

IN THE MATTER OF
THE SECURITIES LEGISLATION OF ALBERTA, SASKATCHEWAN MANITOBA,
Ontario, Québec, NEW BRUNSWICK, NOVA SCOTIA, PRINCE EDWARD ISLAND, AND
NEWFOUNDLAND and Labrador

AND

IN THE MATTER OF
THE MUTUAL RELIANCE REVIEW SYSTEM FOR EXEMPTIVE RELIEF
APPLICATIONS

AND

IN THE MATTER OF
HEARX LTD., HEARX CANADA INC., HEARX ACQUISITION ULC AND HELIX
HEARING CARE OF AMERICA CORP.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador (collectively, the "Jurisdictions") has received an application from HEARx Ltd. ("HEARx"), HEARx Canada Inc. ("Exchangeco") and HEARx Acquisition ULC ("Calco") (collectively, the "Filer") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that:

- (a) the trades of securities involved in connection with the combination of HEARx and Helix Hearing Care of America Corp. ("Helix") (the "Transaction") to be effected by way of an Arrangement (as defined below) shall be exempt from the requirements contained in the Legislation to be registered to trade in a security (the "Registration Requirements"), to file a preliminary prospectus and a prospectus and receive receipts therefore (the "Prospectus Requirements");
- (b) Exchangeco be exempt in Alberta, Ontario and Québec from the requirements of the Legislation applicable in such jurisdictions to issue press releases and file reports regarding material changes, to file with the Decision Makers and to deliver to shareholders interim financial statements, audited annual financial statements and an annual report, where applicable, information circulars (or to make an annual filing in lieu thereof) and annual information forms (including management's discussion and analysis of the financial condition and results of operation of Exchangeco) (the "Continuous Disclosure Requirements"); and
- (c) each insider (as such term is defined in the Legislation) of Exchangeco be exempt in Alberta, Ontario and Québec from the insider reporting requirements of the Legislation applicable in these jurisdictions (the "Insider Reporting Requirements"), subject to certain conditions, as described below.

AND WHEREAS pursuant to the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the Commission des valeurs mobilières du Québec is the principal regulator for this application;

AND WHEREAS the Filer has represented to the Decision Makers that:

1. HEARx and Helix have entered into a merger agreement dated July 7, 2001, as amended and restated on November 6, 2001, among HEARx and Helix (the "Merger Agreement") providing for the Transaction to be effected by way of an arrangement (the "Arrangement") under section 192 of the Canada Business Corporations Act ("CBCA") involving holders of common shares of Helix (the "Helix Common Shares"), holders of options to acquire Helix Common Shares (the "Helix Options"), Helix, Exchangeco, Callco and HEARx.

2. HEARx is a corporation incorporated under the laws of Delaware which is currently subject to the informational requirements of the United States *Securities Exchange Act of 1934*, as amended, and is not a "reporting issuer" under the securities legislation of any Province or Territory of Canada. HEARx's principal corporate offices are located in West Palm Beach, Florida.

3. HEARx's authorized capital consists of 20,000,000 Common Shares, \$0.10 par value per share ("HEARx Common Shares"), and 2,000,000 shares of preferred stock, \$1.00 par value per share ("HEARx Preferred Shares"). As of May 3, 2002, there were outstanding 15,540,743 HEARx Common Shares, 4,796 HEARx Preferred Shares, purchase warrants and options entitling the holders thereof to purchase an aggregate of approximately 3,572,271 HEARx Common Shares. As part of the Transaction, HEARx will create and issue one special voting share (the "Special Voting Share") to a trustee (the "Trustee") which will be appointed as trustee under the Voting and Exchange Trust Agreement (described below).

4. HEARx has a rights agreement in place (the "HEARx Rights Agreement") which provides that each HEARx Common Share shall trade with an associated right (the "HEARx Right"). The HEARx Rights Agreement and the HEARx Rights are described below.

5. The HEARx Common Shares are listed for trading on the American Stock Exchange ("AMEX") under the symbol "EAR". HEARx will apply to AMEX to list the HEARx Common Shares issued pursuant to the Arrangement and those issuable from time to time in exchange for exchangeable shares of Exchangeco (the "Exchangeable Shares") or upon the exercise of outstanding Helix Options exchanged for options to purchase HEARx Common Shares (the "Replacement Options"). In addition, HEARx will apply to the Toronto Stock Exchange ("TSX") to list the HEARx Common Shares and the Exchangeable Shares.

6. Exchangeco is an indirect wholly owned subsidiary of HEARx. Exchangeco was incorporated under the CBCA on November 7, 2001 for the sole purpose of participating in the Arrangement. Exchangeco currently has nominal assets and activities. After the Arrangement is completed, Exchangeco will be a holding company that holds all of the outstanding Helix Common Shares other than those held by HEARx or Callco. Exchangeco's registered office is located in Toronto, Ontario.

7. The authorized capital of Exchangeco will be amended prior to the Effective Date such that it will consist of an unlimited number of common shares and the Exchangeable Shares. The Exchangeable Shares will rank senior to the common shares of Exchangeco with respect to the payment of dividends and the distribution of property or assets of Exchangeco among its shareholders for the purpose of winding-up its affairs.

8. Prior to the Arrangement becoming effective, Exchangeco will adopt an Exchangeable Share rights plan (the "Exchangeable Share Rights Plan") substantially equivalent to the HEARx Rights Agreement, which is described below. Pursuant to the Exchangeable Share Rights Plan, each Exchangeable Share issued in the Arrangement or otherwise will have an associated Exchangeable Share right (the "Exchangeable Share Right"), entitling the holder of such Exchangeable Share Right to acquire additional Exchangeable Shares in certain limited circumstances.

