco, TSA Holdco and TSA, it may be expedient to make, provided that each such board of directors shall be of the good faith opinion, after consultation with counsel, that such provisions or modifications will not be prejudicial to the interests of the holders of the Exchangeable Shares; or
- (c) making such changes or corrections to this Agreement, which, on the advice of counsel, are reasonably required for the purpose of curing or correcting any ambiguity or defect or inconsistent provision or clerical omission or mistake or manifest error, provided that in the opinion of the board of directors of each of TSA

Exchangeco, TSA Holdco and TSA, after consultation with counsel, such changes or corrections will not be prejudicial to the interests of the holders of the Exchangeable Shares.

### 3.6 Meeting to Consider Amendments

TSA Exchangeco, at the request of TSA, shall call a meeting or meetings of the holders of the Exchangeable Shares for the purpose of considering any proposed amendment or modification requiring approval pursuant to Section 3.4 hereof. Any such meeting or meetings shall be called and held in accordance with the by-laws of TSA Exchangeco, the Exchangeable Share Provisions and all applicable Laws.

### 3.7 Amendments Only in Writing

No amendment to or modification or waiver of any of the provisions of this Agreement otherwise permitted hereunder shall be effective unless made in writing and signed by all of the parties hereto.

### 3.8 Inurement

This Agreement shall be binding upon and inure to the benefit of the parties hereto, the holders from time to time of the Exchangeable Shares and their respective successors and permitted assigns from time to time, as well as to their respective heirs, executors, trustees, administrators and other personal representatives.

### 3.9 Notices to Parties

All notices and other communications pursuant to this Agreement shall be in writing and deemed to be sufficient if contained in a written instrument and shall be deemed given if delivered personally, by facsimile, sent by nationally-recognized overnight courier or mailed by registered or certified mail (return receipt requested), postage prepaid, to the parties at the following address (or at such other address for a party as shall be specified by like notice):

If to TSA, TSA Holdco or TSA Exchangeco:

Transaction Systems Architects, Inc.  
224 South 108th Avenue  
Suite 7  
Omaha, Nebraska

68154

Attention: General Counsel and Secretary

Facsimile: (402) 390-8077

All such notices and other communications shall be deemed to have been received (a) in the case of personal delivery, on the date of such delivery, (b) in the case of a facsimile, when the party receiving such copy shall have confirmed receipt of the communication, (c) in the case of delivery by nationally-recognized overnight courier, on the business day following dispatch, and (d) in the case of mailing, on the tenth business day following such mailing.

### 3.10 Counterparts

This Agreement may be executed in any number of counterparts, each of which will be an original as regards any party whose signature appears thereon and all of which together will constitute one and the same instrument. This Agreement will become binding when one or more counterparts hereof, individually or taken together, will bear the signatures of all the parties reflected hereon as signatories.

### 3.11 Jurisdiction

This Agreement shall be construed and enforced in accordance with the laws of the Province of Alberta and the laws of Canada applicable



therein.

3.12 Attornment

Each of the parties hereto agrees that any action or proceeding arising out of or relating to this Agreement may be instituted in the courts of Alberta, waives any objection which it may have now or hereafter to the venue of any such action or proceeding, irrevocably submits to the jurisdiction of the said courts in any such action or proceeding, agrees to be bound by any judgment of the said courts and not to seek, and hereby waives, any review of the merits of any such judgment by the courts of any other jurisdiction.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

TRANSACTION SYSTEMS ARCHITECTS, INC.

By:

\_\_\_\_\_  
Name:

Title:

TRANSACTION SYSTEMS ARCHITECTS NOVA SCOTIA COMPANY

By:

\_\_\_\_\_  
Name: David P. Stokes

Title: President and Secretary

TSA EXCHANGE CO LIMITED

By:

\_\_\_\_\_  
Name: David P. Stokes

Title: President and Secretary

APPENDIX C TO THE

PLAN OF ARRANGEMENT

PROVISIONS ATTACHING TO PREFERRED SHARES

OF TSA EXCHANGE CO LIMITED

The Preferred Shares in the capital of TSA Exchange Co Limited shall have the following rights, privileges, restrictions and conditions.

ARTICLE 1

INTERPRETATION

For the purposes of these share provisions:

"Affiliate" has the meaning ascribed to the term "affiliate" in the NSCA;

"Board of Directors" means the Board of Directors of the Corporation.

"Business Day" means any day, other than a Saturday, a Sunday or a day which is a statutory or civic holiday in the State of Nebraska;

"Call and Right of First Refusal Agreement" means the Call and Right of First Refusal Agreement with respect to the Preferred Shares to be entered into by TSA Subco, TSA Holdco and the Corporation prior to the initial issuance of the Preferred Shares;

"Call Notice" has the meaning ascribed thereto in Section 4.2 of these share provisions;

"Canadian Dollar Equivalent" means in respect of an amount expressed in currency other than Canadian dollars (the "Foreign Currency Amount") on any date, the product obtained by multiplying (a) the Foreign Currency Amount by (b) the noon spot exchange rate on such date for such foreign currency expressed in Canadian dollars as reported by the Bank of Canada or, in the event such spot exchange rate is not available, such exchange rate on such date for such foreign currency expressed in Canadian dollars as may be deemed by the Board of Directors to be appropriate for such purpose;

"Canadian Resident" means a resident of Canada for the purposes of the ITA;

"Common Shares" means the common shares of the Corporation;

"Corporation" means TSA Exchangeco Limited, a Nova Scotia limited company;

"Current Market Price" means, in respect of a TSA Class A Common Share on any date, the Canadian Dollar Equivalent of the average closing price (computed and rounded to the third decimal point) of TSA Class A Common Shares during a period of twenty (20) consecutive trading days ending not more than three (3) trading days before such date on the NASDAQ, or, if the TSA Class A Common Shares are not then listed on the NASDAQ, on such other stock exchange or automated quotation system on which the TSA Class A Common Shares are listed or quoted, as the case may be, as may be selected by the Board of Directors for such purpose; provided, however, that if in the opinion of the Board of Directors the public distribution or trading activity of TSA Class A Common Shares during such period does not create a market which reflects the fair market value of a TSA Class A Common Share, then the Current Market Price of a TSA Class A Common Share shall be determined by the Board of Directors based upon the advice of such qualified independent financial advisors as the Board of Directors may deem to be appropriate, and provided further that any such selection, opinion or determination by the Board of Directors shall be conclusive and binding or, if none of the foregoing is applicable, then the fair market value of the TSA Class A Common Shares as determined in good faith by the Board of Directors;

"Dividend Amount" means an amount equal to the full amount of all accrued (whether or not declared) and unpaid dividends on each Preferred Share at the Retraction Date, Early Redemption Date, Mandatory Redemption Date or Liquidation Date, as applicable;

"Dividend Payment Date" has the meaning ascribed thereto in Section 2.1 (a);

"Dividend Period" has the meaning ascribed thereto in Section 2.1 (a);

"Early Redemption Call Purchase Price" has the meaning ascribed thereto in the Call and Right of First Refusal Agreement;

"Early Redemption Call Right" means the overriding purchase right provided pursuant to, and defined in, the Call and Right of First Refusal Agreement;

"Early Redemption Date" means the date which is the earlier of: (i) the date, if any, falling during the period commencing on the second anniversary of the Effective Date and ending on the day immediately prior to the fifth anniversary of the Effective Date, and established by the Board of Directors for the redemption by the Corporation of all but not fewer than all of the Preferred Shares pursuant to Article 5 of these share provisions; (ii) the date, if any, being the date of, or any date following, the occurrence of a TSA Control Transaction and established by the Board of Directors for the redemption by the Corporation of all but not fewer than all of the Preferred Shares pursuant to Article 5 of these share provisions; or (iii) with respect to a Holder who is an employee of TSA or of an Affiliate of TSA, and only with respect to the Preferred Shares held by such Holder, the date, if any, being the date of or any date following the date of termination of the Holder's employment with TSA or such Affiliate of TSA and established by the Board of Directors for the redemption by the Corporation of all Preferred Shares of such holder pursuant to Article 5 of these share provisions.

"Early Redemption Price" has the meaning ascribed thereto in Section 5.1 of these share provisions;

"Effective Date" means the date that the Preferred Shares are issued by the Corporation;

"Exchangeable Shares" mean the exchangeable non-voting shares of the Corporation;

"Fractional Share Amount" means the amount of cash payable in lieu of a fractional TSA Class A Common Share that would otherwise be issuable to the holder of a Preferred Share in respect of an exchange of Preferred Shares for TSA Class A Common Shares hereunder on any retraction or redemption;

"ITA" means the Income Tax Act (Canada) R.S.C. 1985, c.1 (5th Supp.), as amended;

"Law" means any federal, state, provincial, territorial, municipal or other law, statute, regulation, code, recommendation, notice, judgment, treaty, directive, ordinance, writ, injunction, decree, by-law, order, restriction, official plan or stated policy, whether domestic or foreign; and "Laws" means all of the foregoing;

"Liquidation Amount" means, with respect to the Preferred Shares, the amount per share equal to the sum of the Subscription Price and the Dividend Amount;

"Mandatory Redemption Date" means the date which is the fifth anniversary of the Effective Date;

"Mandatory Redemption Price" has the meaning ascribed thereto in Section 6.1 of these share provisions;

"NASDAQ" means the Nasdaq National Market or any successor systems;

"NSCA" means the Companies Act (Nova Scotia), R.S.N.S. 1989, C.81, as amended;

"Preferred Shares" means the non-voting shares of the Corporation having the rights, privileges, restrictions and conditions set forth herein;

"Present Value" means the present value on the Early Redemption Date, calculated using the then-prevailing interest rate as determined by the Board of Directors;

"Purchase Price" has the meaning ascribed thereto in the Call and right of First Refusal Agreement;

"Ratio" means the number that is the quotient of: (i) the Liquidation Amount; and (ii) 115% of the Current Market Price on the Effective Date. The quotient shall be taken to five decimal places. If TSA recapitalizes its outstanding capital stock through a subdivision of its outstanding shares into a greater number of shares, or a combination of its outstanding shares into a lesser number of shares, or reorganizes, reclassifies or otherwise changes its outstanding shares into the same or a different number of shares of other classes, or declares a dividend on its outstanding shares payable in shares of its capital stock or securities convertible into shares of its capital stock, or completes a rights offering for TSA Class A Common Shares solely to its existing shareholders at a price less than market price, or grants a material option solely to existing shareholders to acquire any TSA Class A Common Shares at a price less than market price then the Exchange Ratio will be adjusted proportionately to equitably reflect such event;

"Record Date" has the meaning ascribed thereto in Section 2.1;

"Remittance Date" has the meaning ascribed thereto in Section 3.1;

"Retracted Shares" has the meaning ascribed thereto in Subsection 4.1 (a) of these share provisions;

"Retraction Call Right" means the overriding purchase right provided pursuant to and as defined in the Call and Right of First Refusal Agreement;

"Retraction Date" has the meaning ascribed thereto in Subsection 4.1(b) of these share provisions;

"Retraction Price" has the meaning ascribed thereto in Section 4.1 of these share provisions;

"Retraction Request" has the meaning ascribed thereto in Section 4.1 of these share provisions;

"Right of First Refusal" means the right of first refusal provided pursuant to and as defined in the Call and Right of First Refusal Agreement;

"Subscription Price" means the Canadian Dollar Equivalent of the paid in purchase price per Preferred Share;

"Tax" or "Taxes" means all income, capital, payroll, sales and use, value added, goods and services, documentary, stamp, transfer and real property taxes and customs and excise duties, whether foreign, federal, provincial, state or municipal (including tax withholdings, employer health taxes, workers' compensation assessments, penalties and surcharges, Canada and Quebec Pension Plans and employment insurance premiums, contributions and remittances) and including any interest, penalties or surcharges attributable thereto;

"Taxing Authority" means Canada Customs and Revenue Agency, the Internal Revenue Service or any other taxing authority, including, without limitation, any value added tax or sales tax authority;

"Transfer Agent" means the transfer agent for the Preferred Shares that may be engaged from time to time by the Corporation;

"TSA" means Transaction Systems Architects, Inc., a Delaware corporation;

"TSA Class A Common Shares" mean the voting shares of TSA, par value \$0.005 per share, having voting rights of one vote per share, and any other securities into which such shares may be changed;

"TSA Control Transaction" means the earlier to occur of the occurrence of or approval by the stockholders of TSA of (a) any statutory exchange, merger or amalgamation involving TSA, (b) any sale, lease, exchange or other transfer (in one transaction or a series of transactions) of all, or substantially all, of the assets of TSA; (c) any tender offer for TSA; or (d) any Person becoming the beneficial owner of 20% or more of the outstanding TSA common stock who was not the beneficial owner of 20% or more of such stock prior to the Effective Date;

"TSA Holdco" means Transaction Systems Architects Nova Scotia Company, a Nova Scotia unlimited company;

"TSA Subco" means a new wholly-owned subsidiary of the Corporation incorporated under the laws of a Nova Scotia as an unlimited company;

## ARTICLE 2

### DIVIDENDS

#### 2.1. Dividends:

(a) A holder of a Preferred Share shall be entitled to receive per share, out of funds legally available for the purpose, cash dividends at a rate of seven per cent (7.0 %) per annum applied to the Subscription Price. Such dividends shall be cumulative from the Effective Date and shall be payable in arrears, when and as declared by the Board of Directors of the Corporation, on January 11 of each year (such date being referred to as the "Dividend Payment Date"), commencing on January 11, 2002. The period from January 11, 2001 through January 11, 2002 and each period between consecutive Dividend Payment Dates thereafter shall be referred to as a "Dividend Period". Each such dividend shall be paid to the holders of record of the Preferred Shares on the corresponding Record Date. The term "Record Date" means the twentieth (20th) day preceding the Dividend Payment Date, or such other date designated by the Board of Directors of the Corporation with respect to the relevant dividend. Dividends on account of arrears for any past Dividend Periods may be declared and paid at any time, without reference to any Dividend Payment Date, to holders of record on such date, not exceeding 50 days preceding the payment date thereof, as may be fixed by the Board of Directors. No dividends shall be payable in respect of any period less than a full Dividend Period except as specifically provided in these share provisions.

(b) In the event that full cash dividends are not paid or made available to the holders of all outstanding Preferred Shares, and funds available shall be insufficient to permit payment in full in cash to all such holders of the amounts to which they are then entitled, the entire amount available for payment of such cash dividends shall be distributed among the holders of the Preferred Shares ratably in proportion to the full amount to which they would otherwise be respectively entitled, and any remainder not paid in cash to the holders of the Preferred Shares shall cumulate as provided in (c) below.

(c) If, on any Dividend Payment Date, the Holders of the Preferred Shares shall not have received the full dividends provided for in the other provisions of this Section, then such dividends shall cumulate, whether or not earned or declared, with additional dividends thereon for each succeeding full Dividend Period during which such dividends shall remain unpaid. Unpaid dividends for any period less than a full Dividend Period shall cumulate on a day-today basis and shall be computed on the basis of a 365 day year.

(d) No dividends shall be paid on the Preferred Shares for so long as the Corporation is in default of any obligation to declare or pay a dividend on the Exchangeable Shares.

(e) For greater certainty, on a retraction or redemption of less than all of the outstanding Preferred Shares, the Corporation shall not be required to pay the Dividend Amount at such time on any Preferred Shares not designated for such retraction or redemption.

2.2. Cheques of the Corporation payable at any branch of the bankers of the Corporation shall be issued in respect of any cash dividends contemplated by Section 3.1 hereof and the sending of such a cheque to each holder of a Preferred Share shall satisfy the cash dividend represented thereby unless the cheque is not paid on presentation. All dividends shall be subject to any reduction or adjustment for Tax required to be deducted and withheld from such dividends paid or credited by the Corporation. No holder of a Preferred Share shall be entitled to recover by action or other legal process against the Corporation any dividend that is represented by a cheque that has not been duly presented to the Corporation's bankers for payment or that otherwise remains unclaimed for a period of six years from the date on which such dividend was payable.

2.3. Except as provided in Section 2.1, the holders of Preferred Shares shall not be entitled to receive dividends in respect thereof.

2.4. The Corporation will not pay a dividend or make any distribution in respect of any shares ranking junior to the Preferred Shares if the Corporation is then in default of any dividend obligations with respect to the Preferred Shares.

### ARTICLE 3

#### DISTRIBUTION ON LIQUIDATION

3.1. On any distribution of the assets of the Corporation among its shareholders for the purpose of winding up its affairs, a holder of Preferred Shares shall be entitled, subject to applicable Law, to receive from the assets of the Corporation in respect of each Preferred Share held by such holder on the effective date (the "Liquidation Date") of such liquidation, dissolution or winding-up, after any distribution of any part of the assets of the Corporation among the holders of the Exchangeable Shares and before any distribution on the Common Shares and any other shares ranking junior to the Preferred Shares, an amount per share equal to the Liquidation Amount. In connection with payment of the Liquidation Amount, the Corporation shall be entitled to deduct and withhold from any consideration otherwise payable to any such holder such amounts as the Corporation, is required or permitted to deduct and withhold with respect to such payment under the ITA or any other provision of applicable Tax Law, in each case, as amended or succeeded; provided that such withheld amount shall not be remitted prior to two (2) Business Days prior to that date such amount is required by Law to be remitted and where certificates issued pursuant to Subsection 116(2) or 116(4) of the ITA, if applicable, are delivered prior to such required remittance date, such withheld amount shall be released to the holder except to the extent that amounts were withheld or deducted pursuant to another provision of applicable Tax Law. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes hereof as having been paid to the holder of the Preferred Shares in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate Taxing Authority and a receipt evidencing such remittance is delivered to such holder. To the extent that the amount so

required or permitted to be deducted or withheld from any payment to a holder exceeds the cash portion of the consideration otherwise payable to such holder, the Corporation, as agent of such holder, is hereby authorized to sell or otherwise dispose of such portion of the consideration as is necessary to provide sufficient funds to it to enable it to comply with such deduction or withholding requirement and the Corporation, shall notify such holder thereof and remit to such holder any unapplied balance of the net proceeds of such sale. If the proceeds of such sale are insufficient to fund the required withholding, such holder shall forthwith pay to the Corporation, or remit to the applicable Taxing Authority, the deficiency. Such holder shall bear all reasonable costs and expenses associated with any sale by the Corporation, pursuant to the two immediately preceding sentences.

3.2. On or promptly after the Liquidation Date and subject to the terms hereof, the Corporation shall cause to be delivered to the holders of the Preferred Shares the Liquidation Amount for each such Preferred Share upon presentation and surrender of the certificates representing such Preferred Shares, together with such other documents and instruments as may be required to effect a transfer of Preferred Shares under any applicable Law and the memorandum and articles of association of the Corporation and such additional documents and instruments as the Transfer Agent may reasonably require, at the registered office of the Corporation or at any office of the Transfer Agent as may be specified by the Corporation by notice to the holders of the Preferred Shares. Payment of the total Liquidation Amount for such Preferred Shares shall be made by delivery to each holder, at the address of the holder recorded in the securities register of the Corporation for the Preferred Shares or by holding for pick up by the holder at the registered office of the Corporation a cheque of the Corporation payable at par at any branch of the bankers of the Corporation in payment thereof (less any Tax required to be deducted and withheld from the total Liquidation Amount by the Corporation without interest). On and after the Liquidation Date, the holders of the Preferred Shares shall cease to be holders of such Preferred Shares and shall not be entitled to exercise any of the rights of holders in respect thereof, other than the right to receive their proportionate part of the total Liquidation Amount, unless payment of the total Liquidation Amount for such Preferred Shares shall not be made upon presentation and surrender of share certificates in accordance with the foregoing provisions, in which case the rights of the holders shall remain unaffected until the total Liquidation Amount has been paid in the manner hereinbefore provided. The Corporation shall have the right at any time on or after the Liquidation Date to deposit or cause to be deposited the total Liquidation Amount in respect of the Preferred Shares represented by certificates that have not at the Liquidation Date been surrendered by the holders thereof in a custodial account with any chartered bank or trust company in Canada. Upon such deposit being made, the rights of the holders of Preferred Shares after such deposit shall be limited to receiving their proportionate part of the total Liquidation Amount (less any Tax required to be deducted and withheld therefrom) without interest for such Preferred Shares so deposited, against presentation and surrender of the said certificates held by them, respectively, in accordance with the foregoing provisions. Any certificate which represented a Preferred Share that has not been deposited, with all other instruments required by this Section 3.2, on or prior to the first anniversary of the Liquidation Date, shall cease to represent a claim or interest of any kind or nature as a holder of a Preferred Share.

