

News Release

Hostopia Announces Exercise of Over-Allotment Option in Initial Public Offering

TORONTO, ON and FT. LAUDERDALE, FL – December 7, 2006 — Hostopia.com Inc. (TSX: H), announced today that it has issued an additional 630,000 shares of its common stock pursuant to the exercise of the over-allotment option granted to the underwriters pursuant to the Company's initial public offering.

Net proceeds for Hostopia from the exercise of the over-allotment option, after fees, will be approximately C\$3.53 million. In total, including the over-allotment shares, the Company has sold 4,830,000 shares of the Company's common stock at C\$6.00 per share for gross proceeds of approximately C\$29.0 million before underwriting fees and other costs.

RBC Dominion Securities acted as lead underwriter of a syndicate that included TD Securities, GMP Securities, and Haywood Securities.

Hostopia intends to use the net proceeds of its offering to invest in its application delivery platform, expand its portfolio of web services, expand their presence in the U.K market, and for general corporate purposes.

A final prospectus has been filed with applicable Canadian securities authorities and is available on www.sedar.com. A registration statement relating to these securities has been filed with, and declared effective by, the United States Securities and Exchange Commission. This announcement shall not constitute an offer to sell or the solicitation of an offer to buy the common stock of Hostopia.com, nor shall there be any sale of these securities in any state or jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state or jurisdiction. Copies of the final prospectus may be obtained by US residents by submitting a written request by facsimile to RBC Capital Markets at (212) 428-6260.

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Experts in Profitable Web Services

About Hostopia

Hostopia is a leading provider of web services that enable small and medium-sized businesses to establish and maintain an internet presence. The company's customers are communication services providers, including telecommunication carriers, cable companies, internet service providers, domain registrars, and web hosting service providers.

Hostopia's customers purchase its web services on a wholesale basis and resell these services under their own brands to small and medium-sized businesses. The company provides customers with the technology, infrastructure, and support services to enable them to offer web services, while saving them research and development as well as capital and operating costs typically associated with the design, development, and delivery of web services.

Forward-Looking Information

This press release includes certain "forward-looking statements" and forward-looking information that are subject to risks, uncertainties and other factors that could cause actual results or outcomes to differ materially from those contemplated by the forward-looking statements. These forward-looking statements and forward-looking information include, but are not limited to, plans, objectives, expectations and intentions and other statements contained in this press release that are not historical facts and statements identified by words such as "expects," "anticipates," "intends," "plans," "believes," "seeks," "estimates" or words of similar meaning. Our actual results could differ materially from those anticipated in these forward-looking statements and forward-looking information upon completion of the review of our third quarter results by our independent registered public accounting firm. These statements are based on our current beliefs or expectations and there are a number of important factors that could cause the actual results or outcomes to differ materially from those indicated by these forward-looking statements, including without limitation, our ability to maintain our sales efficiency, our ability to maintain our existing, and develop new, strategic relationships, the number of our net subscriber additions, our monthly customer turnover and our ability to successfully integrate recently acquired businesses and operations and those risks set forth under the caption "Risk Factors" in Hostopia's Quarterly Report on Form 10-Q for the quarter ended September 30, 2006, as filed with the Securities and Exchange Commission. These filings are available on a Website maintained by the Securities and Exchange Commission at www.sec.gov. Hostopia does not undertake any obligation to update any forward-looking statements contained in this document as a result of new information, future events or otherwise.

For More Information

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