9. Exchangeco is currently a closed company within the meaning of that term under the *Securities Act* (Qu^灑c) (the "Act"). Prior to the completion of the Transaction, the articles of Exchangeco will be amended to remove the closed company restrictions of Exchangeco. Upon completion of the Transaction and the listing of the Exchangeable Shares on the TSX, Exchangeco will become a reporting issuer under the Act. Exchangeco will also become a reporting issuer under the securities legislation of Alberta and Ontario as a result of the Transaction.

10. Callco is a wholly-owned subsidiary of HEARx. Callco is an unlimited liability company formed under the *Companies Act* (Nova Scotia) on October 3, 2001, for the sole purpose of participating in the Arrangement. Callco holds all of the outstanding common shares of Exchangeco. Callco will deliver HEARx Common Shares in exchange for Helix Common Shares to those holders of Helix Common Shares electing to receive HEARx Common Shares under the Arrangement and will hold the call rights related to the Exchangeable Shares. Callco's registered office is located in Halifax, Nova Scotia.

11. The authorized capital of Callco consists of 1,000,000 common or ordinary shares without nominal or par value. As of June 6, 2002, there were 100 common shares issued and outstanding in the name of HEARx.

12. Helix was incorporated under the *Business Corporations Act* (Alberta) on August 26, 1996. On July 9, 1999, Helix's Articles of Incorporation were amended to allow the continuance of Helix under the CBCA. The Articles of Helix were again amended on November 30, 2000, to allow for the amalgamation of Helix and its subsidiary, Regional Hearing Consultants, Inc. Helix, through its primary operating subsidiaries, manages and provides supply services to a large network of hearing health care clinics in the Province of Qu^灑c and owns and operates hearing health care clinics in the Province of Ontario and in nine states in the United States. Helix's principal corporate office is located at 7100, Jean-Talon East, Suite 610, Montreal, Qu^灑c H1M 3S3.

13. The authorized capital of Helix consists of an unlimited number of Common Shares without par value and an unlimited number of first preferred shares and an unlimited number of second

preferred shares (collectively, the "Helix Preferred Shares"). As of May 3, 2002, there were an aggregate 46,161,190 Helix Common Shares issued and outstanding. The Helix Common Shares are currently listed for trading on the TSX under the symbol "HCA".

14. As of May 3, 2002 up to a maximum of 11,317,017 common shares may be issued pursuant to the convertible securities exercisable to acquire Helix Common Shares.

15. The Transaction will be effected by way of the Arrangement which will require, among other things: (a) the approval of the holders of not less than 66 2/3% of the Helix Common Shares outstanding, present in person or by proxy at the Helix Meeting which has been called for June 26, 2002 for the purpose of approving the Arrangement; and (b) the approval of the Superior Court of Québec, the application in respect of which has been heard on June 27, 2002.

16. In connection with the Helix Meeting, Helix delivered to the holders of Helix Common Shares a proxy circular (the "Circular") including the prospectus of HEARx under applicable U.S. Securities laws in connection with the issuance of HEARx Common Shares (the "Joint Proxy Statement/HEARx Prospectus"). The Joint Proxy Statement/HEARx Prospectus contains U.S. prospectus-level disclosure of the business and affairs of HEARx, a description of HEARx prepared pursuant to applicable Canadian corporate and securities law and a detailed description of the Transaction and the Arrangement. The Circular was prepared in conformity with the provisions of the Act, the CBCA and the interim order of the Superior Court of Justice (Québec) dated May 17, 2002.

17. HEARx will hold a special meeting of its stockholders (the "HEARx Meeting") to: (i) approve the issuance of the HEARx Common Shares to be used as consideration in the Transaction, including the HEARx Common Shares to be issued upon exchange of Exchangeable Shares and upon the exercise of Replacement Options; (ii) amend HEARx's certificate of incorporation to change the name of HEARx to Hear USA, Inc.; and (iii) approve the Hear USA 2002 Flexible Stock Plan which will provide a sufficient number of Replacement Options. The Joint Proxy Statement/HEARx Prospectus will also serve as the HEARx management information circular in respect of these matters.

18. On the Arrangement becoming effective, the steps described below will occur:

(a) Each outstanding Helix Common Share, other than (A) Helix Common Shares held by shareholders exercising their dissent rights who are ultimately entitled to be paid the fair value of the Helix Common Shares held by them, or (B) Helix Common Shares held by HEARx, will be automatically transferred by the holder thereof to Exchangeco in exchange, at the election of the holder, for:

(i) that number of HEARx Common Shares equal to the product of the total number of Helix Common Shares held by such shareholder multiplied by 0.3537 (the "Exchange Ratio");

(ii) that number of Exchangeable Shares (and certain ancillary rights) equal to the product of the total number of such Helix

Common Shares held by such shareholder multiplied by the Exchange Ratio; or

(iii) a combination of HEARx Common Shares and Exchangeable Shares (and certain ancillary rights), which aggregate number of HEARx Common Shares and Exchangeable Shares is equal to the product of the total number of such Helix Common Shares held by such shareholder multiplied by the Exchange Ratio;

the whole as set forth in a letter of transmittal and election form sent by Helix (the "Letter of Transmittal and Election Form"), provided that notwithstanding the foregoing, only shareholders of Helix who are either, (1) Canadian residents who hold such Helix Common Shares on their own behalf, or (2) persons who hold such Helix Common Shares on behalf of one or more Canadian residents, shall be entitled to elect to receive Exchangeable Shares in respect of any such Helix Common Shares as set out in paragraphs (ii) and (iii) above, and any elections to receive Exchangeable Shares made by any other shareholders of Helix shall be invalid, and the Helix Common Shares of any such invalidly-electing Helix Shareholder shall be deemed to have been transferred to Exchangeco solely in consideration for HEARx Common Shares pursuant to (i) above; and any shareholder of Helix resident in Canada who fail to make an effective election shall only be entitled to receive Exchangeable Shares as set out in paragraph (ii) above and any shareholder of Helix not resident in Canada who fail to make an effective election shall only be entitled to receive HEARx Common Shares as set out in paragraph (i) above;

