

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE *MR*
JUSTICE *CUMMING*

) MONDAY, THE 21st DAY
) OF DECEMBER 2009
)

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

**APPLICATION OF TLC VISION CORPORATION
UNDER SECTION 47 OF THE
COMPANIES' CREDITORS ARRANGEMENT ACT,
R.S.C. 1985, c. C-36, AS AMENDED**

INTERIM INITIAL ORDER

THIS APPLICATION, made by TLC Vision Corporation (the "Applicant") for an interim stay of proceedings was heard on this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Application, the affidavit of Michael Gries sworn December 21, 2009 (the "Gries Affidavit"), filed, and upon hearing the submissions of counsel for the Applicant, counsel for the proposed Information Officer, Alvarez & Marsal Canada ULC, and counsel for Cantor Fitzgerald Securities on behalf of the DIP Lenders (as defined in the Affidavit of Michael Gries, sworn December 21, 2009 (the "Gries Affidavit")) and Wells Fargo Bank, National Association as collateral agent and administrative agent for the pre-petition lenders under the Credit Facility (as defined in the Gries Affidavit) and upon being advised that none of the other persons who might be interested in these proceedings was served with the Notice of Application:

SERVICE

1. THIS COURT ORDERS that the time for service of the Notice of Application and the Application Record is abridged so that the application may be heard today and that further service of the Notice of Application and the Application Record upon any interested person not served is dispensed with.

STAY OF PROCEEDINGS

2. THIS COURT ORDERS that, subject to further order of this Court, no proceeding or enforcement process in any court or tribunal (each, a "Proceeding"), including a Proceeding taken or that might be taken against the Applicant under the *Bankruptcy and Insolvency Act* (Canada) or the *Winding-up and Restructuring Act*, shall be commenced or continued against or in respect of the Applicant, or affecting the property, assets, rights and undertaking (a term which in this Order includes any and all present and future property of every nature and kind whatsoever, and wheresoever situate, whether real or personal, and including all proceeds thereof, of the Applicant and whether held by the Applicant in whole or in part, directly or indirectly, as principal or nominee, beneficially or otherwise) (the "Property"), except with the written consent of the Applicant, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the Applicant or affecting the Property are hereby stayed and suspended pending further Order of this Court.

EXERCISE OF RIGHTS OR REMEDIES

3. THIS COURT ORDERS that, subject to further order of this Court, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being "Persons" and each being a "Person") against or in respect of the Applicant, or affecting the Property, are hereby stayed and suspended except with the written consent of the Applicant and the Information Officer, or leave of this Court, provided that nothing in this Order shall (i) empower the Applicant to carry on any business which the Applicant is not lawfully entitled to carry on, (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by section 11.1 of the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended, (the

“CCAA”), (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NON-INTERFERENCE WITH RIGHTS

4. THIS COURT ORDERS that, subject to further order of this Court, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Applicant, except with the written consent of the Applicant, or leave of this Court.

CONTINUATION OF SERVICES

5. THIS COURT ORDERS that, subject to further order of this Court, all Persons having oral or written agreements with the Applicant or statutory or regulatory mandates for the supply of goods and/or services, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation, services, utility or other services to the Applicant, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Applicant, and that the Applicant shall be entitled to the continued use of its current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Applicant in accordance with normal payment practices of the Applicant or such other practices as may be agreed upon by the supplier or service provider and the Applicant, or as may be ordered by this Court.

NON-DEROGATION OF RIGHTS

6. THIS COURT ORDERS that, notwithstanding anything else contained herein, no creditor of the Applicant shall be under any obligation after the making of this Order to advance or re-advance any monies or otherwise extend any credit to the Applicant. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

7. THIS COURT ORDERS that, subject to further order of this Court, and except as permitted by Section 11.51(4) of the CCAA, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of the Applicant with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Applicant whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the Applicant, if one is filed, is sanctioned by this Court or is refused by the creditors of the Applicant or this Court.

SERVICE OF COURT MATERIALS AND PUBLICATIONS OF NOTICE

8. THIS COURT ORDERS that the Applicant is at liberty to serve this Order, any other orders in this proceeding, all other proceedings, notices and documents by prepaid ordinary mail, courier, personal delivery or electronic transmission to any interested party at their addresses as last shown on the records of the Applicant and that any such service or notice by courier, personal delivery or electronic transmission shall be deemed to be received on the next business day following the date of forwarding, or if sent by ordinary mail, on the second business day after mailing.

9. THIS COURT ORDERS that any party to these proceedings, may serve any court materials in these proceedings (including without limitation, application records, motion records, factums and orders) on all parties electronically by emailing a PDF or other electronic copy of such materials to parties' e-mail addresses as recorded on the service list.

SEALING

10. THIS COURT ORDERS that the confidential Exhibit to the Gries Affidavit be and it is hereby sealed and it shall be treated as confidential and shall not form part of the public record until further order of this Honourable Court.

MISCELLANEOUS

11. THIS COURT ORDERS that, notwithstanding anything else contained in this Order, the Applicant may, by written consent of its counsel of record, agree to waive any of the protections provided to them in this Order.

12. THIS COURT ORDERS that the Applicant may, from time to time, apply to this Court for such further or other relief as it may advise from time to time, including for directions in respect of the proper execution of this Order.

13. THIS COURT ORDERS AND REQUESTS the aid and recognition of any court or any judicial, regulatory or administrative body in any province or territory of Canada and the Federal Court of Canada and any judicial, regulatory or administrative tribunal or other court constituted pursuant to the Parliament of Canada or the legislature of any province and any court or any judicial, regulatory or administrative body of the United States and the states of other subdivisions of the United States and of any other nation or state to act in aid of and to be complementary to this Court in carrying out the terms of this Order.

14. THIS COURT ORDERS AND DECLARES that this Order shall be effective as of 12:01 a.m. on the date of this Order and that any rights exercised or purported to be exercised by any Person on this date which would be contrary to the terms of this Order are of no force and effect, and are null and void.

15. THIS COURT ORDERS that any interested Person may apply to this Court to vary or rescind this Order or to seek other relief upon two (2) days' notice to the Applicant and to any other party likely to be affected by the order sought or upon such notice, if any, as this Court may order.

December 21, 2009 Peter A. Cumming J.

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

Court File No.

APPLICATION OF TLC VISION CORPORATION UNDER SECTION 47 OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at Toronto

INTERIM INITIAL ORDER

Torys LLP

79 Wellington Street West
Suite 300, TD Centre
Toronto, Ontario M5K 1N2
Fax: 416.865.7380

Michael B. Rotsztain LSUC#: 17086M

Tel: 416.865.7508

Email: mrotsztain@torys.com

Andrew Gray LSUC#: 46626V

Tel: 416.865.7630

Email : agray@torys.com

Adam M. Slavens LSUC#: 54433J

Tel: 416.865.7333

Email: aslavens@torys.com

Lawyers for TLC Vision Corporation