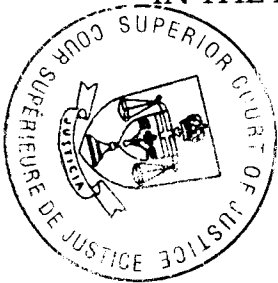


ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE MR.) FRIDAY, THE 12TH
JUSTICE CAMERON) DAY OF JULY, 2002

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT,
R.S.C. 1985, c. C-36, AS AMENDED



AND IN THE MATTER OF THE COURTS OF JUSTICE ACT,
R.S.O. 1990, c. C-43, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
MICROFORUM INC.

APPLICATION UNDER THE COMPANIES' CREDITORS
ARRANGEMENT ACT, R.S.C. 1985, c. C-36

SANCTION ORDER

THIS MOTION made by Microforum Inc. (the "Applicant") for an order approving and sanctioning the Plan of Compromise or Arrangement dated May 29, 2002 as amended by the Amendment to Plan of Compromise or Arrangement dated June 25, 2002 (the "Plan") was heard this day at 393 University Avenue, Toronto, Ontario. For purposes of this order (the "Sanction Order"), all capitalized terms which are not otherwise defined herein have the meanings ascribed to them in the Plan.

ON READING the Notice of Motion dated July 8, 2002, the Affidavit of Michel Beland sworn July 8, 2002 and the Sixth Report of Ernst & Young Inc. dated July 8, 2002 (the "Monitor's Sixth Report"), in its capacity as court-appointed Monitor of the Applicant (the "Monitor"), filed, and on hearing the submissions of counsel for the Applicant, the Monitor and such other interested parties as were present:

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record and the Monitor's Sixth Report is hereby abridged and service on any interested party other than those parties on the Service List is hereby dispensed with.

SANCTION

2. **THIS COURT ORDERS AND DECLARES** that the Applicant has complied with all statutory provisions of the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36 (the "CCAA") and the Orders of this Honourable Court, and that

- (a) The Plan was filed with this Court and the dissemination of the Plan and the Disclosure Statement in respect thereof was duly effected;
- (b) The claims process was conducted in accordance with the Orders of this Court;
- (c) Proper notices of the Meetings were given to Creditors entitled to vote thereat;
- (d) The amendment to the Plan was properly made and considered by all Classes of Creditors affected by such amendment; and

(e) The Meetings were duly convened and held pursuant to the provisions of the CCAA and the Orders of this Court.

3. **THIS COURT DECLARES** that the Plan has been approved by the Required Majority of Creditors in each Class present and voting, either in person or by proxy, at the Meeting of Affected Unsecured Creditors and at the Meeting of the Affected Secured Creditors, all in conformity with Section 6 of the CCAA.

4. **THIS COURT DECLARES** that the Plan is fair, reasonable and in the best interests of the Creditors of the Applicant.

5. **THIS COURT ORDERS AND DECLARES** that the Plan be and is hereby sanctioned and approved pursuant to Section 6 of the CCAA.

EFFECTIVE DATE

6. **THIS COURT ORDERS** that, upon the filing with this Court of a certificate of the Monitor substantially in the form attached hereto as Schedule "A" (the "Monitor's Certificate") certifying that all of the conditions precedent to implementation of the Plan set out in Sections 8.6 (the "Conditions Precedent") of the Plan, other than the effectiveness of agreements or satisfaction of conditions precedent contained in those agreements that are dependent on the occurrence of the Effective Date, have been satisfied, fulfilled or waived, the Conditions Precedent shall be deemed to be satisfied, fulfilled or waived and the Effective Date shall be deemed to be the date of such certificate.

STAY EXTENSION AND IMPLEMENTATION

7. **THIS COURT ORDERS** that the Initial Order and the Stay Period provided for therein and as extended by the Court to July 31, 2002 by Order dated April 12, 2002 (the "Claims Procedures Order"), shall be and are hereby extended and continued until August 7, 2002.

8. **THIS COURT ORDERS** that the provisions of paragraphs 33 through 34 inclusive of the Initial Order creating the Professional Advisors' Charge shall be and are hereby deemed to continue in full force and effect unamended until such time as the accounts of the Monitor, counsel to the Monitor and counsel to the Applicant have been paid in full.

9. **THIS COURT ORDERS** that the Applicant is authorized and directed to take all actions necessary or appropriate to enter into, implement and consummate the contracts, instruments, releases, leases, indentures and other agreements or documents created in connection with the Plan.

10. **THIS COURT ORDERS AND DECLARES** that, upon the Effective Date, the Plan and all of the compromises and transactions to be effected thereby shall be effective for all purposes and shall enure to the benefit of and be binding upon the Applicant and the Creditors and their respective heirs, executors, administrators, legal or personal representatives, successors and assigns.

