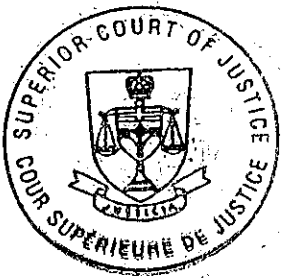


ONTARIO  
SUPERIOR COURT OF JUSTICE  
(IN BANKRUPTCY AND INSOLVENCY)

THE HONOURABLE MR. )  
JUSTICE GEOFFREY B. MORAWETZ ) TUESDAY, THE 25<sup>th</sup> DAY  
OF MARCH, 2008



IN THE MATTER OF THE BANKRUPTCY OF  
FACTORCORP INC. AND FACTORCORP FINANCIAL  
INC., each of which is a corporation incorporated pursuant to  
the *Business Corporations Act* (Ontario) with its principal  
place of business in the City of Mississauga, in the Province of  
Ontario.

**ORDER**

**THIS MOTION** made by KPMG Inc., in its capacity as the Receiver and Manager (the "Receiver") of all of the property, assets and undertaking of FactorCorp Inc. and FactorCorp Financial Inc. (collectively, "the Companies"), for a Bankruptcy Order against the Companies on a consolidated basis was heard this day at 330 University Avenue, Toronto, Ontario.

**UPON READING** the Application for a Consolidated Bankruptcy Order dated December 4, 2007, the Affidavit of Verification dated December 4, 2007, the First Report of the Receiver dated October 29, 2007, the Second Report of the Receiver dated November 21, 2007, the Supplemental Report to the Second Report of the Receiver dated November 26, 2007 (the "Second Supplemental Report"), the Fourth Report of the Receiver dated March 10, 2008 (the "Fourth Report") and on hearing the submissions of counsel for the Receiver and counsel for the Ontario Securities Commission and Farm Mutual Financial Services.

**AND UPON** this Honourable Court being satisfied that, during the six month period immediately prior to the date of the Application for a Bankruptcy Order, the Companies committed the following acts of bankruptcy:

- (a) ceased to meet their liabilities generally as they became due, and
- (b) gave notice to their creditors that they have suspended payment of their debts.

1. **THIS COURT ORDERS AND DECLARES** that the time for the service of the Notice of Motion, the Motion Record, the Fourth Report of the Receiver and the Fourth Supplemental Report be and it is hereby abridged to the date of actual service, this Motion is properly returnable today and service upon any other party other than those served with the Notice of Motion be and it is hereby dispensed with.

2. **THIS COURT ORDERS** that the Fourth Report and the activities and conduct of the Receiver described therein be and they are hereby approved.

3. **THIS COURT ORDERS** that the Companies, of the City of Mississauga, in the Province of Ontario, be and they are hereby adjudged bankrupt and a Bankruptcy Order be and it is hereby made against the Companies on a consolidated basis.

4. **THIS COURT ORDERS** that KPMG Inc., of the City of Toronto, in the Province of Ontario, shall be and it is hereby appointed Trustee of the Consolidated Estate of the Companies (the "Consolidated Estate").

5. **THIS COURT ORDERS AND DECLARES** that the Companies are "securities firms" within the meaning of and governed by the provisions of Part XII of the *Bankruptcy and Insolvency Act* (Canada) (the "BIA").

6. **THIS COURT ORDERS AND DIRECTS** that the Consolidated Estate be administered pursuant to and in accordance with Part XII of the BIA.

7. **THIS COURT ORDERS AND DECLARES** that the date of the initial bankruptcy event for the Consolidated Estate is December 4, 2007 (the “Effective Date of Bankruptcy”).

8. **THIS COURT ORDERS AND DECLARES** that the form and substance of the Notice Documents attached hereto as Schedule “A” shall be and they are hereby approved.

9. **THIS COURT ORDERS** that the Trustee be and it is hereby authorized and directed to rely on the best available records in its possession for the purposes of mailing the Notice Documents.