3.3. After the Corporation has satisfied its obligations to pay the holders of the Preferred Shares the Liquidation Amount per Preferred Share pursuant to Section 3.1 of these share provisions, such holders shall not be entitled to share in any further distribution of the assets of the Corporation.

#### ARTICLE 4

##### RETRACTION OF PREFERRED SHARES BY HOLDER

4.1. A holder of Preferred Shares shall be entitled: (i) upon the occurrence of a TSA Control Transaction; or (ii) at any time during the period commencing on the second anniversary of the Effective Date and ending on the day immediately prior to the fifth anniversary of the Effective Date, subject to the exercise of the Retraction Call Right and otherwise upon compliance with the provisions of this Article 4, to require the Corporation to redeem any or all of the Preferred Shares registered in the name of such holder for an amount per Preferred Share (the "Retraction Price") equal to the product of: (a) the Current Market Price on the Retraction Date; and (b) the Ratio.

The Retraction Price shall be satisfied in full by the Corporation causing to be delivered to such holder that number of TSA Class A Common Shares equal to the

Ratio, provided that fractional TSA Class A Common Shares shall not be issued and in lieu thereof the Corporation will deliver a cheque payable at par at any branch of the bankers of the Corporation in respect of the Fractional Share Amount, less any Tax required to be deducted or withheld therefrom. To effect such redemption, the holder shall present and surrender at the registered office of the Corporation the certificate or certificates representing the Preferred Shares which the holder desires to have the Corporation redeem, together with such other documents and instruments as may be required to effect a transfer of Preferred Shares under applicable Law and the memorandum and articles of association of the Corporation and such additional documents and instruments as the Secretary of the Corporation may reasonably require, and together with a duly executed statement (the "Retraction Request") in the form of Schedule A hereto or in such other form as may be acceptable to the Corporation:

(a) specifying that the holder desires to have all or any number specified therein of the Preferred Shares represented by such certificate or certificates (the "Retracted Shares") redeemed by the Corporation;

(b) stating the Business Day on which the holder desires to have the Corporation redeem the Retracted Shares (the "Retraction Date"), provided that the Retraction Date shall be not less than ten (10) Business Days nor more than fifteen (15) Business Days after the date on which the Retraction Request is received by the Corporation and further provided that, in the event that no such Business Day is specified by the holder in the Retraction Request, the Retraction Date shall be deemed to be the fifteenth (15th) Business Day after the date on which the Retraction Request is received by the Corporation;

(c) acknowledging the overriding right (the "Retraction Call Right") of TSA Subco to purchase all but not fewer than all the Retracted Shares directly from the holder and that the Retraction Request shall be deemed to be a revocable offer by the holder to sell the Retracted Shares to TSA Subco in accordance with the Retraction Call Right on the terms and conditions set out in Section 4.3 below; and

(d) stating whether the holder is a Canadian Resident or is not a Canadian Resident.

4.2. Subject to the exercise by TSA Subco of the Retraction Call Right, upon receipt by the Corporation in the manner specified in Section 4.1 hereof of a certificate or certificates representing the number of Preferred Shares which the holder desires to have the Corporation redeem, together with a Retraction Request, and provided that the Retraction Request is not revoked by the holder in the manner specified in Section 4.8, the Corporation shall redeem the Retracted Shares effective at the close of business on the Retraction Date and shall cause to be delivered to such holder the total Retraction Price with respect to such shares. If only a part of the Preferred Shares represented by any certificate are redeemed (or purchased by TSA Subco pursuant to the Retraction Call Right), a new certificate for the balance of such Preferred Shares shall be issued to the holder at the expense of the Corporation.

4.3. The Corporation acknowledges that it is bound by the Call and Right of First Refusal Agreement to immediately notify TSA Subco upon receipt by the Corporation of a Retraction Request and to provide a copy of such Retraction Request to TSA Subco. If TSA Subco has notified the Corporation in writing of its determination to exercise the Retraction Call Right (the "Call Notice") within five (5) Business Days of notification to TSA Subco by the Corporation of the receipt by the Corporation of the Retraction Request, and provided that the Retraction Request is not revoked by the holder in the manner specified in Section 4.8, the Retraction Request shall thereupon be considered only to be an offer by the holder to sell the Retracted Shares to TSA Subco in accordance with the Retraction Call Right. In such event, the Corporation shall not redeem the Retracted Shares. In the event that TSA Subco does not deliver a TSA Call Notice within such five (5) Business Day period or, notwithstanding anything else in this Section 4.3, if TSA Subco has so delivered a TSA Call Notice but fails to comply with its obligations to purchase the Retracted Shares, and provided that Retraction Request is not revoked by the holder in the manner specified in Section 4.8, the Corporation shall redeem the Retracted Shares on the Retraction Date and in the manner otherwise contemplated in this Article 5.

Should TSA Subco assign the Retraction Call Right with respect to any Retraction Request to TSA or an Affiliate of TSA pursuant to the Call and Right of First Refusal Agreement, all references to TSA Subco in these share provisions with respect to the exercise of the Retraction Call Right in respect of which the assignment is made shall be deemed to refer to such assignee.

4.4. A holder who is not a Canadian Resident shall deliver with each Retraction Request a certificate satisfactory to the Corporation or TSA Subco, as the case may be, acting reasonably, issued pursuant to Subsection 116(2) of the ITA, with respect to the Preferred Shares being exchanged, having as the "certificate limit" as defined in Subsection 116(2) of the ITA, an amount no less than the cost of the Preferred Shares (which may be equal to the fair market value of the TSA Class A Common Shares and any cash receivable by the holder) to the Corporation or TSA Subco, as the case may be.

In the case of a holder who is a partnership, the holder shall also provide a certificate confirming the name and address of each member thereof and the percentage of partnership interest held by each member.

In the event that a holder fails to deliver one of the requisite certificates described with such holder's Retraction Request or, if the Corporation is required to deduct or withhold any amount under any other provision of applicable Tax Law, the Corporation shall be entitled to deduct and withhold from any consideration otherwise payable to any such holder such amounts as the Corporation is required or permitted to deduct and withhold with respect to such payment under the ITA or any other provision of applicable Tax Law, in each case, as amended or succeeded; provided that such withheld amount shall not be remitted prior to two (2) Business Days prior to the date such amount is required by Law to be remitted and where such certificate or a certificate issued pursuant to Subsection 116(4) satisfactory to the Corporation, acting reasonably, is delivered prior to such required remittance date, such withheld amount shall be released to the holder except to the extent that amounts were withheld or deducted pursuant to another provision of applicable Tax Law. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes hereof as having been paid to such holder of the Preferred Shares in respect of such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate Taxing Authority and a receipt evidencing such remittance is delivered to such holder. To the extent that the amount so required or permitted to be deducted or withheld from any payment to a holder exceeds the cash portion of the consideration otherwise payable to such holder, the Corporation, as agent of such holder, is hereby authorized to sell or otherwise dispose of (or itself take title thereto at the then-Current Market Price) such portion of the consideration as is necessary to provide sufficient funds to it to enable it to comply with such deduction or withholding requirement and the Corporation shall notify such holder thereof and remit to such holder any unapplied balance of the net proceeds of such sale. If the proceeds of such sale are insufficient to fund the required withholding, such holder shall forthwith pay to the Corporation or remit to the applicable Taxing Authority the deficiency. Such holder shall bear all reasonable costs and expenses associated with any sale by the Corporation, pursuant to the two immediately preceding sentences.

4.5. The Corporation, shall deliver to the relevant holder, at the address of the holder recorded in the securities register of the Corporation for the Preferred Shares or at the address specified in the holder's Retraction Request or by holding for pick-up by the holder at the registered office of the Corporation, certificates representing fully paid and non-assessable TSA Class A Common Shares registered in the name of the holder or in such other name as the holder may request, and, if applicable, a cheque payable at par at any branch of the bankers of the Corporation in respect of any Fractional Share Amount, in each case, less any amounts withheld on account of Tax required to be deducted and withheld therefrom, and such delivery of such certificates and cheques on behalf of the Corporation, shall be deemed to be payment of and shall satisfy and discharge all liability for the total Retraction Price, to the extent that the same is represented by such share certificates and cheques (plus any Tax deducted and withheld therefrom and remitted to the proper Taxing Authority without interest), unless such cheque is not paid on due presentation.

4.6. On and after the close of business on the Retraction Date, the holder of the Retracted Shares shall cease to be a holder of such Retracted Shares and shall not be entitled to exercise any of the rights of a holder in respect thereof, other than the right to receive his proportionate part of the total Retraction Price, unless upon presentation and surrender of certificates in accordance with the foregoing provisions, the Retracted Shares are not purchased pursuant to the exercise of the Retraction Call Right or if payment of the total Retraction Price is not made as provided in Section 4.5, in which case the rights of such holder shall remain unaffected until the total Retraction Price has been paid in the manner hereinbefore provided. On and after the close of business on the Retraction Date, provided that presentation and surrender of certificates and other requisite documents has been made in accordance with the foregoing provisions and either the Retraction Price has been satisfied or the



Retracted Shares have been purchased pursuant to the exercise of the Retraction Call Right, the holder of the Retracted Shares so redeemed by the Corporation or purchased by TSA Subco or its permitted assignee shall thereafter be considered and deemed for all purposes to be a holder of the TSA Class A Common Shares delivered to it.

4.7. Notwithstanding any other provision of this Article 4, the Corporation shall not be obligated to redeem Retracted Shares specified by a holder in a Retraction Request to the extent that such redemption of Retracted Shares would be contrary to solvency requirements or other provisions of applicable Law, including, without limitation, the NSCA and United States securities Laws. If the Corporation believes that on any Retraction Date it would not be permitted by any of such provisions to redeem all the Retracted Shares tendered for redemption on such date, and provided that TSA Subco shall not have exercised the Retraction Call Right with respect to all the Retracted Shares, the Corporation shall only be obligated to redeem Retracted Shares specified by a holder in a Retraction Request to the extent of the maximum number that may be so redeemed (rounded down to a whole number of shares) as would not be contrary to such provisions and shall notify the holder at least two (2) Business Days prior to the Retraction Date as to the number of Retracted Shares which will not be redeemed by the Corporation. In any case in which the redemption by the Corporation of Retracted Shares would be contrary to solvency requirements or other provisions of applicable Law, including, without limitation, the NSCA and United States securities Laws, the Corporation shall redeem the maximum number of whole Preferred Shares which the Board of Directors determine the Corporation is, on the Retraction Date, permitted to redeem, which shall be selected as nearly as may be pro rata (disregarding fractions) in proportion to the total number of Preferred Shares tendered for retraction by each holder thereof and the Corporation shall issue to each holder of Retracted Shares a new certificate, at the expense of the Corporation, representing the Retracted Shares not redeemed by the Corporation pursuant to Section 4.2 hereof.

4.8. A holder of Retracted Shares may, by notice in writing given by such holder to the Corporation before the close of business on the Business Day immediately preceding the Retraction Date, withdraw its Retraction Request in which event such Retraction Request shall be null and void and, for greater certainty, the revocable offer constituted by the Retraction Request to sell the Retracted Shares to TSA Subco shall be deemed to have been revoked.

## ARTICLE 5

### EARLY REDEMPTION OF PREFERRED SHARES BY THE CORPORATION

5.1. Subject to applicable Law (including solvency restrictions which may require redemption of fewer than all of the Preferred Shares on a partial, pro-rata basis), and if TSA Subco or its permitted assignee does not exercise the Early Redemption Call Right, the Corporation shall on the Early Redemption Date redeem the whole of the then outstanding Preferred Shares (except where the redemption is to be made only with respect to the Preferred Shares of a holder who was an employee of TSA or of an Affiliate of TSA and whose employment has been terminated, in which event only the Preferred Shares of the Holder will be redeemed) on payment of an amount (the "Early Redemption Price") per Preferred Share equal to the greater of (i) the Liquidation Amount; and (ii) the fair market value of a Preferred Share on the Early Redemption Date. In the absence of agreement, by the Corporation and all holders whose Preferred Shares are subject to redemption, as to the fair market value of each Preferred Share, then such fair market value shall be deemed to be the sum of (a) the Present Value of dividends payable thereon with respect to periods commencing on the day immediately after the Early Redemption Date through the Mandatory Redemption Date and (b) the product of: (i) the Current Market Price on the Early Redemption Date; and (ii) the Ratio. The Early Redemption Price shall be satisfied in full by the Corporation causing to be delivered to each holder of Preferred Shares that number of TSA Class A Common Shares equal to the quotient of (i) the Early Redemption Price; divided by (ii) the Current Market Price on the Early Redemption Date, provided that fractional TSA A Class A Common Shares shall not be issued and in lieu thereof the Corporation will deliver a cheque payable at par at any branch of the bankers of the Corporation in respect of the Fractional Share Amount, less any Tax required to be deducted or withheld therefrom.

5.2. In any case of a redemption of Preferred Shares under this Article 5, the Corporation shall, at least ten (10) Business Days before the Early Redemption Date (other than a Early Redemption Date established in connection with a TSA Control Transaction), send or cause to be sent to each holder of Preferred Shares a notice in writing of the redemption by the Corporation, of the

Preferred Shares held by such holder. In the case of an Early Redemption Date established in connection with a TSA Control Transaction, the written notice of redemption by the Corporation, on as many days prior written notice as may be determined by the Board of Directors of the Corporation, acting in good faith and in its sole discretion and with a view to permitting the holders of Preferred Shares sufficient time to exchange their Preferred Shares prior to the record date for determination of the registered holders of TSA Class A Common Shares in order to participate in a TSA Control Transaction, to be reasonably practicable in the circumstances. In any such case, such notice shall set out the Early Redemption Date.

5.3. On or before the Early Redemption Date, a holder of Preferred Shares shall deliver to the Corporation a certificate stating whether the holder is a Canadian Resident or is not a Canadian Resident.

On or before the Early Redemption Date, a holder of Preferred Shares who is not a Canadian Resident shall deliver to the Corporation or TSA Subco, as the case may be, a certificate issued pursuant to Subsection 116(2) of the ITA, with respect to the Preferred Shares being redeemed having as the "certificate limit" as defined in Subsection 116(2) of the ITA, an amount no less than the cost of the Preferred Shares (which may be equal to the fair market value of the TSA Class A Common Shares and any cash receivable by such holder) to the Corporation or TSA Subco, as the case may be.

In the case of a holder who is a partnership, the holder shall also provide a certificate confirming the name and address of each member thereof and the percentage of partnership interest held by each member.

In the event that a holder fails to deliver one of the requisite certificates described or if the Corporation, or TSA Subco, as the case may be, is required to deduct or withhold any amount under any other provision of applicable Tax Law, the Corporation or TSA Subco, as the case may be, shall be entitled to deduct and withhold from any consideration otherwise payable to any such holder such amounts as the Corporation or TSA Subco, as the case may be, is required or permitted to deduct and withhold with respect to such payment under the ITA or any other provision of applicable Tax Law, in each case, as amended or succeeded; provided that such withheld amount shall not be remitted prior to two (2) Business Days prior to the date such amount is required by Law to be remitted and where such certificate or a certificate issued pursuant to Subsection 116(4) satisfactory to the Corporation or TSA Subco, as the case may be, acting reasonably, is delivered prior to such required remittance date, such withheld amount shall be released to the holder except to the extent that amounts were withheld or deducted pursuant to another provision of applicable Tax Law. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes hereof as having been paid to such holder of the Preferred Shares in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate Taxing Authority and a receipt evidencing such remittance is delivered to such holder. To the extent that the amount so required or permitted to be deducted or withheld from any payment to a holder exceeds the cash portion of the consideration otherwise payable to such holder, the Corporation or TSA Subco, as the case may be, as agent of such holder, is hereby authorized to sell or otherwise dispose of (or itself take title at the then-Current Market Price) such portion of the consideration as is necessary to provide sufficient funds to it to enable it to comply with such deduction or withholding requirement and the Corporation or TSA Subco, as the case may be, shall notify such holder thereof and remit to such holder any unapplied balance of the net proceeds of such sale. If the proceeds of such sale are insufficient to fund the required withholding, such holder shall forthwith pay to the Corporation or TSA Subco, as the case may be, or remit to the applicable Taxing Authority the deficiency. Such holder shall bear all reasonable costs and expenses associated with any sale by the Corporation or TSA Subco, as the case may be, pursuant to the two immediately preceding sentences.

5.4. On or after the Early Redemption Date and subject to the exercise by TSA Subco or its permitted assignee of the Early Redemption Call Right:

(a) the Corporation shall cause to be delivered to the holders of the Preferred Shares to be redeemed the Early Redemption Price for each such Preferred Share, upon presentation and surrender at the registered office of the Corporation, together with such other documents and instruments as may be required to effect a transfer of Preferred Shares under applicable Law and the memorandum and articles of association of the Corporation and such additional documents and instruments as the Secretary of the Corporation may reasonably require.

(b) Payment of the total Early Redemption Price for such Preferred Shares shall be made by delivery to each holder, at the address of the holder recorded in the securities register of the Corporation or by holding for pick up by the holder at the registered office of the Corporation of certificates representing fully paid and non-assessable TSA Class A Common Shares and, if applicable, a cheque of the Corporation payable at par at any branch of the bankers of the Corporation in respect of the Fractional Share Amount (less any Tax required to be deducted and withheld from the total Early Redemption Price by the Corporation without interest).

(c) On and after the Early Redemption Date, the holders of the Preferred Shares called for redemption shall cease to be holders of such Preferred Shares and shall not be entitled to exercise any of the rights of holders in respect thereof, other than the right to receive their proportionate part of the total Early Redemption Price, unless payment of the total Early Redemption Price for such Preferred Shares shall not be made upon presentation and surrender of certificates in accordance with the foregoing provisions, in which case the rights of the holders shall remain unaffected until the total Early Redemption Price has been paid in the manner hereinbefore provided.