11. **THIS COURT ORDERS** that, subject to the provisions of the Plan and effective as at 12:01 a.m. on the Effective Date, all obligations or agreements to which the Applicant is a party as of the Effective Date shall be and remain in full force and effect, unamended, as at the Effective Date and no Person who is party to any such obligation or agreement shall, on or following the Effective Date, accelerate, terminate, rescind, refuse to perform or otherwise repudiate its obligations thereunder, or enforce or exercise any right (including any right of set-off, dilution or other remedy) or make any demand under or in respect of any such obligation or agreement, by reason:

- (a) Of any event or events which occurred on or prior to the Effective Date, which would have entitled any other Person thereto to enforce those rights or remedies (including defaults or events of default arising as a result of the financial condition or insolvency of the Applicant);

- (b) Of the fact that the Applicant sought or obtained relief under the CCAA or that a reorganization has been implemented by the Applicant;
- (c) Of the effect on the Applicant of the completion of any of the transactions contemplated in the Plan or the reorganization of the Applicant; or
- (d) Of any compromises or arrangements effected pursuant to the Plan.

12. **THIS COURT ORDERS** that as at 12:01 a.m. on the Effective Date each Affected Creditor shall be deemed to have consented and to have agreed to all of the provisions of the Plan in its entirety. In particular, each Affected Creditor shall be deemed:

- (a) To have executed and delivered to the Applicant all consents, releases, assignments and waivers, statutory or otherwise, required to implement and carry out the Plan in its entirety;
- (b) To have waived any and all defaults then existing or previously committed by the Applicant in any covenant, warranty, representation, term, provision, condition or obligation, expressed or implied, in any contract, agreement, mortgage, security agreement, indenture, trust indenture, loan agreement, commitment letter, agreement for sale, lease or other agreement, written or oral and any and all amendments or supplements thereto, existing between any such Affected Creditor and the Applicant and any and all notices of default and demands for payment under any instrument, including, without limitation any guarantee, shall be deemed to have been rescinded; and
- (c) To have agreed that, if there is any conflict between the provisions, express or implied, of any agreement or other arrangement, written or

oral, existing between such Affected Creditor and the Applicant as at such time (other than those entered into by the Applicant on, or with effect from, such time) and the provisions of the Plan, then the provisions of the Plan take precedence and priority and the provisions of such agreement or other arrangement are amended accordingly.

13. **THIS COURT ORDERS** that as of the Effective Date each of the holders of Claims, and any individual, corporation or other entity that was at any time formerly one of the foregoing releasing parties will be deemed to forever release, waive and discharge all claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action and liabilities (other than the rights to enforce the Applicant's obligations under the Plan and the cash, contracts, securities, instruments, releases and other agreements and documents to be delivered hereunder), whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity or otherwise that are based in whole or in part on any act, omission, transaction, event or other occurrence taking place on or prior to the Effective Date in any way relating to the Applicant, the parties released pursuant to Section 6.1 of the Plan, the CCAA proceeding, or the Plan, against: (i) the Applicant (other than for claims for indemnity under the Applicant's standard indemnity in favour of its directors and officers); (ii) the Applicant's agents and professionals (including, for greater certainty, the Monitor, the Monitor's legal counsel, the Applicant's auditors and the Applicant's legal counsel); (iii) the directors, officers and employees of the Applicant, in each case, as of the Date of Filing, or persons that have become directors, officers and/or employees thereof thereafter but prior to the Effective Date; (iv) the respective affiliates, current and former officers, directors, partners, employees, agents, shareholders and professionals (including the current and former officers, directors, partners, employees, agents, shareholders and professionals of the released professionals) of the entities released in subclauses (i)

and (ii) of Section 6.1 of the Plan, acting in such capacity; and (v) the respective heirs, administrators, executors and legal personal representatives of the Persons released in (i) to (iv) above, with the exception of the Unaffected Obligations in Schedule "A" to the Plan and the obligations of the Applicant under the Plan.

14. **THIS COURT ORDERS** that any prosecution, whether direct, derivative or otherwise, of any claim, obligation, suit, judgment, damages, demand, debt, right, cause of action, liability or interest returned, discharged or terminated pursuant to the Plan shall be and is hereby enjoined and forever barred.

CLAIMS OFFICER

15. **THIS COURT ORDERS** that the appointment of the Claims Officer shall be terminated upon final resolution or determination of all outstanding Disputed Unsecured Claims, with no further obligations or responsibilities in connection with such appointment.

16. **THIS COURT ORDERS** that, effective upon the termination of the appointment of the Claims Officer, any and all claims against the Claims Officer in connection with the performance of his duties as Claims Officer or otherwise, shall be and are hereby stayed, extinguished and forever barred and the Claims Officer shall have no liability in respect thereof.

MONITOR

17. **THIS COURT ORDERS** that the actions of the Monitor described in the Monitor's Sixth Report be and are hereby approved.

18. **THIS COURT ORDERS AND DECLARES** that the Monitor has satisfied all of its obligations under the Orders, and shall have no further obligations to report or disclose any information, or otherwise, under the Orders and no liability in respect of any information disclosed.

19. **THIS COURT ORDERS** that the accounts of the Monitor and its counsel be and are hereby approved and that the Monitor be hereby relieved of any further obligation to seek Court approval of the Monitor's accounts or those of its counsel.