10. **THIS COURT ORDERS** that the Trustee be and it is hereby authorized and directed to send the Notice Documents to all persons who purchased debentures from the Companies (the “Investors”) and other creditors by way of regular mail.

11. **THIS COURT ORDERS** that the Trustee be and it is hereby authorized and directed to publish the Notice Documents in the *Globe and Mail* in accordance with the provisions of subsection 103(4) of the BIA.

12. **THIS COURT ORDERS AND DECLARES** that the proposed methodology for the calculation of the provable claims (the “Claims”) of the Investors as set out in the Fourth Report, whereby Claims will be calculated on the basis that the amount of an Investor’s Claim shall be the amount invested by the Investor plus any accrued and unpaid interest thereon to the Effective Date of Bankruptcy less any redemption proceeds received by the Investor from the Bankrupts prior to the Effective Date of Bankruptcy be and it is hereby approved.

13. **THIS COURT ORDERS AND DECLARES** that notice of paragraph 12 of this Order is to be given to Investors through the inclusion of a statement in the Notice Documents (the “Investment Statement”) prepared using the prescribed methodology for the calculation of Claims.

14. **THIS COURT ORDERS** that the Trustee is authorized to accept a proof of claim from each Investor based upon the Investor Statement delivered to each Investor unless the Investor disputes the Investor Statement by filing a proof of claim in the prescribed form, with the prescribed schedules thereto, setting out the Investor's calculation of its claim against the Consolidated Estate.

15. **THIS COURT ORDERS** that the funds in the possession of KPMG Inc., in its capacity as Receiver and Manager of all of the property, assets and undertaking of the Companies, and all amounts recovered from any fraudulent preferences, fraudulent conveyances, settlements and other reviewable transactions constitute cash and securities and comprise the customer pool fund of the Consolidated Estate all within the meaning of Part XII of the BIA.

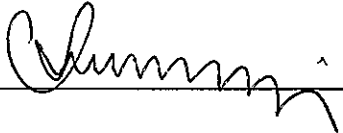
16. **THIS COURT ORDERS** that the Receiver be and it is hereby authorized to advance sufficient funds to the Trustee to fund the administration of the Consolidated Estate.

17. **THIS COURT ORDERS AND DECLARES** that nothing contained herein shall affect the Orders of this Honourable Court dated October 17, 2007 and October 30, 2007 made in the proceeding commenced by the Ontario Securities Commission against the Companies in which KPMG Inc. was appointed the Receiver and Manager of all property, assets and undertaking of the Companies and that those Orders shall remain in full force and effect unamended by this Order.

18. **THIS COURT ORDERS** that the Reimbursement Agreement between the Receiver and Bank of Montreal dated November 13, 2007 is binding upon the Trustee and the Consolidated Estate.

19. **THIS COURT ORDERS AND DECLARES** that nothing contained herein shall affect the validity, enforceability and/or priority of the Receiver's Charge established by paragraph 19 of the Order of this Honourable Court appointing KPMG Inc. Receiver and Manager of all of the property, assets and undertaking of the Companies dated October 17, 2007 (the "Appointment Order").

20. **THIS COURT ORDERS AND DECLARES** that the levy pursuant to Section 147 of the BIA is not payable upon allocations made by the Trustee from the customer pool fund to the customers of this Consolidated Estate pursuant to subsection 262(1) of Part XII of the BIA.




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**Christina Irwin**  
Registrar, Superior Court of Justice

FILED IN THE COURT OF TORONTO  
ON / DANS LE REGISTRE NO.:

MAR 27 2008

PER/PAR: 

ONTARIO

**SUPERIOR COURT OF JUSTICE  
(IN BANKRUPTCY AND INSOLVENCY)**

Proceeding commenced at Toronto

**ORDER**

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Solicitors for KPMG Inc., in its capacity as Receiver  
and Manager of the property, assets and undertaking of  
FactorCorp Inc. and FactorCorp Financial Inc.