(b) coincident with the transfer of the Helix Common Shares to Exchangeco, HEARx and Callco shall execute a support agreement (the "Exchangeable Share Support Agreement") and HEARx, Callco, Exchangeco and the Trustee will enter into a voting and exchange trust agreement (the "Voting and Exchange Trust Agreement") and all rights of holders of Exchangeable Shares under the Voting and Exchange Trust Agreement shall be received by them as part of the property receivable by them in exchange for Helix Common Shares so transferred; and

(c) each Helix Option outstanding on the Effective Date will be exchanged for a Replacement Option to purchase the number of HEARx Common Shares equal to the product of the Exchange Ratio multiplied by the number of Helix Common Shares that may be purchased as if such Helix Option was exercisable and exercised immediately prior to the Arrangement becoming effective and the option exercise price shall be adjusted by dividing the exercise price under the Helix Options by the Exchange Ratio.

19. As a result of the foregoing, upon the completion of the Arrangement, all of the issued and outstanding Helix Common Shares will be held directly by HEARx or indirectly by HEARx through Exchangeco.

20. The Exchangeable Shares, together with the Voting and Exchange Trust Agreement described below, will provide holders thereof with a security of a Canadian issuer having economic and voting rights which are substantially economically equivalent to those of a HEARx Common Share. Exchangeable Shares will generally be received by Canadian resident holders of Helix Common Shares who validly make a joint tax election with Exchangeco on a tax-deferred rollover basis for the purposes of the *Income Tax Act* (Canada) ("ITA") and, provided that the Exchangeable Shares are listed on a prescribed stock exchange in Canada (which currently includes the TSX), will be "qualified investments" for certain investors and will not constitute "foreign property", in each case, under the ITA. The Exchangeable Shares will be exchangeable by a holder thereof for HEARx Common Shares on a one-for-one basis at any time at the option of such holder and will be required to be exchanged on or after the fifth anniversary of the Arrangement/Effective Date, subject to earlier mandatory exchange upon the occurrence of certain events, as more fully described below. Subject to applicable law and the paragraphs below, dividends will be payable on the Exchangeable Shares contemporaneously and in the equivalent amount per share as dividends on the HEARx Common Shares. The Exchangeable Shares are subject to adjustment or modification in the event of a stock split or other change to the capital structure of HEARx so as to maintain at all times the initial one-to-one relationship between the Exchangeable Shares and HEARx Common Shares.

21. The Exchangeable Shares will rank prior to the common shares of Exchangeco and any other shares ranking junior to the Exchangeable Shares with respect to the payment of dividends and the distribution of property or assets in the event of the liquidation, dissolution or winding-up of Exchangeco, whether voluntary or involuntary, or any other distribution of property or assets of Exchangeco among its shareholders for the purpose of winding-up its affairs. The rights, privileges, restrictions and conditions attaching to the Exchangeable Shares (the "Exchangeable Share Provisions") will provide that each Exchangeable Share will entitle the holder to dividends from Exchangeco payable at the same time as, and equivalent to, each dividend paid by HEARx on a HEARx Common Share. The record date for the determination of the holders of Exchangeable Shares entitled to receive Exchangeable Shares in connection with any subdivision of Exchangeable Shares and the effective date of such subdivision shall be the same dates as the record date and the payment date, respectively, for the corresponding stock dividend declared on HEARx Common Shares.

22. The Exchangeable Shares will be non-voting, except as required by the applicable law or through the Special Voting Share to be issued to the Trustee pursuant to the Voting and Exchange Trust Agreement, and will be retractable at the option of the holder at any time. Subject to the overriding retraction call right of Calco referred to below, upon retraction the holder will be entitled to receive from Exchangeco for each Exchangeable Share retracted an amount equal to the current market price of a HEARx Common Share on the last business day prior to the retraction date, to be satisfied by the delivery of one HEARx Common Share, together with, on the designated payment date therefor, an amount equal to all declared and unpaid dividends on each such retracted Exchangeable Share held by the holder on any dividend record date prior to the date of retraction (such aggregate amount, the "Retraction Price"). Upon being notified by Exchangeco of a proposed retraction of Exchangeable Shares, Calco will have an overriding retraction call right (the "Retraction Call Right") to purchase from the holder all of

the Exchangeable Shares that are the subject of the retraction notice for a price per share equal to the Retraction Price.

23. Subject to the applicable law and the overriding redemption call right of Callco referred to below, Exchangeco may redeem all but not less than all of the then outstanding Exchangeable Shares (other than Exchangeable Shares held by HEARx and its affiliates) on, or any time after, the fifth anniversary of the Effective Date of the Transaction (the "Redemption Date"). As described in the Joint Proxy Statement/HEARx Prospectus, in certain circumstances the Board of Directors of Exchangeco may accelerate the Redemption Date. Upon such redemption, a holder will be entitled to receive from Exchangeco for each Exchangeable Share redeemed an amount equal to the current market price of a HEARx Common Share on the last business day prior to the Redemption Date, to be satisfied by the delivery of one HEARx Common Share, together with, on the designated payment date thereof, an amount equal to all declared and unpaid dividends on each such redeemed Exchangeable Share held by the holder on any dividend record date prior to the Redemption Date (such aggregate amount, the "Redemption Price"). Upon being notified by Exchangeco of a proposed redemption of Exchangeable Shares, Callco will have an overriding redemption call right (the "Redemption Call Right") to purchase on the Redemption Date all but not less than all of the then outstanding Exchangeable Shares (other than Exchangeable Shares held by HEARx and its affiliates) for a price per share equal to the Redemption Price. Upon the exercise of the Redemption Call Right by Callco, holders will be obligated to sell their Exchangeable Shares to Callco. If Callco exercises its Redemption Call Right, Exchangeco's right and obligation to redeem the Exchangeable Shares on the Redemption Date will terminate.

