

[Date: December 20, 2004]

**IN THE MATTER OF
THE SECURITIES LEGISLATION
OF MANITOBA, ONTARIO, THE NORTHWEST TERRITORIES, THE YUKON
TERRITORY AND NUNAVUT (the "Jurisdictions")**

AND

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

AND

**IN THE MATTER OF MEDISYS HEALTH GROUP INC., MEDISYS HEALTH GROUP
INCOME FUND, MEDISYS HEALTH GROUP TRUST, MEDISYS HOLDING LP,
MEDISYS GP LIMITED, 4267478 CANADA LIMITED, 4267486 CANADA LIMITED,
MEDISYS HEALTH GROUP LP AND MEDISYS MEDICAL IMAGING INC.**

MRRS DECISION DOCUMENT

Background

The local securities regulatory authority or regulator (the "Decision Maker") in each of the Jurisdictions has received an application from Medisys Health Group Inc. ("Medisys"), Medisys Health Group Income Fund (the "Fund"), Medisys Health Group Trust (the "Holding Trust"), Medisys Holding LP (the "Holding LP"), Medisys GP Limited (the "Holding LP General Partner"), 4267478 Canada Limited ("AcquisitionCo"), 4267486 Canada Limited ("OptionCo"), Medisys Health Group LP ("New Medisys LP") and Medisys Medical Imaging Inc. ("MMI") (the "Filers") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that:

- (a) the requirements contained in the Legislation to be registered to trade in a security (the "Registration Requirements") and to file a preliminary prospectus and a prospectus, and to receive receipts therefor to distribute a security (the "Prospectus Requirements"), in the Jurisdictions other than Ontario, shall not apply to the Trades (as defined below) to be made in connection with a proposed plan of arrangement (the "Arrangement") under section 192 of the Canada Business Corporations Act (the "CBCA") involving the Filers and certain other subsidiaries of Medisys and MMI (the "Arrangement Relief"); and
- (b) the Fund be deemed or declared a reporting issuer at the effective date (the "Effective Date") of the Arrangement for the purposes of the Legislation in Ontario (the "Reporting Issuer Relief" and together with the Arrangement Relief, the "Requested Relief").

Under the Mutual Reliance Review System for Exemptive Relief Applications:

- (a) the Manitoba Securities Commission is the principal regulator for this application; and
- (b) the MRRS decision document evidences the decision of each Decision Maker.

Interpretation

Defined terms contained in National Instrument 14-101 Definitions have the same meaning in this decision unless they are defined in this decision.

Representations

The decision is based on the following facts represented by the Filers:

(a) Medisys is a corporation existing under the CBCA. Medisys' registered office and executive office is located at 500 Sherbrooke Street West, 11th Floor, Montréal, Québec, H3A 3C6.

(b) Medisys was founded in 1987 and is a leading Canadian provider of healthcare and medical imaging services to corporations and individuals and of health-related underwriting support services to insurance companies.

(c) The authorized capital of Medisys consists of an unlimited number of subordinate voting shares ("Subordinate Voting Shares"), an unlimited number of multiple voting shares ("Multiple Voting Shares", together with Subordinate Voting Shares, "Medisys Shares") and an unlimited number of preferred shares issuable in series. As of November 19, 2004, there were 8,663,606 Subordinate Voting Shares, 5,673,969 Multiple Voting Shares and no preferred shares outstanding. As of November 19, 2004, there were options ("Options") outstanding to acquire 567,276 Subordinate Voting Shares. All of the outstanding Multiple Voting Shares are owned or controlled directly or indirectly, by Dr. Sheldon Elman, Chairman, President and Chief Executive Officer of Medisys. Each Subordinate Voting Share entitles its holder to one vote and each Multiple Voting Share entitles its holder to six votes on a ballot at any meeting of shareholders.

(d) Medisys completed its initial public offering of Subordinate Voting Shares on December 23, 2002. The Subordinate Voting Shares are listed on the Toronto Stock Exchange (the "TSX").

(e) Medisys is a reporting issuer not in default in the Provinces of Ontario, British Columbia, Alberta, Québec and Manitoba. Following the Effective Date, the Subordinate Voting Shares will be delisted from the TSX and Medisys will apply to cease to be a reporting issuer, where applicable.

(f) The Fund was established as an open-ended mutual fund trust governed by the laws of the Province of Ontario pursuant to a Declaration of Trust dated November 19, 2004.