20. **THIS COURT ORDERS** that, effective as at 12:01 a.m. on the Effective Date, any and all claims against the Monitor in connection with the performance of its duties as Monitor or otherwise up to the Effective Date, shall be and are hereby stayed, extinguished and forever barred and the Monitor shall have no liability in respect thereof.

21. **THIS COURT ORDERS** that, effective upon the filing of the Monitor's Certificate, the appointment of Ernst & Young Inc. as Monitor shall be terminated and the Monitor shall be discharged from its remaining duties as Monitor of the Applicant, and any and all claims against the Monitor in connection with the performance of its duties as Monitor or otherwise, shall be and are hereby stayed, extinguished and forever barred and the Monitor shall have no liability in respect thereof.

MISCELLANEOUS

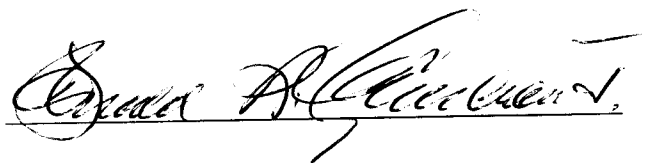
22. **THIS COURT ORDERS** that the provisions of this order are nonseverable and mutually dependent.

23. **THIS COURT SEEKS AND REQUESTS** the aid and recognition of any court or administrative body in any Province of Canada and any Canadian Federal Court or administrative body and any Federal or State Court or administrative body in the United States of America to act in aid of and to be complementary to this Court in carrying out the terms of this Sanction Order.

ENTERED AT/INSCRIT À TORONTO
ON/BOOK NO:
LE/DANS LE REGISTRE NO:

JUL 1 2 2002

PER/PAR: 



Schedule "A"

Court File No. 02-CL-4394

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

**IN THE MATTER OF THE COMPANIES' CREDITORS
ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED**

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF MICROFORUM INC.**

**APPLICATION UNDER THE COMPANIES' CREDITORS
ARRANGEMENT ACT, R.S.C. 1985, c. C-36**

MONITOR'S CERTIFICATE

WHEREAS:

- A. On January 29, 2002, Microforum Inc. (the "Applicant") brought an Application under the *Companies' Creditors Arrangement Act* (the "CCAA"), seeking protection from its creditors and leave to file a proposal or a plan of compromise or arrangement.
- B. An Order was granted in the CCAA proceedings on January 29, 2002, which, amongst other things, appointed Ernst & Young Inc. as the court-appointed Monitor (the "Monitor") with the responsibilities set out therein.
- C. A Plan of Compromise or Arrangement (together with the Amendment to the Plan of Compromise or Arrangement dated June 25, 2002, the "Plan") was filed with the Court on June 5, 2002 and delivered to the Applicant's Creditors in accordance with the Meetings Order of the same date.
- D. Meetings of the Applicant's Affected Unsecured Creditors and the Applicant's Affected Secured Creditors were convened on June 25, 2002, and the Plan was approved in conformity with Section 6 of the CCAA.

E. On July 12, 2002 an Order was granted approving and sanctioning the Plan, pursuant to Section 6 of the CCAA. The Order also provided for the implementation of the Plan.

NOW THEREFORE THE UNDERSIGNED HEREBY CERTIFIES THE FOLLOWING:

1. All of the conditions precedent to implementation of the Plan set out in Sections 8.6 (the "Conditions Precedent") of the Plan, other than the effectiveness of agreements or satisfaction of conditions precedent contained in those agreements that are dependent on the occurrence of the Effective Date, have been satisfied, fulfilled or waived.

2. The implementation of the Plan has been completed to the satisfaction of the Monitor.

MADE at Toronto this _____ day of _____, 2002.

Ernst & Young Inc., in its capacity as the Monitor of Microforum and not in its personal or corporate capacity

By: _____

**IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT,
C. 1985, c.C-36
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
MICROFORUM INC.**

Court File No:02-CL-4394

ONTARIO

**SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at TORONTO

MONITOR'S CERTIFICATE

STIKEMAN ELLIOTT

Barristers & Solicitors

5300 Commerce Court West

199 Bay Street

Toronto, Canada M5L 1B9

Peter F.C. Howard (LSUC#: 22056F)

Tel: (416) 869-5274

Lana J. Finney LSUC#: 37477L

Tel: (416) 869-5274

Fax: (416) 947-0866

Solicitors for the Applicant,
Microforum Inc.

**IN THE MATTER OF A PLAN OF COMPROMISE AND ARRANGEMENT
OF MICROFORUM INC.**
under the Companies' Creditors Arrangement Act, R.S.C. 1985, c. C-36

Court File No: 02-CL-4394

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**
Proceeding commenced at Toronto

SANCTION ORDER

STIKEMAN ELLIOTT
Suite 5300-199 Bay Street
Commerce Court West
Toronto, Ontario M5L 1b9

Peter F.C. Howard (LSUC #22056F)
Tel: (416) 869-5613

Lana J. Finney (LSUC #37477L)
Tel: (416) 869-5274
Fax: (416) 861-0445

Solicitors for the Applicant,
Microforum Inc.