24. Subject to the overriding liquidation call right of Callco referred to below, in the event of liquidation, dissolution or winding-up of Exchangeco, holders of Exchangeable Shares (other than Exchangeable Shares held by HEARx and its affiliates) will be entitled to put their shares to HEARx in exchange for HEARx Common Shares pursuant to the Voting and Exchange Trust Agreement. Upon a proposed liquidation, dissolution or winding-up of Exchangeco, Callco will have an overriding liquidation call right (the "Liquidation Call Right") to purchase from all but not less than all of the holders of Exchangeable Shares (other than Exchangeable Shares held by HEARx and its affiliates) on the effective date of such liquidation, dissolution or winding-up (the "Liquidation Date") all but not less than all of the Exchangeable Shares held by each such holder for a price per share equal to the current market price of a HEARx Common Share on the last business day prior to the Liquidation Date, to be satisfied by the delivery of one HEARx Common Share, together with an additional amount equivalent to the full amount of all declared and unpaid dividends on each Exchangeable Share held by such holder on any dividend record date prior to the date of purchase by Callco.

25. Upon the occurrence of certain changes in Canadian tax law, HEARx has the right to purchase or cause Callco to purchase the Exchangeable Shares (other than Exchangeable Shares held by HEARx and its affiliates) prior to the fifth anniversary of the Effective Date.

26. Upon the liquidation, dissolution or winding-up of HEARx, all Exchangeable Shares held by holders (other than Exchangeable Shares held by HEARx and its affiliates) will be automatically exchanged for HEARx Common Shares pursuant to the Voting and Exchange Trust Agreement,

in order that holders of Exchangeable Shares will be able to participate in the dissolution of HEARx on a *pro rata* basis with the holders of HEARx Common Shares.

27. Upon the exchange of an Exchangeable Share for a HEARx Common Share, the holder of the Exchangeable Share will no longer be a beneficiary of the trust created by the Voting and Exchange Trust Agreement that holds the Special Voting Share, as described below.

28. On December 14, 1999, pursuant to a Rights Agreement between HEARx and The Bank of New York, as rights agent ("Rights Agent"), HEARx's Board of Directors declared a dividend of one preferred share purchase right ("HEARx Right") for each outstanding HEARx Common Share. Each HEARx Right entitles the registered holder to purchase from HEARx one one-hundredth of a share of HEARx Series H Junior Participating Preferred Stock, par value \$1.00 per share, at an exercise price of U.S.\$28 (the "Purchase Price"), subject to adjustment. The HEARx Rights will not be exercisable until the Distribution Date (defined below). The HEARx Rights will attach to and trade only together with HEARx Common Shares. The HEARx Rights will be separate from HEARx Common Shares. Certificates for the HEARx Rights will be issued and the HEARx Rights will become exercisable upon the earlier of (a) the close of business on the tenth business day after a person or group of affiliated or associated persons (other than HEARx, any subsidiary of HEARx, any employee benefit plan of HEARx or the trustee appointed under the Voting and Exchange Trust Agreement) (an "Acquiring Person") has acquired, or obtained the right to acquire, beneficial ownership of 15% or more of the HEARx Common Shares then outstanding without the prior consent of HEARx, or (b) the close of business on the tenth business day (or such later date as may be determined by the HEARx's Board of Directors) after a person or group announces a tender or exchange offer without the prior consent of HEARx, the consummation of which would result in ownership by a person or group of 15% or more of the then outstanding HEARx Common Shares (other than HEARx, any subsidiary of HEARx or an employee benefit plan of HEARx and certain affiliated entities). The earlier of such dates is referred to as the "Distribution Date". The HEARx Rights will expire on the earliest of (i) December 31, 2009, unless the date is extended by HEARx (the "Final Expiration Date"), or (ii) redemption or exchange of the HEARx Rights as described below. At any time after an Acquiring Person obtains 15% or more of the then outstanding HEARx Common Shares and prior to the acquisition by such Acquiring Person of 50% or more of the outstanding HEARx Common Shares, the Board of Directors of HEARx may exchange the HEARx Rights (other than HEARx Rights owned by the Acquiring Person), in whole or in part, at an exchange ratio of one HEARx Common Share per HEARx Right. Unless the HEARx Rights are earlier redeemed, in the event that an Acquiring Person obtains 15% or more of the then outstanding HEARx Common Shares, then each holder of a HEARx Right which has not theretofore been exercised (other than HEARx Rights beneficially owned by the Acquiring Person, which will thereafter be void) will thereafter have the right to receive, upon exercise, the number of HEARx Common Shares that equal the result obtained by multiplying the then current purchase price by the number of one one-hundredth of a share of preferred stock for which a right is then exercisable and dividing that product by 50% of the then current per-share market price of HEARx Common Shares. Similarly, unless the HEARx Rights are earlier redeemed, in the event that, after an Acquiring Person obtains 15% or more of the then outstanding HEARx Common Shares, (i) HEARx is acquired in a merger or other business combination transaction, or (ii) 50% or more of HEARx's consolidated assets or earning power are sold (other than in

transactions in the ordinary course of business), proper provision must be made so that each holder of a HEARx Right which has not theretofore been exercised (other than HEARx Rights beneficially owned by the Acquiring Person, which will thereafter be void) will thereafter have the right to receive, upon exercise, shares of common stock of the acquiring company having a value equal to one one-hundredth times the Purchase Price and dividing that product by 50% of the then current market price per share of the common stock of the acquiring company on the date of such merger or other business combination transaction. At any time prior to the time an Acquiring Person becomes such, HEARx may redeem the HEARx Rights in whole, but not in part, at a price of \$0.01 per Right. The redemption of the HEARx Rights may be made effective at such time, on such basis and with such conditions as HEARx's Board of Directors may establish.

