

CANADA
PROVINCE OF QUEBEC
DISTRICT OF MONTREAL

SUPERIOR COURT
COMMERCIAL DIVISION
(Sitting as a court designated under the
Companies' Creditors Arrangement Act)

N°: 500-11-022623-041

IN THE MATTER OF THE PLAN OF
ARRANGEMENT OF :

QBIOGÈNE INC.

Petitioner

and

RSM RICHTER INC.

Monitor

**PLAN OF ARRANGEMENT
UNDER THE *COMPANIES' CREDITORS ARRANGEMENT ACT*
(Sections 4, 5 et 5.1)**

**SECTION 1
DEFINITIONS AND INTERPRETATION**

Section 1.1 Definitions

In the Plan, as hereinafter defined, unless otherwise stated or the context otherwise requires:

“Administrative Claim” means any right or claim secured by the Administrative Charge as defined in the Initial Order;

“Affected Creditor” means the holder of a Claim other than a Crown Claim, Administrative Claim, D&O Claim, Secured Claim, or any claim which Qbiogène is required to pay by the terms of the Initial Order or any subsequent order, and includes any landlord of Qbiogène whose lease has been repudiated pursuant to paragraph 26(e) of the Initial Order;

“Alexis Shares” means the shares of Alexis Corporation, a Delaware Corporation, held by Qbiogène;

“Arrangement” means the arrangement under sections 49 and 123.107 of the *Companies Act* (Quebec) whereby: (i) a class of shares consisting of an unlimited number of Common Shares is created; and (ii) the authorized Voting Shares and Preferred Shares are cancelled;

“Articles of Amendment” means the articles confirming the Arrangement;

“Business Day” means a day, other than a Saturday or a Sunday, on which chartered banks are generally open for business in Montreal, Quebec;

“Cash Investment” means the cash portion of the investment to be made by MP Biomedical pursuant to the Subscription Agreement;

“CCAA” means the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended;

“Charge” means a valid and enforceable security interest, lien, charge, pledge, encumbrance, mortgage, hypothec, adverse claim, title retention agreement or trust agreement of any nature or kind (but excluding any statutory deemed trust or lien for any taxes or levies), on any assets, property or proceeds of sale of Qbiogène or a right of ownership on any equipment which was leased by Qbiogène;

“Claim” means any right of any Person against Qbiogène in connection with any indebtedness, liability or obligation of any kind of Qbiogène owed to such Person and any interest accrued thereon or costs payable in respect thereof, whether liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, present, future, known or unknown, by guarantee, surety or otherwise, and whether or not such right is executory or anticipatory in nature, including the right or ability of any Person to advance a claim for contribution or indemnity or otherwise with respect to any matter, action, cause or chose in action, whether existing at present or commenced in the future, which indebtedness, liability or obligation is based in whole or in part on facts existing prior to the March 9th, 2004, and which would have been a claim provable in bankruptcy had Qbiogène become bankrupt on March 9th, 2004;

“Claims Bar Date” means 5:00 p.m. (Eastern Standard Time) on May 21, 2004;

“Common Shares” means the common shares in the capital of Qbiogène to be created pursuant to the Articles of Amendment, which shall be voting, participating and entitled to receive dividends at the discretion of the board of directors of Qbiogène;

“Court” means the Superior Court of Quebec and, where applicable, the Court of Appeal of Quebec;

“Crown Claim” means the amounts due to Her Majesty in right of Canada or a province described in subsection 18.2(1) of the CCAA;

“D&O Claim” means any right or claim secured by the Directors and Officers Charge as defined in the Initial Order;

“Distribution” means the Distribution of funds by the Monitor to the Affected Creditors, the holders of Secured Claims, if any, and the holders of Crown Claims, in exchange for which all the claims of such creditors shall be extinguished;

“Effective Date” has the meeting set forth in section 6.3 of the Plan;

“Holdback” means the amount of money held in escrow by Ogilvy Renault to satisfy any indemnities payable by Qbiogène pursuant to the terms of the MP Biomedical Subscription Agreement;

