

March 24, 2005

**In the Matter of  
the Securities Legislation  
of Alberta, Saskatchewan, Manitoba, Quebec, New Brunswick,  
Nova Scotia and Newfoundland and Labrador (the "Jurisdictions")**

**and**

**In the Matter of  
the Mutual Reliance Review System for Exemptive Relief Applications**

**and**

**In the Matter of Saskatchewan Wheat Pool (the "Pool")**

**MRRS Decision Document**

**Background**

The local securities regulatory authority or regulator (the "Decision Maker") in each of the Jurisdictions has received an application from the Pool for a decision under the securities legislation of the Jurisdictions (the "Legislation") for an exemption from the dealer registration requirement and the prospectus requirements contained in the Legislation in respect to the Consolidation Trades (as herein defined) or the Convertible Note Exchange Trades (as herein defined) to be made in connection with the Pool's proposed continuance and recapitalization (collectively the "Recapitalization") (collectively the "Requested Relief").

Under the Mutual Reliance Review System for Exemptive Relief Applications:

- (a) the Saskatchewan Financial Services 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**

This decision is based on the following facts represented by the Pool:

1. The Pool is organized under the laws of the Province of Saskatchewan, and is a reporting issuer in each of the Jurisdictions that provides for a reporting issuer regime and is not on the list of defaulting reporting issuers maintained by the Jurisdictions;

2. On February 7, 2005, the Pool's board of directors approved the Recapitalization which is to be effected by the continuance of the Pool as a business corporation under the Canada Business Corporations Act (the "CBCA") (the "Continuance") with a single class of new common shares (the "Common Shares") and the implementation of a series of further steps contemplated by the Pool's management information circular dated February 7, 2005 (the "Circular");
3. The Circular has been mailed to the delegates (the "Delegates") that represent the holders (the "Class A Shareholders") of the Pool's existing Class "A" Voting Shares (the "Class A Shares"), the holders (the "Class B Shareholders") of the Pool's existing Class "B" Non-Voting Shares (the "Class B Shares") and the holders (the "Convertible Note Holders") of the Pool's outstanding Convertible Subordinated Notes due November 30, 2008 (the "Convertible Notes"). The Class A Shares and Class B Shares are the Pool's only issued and outstanding shares. The Circular contains, among other things, prospectus level disclosure of the business and affairs of the Pool and the full particulars of the Recapitalization;
4. The Recapitalization includes the following key elements:
  - (a) the consolidation of the Pool's Class A Shares and Class B Shares into Common Shares upon Continuance (the "Consolidation Trades"); and
  - (b) the exchange of approximately \$173 million in Convertible Notes for Common Shares upon Continuance (the "Convertible Note Exchange Trades");
5. The Class A Shares will be consolidated on the basis of 3.62 Common Shares for each Class A Share outstanding on the effective date of the Continuance (the "Effective Date");
6. The Class B Shares will be consolidated on the basis of one Common Share for 20 Class B Shares outstanding on the Effective Date;
7. Immediately following the Continuance, the Convertible Notes will be exchanged for Common Shares, at an exchange ratio of 131.57894737 Common Shares for each \$1,000 principal thereof outstanding on the Effective Date;
8. Under the Recapitalization, the Pool will not issue fractional Common Shares. The Pool will instruct its registrar and transfer agent, Computershare Investor Services Inc, to aggregate for sale on the market the fractional Common Shares to which the Class A Shareholders, the Class B Shareholders and the Convertible Note Holders are entitled to and forward to each such holder their pro rata interest in the proceeds of the sale;
9. Effective upon Continuance, The Saskatchewan Wheat Pool Act, 1995 (Saskatchewan) (the "SWP Act") shall cease to be the governing corporate legislation of the Pool and, as soon as reasonably practicable following the Continuance, the Pool will, for administrative purposes, petition the legislature of the Province of Saskatchewan for the repeal of the SWP Act;
10. The Recapitalization was submitted to and approved by the requisite two-thirds of the Delegates representing the Class A Shareholders, at a meeting held on February 21, 2005. The

Delegates have the authority under the SWP Act to approve the Recapitalization on behalf of the Class A Shareholders.

11. The Recapitalization will be submitted for the approval of:

(a) the Class B Shareholders, at a meeting to be held on March 23, 2005 (the "Class B Meeting"); and

(b) the Convertible Notes Holders, at a meeting to be held on March 23, 2005 (the "Noteholders Meeting").

Approval is required from at least two-thirds of the votes cast in respect thereof by the Class B Shareholders attending in person or proxy at the Class B Meeting; and

12. Concurrently with filing the Circular on SEDAR, the Pool filed a preliminary short form prospectus qualifying the distribution to holders of Common Shares (the "Common Shareholders") of rights (the "Rights") to purchase an aggregate of approximately \$150,000,000 of Common Shares (the "Rights Offering"). Subject to applicable regulatory approvals, it is expected that a final prospectus will be filed shortly after the Effective Date pursuant to which Rights will be distributed to the Common Shareholders on the record date for the Rights Offering, which is expected to be seven trading days following the filing of the final prospectus. The closing of the Rights Offering is not a condition precedent to the completion of the Recapitalization;

## **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.

The decision of the Decision Makers under the Legislation is that

1. The Requested Relief is granted provided that in each Jurisdiction the first trade or alienation of Common Shares acquired under the Recapitalization shall be deemed to be a distribution or a primary distribution to the public; and

2. In each Jurisdiction the prospectus requirements contained in the Legislation shall not apply to the first trade or alienation of the Common Shares acquired under the Recapitalization provided that

(a) Except in Quebec, the conditions in subsections (3) of section 2.6 of Multilateral Instrument 45-102 Resale of Securities ("MI 45-102") are satisfied; and

(b) In Quebec:

- (i) The issuer is and has been a reporting issuer in Quebec for the four (4) months preceding the alienation;
- (ii) No unusual effort is made to prepare the market or to create a demand for the securities that are the subject of the alienation;
- (iii) No extraordinary commission or other consideration is paid in respect of the alienation; and
- (iv) If the seller of the securities is an insider of the issuer, the seller has no reasonable grounds to believe that the issuer is in default of any requirement of securities legislation.

" Barbara Shourounis "

Barbara Shourounis

Director, Securities Division

Saskatchewan Financial Services Commission