(d) The Corporation shall have the right at any time after the sending of notice of its intention to redeem the Preferred Shares as aforesaid to deposit or cause to be deposited the total Early Redemption Price for the Preferred Shares so called for redemption, or of such of the said Preferred Shares represented by certificates that have not at the date of such deposit been surrendered by the holders thereof in connection with such redemption, in a custodial account with any chartered bank or trust company in Canada named in such notice, less any amounts withheld on account of Tax required to be deducted and withheld therefrom. Upon the later of such deposit being made and the Early Redemption Date, the Preferred Shares in respect of which such deposit shall have been made shall be redeemed and the rights of the holders thereof after such deposit or Early Redemption Date, as the case may be, shall be limited to receiving their proportionate part of the total Early Redemption Price for such Preferred Shares so deposited, against presentation and surrender of the said certificates held by them, respectively, in accordance with the foregoing provisions. Upon such payment or deposit of the total Early Redemption Price, the holders of the Preferred Shares shall thereafter be considered and deemed for all purposes to be holders of the TSA Class A Common Shares delivered to them. Any certificate which represented a Preferred Share that has not been deposited, with all other instruments required by this Section 5.4, on or prior to the first anniversary of the Early Redemption Date, shall cease to represent a claim or interest of any kind or nature as a holder of a Preferred Share.

5.5. If TSA Subco or a permitted assignee of TSA Subco exercises the Early Redemption Call Right, the holders of Preferred Shares subject to the redemption shall be obligated to transfer their Preferred Shares to TSA Subco or its assignee, as the case may be, in accordance with the terms of the Early Redemption Call Right and the Corporation shall not redeem the Preferred Shares.

## ARTICLE 6

### MANDATORY REDEMPTION OF PREFERRED SHARES BY THE CORPORATION

6.1. Subject to applicable Law (including solvency restrictions which may require redemption of fewer than all of the Preferred Shares on a partial, pro-rata basis), the Corporation shall, on the Mandatory Redemption Date, redeem the whole of the then outstanding Preferred Shares for an amount per share equal to the Liquidation Amount (the "Mandatory Redemption Price").

6.2. In any case of a redemption of Preferred Shares under this Article 6, the Corporation shall, at least ten (10) Business Days before the Mandatory Redemption Date, send or cause to be sent to each holder of Preferred Shares a notice in writing of the redemption of the Corporation of the Preferred Shares held by such holder. Such notice shall set out the Mandatory Redemption Price and the Mandatory Redemption Date.

6.3. On or before the Mandatory Redemption Date, a holder of Preferred Shares shall deliver to the Corporation a certificate stating whether the holder is a Canadian Resident or is not a Canadian Resident.

On or before the Mandatory Redemption Date, a holder who is not a Canadian Resident shall deliver to the Corporation a certificate issued pursuant to Subsection 116(2) of the ITA, with respect to the Preferred Shares being redeemed having as the "certificate limit" as defined in Subsection 116(2) of the ITA, an amount no less than the Mandatory Redemption Price.

In the case of a holder who is a partnership, the holder shall also provide a certificate confirming the name and address of each member thereof and the percentage of partnership interest held by each member.

In the event that a holder fails to deliver one of the requisite certificates described or if the Corporation is required to deduct or withhold any amount under any other provision of applicable Tax Law, the Corporation shall be entitled to deduct and withhold from any consideration otherwise payable to any such holder such amounts as the Corporation is required or permitted to deduct and withhold with respect to such payment under the ITA or any other provision of applicable Tax Law, in each case, as amended or succeeded; provided that such withheld amount shall not be remitted prior to two (2) Business Days prior to the date such amount is required by Law to be remitted and where such certificate or a certificate issued pursuant to Subsection 116(4) satisfactory to the Corporation, acting reasonably, is delivered prior to such required remittance date, such withheld amount shall be released to the holder except to the extent that amounts were withheld or deducted pursuant to another provision of applicable Tax Law. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes hereof as having been paid to such holder of the Preferred Shares in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate Taxing Authority and a receipt evidencing such remittance is delivered to such holder.

6.4. On or after the Mandatory Redemption Date, the Corporation shall cause to be delivered to the holders of the Preferred Shares to be redeemed the Mandatory Redemption Price for each such Preferred Share, upon presentation and surrender at the registered office of the Corporation of the certificates representing such Preferred Shares, together with such other documents and instruments as may be required to effect a transfer of Preferred Shares under applicable Law and the memorandum and articles of association of the Corporation and such additional documents and instruments as the Secretary of the Corporation may reasonably require. Payment of the total Mandatory Redemption Price for such Preferred Shares shall be made by delivery to each holder, at the address of the holder recorded in the securities register of the Corporation or by holding for pick up by the holder at the registered office of the Corporation, a cheque of the Corporation payable at par at any branch of the bankers of the Corporation in respect of the full amount of the Mandatory Redemption Price (less any Tax required to be deducted and withheld from the total Mandatory Redemption Price by the Corporation without interest). On and after the Mandatory Redemption Date, the holders of the Preferred Shares called for redemption shall cease to be holders of such Preferred Shares and shall not be entitled to exercise any of the rights of holders in respect thereof, other than the right to receive their proportionate part of the total Mandatory Redemption Price, unless payment of the total Mandatory Redemption Price for such Preferred Shares shall not be made upon presentation and surrender of certificates in accordance with the foregoing provisions, in which case the rights of the holders shall remain unaffected until the total Mandatory Redemption Price has been paid in the manner hereinbefore provided. The Corporation shall have the right at any time after the sending of notice of its intention to redeem the Preferred Shares as aforesaid to deposit or cause to be deposited the total Mandatory Redemption Price for the Preferred Shares so called for redemption, or of such of the said Preferred Shares represented by certificates that have not at the date of such deposit been surrendered by the holders thereof in connection with such redemption, in a custodial account with any chartered bank or trust company in Canada named in such notice, less any amounts withheld on account of Tax required to be deducted and withheld therefrom. Upon the later of such deposit being made and the Mandatory Redemption Date, the Preferred Shares in respect whereof such deposit shall have been made shall be redeemed and the rights of the holders thereof after such deposit or Mandatory Redemption Date, as the case may be, shall be limited to receiving their proportionate part of the total Mandatory Redemption Price for such Preferred Shares so deposited, against presentation and surrender of the said certificates held by them, respectively, in accordance with the foregoing provisions. Any certificate which represented a Preferred Share that has not been deposited, with all other instruments required by this Section 6.4, on or prior to the first anniversary of the Mandatory Redemption Date, shall cease to represent a claim or interest of any kind or nature as a holder of a Preferred Share.

## ARTICLE 7

### VOTING RIGHTS

7.1. Except as required by applicable Law, the holders of the Preferred Shares

shall not be entitled as such to receive notice of or to attend any meeting of the shareholders of the Corporation or to vote at any such meeting.

#### ARTICLE 8

##### LEGEND; CALL RIGHTS

8.1. The certificates evidencing the Preferred Shares shall contain or have affixed thereto a legend, in form and on terms approved by the Board of Directors, with respect to:

(a) the Retraction Call Right and the Early Redemption Call Right (a copy of which rights shall be attached to each certificate outstanding while such agreement is in effect);

(b) the Right of First Refusal;

(c) the restrictions on transfer contained in these share provisions; and

(d) as required by applicable Laws, including Securities Laws.

8.2. Each holder of a Preferred Share, whether of record or beneficially, by virtue of becoming and being such a holder shall be deemed to acknowledge each of the Retraction Call Right and the Early Redemption Call Right, in each case, in favour of TSA Subco and its permitted assigns and the overriding nature thereof in connection with the retraction or early redemption of Preferred Shares, as the case may be, and to be bound thereby in favour of TSA Subco and its permitted assigns as provided in the Call and Right of First Refusal Agreement.

#### ARTICLE 9

##### RESTRICTIONS ON TRANSFER

9.1. Any transfer of Preferred Shares shall require the approval of all of the holders of Preferred Shares, expressed by written resolution, which approval will be given (i) if the proposed transferee is TSA Subco or its assignee under the Call and Right of First Refusal Agreement or the Preferred Shares are redeemed by TSA Exchangeco; or (ii) provided the proposed transferee of the Preferred Shares (if other than TSA Subco or its permitted assignee under the Call and Right of First Refusal Agreement) has agreed in writing with the transferor, TSA Subco and the Corporation, to be bound by the provisions of the Call and Right of First Refusal Agreement.

#### ARTICLE 10

##### MISCELLANEOUS

10.1. Any notice, request or other communication to be given to the Corporation by a holder of Preferred Shares shall be in writing and shall be valid and effective if given by mail (postage prepaid) or by facsimile or by delivery to the registered office of the Corporation and addressed to the attention of the Secretary. Any such notice, request or other communication, if given by mail, facsimile or delivery, shall only be deemed to have been given and received upon actual receipt thereof by the Corporation.

10.2. Any presentation and surrender by a holder of Preferred Shares to the Corporation of certificates representing Preferred Shares in connection with the liquidation, dissolution or winding up of the Corporation or the retraction or redemption of Preferred Shares shall be made by registered mail (postage prepaid) or by delivery to the registered office of the Corporation addressed to the attention of the Secretary of the Corporation. Any such presentation and surrender of certificates shall only be deemed to have been made and to be effective upon actual receipt thereof by the Corporation. Any such presentation and surrender of certificates made by registered mail shall be at the sole risk of the holder mailing the same.

10.3. Any notice, request or other communication to be given to a holder of Preferred Shares by or on behalf of the Corporation shall be in writing and shall be valid and effective if given by mail (postage prepaid) or by delivery to the address of the holder recorded in the securities register of the Corporation or, in the event of the address of any such holder not being so recorded, then at the last known address of such holder. Any such notice, request or other communication, if given by mail, shall be deemed to have been given and received on the fifth (5th) Business Day following the date of mailing

and, if given by delivery, shall be deemed to have been given and received on the date of delivery. Accidental failure or omission to give any notice, request or other communication to one or more holders of Preferred Shares shall not invalidate or otherwise alter or affect any action or proceeding to be taken by the Corporation pursuant thereto.

10.4. If the Corporation determines that mail service is or is threatened to be interrupted at the time when the Corporation is required or elects to give any notice to the holders of Preferred Shares hereunder, such notice shall be valid and effective if delivered personally to the holders in accordance with Sections 10.1 or 10.2 as the case may be.

If, by reason of any actual or threatened interruption of mail service due to strike, lock-out or otherwise, any notice to be given to the Corporation would be unlikely to reach its destination in a timely manner, such notice shall be valid and effective only if delivered personally to the Corporation in accordance with Sections 10.1 or 10.2, as the case may be.

10.5. For greater certainty, the Corporation shall not be required for any purpose under these share provisions to recognize or take account of persons who are not so recorded in the register of members maintained by it in respect of the Preferred Shares.

10.6. Except as otherwise provided by applicable Law, all Preferred Shares acquired by the Corporation upon the redemption or retraction thereof shall be cancelled.

SCHEDULE A

NOTICE OF RETRACTION

To the Corporation and TSA Subco:

This notice is given pursuant to Article 4 of the provisions (the "Preferred Share Provisions") attaching to the share(s) represented by this certificate and all capitalized words and expressions used in this notice which are defined in the Preferred Share Provisions have the meanings ascribed to such words and expressions in such Preferred Share Provisions.

The undersigned hereby notifies the Corporation that, subject to the Retraction Call Right referred to below, the undersigned desires to have the Corporation redeem in accordance with Article 4 of the Preferred Share Provisions:

all share(s) represented by this certificate; or

\_\_\_\_\_ share(s) only.

The undersigned hereby notifies the Corporation that the Retraction Date shall be \_\_\_\_\_.

NOTE: The Retraction Date must be a Business Day and must not be less than ten (10) Business Days nor more than fifteen (15) Business Days after the date upon which this notice is received by the Corporation. In the event that no such Business Day is specified above, the Retraction Date shall be deemed to be the fifteenth (15th) Business Day after the date on which this notice is received by the Corporation.

The undersigned acknowledges the Retraction Call Right of TSA Subco to purchase all but not less than all the Retracted Shares from the undersigned and that this notice shall be deemed to be a revocable offer by the undersigned to sell the Retracted Shares to TSA Subco in accordance with the Retraction Call Right on the Retraction Date for the Retraction Price and on the other terms and conditions set out in Section 4.3 of the Share Provisions. If TSA Subco determines not to exercise the Retraction Call Right, the Corporation will notify the undersigned of such fact as soon as possible. This notice of retraction, and offer to sell the Retracted Shares to TSA Subco, may be revoked and withdrawn by the undersigned by notice in writing given to the Corporation at any time before the close of business on the Business Day immediately preceding the Retraction Date.



VOTING AND EXCHANGE TRUST AGREEMENT

AGREEMENT dated as of January 11, 2001, among Transaction Systems Architects, Inc., a Delaware corporation ("TSA"), Transaction Systems Architects Nova Scotia Company, a Nova Scotia unlimited company ("TSA Holdco"), TSA Exchangeco Limited, a Nova Scotia limited company ("TSA Exchangeco") and Wells Fargo Bank Minnesota, National Association, , an entity existing under the laws of the United States (the "Trustee").

WHEREAS, pursuant to a Combination Agreement dated as of October 24, 2000 (such agreement, as it may be amended or restated, is hereinafter referred to as the "Combination Agreement"), among TSA, TSA Holdco, TSA Exchangeco and MessagingDirect Ltd. ("MDL"), such parties agreed that on the Effective Date (as defined in the Combination Agreement), they would execute and deliver a Voting and Exchange Trust Agreement substantially in the form of Exhibit 7.2(b)(ii) thereto;

WHEREAS, pursuant to the plan of arrangement (the "Plan of Arrangement") effected by articles of arrangement (the "Articles of Arrangement") filed pursuant to the Business Corporations Act (Alberta) ("ABCA"), as amended, among other things, each issued and outstanding Class A common share of MDL (a "MDL Class A Share") was exchanged for either (i) issued and outstanding exchangeable shares of TSA Exchangeco (the "Exchangeable Shares"); or (ii) Class A voting common shares of TSA ("TSA Class A Common Shares");

WHEREAS, the Plan of Arrangement sets forth the rights, privileges, restrictions and conditions (collectively, the "Exchangeable Share Provisions") attaching to the Exchangeable Shares;

WHEREAS, TSA is to provide voting rights in TSA to each holder (other than TSA and its Affiliates) from time to time of Exchangeable Shares, such voting rights attaching to each Exchangeable Share to be equivalent to the voting rights attaching to each TSA Class A Common Share;

WHEREAS, TSA is to grant to and in favor of the holders (other than TSA and its Affiliates) from time to time of Exchangeable Shares the right, in the circumstances set forth herein, to require TSA Holdco or TSA, as herein provided, to purchase from each such holder all or any part of the Exchangeable Shares held by the holder;

WHEREAS, the parties desire to make appropriate provision and to establish a procedure whereby voting rights in TSA shall be exercisable by holders (other than TSA and its subsidiaries and Affiliates) from time to time of Exchangeable Shares by and through the Trustee, which will hold legal title to one Special Voting Share of TSA, to which voting rights attach for the benefit of the holders of Exchangeable Shares and whereby the rights to require TSA Holdco or TSA to purchase Exchangeable Shares from the holders thereof (other than TSA and its Affiliates) shall be exercisable by such holders from time to time of Exchangeable Shares by and through the Trustee, which will hold legal title to such rights for the benefit of such holders; and

WHEREAS, these recitals and any statements of fact in this Agreement are made by the other parties hereto and not by the Trustee;

NOW, THEREFORE, in consideration of the respective covenants and agreements provided in this Agreement and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the parties agree as follows:

ARTICLE 1

DEFINITIONS AND INTERPRETATION

1.1 Definitions

Except as otherwise defined herein, capitalized terms used herein shall have the meaning ascribed to such terms in the Combination Agreement. As used herein, the following terms shall have the following meanings:



"Arrangement" has the meaning ascribed thereto in the recitals hereto.

"Automatic Exchange" has the meaning ascribed thereto in Section 5.12(c).

"Automatic Exchange Rights" means the benefit of the obligation of TSA to effect the automatic exchange of TSA Class A Common Shares for Exchangeable Shares pursuant to Section 5.12 hereof.

"Board of Directors" means the Board of Directors of TSA Exchangeco.

"Canadian Dollar Equivalent" means in respect of an amount expressed in a foreign currency (the "Foreign Currency Amount") at any date the product obtained by multiplying (a) the Foreign Currency Amount by (b) the noon spot exchange rate on such date for such foreign currency expressed in Canadian dollars as reported by the Bank of Canada or, in the event such spot exchange rate is not available, such exchange rate on such date for such foreign currency expressed in Canadian dollars as may be deemed by the board of directors to be appropriate for such purpose.

"Class A Shares" has the meaning ascribed thereto in the recitals hereto.

"Current Market Price" means, in respect of a TSA Class A Common Share on any date, the Canadian Dollar Equivalent of the average closing price (computed and rounded to the third decimal point) of TSA Class A Common Shares during a period of twenty (20) consecutive trading days ending not more than three (3) trading days before such date on the NASDAQ, or, if the TSA Class A Common Shares are not then listed on the NASDAQ, on such other stock exchange or automated quotation system on which the TSA Class A Common Shares are listed or quoted, as the case may be, as may be selected by the board of directors for such purpose; provided, however, that if in the opinion of the board of directors the public distribution or trading activity of TSA Class A Common Shares during such period does not create a market which reflects the fair market value of a TSA Class A Common Share, then the Current Market Price of a TSA Class A Common Share shall be determined by the board of directors based upon the advice of such qualified independent financial advisors as the board of directors may deem to be appropriate, and provided further that any such selection, opinion or determination by the board of directors shall be conclusive and binding;

"Dividend Amount" means an amount equal to the full amount of all declared and unpaid dividends on each Exchangeable Share with a dividend record date prior to the effective date of: (i) the exchange of Exchangeable Shares for TSA Class A Common Shares hereunder; (ii) the exercise of the Exchange Right; or (iii) the exercise of the Automatic Exchange Rights;

"Equivalent Ratio Adjustment" has the meaning ascribed to that term in the Exchangeable Share Provisions.

"Exchange Right" has the meaning ascribed thereto in Section 5.1 hereof.

"Exchangeable Share Provisions" means the rights, privileges, restrictions and conditions attaching to the Exchangeable Shares.

"Exchangeable Shares" has the meaning ascribed thereto in the recitals hereto.

"Fair Market Value" shall mean, as of the date of determination thereof, the fair market value of such property or asset.

"Fractional Share Amount" means the amount of cash due and unpaid in respect of a fractional share that would otherwise have been issuable to the holder of an Exchangeable Share as a result of an Equivalent Ratio Adjustment that has occurred prior to: (i) the exchange of Exchangeable Shares for TSA Class A Common Shares hereunder; (ii) the exercise of the Exchange Right; or (iii) the exercise of the Automatic Exchange Right;

"Holder Votes" has the meaning ascribed thereto in Section 4.2 hereof.

"Holders" means the registered holders from time to time of Exchangeable Shares, other than TSA and its Affiliates.

"Indemnified Parties" has the meaning ascribed thereto in Section 9.1 hereof.

"Liquidation Call Right" has the meaning ascribed thereto in Section 1.1 of the Plan of Arrangement.

"List" has the meaning ascribed thereto in Section 4.6 hereof.

"Officer's Certificate" shall mean a certificate signed by the Chief Executive Officer, the President, the Chief Financial Officer or any Vice President of TSA.

"Plan of Arrangement" has the meaning ascribed thereto in the Exchangeable Share Provisions.

"Redemption Call Right" has the meaning ascribed thereto in of the Exchangeable Share Provisions.

"Remittance Date" has the meaning ascribed thereto in Section 5.13 hereof.

"Retracted Shares" has the meaning ascribed thereto in Section 5.7 hereof.

"Retraction Call Right" has the meaning ascribed thereto in the Exchangeable Share Provisions.

"Special Voting Share" means the one share of Special Preferred Voting Stock of TSA having the attributes set out in Schedule 1 hereto issued by TSA to and deposited with the Trustee, which entitles the holder of record thereof to a number of votes at meetings of holders of TSA Class A Common Shares equal to the number of Exchangeable Shares outstanding from time to time, other than Exchangeable Shares held by TSA and its Affiliates.