“Initial Order” means the Order of the Court dated March 9, 2004, pursuant to the Qbiogène’s initial application under the CCAA, as amended from time to time;

“Monitor” means RSM Richter and any successor thereto appointed in accordance with the Initial Order;

“Monitor’s Certificate” has the meaning set forth in section 6.3 of the Plan;

“MP Biomedical” means MP Biomedicals LLC, its successors, assignees or designees;

“Order” means any order of the Court in court file 500-11-022623-041;

“Person” shall have the meaning attributed thereto in section 2(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3;

“Plan” means this plan of arrangement by Qbiogène under the CCAA, including all schedules hereto, as may be hereafter amended or supplemented from time to time in accordance with its terms;

“Preferred Shares” means the preferred shares in the share capital of Qbiogène existing prior to the issuance of the Articles of Amendments;

“Qbiogène” means Qbiogène Inc.;

“Sanction Order” means the Order to be sought by Qbiogène pursuant to section 6 of the CCAA whereby the Court would sanction the Plan;

“Secured Claim” means a Claim secured by a Charge;

“Series A Stock” means Series A Convertible Preferred Stock of MP Biomedical;

“Subscription Agreement” means the subscription agreement entered into by MP Biomedical and Qbiogène on July 20, 2004 pursuant to which MP Biomedical will be required to subscribe for 100% of the Common Shares;

“Unaffected Creditor” means the holder of a Crown Claim, Administrative Claim, D&O Claim, Secured Claim or claim which Qbiogène is required to pay according to the terms of the Initial Order or any subsequent Order;

“Unsecured Claim” means any Claim other than a Crown Claim, Administrative Claim, D&O Claim, or Secured Claim, as accepted or revised by the Monitor, or as adjudicated by the Court, the whole pursuant to the Order dated April 15, 2004, and includes any claim of a landlord of Qbiogène whose lease has been repudiated pursuant to paragraph 26(e) of the Initial Order, as accepted or revised by the Monitor, or as adjudicated by the Court on such conditions as it shall determine;

“Voting Shares” means the voting shares in the share capital of Qbiogène existing prior to the issuance of the Articles of Amendment and the options and warrants issued by Qbiogène with respect to same;

Section 1.2 Interpretation

For the purposes of the Plan :

- a) any reference in the Plan to a contract, instrument, release, indenture, or other agreement or document as being in a particular form or on particular terms and conditions means that such document shall be substantially in such form or substantially on such terms and conditions;
- b) any reference in the Plan to an existing document or exhibit filed or to be filed means such document or exhibit as it may have been or may be amended, modified, or supplemented;
- c) unless otherwise specified, all references in the Plan to sections, articles and schedules are references to sections, articles and schedules of or to the Plan;
- d) the words "herein" and "hereto" and words of a similar nature refer to the Plan in its entirety rather than to any particular portion of the Plan;
- e) captions and headings of articles and sections of the Plan are inserted for ease of reference only and are not intended to be a part of nor to affect the interpretation of the Plan;
- f) where the context requires, a word or words importing the singular shall include the plural and vice versa; and
- g) the phrase "may not" is prohibitive and not permissive;

Section 1.3 Date for any Action

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

Section 1.4 Time

All times expressed in the Plan refer to the local time in Montreal, Quebec, unless otherwise stipulated.

Section 1.5 Governing Law

The Plan shall be governed by and construed in accordance with the law applicable in the Province of Quebec. All questions as to the interpretation of or application of this Plan and all proceedings taken in connection with this Plan and its provisions shall be subject to the exclusive jurisdiction of the Court and the prescriptions of the Initial Order.

Section 1.6 Statutory References

Any reference in the Plan to a statute includes all regulations made thereunder and all amendments to such statute or regulations in force from time to time.

Section 1.7 Successors and Assigns

The Plan shall be binding upon and shall enure to the benefit of the heirs, administrators, executors, legal personal representatives, successors and assigns of any Person named or referred to in the Plan.