29. Prior to the Effective Date of the Transaction, Exchangeco will adopt the Exchangeable Share Rights Plan which will be substantially equivalent to the HEARx Rights Agreement. Pursuant thereto, each Exchangeable Share issued in the Arrangement will have an associated Exchangeable Share Right entitling the holder of such Exchangeable Share Right to acquire additional Exchangeable Shares on terms and conditions substantially the same as the terms and conditions upon which a holder of HEARx Common Shares is entitled to acquire HEARx Series H Junior Participating Preferred Shares under the HEARx Rights Agreement (with the definitions of beneficial ownership, the calculation of percentage ownership and the number of shares outstanding and related provisions applying, as appropriate, to HEARx Common Shares and Exchangeable Shares as though they were the same security). The Exchangeable Share Rights are intended to have characteristics essentially equivalent in economic effect to the HEARx Rights.

30. The Special Voting Share will be authorized for issuance and, pursuant to the Arrangement, issued to the Trustee appointed under the Voting and Exchange Trust Agreement. Except as otherwise required by applicable law, the Special Voting Share will be entitled to the number of votes, exercisable at any meeting of the holders of HEARx Common Shares, equal to the number of votes that would attach to the HEARx Common Shares into which the Exchangeable Shares outstanding from time to time (and not owned by HEARx and its affiliates) could be exchanged. Holders of Exchangeable Shares will exercise the voting rights attached to the Special Voting Share through the mechanism of the Voting and Exchange Trust Agreement. The holders of HEARx Common Shares and the holders of the Special Voting Share will vote together as a single class on all matters except to the extent voting as a separate class is required by applicable law or the HEARx Certificate of Incorporation. The holder of the Special Voting Share will not be entitled to receive dividends from HEARx and, in the event of any liquidation, dissolution or winding-up of HEARx, will not be entitled to share in the assets available for distribution to stockholders. At such time as the Special Voting Share has no votes attached to it because there are no Exchangeable Shares outstanding not owned by HEARx and its affiliates, the Special Voting Share will be cancelled.

31. The Special Voting Share will be issued to and held by the Trustee for the benefit of the holders of the Exchangeable Shares outstanding from time to time (other than HEARx and its affiliates) pursuant to a Voting and Exchange Trust Agreement to be entered into by HEARx, Exchangeco, Callco and the Trustee contemporaneously with the closing of the Transaction.

Each voting right attached to the Special Voting Share must be voted by the Trustee pursuant to the instructions of the holder of the related Exchangeable Share. In the absence of any such instructions from a holder as to voting, the Trustee will not be entitled to exercise the related voting rights. Upon the exchange of a holder's Exchangeable Shares for HEARx Common Shares, all rights of such holder of Exchangeable Shares to instruct the Trustee to exercise votes attached to the Special Voting Share in respect of the exchanged Exchangeable Share will cease.

32. Under the Voting and Exchange Trust Agreement, HEARx will grant to the Trustee for the benefit of the holders of the Exchangeable Shares a right (the "Exchange Right") exercisable upon the insolvency of Exchangeco, to require HEARx to purchase from a holder of Exchangeable Shares (other than HEARx or its affiliates) all or any part of the Exchangeable Shares held by that holder. The purchase price for each Exchangeable Share purchased by HEARx under the Exchange Right will be an amount equal to the current market price of a HEARx Common Share on the last business day prior to the day of closing the purchase and sale of such Exchangeable Share under the Exchange Right multiplied by the current HEARx Common Stock Equivalent, in each case determined on the last business day prior to the day of closing of the purchase and sale of such Exchangeable Share under the Exchange Right, which shall be satisfied in full in respect of the Exchangeable Shares in regard to which a Holder has exercised the Exchange Right by causing to be delivered to such Holder such whole number of shares of HEARx Common Stock as is equal to the product obtained by multiplying the number of such Exchangeable Shares by the Current HEARx Common Stock Equivalent, rounded down to the nearest whole number, to be satisfied by the delivery to the Trustee, on behalf of the holder, of one HEARx Common Share, together with an additional amount equivalent to the full amount of all declared and unpaid dividends on such Exchangeable Share held by the holder of record on any dividend record date prior to the closing of the purchase and sale.

33. Contemporaneously with the closing of the Transaction, HEARx, Exchangeco and Calco will enter into an Exchangeable Share Support Agreement which will provide that so long as any Exchangeable Shares (other than Exchangeable Shares held by HEARx or its affiliates) remain outstanding: (a) HEARx will not declare or pay any dividends on the HEARx Common Shares unless Exchangeco is able to declare and pay, and simultaneously declares and pays, as the case may be, an equivalent dividend on the Exchangeable Shares; (b) that HEARx will itself and ensure that Exchangeco and Calco will be able to honour the redemption and retraction rights and dissolution entitlements that are attributes of the Exchangeable Shares under the Exchangeable Share Provisions and the related redemption, retraction liquidation, and change-of-law call rights described above; and (c) that HEARx will ensure that Calco does not exercise its vote as a shareholder to initiate the voluntary liquidation, dissolution or winding-up of Exchangeco nor take any action or omit to take any action that is designed to result in the liquidation, dissolution or winding-up of Exchangeco.

34. The Exchangeable Share Support Agreement and the Exchangeable Share Provisions will provide, that, without the prior approval of Exchangeco and the holders of Exchangeable Shares, HEARx will not issue or distribute additional HEARx Common Shares, securities exchangeable for or convertible into or carrying rights to acquire HEARx Common Shares, rights, options or warrants to subscribe therefor, evidences of indebtedness or other assets, to all or substantially all holders of HEARx Common Shares, nor shall HEARx change the HEARx Common Shares,

unless the same or an economically equivalent distribution on or change to the Exchangeable Shares (or in the rights of the holders thereof) is made simultaneously.