(g) Beneficial interests in the Fund have been divided into two classes of units, fund units ("Fund Units") and special voting units ("Special Voting Units").

(h) Each Fund Unit is transferable and represents an equal undivided beneficial interest in any distribution paid by the Fund and in the net assets of the Fund in the event of termination or winding-up of the Fund. The Fund Units issued pursuant to the Arrangement entitle the holder thereof to one vote at all meetings of unitholders, for each Fund Unit held.

(i) Holders of Special Voting Units will not be entitled to any distributions of any nature whatsoever from the Fund and will be entitled to one vote at all meetings of unitholders, for each Special Voting Unit held.

(j) Medisys has applied to and received conditional approval from the TSX to list the Fund Units issuable in connection with the Arrangement on the TSX, subject to, among other things, completion of the Arrangement.

(k) The Holding Trust was established as an open-ended mutual fund trust governed by the laws of the Province of Ontario pursuant to a Declaration of Trust dated November 19, 2004.

(l) Following the Arrangement, the Fund will be the owner of all of the issued and outstanding units of the Holding Trust and all of the outstanding notes of the Holding Trust.

(m) The Holding LP was established as a limited partnership under the laws of Ontario on November 19, 2004.

(n) Following the Arrangement, the Holding LP General Partner will hold a 0.01% general partnership interest in the Holding LP, the Holding Trust will own Class A LP Units of the Holding LP, the Significant Holder (as defined below) will own Class B LP Units of the Holding LP and Bryant Tse will own Class C LP Units of the Holding LP.

(o) The Holding LP General Partner was incorporated under the laws of Canada on November 18, 2004.

(p) The Holding LP General Partner is the general partner of the Holding LP.

(q) Following the Arrangement, the Significant Holder will own special shares of the Holding LP General Partner carrying six votes per share and the Holding

Trust will own common shares of the Holding LP General Partner carrying one vote per share.

(r) AcquisitionCo was incorporated under the laws of Canada on November 12, 2004.

(s) All of AcquisitionCo's outstanding common shares are owned by the Holding LP.

(t) Pursuant to the Arrangement, AcquisitionCo will amalgamate with Medisys, MMI and certain other subsidiaries of Medisys and MMI to form New Medisys.

(u) New Medisys LP was established as a limited partnership under the laws of Ontario on November 19, 2004.

(v) The general partner of New Medisys LP is AcquisitionCo and, following the Arrangement, will be New Medisys. The Holding LP holds, and following the Arrangement will continue to hold, all of the limited partnership interests of New Medisys LP.

(w) Following the Arrangement, New Medisys LP will carry out the business currently carried out by Medisys and its subsidiaries, other than that related to insurance medical services and occupational health and safety software, which will continue to be carried out by subsidiaries of New Medisys.

(x) OptionCo was incorporated under the laws of Canada on November 12, 2004 and is a wholly-owned subsidiary of Medisys.

(y) OptionCo was incorporated for the purposes of the Arrangement step described in paragraph (ee)(i) below. Following the Arrangement, OptionCo will be wholly-owned by the Holding Trust.

(z) MMI is a corporation incorporated under the laws of Canada on September 26, 2003.

(aa) MMI carries on the business of Medisys' medical imaging segment.

(bb) Immediately prior to the Arrangement, Medisys will own 93.1% of the outstanding common shares of MMI and Bryant Tse, the Executive Vice President of Medisys, will own the remaining 6.9% of the outstanding common shares.

(cc) Pursuant to the Arrangement, MMI will amalgamate with Medisys, AcquisitionCo and certain other subsidiaries of Medisys and of MMI to form New Medisys.

(dd) A notice of meeting and information circular (the "Information Circular") dated November 22, 2004 was mailed to holders (collectively, "Shareholders") of outstanding Subordinate Voting Shares and Multiple Voting Shares on November 29, 2004 in advance of the meeting of Shareholders which will be held on December 20, 2004 (the "Meeting") to consider the Arrangement. Subject to satisfying all closing conditions and obtaining all applicable approvals, it is anticipated that the closing of the Arrangement will occur on January 1, 2005 on which date the Arrangement will become effective (the "Effective Date").