**SECTION 2
OVERVIEW OF THE PLAN**

Section 2.1 Background

The circumstances and events leading up to the Plan are summarized in the initial petition made by Qbiogène pursuant to which the Initial Order was granted, the subsequent petitions extending the Stay Termination Date, establishing the claims process, and authorizing the sale of the Alexis Shares, and the reports of the Monitor.

Section 2.2 Overview

The purpose of the Plan is for Qbiogène to create a fund, with which to settle all of the Claim, with the net cash proceeds generated by the (1) sale of the Alexis Shares, and (2) the Subscription Agreement. The Subscription Agreement is conditional, amongst other things, the approval of the Plan by the requisite majority of creditors and the approval of the Arrangement by the shareholders of Qbiogene, the result of which is for MP Biomedical to become the sole Shareholder of Qbiogène. To this end, Qbiogène, with the assistance of the Monitor and the permission of the Court where required, shall:

- a) finalize the sale of the Alexis Shares;
- b) convene a meeting of creditors pursuant to the CCAA in Montreal, Quebec on August 5th, 2004, in order to have the Plan approved by the required majority of the Affected Creditors;
- c) convene a meeting of Qbiogène's existing shareholders options and warrants' holders to consider and approve the Arrangement;
- d) apply to the Court to sanction the Plan, and to approve the Arrangement;
- e) finalize the Subscription Agreement;
- f) pay all amounts owing to Unaffected Creditors;
- g) distribute any remaining net cash *pro rata* to the Affected Creditors.

SECTION 3 CLASSES AND TREATMENT OF CREDITORS

Section 3.1 Unaffected Creditors

Holders of Crown Claims, Administrative Claims, D&O Claims, Secured Claims and claims which Qbiogène is required to pay according to the terms of the Initial Order with or any subsequent Order are, in that capacity, entirely unaffected by the Plan (the "Unaffected Creditors").

Section 3.2 Treatment of Unaffected Creditors

The claims of Unaffected Creditors shall be paid as follows:

- a) Crown Claims shall be paid in full, prior to any Distribution, within six (6) months after the Effective Date;

- b) Administrative Claims and D&O Claims shall be paid in full prior to any Distribution or any payment of Secured Claims;
- c) Secured Claims shall be paid from the proceeds of the assets subject to those claims, prior to any Distribution; and
- d) Claims which Qbiogène is required to pay by the Initial Order or any subsequent Order shall be paid forthwith.

Section 3.3 Affected Creditors

For the purposes of the Plan, Affected Creditors shall constitute a single class.

Section 3.4 Treatment of Affected Creditors

Affected Creditors shall receive a *pro rata* share of the Distribution based on the amount of their Unsecured Claim.

SECTION 4 MEETING OF CREDITORS

Section 4.1 Procedure at the Meeting of Creditors

The procedure at the Meeting of Creditors shall be as set out in the Order dated April 15, 2004.

Section 4.2 Voting

Each Affected Creditor shall have a number of votes equal to its Unsecured Claim expressed in Canadian dollars.

Section 4.3 Filing and Treatment of Claims

The filing and treatment of Claims shall be in accordance with the procedure set out in the Order date April 15, 2004.

Section 4.4 Interest

No interest shall be payable on account of an Unsecured Claim beyond the date of the Initial Order, March 9, 2004.

SECTION 5 DISTRIBUTION

Section 5.1 Funds Available for Distribution

Subject to the conclusion of the sale of the Alexis Shares and the Subscription Agreement, the net cash available from the following sources shall be available for the Distribution after the payment of the claim of each and all Unaffected Creditors:

- a) The proceeds of the sale of the Alexis Shares;
- b) The Cash Investment;
- c) Any unclaimed portion of the Distribution of the first dividend in accordance with Section 5.2 of the Plan; and
- d) The funds received from the holders options or warrants in the course of the Arrangement.

The Distribution by the Monitor shall be paid to the Affected Creditors in two instalments. The first instalment will be paid within sixty (60) days after the Sanction Order and will correspond to a minimum of ninety percent (90%) of the net cash then available.