"Support Agreement" means that certain Support Agreement dated as of the date hereof among TSA, TSA Holdco and TSA Exchangeco.

"Trust" means the trust created by this Agreement.

"Trustee" shall mean Wells Fargo Bank Minnesota, National Association, as trustee under this Voting and Exchange Trust Agreement.

"Trust Estate" means the Special Voting Share, any other securities, the Exchange Right, the Automatic Exchange Rights and any money or other property which may be held by the Trustee from time to time pursuant to this Agreement.

"TSA Class A Common Shares" has the meaning ascribed thereto in the recitals hereto.

"TSA Consent" has the meaning ascribed thereto in Section 4.2 hereof.

"TSA Exchangeco Insolvency Event" means the institution by TSA Exchangeco of any proceeding to be adjudicated a bankrupt or insolvent or to be dissolved or wound up, or the consent of TSA Exchangeco to the institution of bankruptcy, insolvency, dissolution or winding up proceedings against it, or the filing of a petition, answer or consent seeking dissolution or winding up under any bankruptcy, insolvency or analogous laws, including without limitation the Companies Creditors' Arrangement Act (Canada) and the Bankruptcy and Insolvency Act (Canada), and the failure by TSA Exchangeco to contest in good faith any such proceedings commenced in respect of TSA Exchangeco within 30 days of becoming aware thereof, or the consent by TSA Exchangeco to the filing of any such petition or to the appointment of a receiver, or the making by TSA Exchangeco of a general assignment for the benefit of creditors, or the admission in writing by TSA Exchangeco of its inability to pay its debts generally as they become due, or TSA Exchangeco not being permitted, pursuant to solvency requirements of applicable law, to redeem any Retracted Shares pursuant to Section 6 of the Exchangeable Share Provisions.

"TSA Liquidation Event" has the meaning ascribed thereto in

Section 5.12(b) hereof.

"TSA Liquidation Event Effective Date" has the meaning ascribed thereto in Section 5.12(c) hereof.

"TSA Meeting" has the meaning ascribed thereto in Section 4.2 hereof.

"TSA Successor" has the meaning ascribed thereto in Section 11.1 hereof.

"Voting Rights" means the voting rights attached to the Special Voting Share.

1.2 Interpretation Not Affected by Headings, Etc.

The division of this Agreement into articles, sections and other portions and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation hereof. Unless otherwise indicated, all references to an "Articles" or "section" followed by a number and/or a letter refer to the specified Article or section of this Agreement. The terms of "this Agreement", "hereof", "herein" and "hereunder" and similar expressions refer to this Agreement (including the Schedules and Exhibits hereto) and not to any particular Article, section or other portion hereof, and do not include any agreement or instrument supplementary or ancillary hereto.

1.3 Number, Gender, Etc.

Unless the context otherwise requires, words importing the singular shall include the plural and vice versa and words importing any gender shall include all genders.

1.4 Date for any Action

If any date on which any action is required to be taken under this Agreement is not a Business Day, such action shall be required to be taken on the next succeeding day which is a Business Day.

1.5 Currency

Unless otherwise specifically indicated, all sums of money referred to in this Agreement are expressed in lawful money of the United States of America.

## ARTICLE 2

### PURPOSE OF AGREEMENT

2.1 Establishment of Trust

The purpose of this Agreement is to create the Trust for the benefit of the Holders, as herein provided. The Trustee will hold the Special Voting Share in order to enable the Trustee to exercise the Voting Rights and will hold the Exchange Right and the Automatic Exchange Rights in order to enable the Trustee to exercise such rights, and any money or other property comprising the Trust Estate, in each case as trustee for and on behalf of the Holders as provided in this Agreement.

## ARTICLE 3

### SPECIAL VOTING SHARE

3.1 Issue and Ownership of the Special Voting Share

In consideration of the granting of the Liquidation Call Right, Redemption Call Right and Retraction Call Right to TSA, TSA hereby issues to and deposits with the Trustee the Special Voting Share to be hereafter held of record by the Trustee as trustee for and on behalf of, and for the use and benefit of, the Holders and in accordance with the provisions of this Agreement. During the term of the Trust and subject to the terms and conditions of this Agreement, the Trustee shall possess and be vested with full legal ownership of the Special Voting Share and shall be entitled to exercise all of the rights and powers of an owner with respect to the Special Voting Share, provided that the Trustee shall:

- (a) hold the Special Voting Share and the legal title thereto as trustee solely for the use and benefit of the Holders in accordance with the provisions of this Agreement; and
- (b) except as specifically authorized by this Agreement, have no power or authority to sell, transfer, vote or otherwise deal in or with the Special Voting Share and the Special Voting Share shall not be used or disposed of by the Trustee for any purpose other than the purposes for which the Trust is created pursuant to this Agreement

### 3.2 Legended Share Certificates

TSA Exchangeco will cause each certificate representing Exchangeable Shares to bear an appropriate legend notifying the Holders of their right to instruct the Trustee with respect to the exercise of the Voting Rights with respect to the Exchangeable Shares held by a Holder.

### 3.3 Safe Keeping of Certificate

The certificate representing the Special Voting Share shall at all times be held in safe keeping by the Trustee or its agent.

## ARTICLE 4

### EXERCISE OF VOTING RIGHTS

#### 4.1 Voting Rights

The Trustee, as the holder of record of the Special Voting Share, shall be entitled to all of the Voting Rights, including the right to consent to or to vote in person or by proxy the Special Voting Share, on any matter, question, proposal or proposition whatsoever that may properly come before the holders of TSA Class A Common Shares at a TSA Meeting or in connection with a TSA Consent. The Voting Rights shall be and remain vested in and exercised by the Trustee. The Trustee shall exercise the Voting Rights only on the basis of instructions received pursuant to this Article 4 from Holders entitled to instruct the Trustee as to the voting thereof at the time at which a TSA Consent is sought or a TSA Meeting is held. To the extent that no instructions are received from a Holder with respect to the Voting Rights to which such Holder is entitled, the Trustee shall not exercise or permit the exercise of such Holder's Voting Rights.

#### 4.2 Number of Votes

With respect to all meetings of shareholders of TSA at which holders of TSA Class A Common Shares are entitled to vote (a "TSA Meeting") and with respect to all written consents sought by TSA from its shareholders including the holders of shares of TSA Class A Common Shares (a "TSA Consent"), each Holder shall be entitled to instruct the Trustee to cast and exercise, in the manner instructed, one of the votes comprised in the Voting Rights for each Exchangeable Share owned of record by such Holder on the record date established by TSA or by applicable law for such TSA Meeting or TSA Consent, as the case may be (the "Holder Votes") in respect of each matter, question, proposal or proposition to be voted on at such TSA Meeting or to be consented to in connection with such TSA Consent.

#### 4.3 Mailings to Shareholders

With respect to each TSA Meeting and TSA Consent, the Trustee will mail or cause to be mailed (or otherwise communicate in the same manner as TSA utilizes in communications to holders of TSA Class A Common Shares) to each of the Holders named in the List on the same day as the initial mailing or notice (or other communication) with respect thereto is given by TSA to its shareholders:

- (a) a copy of such notice, together with any proxy or information statement and related materials to be provided to shareholders of TSA;
- (b) a statement that such Holder is entitled to instruct the Trustee as to the exercise of the Holder Votes with respect to such TSA Meeting or TSA Consent, as the case may be, or, pursuant to Section 4.7 hereof, to attend such TSA Meeting and

to exercise personally the Holder Votes thereat;

- (c) a statement as to the manner in which such instructions may be given to the Trustee, including an express indication that instructions may be given to the Trustee to give:
  - (i) a proxy to such Holder or his designee to exercise personally the Holder Votes; or
    - (ii) a proxy to a designated agent or other representative of the management of TSA to exercise such Holder Votes;
- (d) a statement that if no such instructions are received from the Holder, the Holder Votes to which such Holder is entitled will not be exercised;
- (e) a form of direction whereby the Holder may so direct and instruct the Trustee as contemplated herein; and
- (f) a statement of: (i) the time and date by which such instructions must be received by the Trustee in order to be binding upon it, which in the case of a TSA Meeting shall not be earlier than the close of business on the second Business Day prior to such meeting or not later than the time period allowed in the notice calling the TSA Consent to allow for a direct response by the Holder in regards to the subject matter of the TSA Consent; and (ii) the method for revoking or amending such instructions.

The materials referred to above are to be provided by TSA to the Trustee. For the purpose of determining Holder Votes to which a Holder is entitled in respect of any such TSA Meeting or TSA Consent, the number of Exchangeable Shares owned of record by the Holder shall be determined at the close of business on the record date established by TSA or by applicable Law for purposes of determining shareholders entitled to vote at such TSA Meeting or to give written consent in connection with such TSA Consent. TSA will notify the Trustee in writing of any decision of the board of directors of TSA with respect to the calling of any such TSA Meeting or the seeking of any such TSA Consent and shall provide all necessary information and materials to the Trustee in each case promptly and in any event in sufficient time to enable the Trustee to perform its obligations contemplated by this Section 4.3.

#### 4.4 Copies of Shareholder Information

TSA will deliver to the Trustee copies of all proxy materials, (including notices of TSA Meetings; but excluding proxies to vote TSA Class A Common Shares), information statements, reports (including without limitation all interim and annual financial statements) and other written communications that, in each case, are to be distributed from time to time to holders of TSA Class A Common Shares in sufficient quantities and in sufficient time so as to enable the Trustee to send those materials to each Holder at the same time as such materials are first sent to holders of TSA Class A Common Shares. The Trustee will mail or otherwise send to each Holder, at the expense of TSA, copies of all such materials (and all materials specifically directed to the Holders or to the Trustee for the benefit of the Holders by TSA) received by the Trustee from TSA at the same time as such materials are first sent to holders of TSA Class A Common Shares. The Trustee will also make copies of all such materials available for inspection by any Holder at the Trustee's principal office in the city of Minneapolis, Minnesota.

#### 4.5 Other Materials

Immediately after receipt by TSA or any shareholder of TSA of any material sent or given generally to the holders of TSA Class A Common Shares by or on behalf of a third party, including without limitation dissident proxy and information circulars (and related information and material) and tender and exchange offer circulars (and related information and material), TSA shall use its reasonable efforts to obtain and deliver to the Trustee copies thereof in sufficient quantities so as to enable the Trustee to forward such material (unless the same has been provided directly to Holders by such third party) to each Holder as soon as possible thereafter. As soon as practicable after receipt thereof, the Trustee will mail or otherwise send to each Holder, at the expense of TSA, copies of all such materials received by the Trustee from TSA. The Trustee will also make copies of all such materials available for inspection by

any Holder at the Trustee's principal office in the city of Minneapolis, Minnesota.

#### 4.6 List of Persons Entitled to Vote

TSA Exchangeco shall, (a) prior to each annual, general and special TSA Meeting or the seeking of any TSA Consent and (b) forthwith upon each request made at any time by the Trustee in writing, prepare or cause to be prepared a list (a "List") of the names and addresses of the Holders arranged in alphabetical order and showing the number of Exchangeable Shares held of record by each such Holder, in each case at the close of business on the date specified by the Trustee in such request or, in the case of a List prepared in connection with a TSA Meeting or a TSA Consent, at the close of business on the record date established by TSA or pursuant to applicable law for determining the holders of TSA Class A Common Shares entitled to receive notice of and/or to vote at such TSA Meeting or to give consent in connection with such TSA Consent. Each such List shall be delivered to the Trustee promptly after receipt by TSA Exchangeco of such request or after the record date for such meeting or seeking of consent, as the case may be, is set and in any event within sufficient time as to enable the Trustee to perform its obligations under this Agreement. TSA agrees to give TSA Exchangeco written notice (with a copy to the Trustee) of the calling of any TSA Meeting or the seeking of any TSA Consent, together with the record dates therefor, sufficiently prior to the date of the calling of such meeting or seeking of such consent so as to enable TSA Exchangeco to perform its obligations under this Section 4.6.

#### 4.7 Entitlement to Direct Votes

Any Holder named in a List prepared in connection with any TSA Meeting or any TSA Consent will be entitled: (a) to instruct the Trustee in the manner described in Section 4.2 hereof with respect to the exercise of the Holder Votes to which such Holder is entitled; or (b) to attend such meeting and personally to exercise thereat (or to exercise with respect to any written consent), as the proxy of the Trustee, the Holder Votes to which such Holder is entitled.

#### 4.8 Voting By Trustee, and Attendance of Trustee Representative at a Meeting

(a) In connection with each TSA Meeting and TSA Consent, the Trustee shall exercise, either in person or by proxy, in accordance with the instructions received from a Holder pursuant to Section 4.2 hereof, the Holder Votes as to which such Holder is entitled to direct the vote (or any lesser number thereof as may be set forth in the instructions); provided, however, that such written instructions are received by the Trustee from the Holder prior to the time and date fixed by it for receipt of such instructions in the notice given by the Trustee to the Holder pursuant to Section 4.3 hereof.

(b) The Trustee shall cause such representatives as are empowered by it to sign and deliver, on behalf of the Trustee, proxies for Voting Rights to attend each TSA Meeting. Upon submission by a Holder (or its designee which may include Persons listed on Schedule I to the Escrow Agreement as owners of Exchangeable Shares comprising the assets held pursuant to the Escrow Agreement) of identification satisfactory to the Trustee's representatives, and at the Holder's request, such representatives shall sign and deliver to such Holder (or its designee) a proxy to exercise personally the Holder Votes as to which such Holder is otherwise entitled hereunder to direct the vote, if such Holder either: (i) has not previously given the Trustee instructions pursuant to Section 4.2 hereof in respect of such meeting; or (ii) submits to the Trustee's representatives written revocation of any such previous instructions. At such meeting, the Holder (or its designee) exercising such Holder Votes shall have the same rights as the Trustee to speak at the meeting in respect of any matter, question or proposition, to vote by way of ballot at the meeting in respect of any matter, question or proposition and to vote at such meeting by way of a show of hands in respect of any matter, question or proposition.

4.9 Distribution of Written Materials

Any written materials distributed by the Trustee to the Holders pursuant to this Agreement shall be delivered or sent by mail (or otherwise communicated in the same manner as TSA utilizes in communications to holders of TSA Class A Common Shares) to each Holder at its address as shown on the books of TSA Exchangeco. TSA Exchangeco shall provide or cause to be provided to the Trustee for this purpose, on a timely basis and without charge or other expense:

- (a) a current List; and
- (b) upon the request of the Trustee, mailing labels to enable the Trustee to carry out its duties under this Agreement.

4.10 Termination of Voting Rights

The rights of a Holder with respect to the Holder Votes exercisable in respect of the Exchangeable Shares held by such Holder, including the right to instruct the Trustee as to the voting of or to vote personally such Holder Votes, shall be deemed to be surrendered by the Holder to TSA or TSA Holdco, as the case may be, and such Holder Votes and the Voting Rights represented thereby shall cease immediately upon the delivery by such Holder to the Trustee of the certificates representing such Exchangeable Shares in connection with the exercise by the Holder of the Exchange Right or the occurrence of the automatic exchange of Exchangeable Shares for TSA Class A Common Shares, as specified in Article 5 hereof (unless, in either case, TSA or TSA Holdco shall not have delivered the requisite TSA Class A Common Shares issuable in exchange therefor and any applicable Dividend Amount and Fractional Share Amounts to the Trustee for delivery to the Holders), or upon the retraction or redemption of Exchangeable Shares pursuant to Article 6 or Article 7 of the Exchangeable Share Provisions, or upon the effective date of the liquidation, dissolution or winding-up of TSA Exchangeco pursuant to Article 5 of the Exchangeable Share Provisions, or upon the purchase of Exchangeable Shares from the Holder by TSA Holdco, TSA Exchangeco or TSA pursuant to the exercise by such person of the Retraction Call Right, the Redemption Call Right or the Liquidation Call Right.

ARTICLE 5

EXCHANGE RIGHT AND AUTOMATIC EXCHANGE

5.1 Grant and Ownership of the Exchange Right and Automatic Exchange Right

- (a) In consideration of the granting of the Liquidation Call Right, Redemption Call Right and Retraction Call Right to TSA, TSA hereby grants to the Trustee as trustee for and on behalf of, and for the use and benefit of, the Holders:
  - (i) the right (the "Exchange Right"), upon the occurrence and during the continuance of a TSA Exchangeco Insolvency Event, to require TSA to purchase from each or any Holder all or any part of the Exchangeable Shares held by the Holder; and
  - (ii) the Automatic Exchange Rights,
    - all in accordance with the provisions of this Agreement and the Exchangeable Share Provisions, as the case may be.
- (b) During the term of the Trust and subject to the terms and conditions of this Agreement, the Trustee shall possess and be vested with full legal ownership of the Exchange Right and the Automatic Exchange Rights and shall be entitled to exercise all of the rights and powers of an owner with respect to the Exchange Right and the Automatic Exchange Rights, provided that the Trustee shall:
  - (i) hold the Exchange Right and the Automatic Exchange Rights and the legal title thereto as trustee solely for the use and benefit of the Holders in accordance with the provisions of this Agreement; and

(ii) except as specifically authorized by this Agreement, have no power or authority to exercise or otherwise deal in or with the Exchange Right or the Automatic Exchange Rights, and the Trustee shall not exercise any such rights for any purpose other than the purposes for which this Trust is created pursuant to this Agreement.

(c) TSA shall be permitted to delegate or assign its rights and obligations in respect of the Exchange Right and Automatic Exchange Right to TSA Holdco, with the result that all references to TSA in this Agreement with respect to such rights and obligations in respect of which the delegation or assignment is made shall be deemed to refer to TSA Holdco.

## 5.2 Legended Share Certificates

TSA Exchangeco will cause each certificate representing Exchangeable Shares to bear an appropriate legend notifying the Holders of:

- (a) their right to instruct the Trustee with respect to the exercise of the Exchange Right in respect of the Exchangeable Shares held by a Holder; and
- (b) the Automatic Exchange Rights.

## 5.3 General Exercise of Exchange Rights

The Exchange Right shall be and remain vested in and exercised by the Trustee. The Trustee shall exercise the Exchange Right only on the basis of instructions received pursuant to this Article 5 from Holders entitled to instruct the Trustee as to the exercise thereof. To the extent that no instructions are received from a Holder with respect to the Exchange Right, the Trustee shall not exercise or permit the exercise of the Exchange Right.

## 5.4 Purchase Price

Subject to an Equivalent Ratio Adjustment, the purchase price payable by TSA Holdco or TSA for each Exchangeable Share to be purchased by TSA Holdco or TSA under the Exchange Right shall be an amount per share equal to:

- (a) the Current Market Price of a TSA Class A Common Shares on the last Business Day prior to the day of closing of the purchase and sale of such Exchangeable Share under the Exchange Right; plus
- (b) the Dividend Amount; plus
- (c) the Fractional Share Amount.

In connection with each exercise of the Exchange Right, TSA Holdco or TSA will provide to the Trustee an Officer's Certificate setting forth the calculation of the purchase price for each Exchangeable Share. The purchase price for each such Exchangeable Share so purchased shall be satisfied in full by TSA Holdco or TSA, as applicable, issuing and delivering or causing to be delivered to the Trustee, on behalf of the relevant Holder, one TSA Class A Common Shares plus a cheque for the balance of the purchase price, if any, due under sub-paragraphs (b) and (c) above, plus to the extent not paid by TSA Exchangeco, all dividends declared on TSA Class A Common Shares that have not been declared on such Exchangeable Shares or in respect of which economic equivalence therefor has not been provided in accordance with Section 3.1 of the Exchangeable Share Provisions (provided that if the record date for any such declared and unpaid dividends occurs on or after the day of closing of such purchase and sale, the purchase price shall not include such additional amounts equivalent to such declared and unpaid dividends) without interest (but less any amounts withheld pursuant to Section 5.13).