Prospectus and Registration Relief

35. The steps under the Transaction and the attributes of the Exchangeable Shares contained in the Exchangeable Share Provisions, the Voting and Exchange Trust Agreement, the Exchangeable Share Support Agreement and the Exchangeable Share Rights Plan involve or may involve a number of trades of securities, including trades related to the issuance of the Exchangeable Shares and HEARx Common Shares pursuant to the Transaction or upon the issuance of HEARx Common Shares in exchange for Exchangeable Shares. The trades and possible trades in securities to which the Transaction gives rise are the following:

- (a) the issuance by HEARx of HEARx Common Shares to Exchangeco in exchange for Class A Special Shares and the subsequent transfer by Exchangeco of HEARx Common Shares to holders of Helix Common Shares entitled to receive HEARx Common Shares upon the Arrangement or the issuance by HEARx or Callco of HEARx Common Shares to holders of Helix Common Shares entitled to receive HEARx Common Shares upon the Arrangement;
- (b) the transfer to Exchangeco of Helix Common Shares by Helix Shareholders or those held by Helix Shareholders exercising their right of dissent and ultimately entitled to receive fair value, and those held by HEARx or any of its affiliates;
- (c) the issuance of Exchangeable Shares by Exchangeco to Helix Shareholders validly electing to receive Exchangeable Shares upon the Arrangement;
- (d) the transfer of Helix Common Shares to Helix by dissenting Helix shareholders pursuant to the Arrangement;
- (e) the grant of the change-in-law call right by holders of Exchangeable Shares to HEARx;
- (f) the exchange of Helix Options for Replacement Options and the issuance and delivery of HEARx Common Shares to a holder of a Replacement Option upon the exercise hereof;
- (g) the grant by HEARx to the Trustee for the benefit of holders of Exchangeable Shares, pursuant to the Voting and Exchange Trust Agreement, of the Exchange Right, the Automatic exchange right and the voting rights pursuant to the Special Voting Share;
- (h) the issuance by HEARx, pursuant to the Voting and Exchange Trust Agreement, of the Special Voting Share to the Trustee for the benefit of the holders of the Exchangeable Shares;

(i) the issuance and intra-group transfers of HEARx Common Shares and related issuances of Class A Special Shares and/or shares of HEARx affiliates in consideration thereof, all by and between HEARx and its affiliates, from time to time to enable Exchangeco to deliver HEARx Common Shares to a holder of Exchangeable Shares upon a retraction of the Exchangeable Shares held by such holder, and the subsequent delivery thereof by or at the direction of Exchangeco upon such retraction;

(j) the transfer of Exchangeable Shares by the holder to Exchangeco upon the holder's retraction of Exchangeable Shares;

(k) the grant of the Liquidation Call Right to Calco to purchase all of the outstanding Exchangeable Shares from the holders of such shares upon a proposed liquidation, dissolution or winding-up of Exchangeco;

(l) the grant of the Retraction Call Right to Calco to purchase from a holder of Exchangeable Shares all of the Exchangeable Shares of such holder that are the subject of the retraction notice;

(m) the grant of the Redemption Call Right to Calco to purchase all of the outstanding Exchangeable Shares from the holders of such shares upon notice from Exchangeco of a proposed redemption of Exchangeable Shares;

(n) the issuance and intra-group transfers of HEARx Common Shares and related issuances of Class A Special Shares and/or shares of HEARx affiliates in consideration therefore, all by and between HEARx and its affiliates, from time to time to enable Calco to deliver HEARx Common Shares to a holder of Exchangeable Shares in connection with Calco's exercise of its overriding retraction call right, and the subsequent delivery thereof by Calco upon the exercise of such overriding retraction call right;

(o) the transfer of Exchangeable Shares by the holder to Calco upon Calco exercising its overriding retraction call right;

(p) the issuance and intra-group transfers of HEARx Common Shares and related issuances of Class A Special Shares and/or shares of HEARx affiliates in consideration therefore, all by and between HEARx and its affiliates, to enable Exchangeco to deliver HEARx Common Shares to holders of Exchangeable Shares upon the redemption of the Exchangeable Shares, and the subsequent delivery thereof by or at the direction of Exchangeco upon such redemption;

(q) the transfer of Exchangeable Shares by holders to Exchangeco upon the redemption of Exchangeable Shares;

(r) the issuance and intra-group transfers of HEARx Common Shares and related issuances of Class A Special Shares and/or shares of HEARx affiliates in

consideration therefor, all by and between HEARx and its affiliates, to enable Callco to deliver HEARx Common Shares to holders of Exchangeable Shares in connection with Callco's exercise of its overriding redemption call right, and the subsequent delivery thereof by Callco upon the exercise of such overriding redemption call right;

(s) the transfer of Exchangeable Shares by holders to Callco upon Callco exercising its overriding redemption call right;

(t) the issuance and intra-group transfers of HEARx Common Shares and related issuances of Class A Special Shares and/or shares of HEARx affiliates in consideration therefor, all by and between HEARx and its affiliates, to enable Exchangeco to deliver HEARx Common Shares to holders of Exchangeable Shares on the liquidation, dissolution or winding-up of Exchangeco and the subsequent delivery thereof by Exchangeco upon such liquidation, dissolution or winding-up;

(u) the transfer of Exchangeable Shares by holders to Exchangeco on the liquidation, dissolution or winding-up of Exchangeco;

(v) the issuance and intra-group transfers of HEARx Common Shares and related issuances of Class A Special Shares and/or shares of HEARx affiliates in consideration therefor, all by and between HEARx and its affiliates, to enable Callco to deliver HEARx Common Shares to holders of Exchangeable Shares in connection with Callco's exercise of its overriding liquidation call right and the subsequent delivery thereof by Callco upon the exercise of such overriding liquidation call right;

(w) the transfer of Exchangeable Shares by holders to Callco upon Callco exercising its overriding liquidation call right;