The second instalment, which will correspond to the balance of the net cash available shall be paid sixty days (60) after the receipt by the Monitor of the Holdback in accordance with the Subscription Agreement.

Section 5.2 Unclaimed Distributions

Unless directed otherwise by the Court, any portion of the Distribution that is unclaimed for a period of six (6) months that is not otherwise dealt with in Section 5.1 of the Plan shall be re-vested in Qbiogène and any entitlement of any other Person to such portion shall be extinguished and forever barred.

SECTION 6 PRIOR CONDITIONS TO THE COMING INTO FORCE OF THE PLAN

Section 6.1 Application for Sanction Order

If the Affected Creditors approve the Plan, Qbiogène shall forthwith apply for the Sanction Order and, subject to the requirement of any authorization by the Court or the Monitor, proceed with the implementation of the Plan.

Section 6.2 Content of Sanction Order

Qbiogène shall seek a Sanction Order or additional Order that, in addition to sanctioning this Plan, will:

- a) direct and authorize Qbiogène to complete all of the corporate and financial transactions contemplated in order to implement the Plan, including the filing of the Articles of Amendment;
- b) declare that the compromise and extinguishing of Claims effected by the Plan are approved, binding and effective upon all Affected Creditors;
- c) release and discharge Qbiogène and its directors and other representatives from any and all indebtedness, obligations and liabilities, to the extent further provided in this Plan;
- d) confirm that all executory contracts to which Qbiogène is a party are in full force and effect notwithstanding the CCAA proceedings or this Plan and its attendant compromises, and that no Person party to such an executory contract shall be entitled to terminate or repudiate or vary its obligations under such contract by reason of the commencement of the CCAA proceedings, the content of the Plan or any other reason, including the transactions entered into by Qbiogène in the course of its restructuring and reorganization or the compromises effected under the Plan.

Section 6.3 Conditions precedent to implementation of Plan

The implementation of this Plan (the "Effective Date") shall be conditional upon the filing into the court record of a certificate (the "Monitor's Certificate") to be signed by the Monitor confirming the satisfaction of the following conditions:

- a) granting of the Sanction Order and any additional Order necessary to satisfy section 6.2 in full;
- b) expiry of the appeal period and any period for leave to appeal with respect to the Order(s) shall have expired without an appeal of such Order(s) being commenced or, in the event of an appeal or application for leave to appeal, a final determination shall have been made by the Court unless otherwise waived by Qbiogène.

The conditions precedents are for the sole benefit of Qbiogène and may be waived in whole or in part by Qbiogène in writing at any time in its sole and absolute discretion;

The Monitor's Certificate shall confirm the Effective Date and serve as conclusive evidence thereof.

SECTION 7
ADDITIONAL EFFECTS OF THE PLAN

Section 7.1 Discharge of Claims

Upon the Effective Date, all Claims shall be forever extinguished, for all purposes, save only for the right of Affected Creditors to receive their *pro rata* portion of the Distribution.

Section 7.2 Discharge of Qbiogène and its directors

The rights afforded herein and the treatment of all Claims shall be in exchange for and in complete satisfaction, discharge and release of claims of any nature whatsoever, including any interest accrued on such claims, against Qbiogène and its directors as per the provisions of Section 5.1 of the CCAA, officers, employees, agents or representatives or any professional employed by any of them, or any of their assets or properties. Except as otherwise provided in the Plan, on the Effective Date all such claims against Qbiogène and its directors, officers, employees, agents or representatives or any professional employed by any of them, shall be satisfied, discharged and released in full, and all assets and property of Qbiogène shall be free and clear of all Claims.