## 5.5 Exercise Instructions

Subject to the terms and conditions herein set forth, a Holder shall be entitled, upon the occurrence and during the continuance of a TSA Exchangeco Insolvency Event, to instruct the Trustee to exercise the Exchange Right with respect to all or any part of the Exchangeable Shares registered in the name of such Holder on the books of TSA Exchangeco. To cause the exercise of the Exchange Right by the Trustee, the Holder shall deliver to the Trustee, in



person or by mail, at its principal transfer office in Minneapolis, Minnesota, or at such other places as the Trustee may from time to time designate by written notice to the Holders, the certificates representing the Exchangeable Shares which such Holder desires TSA Holdco or TSA to purchase, duly endorsed in blank, and accompanied by such other documents and instruments as may be required to effect a transfer of Exchangeable Shares under applicable Law and under the Memorandum and Articles of Association of TSA Exchangeco and such additional documents and instruments as the Trustee may reasonably require together with:

- (a) a duly completed form of notice of exercise of the Exchange Right, contained on the reverse of or attached to the Exchangeable Share certificates, stating:
  - (i) the tax residency of the holder;
  - (ii) that the Holder thereby instructs the Trustee to exercise the Exchange Right so as to require TSA or TSA Holdco to purchase from the Holder the number of Exchangeable Shares specified therein;
  - (iii) that such Holder has good title to and owns all such Exchangeable Shares to be acquired by TSA Holdco or TSA free and clear of all liens, claims and encumbrances;
  - (iv) the names in which the certificates representing TSA Class A Common Shares issuable in connection with the exercise of the Exchange Right are to be issued; and
  - (v) the names and addresses of the persons to whom such new certificates should be delivered; and
- (b) payment (or evidence satisfactory to the Trustee, TSA, TSA Holdco and TSA Exchangeco of payment) of the Taxes (if any) payable as contemplated by Section 5.8 of this Agreement.

If only a part of the Exchangeable Shares represented by any certificate or certificates delivered to the Trustee are to be purchased by TSA Holdco or TSA under the Exchange Right, a new certificate for the balance of such Exchangeable Shares shall be issued by TSA Exchangeco to the Holder at the expense of TSA Exchangeco.

#### 5.6 Delivery of TSA Class A Common Shares; Effect of Exercise

Promptly after receipt of the certificates representing the Exchangeable Shares which the Holder desires TSA Holdco or TSA to purchase under the Exchange Right (together with such documents and instruments of transfer and a duly completed form of notice of exercise of the Exchange Right (and payment of Taxes, if any, payable as contemplated in Section 5.8 hereof or evidence thereof)), duly endorsed in blank, the Trustee shall notify TSA Holdco, TSA Exchangeco and TSA of its receipt of the same, which notice to TSA Holdco, TSA Exchangeco and TSA shall constitute exercise of the Exchange Right by the Trustee on behalf of the holder of such Exchangeable Shares, and TSA Holdco or TSA, as applicable, shall immediately thereafter deliver or cause to be delivered to the Trustee, for delivery to the Holder of such Exchangeable Shares (or to such other persons, if any, properly designated by such Holder), the certificates for the number of TSA Class A Common Shares issuable in connection with the exercise of the Exchange Right, which shares shall be validly issued, fully paid, non-assessable, and will be free and clear of Encumbrances attributable to, or arising due to, any action or omission of TSA, and cheques for the balance, if any, of the total purchase price therefor without interest, but less any amounts withheld pursuant to Section 5.13 hereof; provided, however, that no such delivery shall be made unless and until the Holder requesting the same shall have paid (or provided evidence satisfactory to the Trustee, TSA Exchangeco, TSA and TSA Holdco of the payment of) the Taxes (if any) payable as contemplated by Section 5.8 of this Agreement. Immediately upon the giving of notice by the Trustee to TSA Nova Holdco, TSA and TSA Exchangeco of the exercise of the Exchange Right, as provided in this Section 5.6, the closing of the transaction of purchase and sale contemplated by the Exchange Right shall be deemed to have occurred, and the Holder of such Exchangeable Shares shall be deemed to have transferred to TSA Holdco or TSA, as applicable, all of its right, title and interest in and to such Exchangeable Shares and in the related interest in the Trust Estate and shall cease to be a holder of such Exchangeable Shares and shall not be entitled to exercise any of the rights of a holder in respect thereof, other than the

right to receive his proportionate part of the total purchase price therefor, unless the requisite number of TSA Class A Common Shares (together with a cheque for the balance, if any, of the total purchase price therefor without interest) is not allotted and delivered by TSA Holdco or TSA to the Trustee, for delivery to such Holder (or to such other persons, if any, properly designated by such Holder), within five Business Days of the date of the giving of such notice by the Trustee, in which case the rights of the Holder shall remain unaffected until such TSA Class A Common Shares are so allotted and delivered by TSA Holdco or TSA and any such cheque is so delivered and paid. Upon delivery by TSA Holdco or TSA to the Trustee of such TSA Class A Common Shares, the Trustee shall deliver such TSA Class A Common Shares to such Holder (or to such other persons, if any, properly designated by such Holder). Concurrently with such Holder ceasing to be a holder of Exchangeable Shares, the Holder shall be considered and deemed for all purposes to be the holder of the TSA Class A Common Shares delivered to it pursuant to the Exchange Right.

#### 5.7 Exercise of Exchange Right Subsequent to Retraction

In the event that a Holder has exercised its right under Article 6 of the Exchangeable Share Provisions to require TSA Exchangeco to redeem any or all of the Exchangeable Shares held by the Holder (the "Retracted Shares") and is notified by TSA Exchangeco pursuant to Section 6.7 of the Exchangeable Share Provisions that TSA Exchangeco will not be permitted as a result of solvency requirements of applicable Law to redeem all such Retracted Shares, provided that TSA Holdco or TSA shall not have exercised the Retraction Call Right with respect to the Retracted Shares and that the Holder has not revoked the Retraction Request delivered by the Holder to TSA Exchangeco pursuant to Section 6.1 of the Exchangeable Share Provisions, the Retraction Request will constitute and will be deemed to constitute notice from the Holder to the Trustee instructing the Trustee to exercise the Exchange Right with respect to those Retracted Shares which TSA Exchangeco is unable to redeem. In any such event, TSA Exchangeco hereby agrees with the Trustee and in favor of the Holder immediately to notify the Trustee of such prohibition against TSA Exchangeco redeeming all of the Retracted Shares and immediately to forward or cause to be forwarded to the Trustee all relevant materials delivered by the Holder to TSA Exchangeco or to the transfer agent of the Exchangeable Shares (including without limitation a copy of the retraction request delivered pursuant to Section 6.1 of the Exchangeable Share Provisions) in connection with such proposed redemption of the Retracted Shares and the Trustee will thereupon exercise the Exchange Right with respect to the Retracted Shares that TSA Exchangeco is not permitted to redeem and will require TSA Holdco or TSA to purchase such shares in accordance with the provisions of this Article 5.

#### 5.8 Stamp or Other Transfer Taxes

Upon any sale of Exchangeable Shares to TSA Holdco or TSA pursuant to the Exchange Right or the Automatic Exchange Rights, the share certificate or certificates representing TSA Class A Common Shares to be delivered in connection with the payment of the total purchase price therefor shall be issued in the name of the Holder of the Exchangeable Shares so sold or in such names as such Holder may otherwise direct in writing without charge to the holder of the Exchangeable Shares so sold, provided, however, that such Holder:

- (a) shall pay (and neither TSA Holdco, TSA, TSA Exchangeco nor the Trustee shall be required to pay) any documentary, stamp, transfer or other similar Taxes that may be payable in respect of any transfer involved in the issuance or delivery of such shares to a person other than such Holder; or
- (b) shall have established to the satisfaction of the Trustee, TSA, TSA Holdco and TSA Exchangeco that such Taxes, if any, have been paid.

#### 5.9 Notice of TSA Exchangeco Insolvency Event

Immediately upon the occurrence of a TSA Exchangeco Insolvency Event or any event which with the giving of notice or the passage of time or both would be an TSA Exchangeco Insolvency Event, TSA Exchangeco and TSA shall give written notice thereof to the Trustee. As soon as practicable after receiving notice from TSA Exchangeco and TSA or from any other person of the occurrence of an TSA Exchangeco Insolvency Event, the Trustee will mail to each Holder, at the expense of TSA, a notice of such TSA Exchangeco Insolvency Event in the form provided by TSA, which notice shall contain a brief statement of the right of the Holders with respect to the Exchange Right.

5.10 Issuance and Listing of TSA Class A Common Shares

For so long as any Exchangeable Shares remain outstanding to other than TSA and its Affiliates, TSA will cause the TSA Class A Common Shares which are to be issued directly in consideration for MDL Class A Shares or to be issued from time to time upon exchange of the Exchangeable Shares, to be quoted on the NASDAQ or such other exchange or quotation system to the same extent as TSA stock is quoted generally, subject only to official notice of issuance.

5.11 Reservation of TSA Class A Common Shares

TSA hereby represents, warrants and covenants for the benefit of the holders of the Exchangeable Shares that it has irrevocably reserved for issuance and will at all times keep available, free from pre-emptive and other rights, out of its authorized and unissued capital stock such number of TSA Class A Common Shares:

- (a) as is equal to the sum of:
  - (i) the number of Exchangeable Shares issued and outstanding to Holders from time to time; and
  - (ii) the number of Exchangeable Shares issuable upon the exercise of all rights of Holders thereof to acquire Exchangeable Shares outstanding from time to time; and
- (b) as are now and may hereafter be required to enable and permit TSA Exchangeco and TSA Holdco and TSA to meet their respective obligations hereunder, under the Support Agreement, under the Exchangeable Share Provisions and under any other security or commitment pursuant to which TSA, TSA Holdco or TSA Exchangeco may now or hereafter be required to issue or deliver TSA Class A Common Shares to Holders.

5.12 Automatic Exchange on Liquidation of TSA

- (a) TSA will give the Trustee written notice of each of the following events at the time set forth below:
  - (i) in the event of any determination by the board of directors of TSA to institute voluntary liquidation, dissolution or winding-up proceedings with respect to TSA or to effect any other distribution of assets of TSA among its shareholders for the purpose of winding up its affairs, at least 60 days prior to the proposed effective date of such liquidation, dissolution, winding-up or other distribution; and
  - (ii) as soon as practicable following the earlier of:
    - (A) receipt by TSA of notice of ; and
    - (B) TSA otherwise becoming aware of,
      - any threatened or instituted claim, suit, petition or other proceedings with respect to the involuntary liquidation, dissolution or winding up of TSA or to effect any other distribution of assets of TSA among its shareholders for the purpose of winding up its affairs, in each case where TSA has failed to contest in good faith any such proceeding within 30 days of becoming aware thereof.
- (b) As soon as practicable following receipt by the Trustee from TSA of notice of any event (a "TSA Liquidation Event") contemplated by Subsection 5.12(a)(i) or 5.12(a)(ii) above, the Trustee will give notice thereof to the Holders. Such notice shall include a brief description of the automatic exchange of Exchangeable Shares for TSA Class A Common Shares provided for in Section 5.12 (c) below.
- (c) In order that the Holders will be able to participate on a

pro rata basis with the holders of TSA Class A Common Shares in the distribution of assets of TSA in connection with a TSA Liquidation Event, on the fifth Business Day prior to the effective date (the "TSA Liquidation Event Effective Date") of a TSA Liquidation Event all of the then-outstanding Exchangeable Shares held by Persons other than TSA and its Affiliates shall be automatically exchanged for TSA Class A Common Shares (the "Automatic Exchange"). To effect such Automatic Exchange, TSA Holdco or TSA, as applicable, shall purchase each Exchangeable Share held by Persons other than TSA and its Affiliates outstanding on the fifth Business Day prior to the TSA Liquidation Event Effective Date, and each Holder shall sell the Exchangeable Shares held by it at such time, for a purchase price per share equal to (a) the Current Market Price of a TSA Class A Common Shares on the fifth Business Day prior to the TSA Liquidation Event Effective Date, which, subject to an Equivalent Ratio Adjustment, shall be satisfied in full by TSA issuing to the Holder one TSA Class A Common Share, plus (b) the Dividend Amount; and plus (c) the Fractional Share Amount; and plus (d) to the extent not paid by TSA Exchangeco, all dividends declared on TSA Class A Common Shares that have not been declared on such Exchangeable Shares or in respect of which economic equivalence therefor has not been provided in accordance with Section 3.1 of the Exchangeable Share Provisions (provided that if the record date for any such declared and unpaid dividends occurs on or after the day of closing of such purchase and sale, the purchase price shall not include such additional amounts equivalent to such declared and unpaid dividends). In connection with such Automatic Exchange, TSA Holdco or TSA will provide to the Trustee an Officer's Certificate setting forth the calculation of the purchase price for each Exchangeable Share.

- (d) On the fifth Business Day prior to the TSA Liquidation Event Effective Date, the closing of the transaction of purchase and sale contemplated by the Automatic Exchange shall be deemed to have occurred, and each Holder of Exchangeable Shares shall be deemed to have transferred to TSA Holdco or TSA all of the Holder's right, title and interest in and to such Exchangeable Shares and the related interest in the Trust Estate and shall cease to be a holder of such Exchangeable Shares and TSA Holdco or TSA shall deliver to the Holder the TSA Class A Common Shares issuable upon such Automatic Exchange and on the applicable payment date shall deliver to the Trustee for delivery to the Holder a cheque for the balance, if any, of the total purchase price for such Exchangeable Shares without interest, but less any amounts withheld pursuant to Section 5.13 hereof. Concurrently with such Holder ceasing to be a holder of Exchangeable Shares, the Holder shall be considered and deemed for all purposes to be the holder of the TSA Class A Common Shares issued to it pursuant to the Automatic Exchange of Exchangeable Shares for TSA Class A Common Shares and the certificates held by the Holder previously representing the Exchangeable Shares exchanged by the Holder with TSA Holdco or TSA pursuant to such Automatic Exchange shall thereafter be deemed to represent the TSA Class A Common Shares delivered to the Holder by TSA Holdco or TSA pursuant to such Automatic Exchange. Upon the request of a Holder and the surrender by the Holder of Exchangeable Share certificates deemed to represent shares of TSA Class A Common Shares, duly endorsed in blank and accompanied by such instruments of transfer as TSA and TSA Holdco may reasonably require, TSA Holdco or TSA shall deliver or cause to be delivered to the Holder certificates representing the TSA Class A Common Shares of which the Holder is the holder.

#### 5.13 Withholding Rights

Prior to the exchange or disposition of any Exchangeable Shares in accordance with this Article, each Holder shall deliver to TSA Holdco or TSA, at or before such time:

- (a) a certificate confirming that such Holder is a resident of Canada for the purposes of the ITA; or
- (b) in the case of a Holder who is a non-resident of Canada for the purposes of the ITA, a certificate satisfactory to TSA Holdco or TSA acting reasonably, issued pursuant to subsection 116(2) of the ITA, with respect to the Exchangeable Shares, and having as the "certificate limit", as defined in subsection 116(2) of the ITA, an amount no less than the cost to TSA Holdco or TSA, as the case may be, of the Exchangeable Shares (which may be equal to the fair market value of the TSA Class A Common Shares receivable by such Holder).

In the case of a Holder who is a partnership, the Holder shall also provide a certificate confirming the name and address of each member thereof and the percentage of partnership interest held by each member (which partners and percentages are clearly contemplated in the applicable certificate).

In the event that a Holder fails to deliver the requisite certificates described above at or before the exchange or disposition of such shares, or in the event that TSA Holdco or TSA is required to deduct or withhold any amount under any other provision of applicable Tax law, TSA Holdco or TSA shall be entitled to deduct and withhold from any consideration otherwise payable to any Holder such amounts as TSA Holdco or TSA is required or permitted to deduct and withhold with respect to such payment under the ITA or any provision of provincial or governmental tax law, in each case, as amended or succeeded, provided that such withheld amount shall not be remitted prior to two business days prior to the date such amount is required by law to be remitted (the "Remittance Date") and where such certificate, or a certificate issued pursuant to subsection 116(4) of the ITA satisfactory to TSA Holdco and TSA acting reasonably, is delivered prior to such Remittance Date, such withheld amount shall be released, to such Holder except to the extent that amounts were withheld or deducted pursuant to another provision of applicable Tax law. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes hereof as having been paid to the Holder in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate taxing authority. To the extent that the amount so required or permitted to be deducted or withheld from any payment to a Holder exceeds the cash portion of the consideration otherwise payable to the Holder, TSA Holdco or TSA, as agent of such Holder, is hereby authorized to sell or otherwise dispose of such portion of the consideration as is necessary to provide sufficient funds to TSA Holdco or TSA to enable it to comply with such deduction or withholding requirement and TSA Holdco or TSA shall notify the Holder thereof and remit to such Holder any unapplied balance of the net proceeds of such sale. If the proceeds of such sale are insufficient to fund the required withholding, the Holder shall forthwith pay to TSA Holdco or TSA or remit to the applicable taxing authority the deficiency. The Holder shall bear all reasonable costs and expense associated with such sale by purchaser pursuant to the two immediately preceding sentences.

#### ARTICLE 6

##### RESTRICTIONS ON ISSUE OF ADDITIONAL TSA SPECIAL VOTING SHARES

###### 6.1 Issue of Additional TSA Special Voting Shares

During the term of this Agreement, TSA will not, without the consent of the Holders, given in accordance with Section 9.2 of the Exchangeable Share Provisions, issue any TSA Special Voting Shares in addition to the Special Voting Share.

#### ARTICLE 7

##### CONCERNING THE TRUSTEE

###### 7.1 Powers and Duties of the Trustee

The rights, powers and authorities of the Trustee under this Agreement, in its capacity as trustee of the Trust, shall include, without

limitation:

- (a) receipt and deposit of the Special Voting Share from TSA as trustee for and on behalf of the Holders in accordance with the provisions of this Agreement;
- (b) granting proxies and distributing materials to Holders as provided in this Agreement;
- (c) voting the Holder Votes in accordance with the provisions of this Agreement;
- (d) receiving the grant of the Exchange Right and the Automatic Exchange Rights from TSA as trustee for and on behalf of the Holders in accordance with the provisions of this Agreement;
- (e) exercising the Exchange Right and enforcing the benefit of the Automatic Exchange Rights, in each case in accordance with the provisions of this Agreement, and in connection therewith receiving from Holders Exchangeable Shares and other requisite documents and distributing to such Holders the TSA Class A Common Shares and cheques, if any, to which such Holders are entitled upon the exercise of the Exchange Right or pursuant to the Automatic Exchange Rights, as the case may be;
- (f) holding title to the Trust Estate;
- (g) investing any monies forming, from time to time, a part of the Trust Estate as provided in this Agreement;
- (h) taking action at the direction of a Holder or Holders to enforce the obligations hereunder of each other party hereto; and
- (i) taking such other actions and doing such other things as are specifically provided in this Agreement.