(x) upon the exercise of the change-in-law call right by HEARx: (i) if HEARx effects the share change, the issuance and delivery of HEARx Common Shares by HEARx to holders of Exchangeable Shares; (ii) if Callco effects the share exchange at HEARx's direction, the issuance and intra-group transfers of HEARx Common Shares and related issuances of shares of HEARx affiliates in consideration therefor, all by and between HEARx and its affiliates, to enable Callco to deliver HEARx Common Shares to holders of Exchangeable Shares in connection with the exercise of the parent call right, and the subsequent delivery thereof by Callco upon the exercise of such parent call right; and (iii) the transfer of Exchangeable Shares by holders to HEARx (if (i)) or Callco (if (ii)) on the exercise of a call right by HEARx;

(y) the issuance and delivery of HEARx Common Shares by HEARx to holders of Exchangeable Shares upon the exercise of the Exchange Right by such holder;

(z) the issuance and delivery of HEARx Common Shares by HEARx to holders of Exchangeable Shares pursuant to the Automatic exchange right;

(aa) the transfer of Exchangeable Shares by a holder to HEARx upon the exercise of the Exchange Right or the Automatic exchange right by such holder or pursuant to the Automatic exchange right;

(bb) the issuance of Exchangeable Share Rights pursuant to the Exchangeable Share Rights Plan, the issuance of Exchangeable Shares upon exercise of Exchangeable Share Rights pursuant to the Exchangeable Share Rights Plan and the first trades of such Exchangeable Shares;

(cc) the first trades of Exchangeable Shares received in connection with the Arrangement; and

(dd) the first trades of HEARx Common Shares received in connection with the Arrangement, upon the retraction or redemption of Exchangeable Shares or otherwise received in connection with the trades above in this paragraph 35.

(collectively, the "Trades")

36. The fundamental investment decision to be made by a holder of Helix Common Shares is made at the time of the Arrangement when such holder votes in respect of the Arrangement. As a result of this decision, a holder (other than a dissenting holder) will ultimately receive Exchangeable Shares or HEARx Common Shares in exchange for the Helix Common Shares held by such holder. The Exchangeable Shares (together with ancillary rights) will provide certain Canadian tax benefits to certain Canadian holders but will otherwise be substantially the economic and voting equivalent of the HEARx Common Shares, and as such all subsequent exchanges of Exchangeable Shares are in furtherance of the holder's initial investment decision. As mentioned above, that investment decision will be made on the basis of the Circular which includes the Joint Proxy Statement/HEARx Prospectus and contains prospectus-level disclosure of the business and affairs of each of HEARx and Helix and of the particulars of the Transaction and the Arrangement.

37. If not for income tax considerations, Canadian resident holders of Helix Common Shares could have received HEARx Common Shares without the option of receiving Exchangeable Shares. The option in favour of certain Canadian resident holders of Helix Common Shares to ultimately receive Exchangeable Shares under the Arrangement will enable those holders of Helix Common Shares to defer certain Canadian income tax (provided a valid tax election is made) and, provided that the Exchangeable Shares are listed on a prescribed stock exchange in Canada (which currently includes the TSX), will permit other holders to hold property that is not "foreign property" under the ITA.

38. As a result of the economic and voting equivalency between Exchangeable Shares (together with certain ancillary rights) and HEARx Common Shares, holders of Exchangeable Shares will have a participating interest determined by reference to HEARx, rather than Exchangeco.

Accordingly, it is the information relating to HEARx not Exchangeco, that will be relevant to holders of HEARx Common Shares and Exchangeable Shares.

39. Coincident with the distribution of the Exchangeable Shares of HEARx Common Shares, as the case may be, HEARx shall provide or cause Exchangeco to provide to each recipient or proposed recipient of Exchangeable Shares or HEARx Common Shares, as the case may be, resident in Canada a statement that, as a consequence of the requested order, Exchangeco and its insiders will be exempt from certain disclosure requirements applicable to reporting issuers and its insiders in Canada, and specifying those requirements Exchangeco and its insiders have been exempted from and identifying the disclosure that will be made in substitution therefor.

40. HEARx will send concurrently to all holders of HEARx Common Shares resident in Canada all disclosure material furnished to holders of HEARx Common Shares resident in the United States including, without limitation, copies of its annual financial statements and all proxy solicitation materials.

41. For tax reasons, it is anticipated that subject to applicable law, Callco is likely to exercise the Redemption, Retraction and Liquidation Call Rights available on each occasion when such rights become exercisable.

42. It may be desirable for Exchangeco to purchase from Callco, from time to time or once all Exchangeable Shares have been acquired from holders thereof (other than HEARx and its affiliates), the Exchangeable Shares held by Callco as a result of the exercise of these rights.

43. The purchase price to be paid by Exchangeco to Callco for the Exchangeable Shares would be the fair market value of the Exchangeable Shares on the date of purchase and the purchase price would be satisfied by the issue of common shares or preferred shares of Exchangeco.

44. It is intended that Exchangeco will immediately cancel any Exchangeable Shares it purchases from Callco.

AND WHEREAS pursuant to the System, this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");

AND WHEREAS each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the Jurisdiction to make the Decision has been met;

THE DECISION of the Decision Makers under the Legislation is that :

1. the Registration Requirements and the Prospectus Requirements shall not apply to the Trades provided that:

(a) the first trade in Exchangeable Shares acquired in connection with the Arrangement shall be deemed to be a distribution or primary distribution to the

public under the Legislation of the Jurisdiction in which the trade takes place (the "Applicable Legislation"), unless:

(i) except in Qu_顛c,

(A) the conditions in subsections (3) or (4) of section 2.6 of Multilateral Instrument 45-102 ("MI 45-102") are satisfied; and provided further that, in determining the period of time that Exchangeco has been a reporting issuer for the purposes of section 2.6 of MI 45-102, the period of time that Helix has been a reporting issuer may be included; or