Section 7.3 Limitation of Liability

Neither Qbiogène, nor any of its employees, officers, directors, agents, advisors or representatives, or any professional (which, for the purpose of this section, shall include any counsel of Qbiogène, and each of their subsidiaries) employed by any of them (a “**Plan Participant**”), shall have or incur any liability to any Person whatsoever, including, specifically, any holder of a Claim, under any theory of liability (except for any claim based upon wilful misconduct or gross negligence), for any act taken or omission made in good faith directly related to formulating, preparing, disseminating, implementing, confirming or consummating the Plan, the Sanction Order, other Order, or any contract, instrument, release, or other agreement or document created or entered into, or any other act or omission taken in connection with the Plan, provided that nothing in this paragraph shall limit the liability of any Person for breach of any express obligation it has under the terms of the Plan or under any agreement or other document entered into by such Person after the Claim Bar Date or in accordance with the terms of the Plan or for any breach of a duty of care owed to any other Person occurring after the Effective Date. In all respects, Qbiogène and each of its employees, officers, directors, agents, advisors or representatives, or any professional shall be entitled to rely upon the advice of counsel with respect to their duties and responsibilities under the Plan.

Section 7.4 Releases

Except as otherwise provided in the Plan or the Sanction Order, on the Effective Date, Qbiogène will release unconditionally, and hereby is deemed to release unconditionally (i) Qbiogène 's

officers, directors, shareholders, employees, consultants, attorneys, accountants, financial advisors and other representatives (herein referred to collectively as "Qbiogène's Releasees"), from any and all claims, direct actions, causes of action, demands, rights, damages, judgments, debts, obligations, assessments, compensations, costs, deficiencies or other expenses of any nature whatsoever (including, without limitation, attorneys' fees), whether fixed or contingent, liquidated or unliquidated, direct or indirect, known or unknown whether past, present or future, in law, equity or otherwise, relating to any fact, event, circumstance, matter, cause or thing whatsoever taking place on or prior to the Effective Date in any way relating to Qbiogène, the CCAA proceedings or the Plan. If and to the extent that the Court concludes that the Plan cannot be confirmed with any portion of the foregoing releases, then Qbiogène reserves the right to amend the Plan so as to give effect as much as possible to the foregoing releases, or to delete them.

SECTION 8 AMENDMENTS TO THE PLAN

Section 8.1 Amendments to the Plan

Qbiogène reserves the right, at any time and from time to time, to amend, modify and/or supplement this Plan, provided that:

- a) any such amendment, modification or supplement is contained in a written document which is approved by the Monitor and, if made following the meeting of creditors, approved by the Court following notice to the creditors affected thereby. Qbiogène may give notice of a proposed amendment or amendments to the Plan at the meeting of creditors by notice in writing which shall be sufficient if given to those creditors present at such meeting in person or by proxy;
- b) any amendment, modification or supplement may be made unilaterally by Qbiogène following the Sanction Order, provided that it concerns a matter which, in the opinion of Qbiogène and the Monitor, acting reasonably, is of an administrative nature required to better give effect to the implementation of this Plan and to the Sanction Order and is not adverse to the financial or economic interests of the Affected Creditors; and

Any supplementary plan or plans of compromise or arrangement incorporating any such amendment, modification or supplement will be filed with the Court and, if required by this section, approved by the Court, and shall, for all purposes, be and be deemed to be a part of and incorporated in this Plan.

SECTION 9 THE MONITOR

Section 9.1 Powers and obligations

In addition to what is explicitly provided for in the CCAA, the Orders, and elsewhere in this Plan, the Monitor shall have the following powers:

- a) to determine any appropriate conservatory measures with respect to the property of Qbiogène, and to execute said measures; and
- b) perform any act or institute any proceeding for the protection of Qbiogène's property, the or the interests of Qbiogène and its creditors.

SECTION 10 MISCELLANEOUS

Section 10.1 Paramountcy

From and after the Effective Date, any conflict between the Plan and the covenants, warranties, representations, terms, conditions, provisions or obligations, expressed or implied, of any contract, mortgage, security agreement, indenture, trust indenture, loan agreement, commitment letter, agreement for sale, by-laws of Qbiogène, lease or other agreement, written or oral and any and all amendments or supplements thereto existing between one or more of the Affected Creditors and Qbiogène as at the Effective Date will be deemed to be governed by the terms, conditions and provisions of the Plan and the Sanction Order, which shall take precedence and priority. For greater certainty, all Affected Creditors shall be deemed to consent to all transactions contemplated in the Plan.