In the exercise of such rights, powers and authorities the Trustee shall have (and is granted) such incidental and additional rights, powers and authority not in conflict with any of the provisions of this Agreement as the Trustee, acting in good faith and in the reasonable exercise of its discretion, may deem necessary, appropriate or desirable to effect the purpose of the Trust. Any exercise of such discretionary rights, powers and authorities by the Trustee shall be final, conclusive and binding upon all persons.

The Trustee in exercising its rights, powers, duties and authorities hereunder shall act honestly and in good faith with a view to the best interests of the Holders and shall exercise the care, diligence and skill that a reasonably prudent trustee would exercise in comparable circumstances.

#### 7.2 No Conflict of Interest

The Trustee represents to each other party hereto that at the date of execution and delivery of this Agreement there exists no material conflict of interest in the role of the Trustee as a fiduciary hereunder and the role of the Trustee in any other capacity. The Trustee shall, within 30 days after it becomes aware that such a material conflict of interest exists, either eliminate such material conflict of interest or resign in the manner and with the effect specified in Article 10 hereof. If, notwithstanding the foregoing provisions of this Section 7.2, the Trustee has such a material conflict of interest, the validity and enforceability of this Agreement shall not be affected in any manner whatsoever by reason only of the existence of such material conflict of interest. If the Trustee contravenes the foregoing provisions of this Section 7.2, any interested party may apply to the applicable court for an order that the Trustee be replaced as trustee hereunder.

#### 7.3 Dealings With Transfer Agents, Registrars, Etc.

TSA Exchangeco, TSA Holdco and TSA irrevocably authorize the Trustee, from time to time, to:

- (a) consult, communicate and otherwise deal with the respective registrars and transfer agents, and with any such subsequent

registrar or transfer agent, of the Exchangeable Shares and the TSA Class A Common Shares; and

(b) requisition, from time to time:

- (i) from any such registrar or transfer agent any information readily available from the records maintained by it which the Trustee may reasonably require for the discharge of its duties and responsibilities under this Agreement; and
- (ii) from the transfer agent of the TSA Class A Common Shares, and any subsequent transfer agent of such shares, the share certificates issuable upon the exercise from time to time of the Exchange Right and pursuant to the Automatic Exchange Rights in the manner specified in Article 5 hereof.

TSA Exchangeco and TSA shall irrevocably authorize their respective registrars and transfer agents to comply with all such requests. TSA covenants that it will supply its transfer agent with duly executed share certificates for the purpose of completing the exercise from time to time of the Exchange Right and the Automatic Exchange Rights, in each case pursuant to Article 5 hereof.

#### 7.4 Books and Records

The Trustee shall keep available for inspection by TSA, TSA Holdco and TSA Exchangeco, at the Trustee's principal office in Minneapolis, Minnesota, correct and complete books and records of account relating to the Trustee's actions under this Agreement, including without limitation, all relevant data relating to mailings and instructions to and from Holders and all transactions pursuant to the Voting Rights, the Exchange Right and the Automatic Exchange Rights for the term of this Agreement. On or before December 1, 2001 and on or before December 1 in every year thereafter, so long as the Special Voting Share is on deposit with the Trustee, the Trustee shall transmit to TSA and TSA Exchangeco a brief report, dated as of the preceding September 30 with respect to:

- (a) the property and funds comprising the Trust Estate as of that date;
- (b) the number of exercises of the Exchange Right, if any, and the aggregate number of Exchangeable Shares received by the Trustee on behalf of Holders in consideration of the delivery by TSA, or TSA Holdco of TSA Class A Common Shares in connection with the Exchange Right, during the calendar year ended on such date; and
- (c) all other actions taken by the Trustee in the performance of its duties under this Agreement which in the Trustee's sole judgement it had not previously reported and which, in the Trustee's sole judgement and opinion, materially affects the Trust Estate.

#### 7.5 Income Tax Return and Reports

The Trustee shall, to the extent necessary, prepare and file on behalf of the Trust appropriate income tax returns and any other returns or reports as may be required by applicable law or pursuant to the rules and regulations of any securities exchange or other trading system through which the Exchangeable Shares are traded and, in connection therewith, may obtain the advice and assistance of such experts as the Trustee may consider necessary or advisable. If requested by the Trustee, TSA shall retain such experts for purposes of providing such advice and assistance.

#### 7.6 Indemnification Prior to Certain Actions By Trustee

The Trustee shall exercise any or all of the rights, duties, powers or authorities vested in it by this Agreement at the request, order or direction of any Holder upon such Holder furnishing to the Trustee reasonable funding, security and indemnity against the costs, expenses (including reasonable counsel fees) and liabilities which may be incurred by the Trustee therein or thereby, provided that no Holder shall be obligated to furnish to the Trustee any such funding, security or indemnity in connection with the exercise

by the Trustee of any of its rights, duties, powers and authorities with respect to the Special Voting Share pursuant to Article 4 hereof, and with respect to the Exchange Right pursuant to Article 5 hereof, and with respect to the Automatic Exchange Rights pursuant to Article 5 hereof.

None of the provisions contained in this Agreement shall require the Trustee to expend or risk its own funds or otherwise incur financial liability in the exercise of any of its rights, powers, duties or authorities unless funded, given funds, security and indemnified as aforesaid.

#### 7.7 Actions by Holders

No Holder shall have the right to institute any action, suit or proceeding or to exercise any other remedy authorized by this Agreement for the purpose of enforcing any of its rights or for the execution of any trust or power hereunder unless the Holder has requested the Trustee to take or institute such action, suit or proceeding and furnished the Trustee with the funding, security and indemnity referred to in Section 7.6 hereof and the Trustee shall have failed to act within a reasonable time thereafter. In such case, but not otherwise, the Holder shall be entitled to take proceedings in any court of competent jurisdiction such as the Trustee might have taken; it being understood and intended that no one or more Holders shall have any right in any manner whatsoever to affect, disturb or prejudice the rights hereby created by any such action, or to enforce any right hereunder or under the Voting Rights, the Exchange Right or the Automatic Exchange Rights, except subject to the conditions and in the manner herein provided, and that all powers and trusts hereunder shall be exercised and all proceedings at law shall be instituted, had and maintained by the Trustee, except only as herein provided, and in any event for the equal benefit of all Holders.

#### 7.8 Reliance Upon Declarations

The Trustee shall not be considered to be in contravention of any of its rights, powers, duties and authorities hereunder if, when required, it acts and relies in good faith upon statutory declarations, certificates, opinions or reports furnished pursuant to the provisions hereof or required by the Trustee to be furnished to it in the exercise of its rights, powers, duties and authorities hereunder if such statutory declarations, certificates, opinions or reports comply with the provisions of Section 7.9 hereof, if applicable, and with any other applicable provisions of this Agreement.

#### 7.9 Evidence and Authority to Trustee

TSA Exchangeco, TSA Holdco, and/or TSA shall furnish to the Trustee evidence of compliance with the conditions provided for in this Agreement relating to any action or step required or permitted to be taken by TSA Exchangeco, TSA Holdco, and/or TSA or the Trustee under this Agreement or as a result of any obligation imposed under this Agreement, including, without limitation, in respect of the Voting Rights or the Exchange Right or the Automatic Exchange Rights and the taking of any other action to be taken by the Trustee at the request of or on the application of TSA Exchangeco, TSA Holdco, and/or TSA forthwith if and when:

- (a) such evidence is required by any other section of this Agreement to be furnished to the Trustee in accordance with the terms of this Section 7.9; or
- (b) the Trustee, in the exercise of its rights, powers, duties and authorities under this Agreement, gives TSA Exchangeco, TSA Holdco, and/or TSA written notice requiring it to furnish such evidence in relation to any particular action or obligation specified in such notice.

Such evidence shall consist of an Officer's Certificate of TSA Exchangeco, TSA Holdco, and/or TSA or a statutory declaration or a certificate made by persons entitled to sign an Officer's Certificate stating that any such condition has been complied with in accordance with the terms of this Agreement.

Whenever such evidence relates to a matter other than the Voting Rights or the Exchange Right or the Automatic Exchange Rights or, the taking of any other action to be taken by the Trustee at the request or on the application of TSA Exchangeco, TSA Holdco, and/or TSA, and except as otherwise specifically provided herein, such evidence may consist of a report or opinion of any solicitor, auditor, accountant, appraiser, valuer, engineer or other expert or any other person whose qualifications give authority to a statement



made by him, provided that if such report or opinion is furnished by a director, officer or employee of TSA Exchangeco, TSA Holdco, and/or TSA it shall be in the form of an Officer's Certificate or a statutory declaration.

Each statutory declaration, Officer's Certificate, opinion or report furnished to the Trustee as evidence of compliance with a condition provided for in this Agreement shall include a statement by the person giving the evidence:

- (a) declaring that he has read and understands the provisions of this trust agreement relating to the condition in question:
- (b) describing the nature and scope of the examination or investigation upon which he based the statutory declaration, certificate, statement or opinion; and
- (c) declaring that he has made such examination or investigation as he believes is necessary to enable him to make the statements or give the opinions contained or expressed therein.

#### 7.10 Experts, Advisers and Agents

The Trustee may:

- (a) in relation to these presents act and rely on the opinion or advice of or information obtained from or prepared by any solicitor, auditor, accountant, appraiser, valuer, engineer or other expert, whether retained by the Trustee or by TSA Exchangeco, TSA Holdco and/or TSA or otherwise, and may employ such assistants as may be necessary to the proper discharge of its powers and duties and determination of its rights hereunder and may pay proper and reasonable compensation for all such legal and other advice or assistance as aforesaid; and
- (b) employ such agents and other assistants as it may reasonably require for the proper discharge of its powers and duties hereunder, and may pay reasonable remuneration for all services performed for it (and shall be entitled to receive reasonable remuneration for all services performed by it) in the discharge of the trusts hereof and compensation for all disbursements, costs and expenses made or incurred by it in the discharge of its duties hereunder and in the management of the Trust.

#### 7.11 Trustee Not Required to Give Security

The Trustee shall not be required to give any bond or security in respect of the execution of the trusts, rights, duties, powers and authorities of this Agreement or otherwise in respect of the premises.

#### 7.12 Authority to Carry on Business

The Trustee represents to TSA Exchangeco, TSA Holdco, and TSA that at the date of execution and delivery by it of this Agreement it is authorized to carry on the business of a National Association in the United States, with authority to carry out its obligations hereunder but if, notwithstanding the provisions of this Section 7.12, it ceases to be so authorized to carry on such business, the validity and enforceability of this Agreement and the Voting Rights, the Exchange Right and the Automatic Exchange Rights shall not be affected in any manner whatsoever by reason only of such event but the Trustee shall, within 90 days after ceasing to be authorized to carry on such business in the United States, either become so authorized or resign in the manner and with the effect specified in Article 10 hereof.

#### 7.13 Acceptance of Trust

The Trustee hereby accepts the Trust created and provided for by and in this Agreement and agrees to perform the same upon the terms and conditions herein set forth and to hold all rights, privileges and benefits conferred hereby and by law in trust for the various persons who shall from time to time be Holders, subject to all the terms and conditions herein set forth.

## COMPENSATION

### 8.1 Fees and Expenses of the Trustee

TSA shall pay to the Trustee its annual fees and other charges for all of the services rendered by it under this Agreement and will reimburse the Trustee for all reasonable expenses (including but not limited to taxes, compensation paid to experts, agents and advisors and travel expenses) and disbursements, (including the cost and expense of any suit or litigation of any character and any proceedings before any governmental agency) reasonably incurred by the Trustee in connection with its rights and duties under this Agreement other than with respect to a dispute between one or more Holders and TSA and/or its Affiliates, in which event the Trustees fees will be paid by the non-prevailing party; provided that TSA and its Affiliates and the Holders shall have no obligation to reimburse the Trustee for any expenses or disbursements paid, incurred or suffered by the Trustee in any suit or litigation in which the Trustee is determined to have acted in bad faith or with gross negligence, recklessness or willful misconduct.

## ARTICLE 9

### INDEMNIFICATION AND LIMITATION OF LIABILITY

#### 9.1 Indemnification of the Trustee

TSA and TSA Exchangeco shall indemnify and hold harmless the Trustee and each of its directors, officers, employees and agents appointed and acting in accordance with this Agreement (collectively, the "Indemnified Parties") against all Losses which, without fraud, negligence, recklessness, willful misconduct or bad faith on the part of such Indemnified Party, may be paid, incurred or suffered by the Indemnified Party by reason of or as a result of the Trustee's acceptance or administration of the Trust, its compliance with its duties set forth in this Agreement, or its compliance with, any written or oral instructions delivered to the Trustee by TSA or its Affiliates pursuant hereto. In no case shall TSA and its Affiliates be liable under this indemnity for any claim against any of the Indemnified Parties unless TSA and TSA Exchangeco shall be notified by the Trustee of the written assertion of a claim or of any action commenced against the Indemnified Parties, promptly after any of the Indemnified Parties shall have received any such written assertion of a claim or shall have been served with a summons or other first legal process giving information as to the nature and basis of the claim. Subject to (ii), below, TSA and TSA Exchangeco shall be entitled to participate at their own expense in the defense and, if TSA and TSA Exchangeco so elect at any time after receipt of such notice, they may assume the defense of any suit brought to enforce any such claim. The Trustee shall have the right to employ separate counsel in any such suit and participate in the defense thereof but the fees and expenses of such counsel shall be at the expense of the Trustee unless: (i) the employment of such counsel has been authorized by TSA and TSA Exchangeco, such authorization not to be unreasonably withheld; or (ii) the named parties to any such suit include both the Trustee and TSA or TSA Exchangeco or other TSA Affiliates and the Trustee shall have been advised by counsel acceptable to TSA and TSA Exchangeco that there may be one or more legal defenses available to the Trustee that are different from or in addition to those available to TSA or its Affiliates and that an actual or potential conflict of interest exists (in which case TSA and TSA Exchangeco shall not have the right to assume the defense of such suit on behalf of the Trustee but shall be liable to pay the reasonable fees and expenses of counsel for the Trustee).

## ARTICLE 10

### CHANGE OF TRUSTEE

#### 10.1 Resignation

The Trustee, or any trustee hereafter appointed, may at any time resign by giving written notice of such resignation to TSA, TSA Holdco and TSA Exchangeco specifying the date on which it desires to resign, provided that such notice shall never be given less than 60 days before such desired resignation date unless TSA, TSA Holdco and TSA Exchangeco otherwise agree and provided further that such resignation shall not take effect until the date of the appointment of a successor trustee and the acceptance of such appointment by the successor trustee. Upon receiving such notice of resignation, TSA, TSA Holdco and TSA Exchangeco shall promptly appoint a successor trustee by written instrument in duplicate, one copy of which shall be delivered to the resigning

trustee and one copy to the successor trustee. Failing acceptance by a successor trustee, a successor trustee may be appointed by an order of the applicable courts of the Province of Alberta upon application of one or more of the parties hereto.

#### 10.2 Removal

The Trustee, or any trustee hereafter appointed, may be removed with or without cause, at any time on 30 days' prior notice by written instrument executed by TSA, TSA Holdco and TSA Exchangeco, in duplicate, one copy of which shall be delivered to the trustee so removed and one copy to the successor trustee.

#### 10.3 Successor Trustee

Any successor trustee appointed as provided under this Agreement shall execute, acknowledge and deliver to TSA, TSA Holdco and TSA Exchangeco and to its predecessor trustee an instrument accepting such appointment. Thereupon the resignation or removal of the predecessor trustee shall become effective and such successor trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, duties and obligations of its predecessor under this Agreement, with like effect as if originally named as trustee in this Agreement. However, on the written request of TSA, TSA Holdco and TSA Exchangeco or of the successor trustee, the trustee ceasing to act shall, upon payment of any amounts then due it pursuant to the provisions of this Agreement, execute and deliver an instrument transferring to such successor trustee all the rights and powers of the trustee so ceasing to act. Upon the request of any such successor trustee, TSA, TSA Holdco, TSA Exchangeco and such predecessor trustee shall execute any and all instruments in writing for more fully and certainly vesting in and confirming to such successor trustee all such rights and powers.

#### 10.4 Notice of Successor Trustee

Upon acceptance of appointment by a successor trustee as provided herein, TSA and TSA Exchangeco shall cause to be mailed notice of the succession of such trustee hereunder to each Holder specified in a List. If TSA or TSA Exchangeco shall fail to cause such notice to be mailed within 10 days after acceptance of appointment by the successor trustee, the successor trustee shall cause such notice to be mailed at the expense of TSA Exchangeco.

### ARTICLE 11

#### TSA SUCCESSORS

#### 11.1 Certain Requirements in Respect of Combination, Etc.

Subject to and without limiting TSA's rights to redeem the Exchangeable Shares TSA, directly or indirectly, shall not consummate any transaction (whether by way of reconstruction, reorganization, consolidation, merger, transfer, sale, lease or otherwise) whereby all or substantially all of its undertaking, property and assets would become the property of any other person or, in the case of a merger, of the continuing corporation resulting therefrom unless, but may do so if: (i) such other person or continuing corporation (herein called the "TSA Successor"), by operation of Law, becomes, without more, bound by the terms and provisions of this Agreement or, if not so bound, executes, prior to or contemporaneously with the consummation of such transaction an agreement supplemental hereto and such other instruments (if any) as are reasonably satisfactory to the Trustee and are reasonably necessary or advisable to evidence the assumption by the TSA Successor of TSA's liability for all monies payable and property deliverable by TSA hereunder and the covenant of such TSA Successor to pay and deliver or cause to be delivered the same and its agreement to observe and perform all the covenants and obligations of TSA under this Agreement; and (ii) such transaction shall, to the satisfaction of the Trustee, acting reasonably, and in the opinion of legal counsel to the Trustee, be upon such terms and conditions as substantially preserve and does not impair in any material respect any of the rights, duties, powers and authorities of the Trustee or of the Holders hereunder.

Nothing herein shall affect the rights of TSA Exchangeco to redeem (or TSA Holdco or TSA to purchase pursuant to the Redemption Call Right) Exchangeable Shares, as applicable.

#### 11.2 Vesting of Powers in Successor

Whenever the conditions of Section 11.1 hereof have been duly observed and performed, the TSA Successor and the parties hereto, if required by Section 11.1 hereof, shall execute and deliver the supplemental agreement provided for in Section 12.5 hereof and thereupon TSA Successor shall possess and from time to time may exercise each and every right and power of TSA under this Agreement in the name of TSA or otherwise and any act or proceeding by any provision of this Agreement required to be done or performed by the board of directors of TSA or any officers of TSA may be done and performed with like force and effect by the directors or officers of such TSA Successor.

### 11.3 Wholly-Owned Subsidiaries

Nothing herein shall be construed as preventing the amalgamation, merger or other combination of any wholly-owned direct or indirect subsidiary of TSA with or into TSA or with or into another wholly-owned direct or indirect subsidiary of TSA or the winding-up, liquidation or dissolution of any direct or indirect wholly-owned subsidiary of TSA provided that all of the assets of such subsidiary are transferred to TSA or another direct or indirect wholly-owned subsidiary of TSA, and any such transactions are expressly permitted by this Section 11.3.

## ARTICLE 12

### AMENDMENTS AND SUPPLEMENTAL TRUST AGREEMENTS

#### 12.1 Amendments, Modifications, Etc.

Subject to Sections 12.2 and 12.4, this Agreement may not be amended or modified except by an agreement in writing executed by TSA, TSA Holdco and TSA Exchangeco and the Trustee and approved by the Holders in accordance with Section 9.2 of the Exchangeable Share Provisions.