(B) where such first trade is a control distribution as such term is defined in MI 45-102, such trade is made in compliance with section 2.8 of MI 45-102; and provided further that, in determining the period of time that Exchangeco has been a reporting issuer for the purposes of section 2.8 of MI 45-102, the period of time that Helix has been a reporting issuer may be included; and the period of time that a holder of Exchangeable Shares (or an affiliated or controlled entity of such holder) held Helix common shares shall be included in the calculation of the hold period);

(ii) in Qu_顛c, to the extent that there is no exemption available from the Registration Requirements and the Prospectus Requirements in respect of any of the Trades, the Trades are not subject to the Registration Requirements and the Prospectus Requirements, provided that the issuer or one of the parties to the Arrangement (including, for greater certainty, Helix) is and has been a reporting issuer in Qu_顛c in good standing for the twelve months immediately preceding the Trades (and for the purpose of determining the period of time that the issuer or one of the parties to the Arrangements has been a reporting issuer in Qu_顛c, the period of time that Helix was a reporting issuer may be included); and no unusual effort is made to prepare the market or to create a demand for the Exchangeable Shares; and

(b) the first trade in HEARx Common Shares acquired in connection with the Arrangement shall be deemed to be a distribution or primary distribution to the public under the Legislation unless, at the time of the trade:

(i) except in Qu_顛c,

(A) if HEARx is a reporting issuer in any Jurisdiction listed in Appendix B to MI 45-102 other than Qu罇c, the conditions in subsections (3) or (4) of section 2.6 of MI 45-102 are satisfied; and for the purpose of determining the period of time that HEARx has been a reporting issuer under section 2.6, the period of time that Helix has been a reporting issuer may be included; or

(B) if HEARx is not a reporting issuer in any Jurisdiction other than Qu罇c, such first trade is made through an exchange, or a market, outside of Canada; and

(ii) in Qu罇c, to the extent that there is no exemption available from the Registration Requirements and Prospectus Requirements in respect of any of the Trades, the Trades are not subject to the Registration Requirements and the Prospectus Requirements, provided that HEARx or one of the parties to the Arrangement (including, for greater certainty, Helix) is and has been a reporting issuer in Qu罇c in good standing for the twelve months immediately preceding the Trades (and for the purpose of determining the period of time that the issuer or one of the parties to the Arrangements has been a reporting issuer in Qu罇c, the period of time that Helix was a reporting issuer may be included); and no unusual effort is made to prepare the market or to create a demand for the HEARx Common Shares.

2. The Continuous Disclosure Requirements and the Insider Reporting Requirements contained in the Legislation applicable in Alberta, Ontario and Qu罇c shall not apply to Exchangeco or any insider of Exchangeco, so long as:

(a) HEARx sends to all holders of Exchangeable Shares resident in Canada contemporaneously all disclosure material furnished to holders of HEARx Common Shares resident in the United States, including, without limitation, copies of its annual and interim financial statements and all proxy solicitation materials;

(b) HEARx files with each Decision Maker copies of all documents required to be filed by it with the United States Securities and Exchange Commission under the United States *Securities Exchange Act of 1934*, as amended, including, without limitation, copies of any Form 10-K, Form 10-Q, Form 8-K and proxy solicitation material prepared in connection with HEARx's shareholders meetings and all such filings are made under Exchangeco's SEDAR profile and the filing fees which would otherwise be payable by Exchangeco in connection with such filings are paid;

(c) HEARx complies with the requirements of the AMEX in respect of making public disclosure of material information on a timely basis and forthwith issues in Canada and files with each Decision Maker any press release that discloses a material change in HEARx's affairs;

(d) Exchangeco complies with the requirements of the Legislation to issue press releases and file reports regarding material changes in the affairs of Exchangeco that would be material to holders of Exchangeable Shares but would not be material to holders of HEARx Common Shares;

(e) coincident with the distribution of the Exchangeable Shares or HEARx Common Shares, as the case may be, HEARx shall provide or cause Exchangeco to provide to each recipient or proposed recipient of Exchangeable Shares or HEARx Common Shares, as the case may be, resident in Canada a statement that, as a consequence of the requested order, Exchangeco and its insiders are exempt from certain disclosure requirements applicable to reporting issuers and its insiders in Canada, and specifying those requirements Exchangeco and its insiders have been exempted from and identifying the disclosure that will be made in substitution therefor;

(f) HEARx includes in all future mailings of proxy solicitation materials to holders of Exchangeable Shares a clear and concise statement explaining the reason for the mailed material being solely in relation to HEARx and not in relation to Exchangeco, such statement to include a reference to the economic equivalency between the Exchangeable Shares and HEARx Common Shares and the right to direct voting at HEARx meetings pursuant to the Voting and Exchange Trust Agreement;

(g) HEARx remains the direct or indirect beneficial owner of all the issued and outstanding voting securities of Exchangeco, until no Exchangeable Share is outstanding (except those held by HEARx or affiliates of HEARx);

(h) Exchangeco does not issue any securities to the public other than the Exchangeable Shares in connection with this Arrangement;

and with respect to relief from complying with Insider Reporting Requirements, further provided that:

(i) such insider of Exchangeco does not receive or have access to, in the ordinary course, information as to material facts or material changes concerning HEARx before the material facts or material changes are generally disclosed;

(j) such insider of Exchangeco is not a director or senior officer of (i) HEARx or (ii) a "major subsidiary" of HEARx, as such term is defined in National Instrument 55-101: Exemptions from Certain Insider Reporting Requirements, as if HEARx was a reporting issuer; and

(k) such insider of Exchangeco is not an insider of HEARx in a capacity other than as a director or senior officer of a subsidiary of HEARx that is not a major subsidiary of HEARx, as if HEARx were a reporting issuer.

Dated at Montreal, on July 10, 2002

(s) *Stéphanie Garon*

Stéphanie Garon

Directeur des Services juridiques