Section 10.2 Waiver of Defaults

From and after the Effective Date, each Affected Creditor shall be deemed to have waived any and all defaults then existing or previously committed by Qbiogène 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 Qbiogène 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.

Section 10.3 Compromise Effective for all Purposes

The payment, compromise or other satisfaction of any Claim under the Plan shall be binding upon such Affected Creditor, its heirs, executors, administrators, successors and assigns, for all purposes.

Section 10.4 Participation in Different Capacities

In the event a Person holds more than one Claim of whatever category or categories, such Person shall be entitled to the benefits of each such Claim. Any action taken by a Person in its capacity as Affected Creditor shall not affect that Person in its capacity as Unaffected Creditor and vice versa, as the case may be.

Section 10.5 Notices, addresses

Any notices or communication to be made or given hereunder shall be in writing and shall refer to the Plan and may, subject as hereinafter provided, be made or given by personal delivery, by courier, by prepaid mail or by telecopier addressed to the respective parties as follows:

Monitor: RSM Richter Inc.
 c/o Mr. Benoit Gingues
 2 Place Alexis Nihon, suite 2200
 Montreal, Quebec H3Z 3C2

tel: (514) 934-3514
fax: (514) 934-3504

with copy to: Ogilvy Renault
 c/o Me Sylvain Rigaud
 1981 McGill College, suite 1100
 Montreal, Quebec H3A 3C1

tel: (514) 847-4702
fax: (514) 286-5474

Qbiogène: Mr. Gratien Lavoie
 Chairman of the Board
 1001 de Maisonneuve West, suite 205
 Montreal, Quebec H3A 3C8

tel: (514) 282-3592
fax: (514) 282-3608

with copy to: McCarthy Tétrault LLP
 c/o Me Alain N. Tardif
 1170 Peel
 Montreal, Quebec H3B 4S8

 tel: (514) 397-4274
 fax: (514) 875-6246

or to such other address as any party may from time to time notify the others in accordance with this section.

Section 10.6 Notices, delivery

In the event of any strike, lock-out or other event which interrupts postal service in any part of Canada, all notices and communications during such interruption may only be given or made by personal delivery or by telecopier and any notice or other communication given or made by prepaid mail within the a period of (5) Business Days immediately preceding the commencement of such interruption, unless actually received, shall be deemed not to have been given or made.

Where any notice or communication is delivered personally or received by telecopier after 5:00 p.m. (local time) on a Business Day or at any time on a non-Business Day, receipt thereof is deemed to be on the following Business Day. Where a notice or communication is delivered by mail, receipt shall be deemed on the fourth Business Day following the date on which such notice or communication is mailed.

The unintentional failure by Qbiogène to give notice contemplated hereunder to any particular creditor shall not invalidate the Plan or any action taken by any Person pursuant to the Plan.

Section 10.7 Severability of Plan Provisions

If, prior to the Effective Date, any term or provision of the Plan is held by the Court to be invalid, void or unenforceable, the Court, at the request of Qbiogène, shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration or interpretation, the remainder of the terms and provisions of the Plan shall remain in full force and effect and shall in no way be affected, impaired or invalidated by such holding, alteration or interpretation.

Section 10.8 Revocation, Withdrawal, or Non-Consummation

Qbiogène reserves the right to revoke or withdraw the Plan at any time prior to the granting of the Sanction Order and to file subsequent plans of reorganization or of compromise or arrangement. If Qbiogène revokes or withdraws the Plan, or if the Sanction Order is not issued,

(i) the Plan shall be null and void in all respects, (ii) any settlement or compromise embodied in the Plan shall be deemed null and void, and (iii) nothing contained in the Plan, and no acts taken in preparation for consummation of the Plan, shall prejudice in any manner the rights of Qbiogène or any Person in any further proceedings involving Qbiogène.

Signed in Montreal, this 20th day of July 2004

QBIOGÈNE INC.

A handwritten signature in black ink, appearing to read 'Steve Perrone', written over a horizontal line.

Per: Steve Perrone, Chief Financial Officer