#### 12.2 Administrative Amendments

Notwithstanding the provisions of Section 12.1 hereof, the parties to this Agreement may in writing, at any time and from time to time, without the approval of the Holders, amend or modify this Agreement for the purposes of:

- (a) adding to the covenants of any or all parties hereto for the protection of TSA Exchangeco or the Holders;
- (b) making such amendments or modifications not inconsistent with this Agreement as may be necessary or desirable with respect to matters or questions which, in the good faith opinion of the board of directors of each of TSA and TSA Exchangeco and in the good faith opinion of the Trustee, having in mind the best interests of the Holders as a whole, it may be expedient to make, provided that such boards of directors and the Trustee shall be of the good faith opinion that such amendments and modifications will not be prejudicial to the interests of the Holders as a whole; or
- (c) making such changes or corrections which, on the advice of counsel to TSA Exchangeco, TSA and the Trustee, are required for the purpose of curing or correcting any ambiguity or defect or inconsistent provision or clerical omission or mistake or manifest error, provided that the Trustee and the board of directors of each of TSA Exchangeco and TSA shall be of the good faith opinion that such changes or corrections will not be prejudicial to the interests of the Holders as a whole.

#### 12.3 Meeting to Consider Amendments

TSA Exchangeco, at the request of TSA, shall call a meeting or meetings of the Holders for the purpose of considering any proposed amendment or modification requiring approval pursuant hereto. Holders may also approve any proposed amendment or modification by written consent of Holders holding not less than the minimum number of Exchangeable Shares that would be necessary to authorize or take such action at a meeting of Holders called for such purpose. Any such meeting or meetings shall be called and held, or written consent given shall be given in accordance with the by-laws of TSA Exchangeco, the Exchangeable Share Provisions and all applicable Laws.

12.4 Changes in Capital of TSA and TSA Exchangeco

At all times after the occurrence of any event effected pursuant to Section 2.7 or Section 2.8 of the Support Agreement or otherwise, as a result of which either TSA Class A Common Shares or the Exchangeable Shares or both are in any way changed, this Agreement shall forthwith be amended and modified as necessary in order that it shall apply with full force and effect, mutatis mutandis, to all new securities into which the TSA Class A Common Shares or the Exchangeable Shares or both are so changed and the parties hereto shall execute and deliver a supplemental agreement giving effect to and evidencing such necessary amendments and modifications.

12.5 Execution of Supplemental Agreements

No amendment to or modification or waiver of any of the provisions of this Agreement otherwise permitted hereunder shall be effective unless made in writing and signed by all of the parties hereto. From time to time TSA, TSA Holdco, TSA Exchangeco and the Trustee may, subject to the provisions of these presents, execute and deliver by their proper officers, agreements or other instruments supplemental hereto, which thereafter shall form part hereof, for any one or more of the following purposes:

- (a) evidencing the succession of TSA Successors to TSA and the covenants of and obligations assumed by each such TSA Successor in accordance with the provisions of Article 11 and the successor of any successor trustee in accordance with the provisions of Article 10;
- (b) making any additions to, deletions from or alterations of the provisions of this Agreement or the Voting Rights, the Exchange Right or the Automatic Exchange Rights which, in the opinion of the Trustee, will not be prejudicial to the interests of the Holders as a whole or are in the opinion of the Trustee necessary or advisable in order to incorporate, reflect or comply with any legislation the provisions of which apply to TSA, TSA Holdco, TSA Exchangeco, the Trustee or this Agreement; and
- (c) for any other purposes not inconsistent with the provisions of this trust agreement, including without limitation to make or evidence any amendment or modification to this agreement as contemplated hereby, provided that, in the opinion of the Trustee and its counsel, the rights of the Trustee and the Holders as a whole will not be prejudiced thereby.

ARTICLE 13

TERMINATION

13.1 Term

The Trust created by this Agreement shall continue until the earliest to occur of the following events:

- (a) no outstanding Exchangeable Shares are held by a Holder;
- (b) each of TSA Exchangeco and TSA elects in writing to terminate the Trust and such termination is approved by the Holders of the Exchangeable Shares in accordance with Section 9.2 of the Exchangeable Share Provisions; and
- (c) 21 years from the date of this Agreement.

13.2 Survival of Agreement

This Agreement shall survive any termination of the Trust and shall continue until there are no outstanding Holders of Exchangeable Shares; provided, however, that the provisions of Articles 8 and 9 hereof shall survive any such termination of this Agreement.

ARTICLE 14

GENERAL

14.1 Severability

If any provision of this Agreement, or the application thereof, will for any reason and to any extent be invalid or unenforceable, the remainder of this Agreement and 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 greatest extent possible, the economic, businesses, legal and other purposes of the void or unenforceable provision.

14.2 Inurement

This Agreement shall be binding upon and inure to the benefit of the parties hereto, the holders of the Exchangeable Shares and their respective successors and permitted assigns, as well as to their respective heirs, executors, trustees, administrators and other personal representatives.

14.3 Notices to Parties

All notices and other communications between the parties hereunder shall be in writing and shall be deemed given if delivered personally, by facsimile, sent by nationally-recognized overnight courier or mailed by registered or certified mail (return receipt requested), postage prepaid, to the parties at the following address (or at such other address for a party as shall be specified by like notice):

(a) if to TSA, TSA Holdco or TSA Exchangeco:

Transaction Systems Architects, Inc.  
224 South 108th Avenue  
Suite 7  
Omaha, Nebraska

68154

Attention: General Counsel and Secretary  
Facsimile No.: (402) 390-8077

with a copy to:

Baker & McKenzie  
BCE Place  
181 Bay Street, Suite 2100  
P.O. Box 874  
Toronto, Ontario, Canada, M5J 2T3  
Attention: Kathleen M. Orysiuk  
Facsimile: (416) 863-6275

(b) if to the Trustee to:

Wells Fargo Bank Minnesota, National Association  
Wells Fargo Bank Center  
Sixth and Marquette

MAC N9303-120  
Minneapolis, Minnesota

55479-0069 USA

Attention: Marco X. Morales  
Facsimile No.: (612) 667-9825

Any notice or other communication given in accordance herewith shall be deemed to have been given and received upon receipt thereof unless such day is not a Business Day in which case it shall be deemed to have been given and received upon the immediately following Business Day.

14.4 Notice of Holders

Any and all notices to be given and any documents to be sent to any Holders may be given or sent to the address of such holder shown on the register of holders of Exchangeable Shares in any manner permitted by the by-laws of TSA Exchangeco from time to time in force in respect of notices to shareholders and shall be deemed to be received (if given or sent in such manner) at the time specified in such by-laws, the provisions of which by-laws shall apply mutatis mutandis to notices or documents as aforesaid sent to such Holders.

14.5 Risk of Payments by Post

Whenever payments are to be made or documents are to be sent to any Holder by the Trustee or by TSA Exchangeco, or by such Holder to the Trustee or to TSA or TSA Exchangeco, the making of such payment or sending of such document sent through the post shall be at the risk of TSA Exchangeco, in the case of payments made or documents sent by the Trustee or TSA Exchangeco, and the Holder, in the case of payments made or documents sent by the Holder.

14.6 Counterparts

This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

14.7 Jurisdiction; Attornment

The internal laws of the Province of Alberta, Canada (irrespective of its choice of law principles) will govern the validity of this Agreement, the construction of its terms and the interpretation and enforcement of the rights and duties of the parties hereto. Each of the parties hereto agrees that any action or proceeding arising out of or relating to this Agreement may be instituted in the courts of Alberta, waives any objection which it may have now or hereafter to the venue of any such action or proceeding, irrevocably submits to the jurisdiction of the said courts in any such action or proceeding, agrees to be bound by any judgment of the said courts and not to seek, and hereby waives, any review of the merits of any such judgment by the courts of any other jurisdiction.

IN WITNESS WHEREOF, the parties hereto have executed this Voting and Exchange Trust Agreement as of the date first above written.

TRANSACTION SYSTEMS ARCHITECTS, INC.

By:

\_\_\_\_\_  
Name:  
Title:

TRANSACTION SYSTEMS ARCHITECTS NOVA SCOTIA COMPANY

By:

\_\_\_\_\_  
Name:  
Title:

TSA EXCHANGE CO LIMITED

By:

\_\_\_\_\_  
Name:  
Title:

WELLS FARGO BANK MINNESOTA,

NATIONAL ASSOCIATION

By:

\_\_\_\_\_  
Name:

Title:

SCHEDULE 1

SPECIAL VOTING SHARE ATTRIBUTES

CERTIFICATE OF DESIGNATIONS

OF

SPECIAL PREFERRED VOTING STOCK

OF

TRANSACTION SYSTEMS ARCHITECTS, INC.

Pursuant to the provisions of Section 151(g) of the General Corporation Law of the State of Delaware (the "DGCL"), and pursuant to its Amended and Restated Certificate of Incorporation, the undersigned, Transaction Systems Architects, Inc., a corporation organized and existing under the General Corporation Law of the State of Delaware (the "Corporation"), in accordance with the provisions of Section 103 thereof, DOES HEREBY CERTIFY:

That pursuant to the authority vested in the Board of Directors in accordance with the provisions of the Amended and Restated Certificate of Incorporation of the Corporation, the Board of Directors on January 5, 2001, adopted the following resolution creating a series of Preferred Stock, par value \$.01, designated as "Special Preferred Voting Stock":

RESOLVED, that pursuant to the authority expressly granted to and vested in the Board by the Amended and Restated Certificate of Incorporation, the Board hereby authorizes the creation of a series of preferred stock, par value \$.01 per share, of the Corporation, such series to be designated Special Preferred Voting Stock (the "Special Preferred Voting Stock"), and hereby fixes the designation and number of shares thereof and the other powers, preferences and relative, participating, optional and other special rights, and the qualifications, limitations and restrictions thereof as follows:

Section 1. Special Preferred Voting Stock Designated. A series of Preferred Stock, consisting of one share of such stock, is hereby designated as "Special Preferred Voting Stock." The outstanding share of Special Preferred Voting Stock shall be entitled at any relevant date on all matters presented to the holders of Class A Common Stock of the Corporation to the number of votes equal to the number of Exchangeable Shares (as such term is defined in the Voting and Exchange Trust Agreement dated as of January 11, 2001, among the Corporation, Transaction Systems Architects Nova Scotia Company, TSA Exchangeco Limited, and Wells Fargo Bank Minnesota, National Association, a trust company existing under the laws of the State of Minnesota) outstanding from time to time, other than Exchangeable Shares held by the Corporation and its affiliates. The Special Preferred Voting Stock and Class A Common Stock shall vote together as a single class. The Special Preferred Voting Stock shall have no other voting rights except as required by law. No dividend shall be paid to the holder of Special Preferred Voting Stock. The Special Preferred Voting Stock is not convertible into any other class or series of the capital stock of the Corporation or into cash, property or other rights. The holder of the Special Preferred Voting Stock shall not be entitled to participate in any payment or distribution upon any voluntary or involuntary liquidation, dissolution or winding up of the Corporation. Any share of Special Preferred Voting Stock purchased or otherwise acquired by the Corporation shall be deemed retired and shall be canceled and may not thereafter be reissued or otherwise disposed of by the Corporation. So long as any Exchangeable Shares shall be outstanding, the number of shares comprising the Special Preferred Voting Stock shall not be increased or decreased and no other term of the Special Preferred Voting Stock shall be amended, except upon the approval of the holder of the outstanding share of Special Preferred Voting Stock. At such time as no Exchangeable Shares



shall be outstanding, the Special Preferred Voting Stock shall automatically be cancelled.

IN WITNESS WHEREOF, the undersigned has executed this Certificate and does affirm the foregoing as true this day of \_\_\_\_\_, 2000.

TRANSACTION SYSTEMS ARCHITECTS, INC.

By:/s/ David Stokes

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David Stokes

General Counsel and Secretary

SUPPORT AGREEMENT

SUPPORT AGREEMENT, dated as of January 11, 2001, among Transaction Systems Architects, Inc., a Delaware corporation ("TSA"), Transaction Systems Architects Nova Scotia Company, a Nova Scotia unlimited company ("TSA Holdco"), and TSA Exchangeco Limited, a Nova Scotia limited company ("TSA Exchangeco").

WHEREAS in connection with a combination agreement dated as of October 24, 2000 among TSA, TSA Holdco, TSA Exchangeco and MessagingDirect Ltd., an Alberta Corporation ("MDL"), (the "Combination Agreement"), TSA Exchangeco is to issue exchangeable shares (the "Exchangeable Shares") to certain holders of securities of MDL pursuant to the plan of arrangement to be effected by Articles of Arrangement filed under the Business Corporations Act (Alberta) contemplated by the Combination Agreement and attached as an exhibit thereto (the "Plan of Arrangement");

WHEREAS, the Plan of Arrangement sets forth the rights, privileges, restrictions and conditions (collectively, the "Exchangeable Share Provisions") attaching to the Exchangeable Shares;

WHEREAS, the parties to the Combination Agreement desire to make appropriate provision and to establish a procedure whereby TSA, TSA Holdco and TSA Exchangeco will take certain actions and make certain payments and deliveries necessary to ensure that TSA Exchangeco will be able to make certain payments and to deliver or cause to be delivered TSA Class A Common Shares ("TSA Class A Common Shares") in satisfaction of the obligations of TSA Exchangeco under the Exchangeable Share Provisions with respect to the payment and satisfaction of dividends, Liquidation Amounts, Retraction Prices and Redemption Prices, all in accordance with the Exchangeable Share Provisions; and

WHEREAS, as part of the Plan of Arrangement and pursuant to the Combination Agreement, the parties hereto are to execute and deliver a Support Agreement substantially in the form of this Agreement on the Effective Date (as defined in the Combination Agreement);

NOW THEREFORE in consideration of the respective covenants and agreements provided in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

ARTICLE I

DEFINITIONS AND INTERPRETATION

1.1 Defined Terms

Each term denoted herein by initial capital letters and not otherwise defined herein shall have the meaning ascribed thereto in the Exchangeable Share Provisions, unless the content requires otherwise.

1.2 Interpretation Not Affected by Headings, Etc.

The division of this Agreement into Articles, Sections and other portions and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation hereof. Unless otherwise indicated, all references to an "Article" or "Section" followed by a number and/or a letter refer to the specified Article or Section of this Agreement. The terms "this Agreement", "hereof", "herein" and "hereunder" and similar expressions refer to this Agreement (including the Schedules and Exhibits hereto) and not to any particular Article, Section or other portion hereof, but do not include any agreement or instrument supplementary or ancillary hereto.

1.3 Number, Gender, Etc.

Words importing the singular number only shall include the plural and vice versa. Words importing the use of any gender shall include all genders.

1.4 Date For Any Action

If any date on which any action is required to be taken under this Agreement is not a Business Day, such action shall be required to be taken on the next succeeding Business Day.

ARTICLE II

COVENANTS OF TSA, TSA HOLDCO AND TSA EXCHANGEACO

2.1 Covenants of TSA Regarding Exchangeable Shares

So long as any Exchangeable Shares not owned by TSA or its Affiliates are outstanding, TSA will:

- (a) not declare or pay any dividend on the TSA Class A Common Shares unless: (i) TSA Exchangeco shall comply with the provisions of Section 3.1 of the Exchangeable Share Provisions; and (ii) TSA Exchangeco shall have sufficient money or other assets or authorized but unissued securities available to enable the due declaration and the due and punctual payment, in accordance with applicable Law, of any dividend to be declared and paid by TSA Exchangeco all in accordance with Section 3.1 of the Exchangeable Share Provisions;
- (b) advise TSA Exchangeco sufficiently in advance of the declaration by TSA of any dividend on the TSA Class A Common Shares and take all such other actions as are necessary, in cooperation with TSA Exchangeco, to ensure that: (i) the respective declaration date, record date and payment date for a dividend on the Exchangeable Shares shall be the same declaration date, record date and payment date for the corresponding dividend on the TSA Class A Common Shares; or, (ii) the effective date for an Equivalent Stock Subdivision or Equivalent Ratio Adjustment, as the case may be, shall be the same as the payment date for the corresponding stock dividend on the TSA Class A Common Shares;
- (c) take all such actions and do all such things as are necessary or desirable to enable and permit TSA Exchangeco, in accordance with applicable Law, to pay and otherwise perform its obligations with respect to the satisfaction of the Liquidation Amount, the Retraction Price or the Redemption Price in respect of each issued and outstanding Exchangeable Share (other than Exchangeable Shares owned by TSA or its Affiliates) upon the liquidation, dissolution or winding up of TSA Exchangeco, or any other distribution of the assets of TSA Exchangeco among its Shareholders for the purpose of winding up its affairs, the delivery of a Retraction Request by a holder of Exchangeable Shares or a redemption of Exchangeable Shares by TSA Exchangeco, as the case may be, including, without limitation, all such actions and all such things as are necessary or desirable to enable and permit TSA Exchangeco to cause to be delivered TSA Class A Common Shares to the holders of Exchangeable Shares in accordance with the provisions of Articles 5, 6 or 7, as the case may be, of the Exchangeable Share Provisions;
- (d) take all such actions and do all such things as are reasonably necessary or desirable to enable and permit TSA Exchangeco, TSA Holdco or TSA, in accordance with applicable Law, to perform its obligations

contemplated in the Plan of Arrangement (including the Exchangeable Share Provisions), including without limitation, those obligations arising upon the exercise by it of the Liquidation Call Right, the Retraction Call Right or the Redemption Call Right, and further including, without limitation, all such actions and all such things as are necessary or desirable to enable and permit TSA Exchangeco, TSA Holdco or TSA to cause TSA Class A Common Shares to be delivered to the holders of Exchangeable Shares, in accordance with the provisions of the Liquidation Call Right, the Retraction Call Right or the Redemption Call Right, as the case may be; and

- (e) not exercise its vote as a shareholder, directly or indirectly, to initiate the voluntary liquidation, dissolution or winding up of TSA Exchangeco or any other distribution of the assets of TSA Exchangeco among its shareholders for the purpose of winding up its affairs, nor take any action or omit to take, directly or indirectly, any action that is designed to result in the liquidation, dissolution or winding up of TSA Exchangeco or any other distribution of the assets of TSA Exchangeco among its shareholders for the purpose of winding up its affairs, subject to the provision in section 2.9 herein that a reorganization of TSA Exchangeco shall not be prohibited in circumstances outlined therein.

## 2.2 Segregation of Funds

TSA will cause TSA Exchangeco to deposit a sufficient amount of funds in a separate account of TSA Exchangeco and segregate a sufficient amount of such assets and other property as is necessary to enable TSA Exchangeco to pay dividends when due and to pay or otherwise satisfy the applicable dividends, Liquidation Amount, Retraction Price or Redemption Price, in each case for the benefit of holders from time to time of the Exchangeable Shares (other than TSA and its Affiliates), and TSA Exchangeco will use such funds, assets and other property so segregated exclusively for the payment of dividends and the payment or other satisfaction of the Liquidation Amount, the Retraction Price or the Redemption Price, as applicable, net of any corresponding withholding tax obligations and for the remittance of such withholding tax obligations.