(ee) Each of the steps in the Arrangement will occur, or will be deemed to occur, in the order set forth below on the Effective Date:

(i) All outstanding Options to acquire Subordinate Voting Shares will be cancelled and, in exchange, holders of Options will receive options to acquire OptionCo common shares. The options of OptionCo will have the same exercise price as the cancelled Options and will entitle the holder to purchase the same number of OptionCo common shares as Subordinate Voting Shares that were issuable pursuant to the cancelled Options. Immediately following such exchange, the Holding Trust will purchase all of the outstanding shares of OptionCo from Medisys for \$1.00. The OptionCo options will then be cancelled and, in exchange, holders of OptionCo options will receive options from the Fund ("Fund Options") entitling the holder to purchase one Fund Unit for every 2.5 common shares of OptionCo that the holder would have otherwise been entitled to acquire under the cancelled OptionCo options. The exercise price per Fund Unit pursuant to the Fund Option will be equal to 250% of the exercise price per OptionCo common share pursuant to the cancelled OptionCo option.

(ii) The Subordinate Voting Shares held by Shareholders who have exercised their right to dissent under the CBCA which remain valid immediately before the Effective Date will be deemed to have been transferred to Medisys and will be cancelled and cease to be outstanding, and such dissenting Shareholders will cease to have any rights as Shareholders other than the right to be paid the fair value of their Subordinate Voting Shares.

(iii) Shareholders holding Subordinate Voting Shares will transfer their Subordinate Voting Shares to the Fund, receiving one Fund Unit in exchange for every 2.5 Subordinate Voting Shares.

(iv) The Fund will transfer the Subordinate Voting Shares received from Shareholders to the Holding Trust in exchange for units of the Holding Trust (having a value equal to 10% of the value of such Subordinate Voting Shares) and notes of the Holding Trust

(in an aggregate principal amount equal to 90% of the value of such Subordinate Voting Shares).

(v) The Holding Trust will transfer the Subordinate Voting Shares received from the Fund to the Holding LP in exchange for one Class A LP Unit of the Holding LP for every 2.5 Subordinate Voting Shares.

(vi) Shareholders holding Multiple Voting Shares will transfer: (i) 99.99% of their Multiple Voting Shares to the Holding LP, receiving one Class B LP Unit of the Holding LP and one Special Voting Unit (as defined below) in exchange for every 2.5 Multiple Voting Shares; and (ii) 0.01% of their Multiple Voting Shares to the Holding LP General Partner for 2,269,588 special shares of the Holding LP General Partner entitling the holder to six votes per share.

(vii) The Holding LP General Partner will transfer the Multiple Voting Shares received from Shareholders to the Holding LP to maintain its 0.01% general partnership interest in the Holding LP.

(viii) Bryant Tse, the Executive Vice President of Medisys, will transfer his shares of MMI to the Holding LP for 184,372 Class C LP Units of the Holding LP and 184,372 Special Voting Units.

(ix) The Holding LP will transfer all of the Medisys Shares that it holds to AcquisitionCo in exchange for common shares and notes of AcquisitionCo.

(x) AcquisitionCo, Medisys, MMI and certain subsidiaries of Medisys will amalgamate (such amalgamated corporation being referred to as "New Medisys") and the Holding LP will receive common shares of New Medisys, in replacement of the common shares of AcquisitionCo, and notes of New Medisys, in replacement of the notes of AcquisitionCo.

(xi) New Medisys will transfer all of the assets and liabilities associated with its insurance medical services segment to a wholly-owned subsidiary in exchange for common shares of such subsidiary.

(xii) New Medisys will transfer all of its business operations (other than its shares of subsidiaries carrying out its insurance medical services and occupational health and safety software businesses) to New Medisys LP in exchange for a promissory note of New Medisys LP and general partnership interests of New Medisys LP.

The liabilities of New Medisys will remain with New Medisys and will not be assumed by New Medisys LP.

(xiii) New Medisys will assign the promissory note of New Medisys LP to the Holding LP in order to repay a portion of the notes of New Medisys.

(xiv) The Holding LP will subscribe for additional New Medisys LP limited partnership units by assigning the promissory note of New Medisys LP to New Medisys LP, and such promissory note will be cancelled;

(all trades in securities described above in connection with the Arrangement are referred to herein as the "Trades").

(ff) Certain of the Trades are not exempt from the Prospectus Requirements and Registration Requirements under the Legislation.

(gg) Immediately following the Arrangement:

(i) all of the issued and outstanding Fund Units will be held by the former owners of the Subordinate Voting Shares and will represent approximately 58.5% of the votes attached to all outstanding Fund Units and Special Voting Units (collectively, the "Voting Units");

(ii) all of the issued and outstanding Special Voting Units will be held by former holders of Multiple Voting Shares (the "Significant Holder") and Bryant Tse and will represent approximately 41.5% of the votes attached to all outstanding Voting Units;

(iii) the Fund will be the indirect owner of approximately 58.5% of the issued and outstanding shares of New Medisys, approximately 58.5% of the partnership interests in New Medisys LP and common shares of the Holding LP General Partner representing approximately 20.3% of the votes attached to all outstanding shares of the Holding LP General Partner;

(iv) options to acquire Fund Units will be outstanding and held by the respective holders of Options outstanding prior to the Effective Date,

with the exercise price and number of securities subject to option effectively adjusted to give effect to the Arrangement, based on the exchange ratio of one Fund Unit for every 2.5 Subordinate Voting Shares; and

(v) the Significant Holder, together with Bryant Tse, will be the owner of approximately 41.5% of the partnership interests in the Holding LP and the Significant Holder will be the owner of special shares of the Holding LP General Partner representing approximately 79.7% of the votes attached to all outstanding shares of the Holding LP General Partner.

(hh) Immediately following the Arrangement and assuming that the Requested Relief is granted, the Fund will be a reporting issuer in British Columbia, Alberta, Manitoba, Ontario and Québec.

(ii) The Significant Holder and Bryant Tse will be entitled, pursuant to the exchange agreement to be entered into among the Fund, the Holding Trust, the Holding LP, the Holding LP General Partner and the holders of Class B and Class C LP Units of the Holding LP and special shares of the Holding LP General Partner (the "Exchange Agreement"), to exchange a Class B or Class C LP Unit of the Holding LP (together with a special share of the Holding LP General Partner, in the case of an exchange by the Significant Holder) for Fund Units on a one-for-one basis (subject to adjustment in certain circumstances). Upon the issue of Fund Units pursuant to the Exchange Agreement, a corresponding number of Special Voting Units owned by the exchanging party will be cancelled.

(jj) The Information Circular contains (or incorporates by reference therein) prospectus-level disclosure regarding the Arrangement, the Fund Units and the business of New Medisys, New Medisys LP, the Holding LP, the Holding LP General Partner, the Holding Trust and the Fund, including financial information pertaining to Medisys and the Fund.

(kk) The Arrangement will require the approval by:

(i) at least two-thirds of the votes cast by the holders of Subordinate Voting Shares (other than the Subordinate Voting Shares owned, directly or indirectly, by the Significant Holder and Bryant

Tse) present in person or represented by proxy at the Meeting; and

(ii) at least two-thirds of the votes cast by the holders of Multiple Voting Shares present in person or represented by proxy at the Meeting.

(ll) The Arrangement is also subject to the receipt of a final order of the Ontario Superior Court of Justice (the "Court") and the Court, in considering whether to approve the Arrangement, will consider whether the Arrangement is fair to Shareholders. The Board of Directors of Medisys has received a fairness opinion from Dlouhy Merchant Group Inc., its financial advisor, that the consideration received by the Shareholders under the Arrangement is fair to the Shareholders from a financial point of view.

(mm) Registered Shareholders are entitled to exercise dissent rights in connection with the Arrangement and to be paid the fair value of their Subordinate Voting Shares.

Decision

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.

1. The decision of the Decision Makers under the Legislation, other than in Ontario is that the Arrangement Relief is granted provided that:

(a) the first trade in securities distributed under this Decision (other than first trades which are themselves Trades) shall be deemed to be a distribution or primary distribution to the public;

(b) the Prospectus Requirements contained in the Legislation of Manitoba, the Northwest Territories, the Yukon Territory and Nunavut shall not apply to the first trade in Fund Units acquired by Shareholders under the Arrangement or upon the exercise of Fund Options, provided that the conditions in subsection (3) of section 2.6 of Multilateral Instrument 45-102 Resale of Securities ("MI 45 102") are satisfied and, for the purposes of determining the period of time that the Fund has been a reporting issuer under section 2.6 of MI 45-102, the period of time that Medisys was a reporting issuer in a jurisdiction of Canada immediately before the Arrangement may be included; and

(c) the Fund is deemed to be a reporting issuer for purposes of the Legislation in Manitoba at the Effective Date of the Arrangement.

2. The further decision of the Decision Maker in Ontario is that the Fund is deemed or declared a reporting issuer at the Effective Date of the Arrangement for the purposes of the Legislation in Ontario.

Chris Besko (Name(s) of Decision Maker(s))

Chris Besko – Deputy Director (Title)

Manitoba Securities Commission (Name of Principal Regulator)