## 2.3 Reservation of TSA Class A Common Shares

TSA hereby represents, warrants and covenants that it has irrevocably reserved for issuance and will at all times while any Exchangeable Shares (other than Exchangeable Shares held by TSA or its Affiliates) are outstanding, keep available, free from pre-emptive and other rights, out of its authorized and unissued share capital such number of TSA Class A Common Shares (or other shares or securities into which TSA Class A Common Shares may be reclassified or changed as contemplated by Section 2.7 hereof): (a) as is equal to the sum of: (i) the number of Exchangeable Shares issued and outstanding from time to time (other than those Exchangeable Shares that have been acquired by TSA or its Affiliates); and (ii) the number of Exchangeable Shares issuable upon the exercise of all rights to acquire Exchangeable Shares outstanding from time to time; and (b) as are now and may hereafter be required to enable and permit TSA Exchangeco to meet its obligations hereunder, under the Voting and Exchange Trust Agreement, under the Exchangeable Share Provisions and under any other security or commitment pursuant to the Plan of Arrangement with respect to which TSA may now or hereafter be required to issue TSA Class A Common Shares and to enable and permit TSA Exchangeco, TSA Holdco, or TSA to meet its obligations under the Automatic Exchange Rights (as defined in the Voting and Exchange Trust Agreement), Exchangeable Share Provisions, Liquidation Call Right, the Retraction Call Right and the Redemption Call Right.

## 2.4 Notification of Certain Events

In order to assist TSA in complying with its obligations hereunder and to permit TSA Exchangeco, TSA Holdco, or TSA to exercise the Liquidation Call Right, the Retraction Call Right and the Redemption Call

Right, TSA Exchangeco will notify TSA, and TSA Holdco (and with respect to (a) below, the transfer agent of the Exchangeable Shares) of each of the following events at the time set forth below:

- (a) in the event of any determination by the Board of Directors of TSA Exchangeco to institute voluntary liquidation, dissolution or winding up proceedings with respect to TSA Exchangeco or to effect any other distribution of the assets of TSA Exchangeco among its shareholders for the purpose of winding up its affairs, at least 60 days prior to the proposed effective date of such liquidation, dissolution, winding up or other distribution;
- (b) immediately, upon the earlier of: (i) receipt by TSA Exchangeco of notice of; and (ii) TSA Exchangeco otherwise becoming aware of, any threatened or instituted claim, suit, petition or other proceedings with respect to the involuntary liquidation, dissolution or winding up of TSA Exchangeco or to effect any other distribution of the assets of TSA Exchangeco among its shareholders for the purpose of winding up its affairs;
- (c) immediately, upon receipt by TSA Exchangeco of a Retraction Request;
- (d) on the same date on which notice of redemption is given to the holders of Exchangeable Shares, upon the determination of a Redemption Date in accordance with the Exchangeable Share Provisions; and
- (e) as soon as practicable upon the issue by TSA Exchangeco of any Exchangeable Shares or rights to acquire Exchangeable Shares (other than the issue of Exchangeable Shares and rights to acquire Exchangeable Shares in exchange for MDL Class A Shares pursuant to the Arrangement).

#### 2.5 Delivery of TSA Class A Common Shares

In furtherance of TSA's obligations under Sections 2.1 (c) and 2.1 (d) hereof, upon notice from TSA Exchangeco, TSA Holdco or TSA of any event that requires any such party to cause TSA Class A Common Shares to be delivered to any holder of Exchangeable Shares, TSA shall forthwith allot or reserve, issue and deliver or cause to be delivered to the relevant holder of Exchangeable Shares as directed by TSA Exchangeco, TSA Holdco or TSA of the requisite number of TSA Class A Common Shares to be allotted to or reserved for, and received by and issued to the former holder of the surrendered Exchangeable Shares. All such TSA Class A Common Shares shall be validly issued, fully paid, non-assessable, and will be free and clear of any lien, claim or encumbrance attributable to, or arising due to, any action or omission of the issuer.

#### 2.6 Issuance, Listing and Registration of TSA Class A Common Shares

So long as any Exchangeable Shares not owned by TSA or its Affiliates are outstanding, TSA will cause the TSA Class A Common Shares to be issued from time to time upon exchange of the Exchangeable Shares to be quoted on the NASDAQ or such other exchange or quotation system to the same extent as TSA stock is quoted generally, subject only to official notice of issuance. TSA will prepare and file the Registration Statement (as defined in the Combination Agreement) with the SEC.

#### 2.7 Economic Equivalence

So long as any Exchangeable Shares not owned by TSA or its Affiliates are outstanding:

- (a) TSA will not without the prior approval of TSA Exchangeco and the prior approval of the holders of the Exchangeable Shares given in accordance with Section 9.2 of the Exchangeable Share Provisions:
  - (i) issue or distribute TSA Class A Common

Shares (or securities exchangeable for or convertible into or carrying rights to acquire TSA Class A Common Shares) to the holders of all or substantially all of the then outstanding TSA Class A Common Shares by way of stock dividend (including a stock split payable as a stock dividend) or other distribution, other than an issue of TSA Class A Common Shares (or securities exchangeable for or convertible into or carrying rights to acquire TSA Class A Common Shares) to holders of TSA Class A Common Shares who exercise an option to receive dividends in TSA Class A Common Shares (or securities exchangeable for or convertible into or carrying rights to acquire TSA Class A Common Shares) in lieu of receiving cash dividends;

(ii) issue or distribute rights, options or warrants to the holders of all or substantially all of the then outstanding TSA Class A Common Shares entitling them to subscribe for or to purchase TSA Class A Common Shares (or securities exchangeable for or convertible into or carrying rights to acquire TSA Class A Common Shares); or

(iii) issue or distribute to the holders of all or substantially all of the then outstanding TSA Class A Common Shares:

(A) shares or securities of TSA of any class other than TSA Class A Common Shares (other than shares convertible into or exchangeable for or carrying rights to acquire TSA Class A Common Shares);

(B) rights, options or warrants other than those referred to in Section 2.7(a)(ii) above;

(C) evidences of indebtedness of TSA; or

(D) assets of TSA;

unless TSA or TSA Exchangeco is permitted under applicable Law to issue or distribute the same, or the economic equivalent on a per share basis of, such rights, options, securities, shares, evidences of indebtedness or other assets to holders of the Exchangeable Shares other than TSA and its Affiliates or to effect an Equivalent Stock Subdivision or Equivalent Ratio Adjustment and TSA or TSA Exchangeco issues or distributes the same, or the economic equivalent of, such rights, options, securities, shares, evidences of indebtedness or other assets simultaneously to holders of the Exchangeable Shares or effects an Equivalent Stock Subdivision or Equivalent Ratio Adjustment; provided that, for greater certainty, the above restrictions shall not: (i) apply to any securities issued or distributed by TSA in order to give effect to and to consummate the transactions contemplated by, and in accordance with, the Plan of Arrangement or (ii) restrict TSA's overriding Redemption Call Right in the event of a TSA Spin-Out Decision Date.

(b) TSA will not without the prior approval of TSA Exchangeco and the prior approval of the holders of the Exchangeable Shares given in accordance with Section 9.2 of the Exchangeable Share Provisions:

(i) subdivide, redivide or change the then

outstanding TSA Class A Common Shares into a greater number of TSA Class A Common Shares; or

- (ii) reduce, combine, consolidate or change the then outstanding TSA Class A Common Shares into a lesser number of TSA Class A Common Shares; or
- (iii) reclassify or otherwise change the TSA Class A Common Shares or effect an amalgamation, merger, reorganization or other transaction affecting the TSA Class A Common Shares;

unless (x) TSA Exchangeco is permitted under applicable Law to make the same or an economically equivalent change to, or in the rights of holders of, the Exchangeable Shares and (y) the same or an economically equivalent change is made to, or in the rights of the holders of, the Exchangeable Shares.

- (c) Should the board of directors of TSA Exchangeco determine, in good faith and in its sole and absolute discretion, to provide economic equivalence for the purposes of any event referred to in section 2.7 (a) or (b) above, the board of directors of TSA Exchangeco shall determine, in its sole and absolute discretion, (with the assistance of such reputable and qualified independent financial advisors and/or other experts as the board of directors of TSA Exchangeco may require) such economic equivalence, and each such determination shall be conclusive and binding on TSA Exchangeco, all TSA Exchangeco security holders and TSA. In making such determination of economic equivalence, the following factors shall, without excluding other factors determined by the board of directors of TSA Exchangeco to be relevant, be considered by the board of directors of TSA Exchangeco :

- (i) in the case of any stock dividend or other distribution payable in TSA Class A Common Shares, the number of such shares issued in proportion to the number of TSA Class A Common Shares previously outstanding;
- (ii) in the case of the issuance or distribution of any rights, options or warrants to subscribe for or purchase TSA Class A Common Shares (or securities exchangeable for or convertible into or carrying rights to acquire TSA Class A Common Shares), the relationship between the exercise price of each such right, option or warrant and the Current Market Price;
- (iii) in the case of the issuance or distribution of any other form of property (including without limitation any securities of TSA of any class other than TSA Class A Common Shares, any rights, options or warrants other than those referred to in Subsection (b) above, any evidences of indebtedness of TSA or any assets of TSA), the relationship between the fair market value (as determined by the board of directors of TSA Exchangeco in the manner above contemplated) of such property to be issued or distributed with respect to each outstanding TSA Class A Common Share and the Current Market Price;
- (iv) in the case of any subdivision, re-division or change of the then outstanding TSA Class A Common Shares into a greater number of TSA Class A Common

Shares or the reduction, combination or consolidation or change of the then outstanding TSA Class A Common Shares into a lesser number of TSA Class A Common Shares or any amalgamation, merger, re-organization or other transaction effecting the TSA Class A Common Shares, the effect thereof on the then outstanding shares of TSA Class A Common Shares; and

(v) the general taxation consequences of the relevant event to holders of Exchangeable Shares to the extent that such consequences may differ from the taxation consequences to holders of TSA Class A Common Shares as a result of differences between Tax Laws of Canada, the United Kingdom, and the United States (except for any differing consequences arising as a result of differing marginal taxation rates and without regard to the individual circumstances of holders of Exchangeable Shares).

(d) TSA Exchangeco agrees that, to the extent required, and subject to TSA's overriding Redemption Call Right in the event of a TSA Spin-Out Decision Date, upon due notice from TSA, TSA Exchangeco will use its best efforts to take or cause to be taken such steps as may be necessary for the purposes of ensuring that appropriate dividends are paid or other distributions are made by TSA Exchangeco, or changes are made to the Exchangeable Shares or that an Equivalent Ratio Adjustment is made, in order to implement the required economic equivalence with respect to TSA Class A Common Shares and Exchangeable Shares as provided for in this Section 2.7.

## 2.8 Tender Offers, Etc.

In the event that a tender offer, share exchange offer, issuer bid, take-over bid or similar transaction with respect to TSA Class A Common Shares (an "Offer") is proposed by TSA or is proposed to TSA or its shareholders and is recommended by the board of directors of TSA, or is otherwise effected or to be effected with the consent or approval of the board of directors of TSA and the Exchangeable Shares are not redeemed by TSA Exchangeco or purchased by TSA Holdco (or TSA) pursuant to the Redemption Call Right or Automatic Exchange Rights, TSA will use its reasonable efforts in good faith to take all such actions and do all such things as are reasonably necessary or desirable to enable and permit holders of Exchangeable Shares other than TSA and its Affiliates to participate in such Offer to the same extent and on an economically equivalent basis as the holders of TSA Class A Common Shares, without discrimination. Without limiting the generality of the foregoing, TSA will use its reasonable efforts in good faith to ensure that holders of Exchangeable Shares may participate in each such Offer without being required to retract Exchangeable Shares as against TSA Exchangeco (or, if so required, to ensure that any such retraction shall be effective only upon, and shall be conditional upon, the closing of such Offer and only to the extent necessary to tender or deposit to the Offer). Nothing herein shall affect the rights of TSA Exchangeco to redeem (or TSA Holdco or TSA to purchase pursuant to the Redemption Call Right or Automatic Exchange Rights) Exchangeable Shares, as applicable, in the event of a TSA Control Transaction.

## 2.9 Ownership of Outstanding Shares of TSA Exchangeco

TSA covenants and agrees in favour of TSA Exchangeco that, as long as any outstanding Exchangeable Shares are owned by any Person other than TSA or its Affiliates, TSA will be and remain the direct or indirect beneficial owner of all issued and outstanding voting shares in the capital of TSA Exchangeco and of all of the issued and outstanding shares of TSA Holdco, unless obtaining the prior approval of TSA Exchangeco and the prior approval of the holders of the Exchangeable Shares given in accordance with Section 9.2 of the Exchangeable Share Provisions, and provided that this shall not prohibit a reorganization of TSA Exchangeco or TSA Holdco which results in TSA or its Affiliates assuming or succeeding to the rights and obligations of TSA



Exchangeco and TSA Holdco hereunder, but provided further that no such reorganization shall result in the holders of Exchangeable Shares becoming shareholders or otherwise beneficially interested in any body corporate or other entity which does not afford its shareholders (or other equity holders) limited liability.

#### 2.10 TSA and Affiliates Not to Vote Exchangeable Shares

TSA covenants and agrees that it will appoint and cause to be appointed proxy holders with respect to all Exchangeable Shares held by TSA and its Affiliates, specifically including TSA Holdco, for the sole purpose of attending each meeting of holders of Exchangeable Shares in order to be counted as part of the quorum for each such meeting. TSA further covenants and agrees that it will not, and will cause each of its Affiliates (including TSA Holdco) not to, exercise any voting rights that may be exercisable by holders of Exchangeable Shares from time to time pursuant to the Exchangeable Share Provisions or pursuant to the provisions of the ABCA (or any successor or other corporate statute by which TSA Exchangeco may in the future be governed) with respect to any Exchangeable Shares held by it or by TSA Holdco, TSA or by TSA's Affiliates in respect of any matter considered at any meeting of holders of Exchangeable Shares.

#### 2.11 Due Performance

On and after the Effective Date, TSA shall duly and timely perform all of its obligations provided for in the Plan of Arrangement, including any obligations that may arise upon the exercise of TSA's rights under the Exchangeable Share Provisions.

### ARTICLE III

#### GENERAL

#### 3.1 Term

This Agreement shall come into force and be effective as of the date hereof and shall terminate and be of no further force and effect at such time as no Exchangeable Shares (or securities or rights convertible into or exchangeable for or carrying rights to acquire Exchangeable Shares) are held by any party other than TSA and any of its Affiliates.

#### 3.2 Changes in Capital of TSA and TSA Exchangeco

Notwithstanding the provisions of Section 3.4 hereof, at all times after the occurrence of any event effected pursuant to Section 2.7 or 2.8 hereof or otherwise, as a result of which either the TSA Class A Common Shares or the Exchangeable Shares or both are in any way changed, this Agreement shall forthwith be amended and modified as necessary in order that it shall apply with full force and effect, mutatis mutandis, to all new securities into which TSA Class A Common Shares or the Exchangeable Shares or both are so changed and the parties hereto shall execute and deliver an agreement in writing giving effect to and evidencing such necessary amendments and modifications.

#### 3.3 Severability

If any provision of this Agreement, or the application thereof, will for any reason and to any extent be invalid or unenforceable, the remainder of this Agreement and 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 greatest extent possible, the economic, businesses, legal and other purposes of the void or unenforceable provision.

#### 3.4 Amendments, Modifications, Etc.

Subject to Section 3.2, 3.3 and 3.5, this Agreement may not be amended or modified except by an agreement in writing executed by TSA Exchangeco, TSA, and TSA Holdco and approved by the holders of the Exchangeable Shares in accordance with Section 9.2 of the Exchangeable Share Provisions.

#### 3.5 Administrative Amendments

Notwithstanding the provisions of Section 3.4, the parties to this Agreement may in writing, at any time and from time to time, without the approval of the holders of the Exchangeable Shares, amend or modify this Agreement as may be necessary or advisable for the purposes of:

- (a) adding to the covenants of any or all parties to this Agreement for the protection of TSA Exchangeco or the holders of the Exchangeable Shares, provided that the board of directors of each of TSA, TSA Exchangeco and TSA Holdco shall be of the good faith opinion, after consultation with counsel, that such additions will not be prejudicial to the rights or interest of the holders of Exchangeable Shares;
- (b) making such provisions or modifications not inconsistent with this Agreement as may be necessary or desirable with respect to matters or questions which, in the good faith opinion of the board of directors of each of TSA Exchangeco, TSA Holdco and TSA, it may be expedient to make, provided that each such board of directors shall be of the good faith opinion, after consultation with counsel, that such provisions or modifications will not be prejudicial to the interests of the holders of the Exchangeable Shares; or
- (c) making such changes or corrections to this Agreement, which, on the advice of counsel, are reasonably required for the purpose of curing or correcting any ambiguity or defect or inconsistent provision or clerical omission or mistake or manifest error, provided that in the opinion of the board of directors of each of TSA Exchangeco, TSA Holdco and TSA, after consultation with counsel, such changes or corrections will not be prejudicial to the interests of the holders of the Exchangeable Shares.

### 3.6 Meeting to Consider Amendments

TSA Exchangeco, at the request of TSA, shall call a meeting or meetings of the holders of the Exchangeable Shares for the purpose of considering any proposed amendment or modification requiring approval pursuant to Section 3.4 hereof. Any such meeting or meetings shall be called and held in accordance with the by-laws of TSA Exchangeco, the Exchangeable Share Provisions and all applicable Laws.

### 3.7 Amendments Only in Writing

No amendment to or modification or waiver of any of the provisions of this Agreement otherwise permitted hereunder shall be effective unless made in writing and signed by all of the parties hereto.

### 3.8 Inurement

This Agreement shall be binding upon and inure to the benefit of the parties hereto, the holders from time to time of the Exchangeable Shares and their respective successors and permitted assigns from time to time, as well as to their respective heirs, executors, trustees, administrators and other personal representatives.

### 3.9 Notices to Parties

All notices and other communications pursuant to this Agreement shall be in writing and deemed to be sufficient if contained in a written instrument and shall be deemed given if delivered personally, by facsimile, sent by nationally-recognized overnight courier or mailed by registered or certified mail (return receipt requested), postage prepaid, to the parties at the following address (or at such other address for a party as shall be specified by like notice):

If to TSA, TSA Holdco or TSA Exchangeco:

Transaction Systems Architects, Inc.  
224 South 108th Avenue  
Suite 7

Omaha, Nebraska

68154

Attention: General Counsel and Secretary  
Facsimile: (402) 390-8077

All such notices and other communications shall be deemed to have been received (a) in the case of personal delivery, on the date of such delivery, (b) in the case of a facsimile, when the party receiving such copy shall have confirmed receipt of the communication, (c) in the case of delivery by nationally-recognized overnight courier, on the business day following dispatch, and (d) in the case of mailing, on the tenth business day following such mailing.

3.10 Counterparts

This Agreement may be executed in any number of counterparts, each of which will be an original as regards any party whose signature appears thereon and all of which together will constitute one and the same instrument. This Agreement will become binding when one or more counterparts hereof, individually or taken together, will bear the signatures of all the parties reflected hereon as signatories.

3.11 Jurisdiction

This Agreement shall be construed and enforced in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein.

3.12 Attornment

Each of the parties hereto agrees that any action or proceeding arising out of or relating to this Agreement may be instituted in the courts of Alberta, waives any objection which it may have now or hereafter to the venue of any such action or proceeding, irrevocably submits to the jurisdiction of the said courts in any such action or proceeding, agrees to be bound by any judgment of the said courts and not to seek, and hereby waives, any review of the merits of any such judgment by the courts of any other jurisdiction.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

TRANSACTION SYSTEMS ARCHITECTS, INC.

By:

\_\_\_\_\_  
Name:  
Title:

TRANSACTION SYSTEMS ARCHITECTS NOVA SCOTIA COMPANY

By:

\_\_\_\_\_  
Name:  
Title:

TSA EXCHANGE CO LIMITED

By:

\_\_\_\_\_  
Name:  
Title: