

IN THE MATTER OF
THE SECURITIES LEGISLATION
OF MANITOBA AND ALBERTA

AND

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

AND

IN THE MATTER OF SPI MARKETING GROUP INC.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Manitoba and Alberta (the "Jurisdictions") has received an application from SPI Marketing Group Inc. (the "Filer" or "SPI") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that the requirement contained in the Legislation to be registered to trade in a security and to file and obtain a receipt for a preliminary prospectus and a final prospectus (the "Registration and Prospectus Requirements") shall not apply to proposed trades of Class "A" shares (the "Class A Shares"), Class "B" shares (the "Class B Shares"), and Class "C" shares (the "Class C Shares") of SPI by SPI to persons or companies resident in the Jurisdictions carrying on the business of producing hogs (the "Producers").

AND WHEREAS under the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), The Manitoba Securities Commission is the principal regulator for this application;

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

1. SPI is a corporation incorporated pursuant to *The Business Corporations Act* (Saskatchewan) on March 31, 1998. The head office of SPI is located in Saskatchewan.
2. The principal business of SPI is marketing hogs. In addition to other marketing activities, until May 1, 2002, SPI in association with the Manitoba Pork Marketing Co-op Inc. prepared, published and distributed a weekly publication about the hog industry. SPI is now continuing the publication independently.
3. The authorized capital of SPI consists of an unlimited number of Class A Shares, Class B Shares, Class C Shares issuable in series, Class "D" shares (the "Class D Shares") and Class "E" shares (the "Class E Shares"). There are issued and outstanding (as of October 30, 2001) 278 Class A Shares, 1,767,844 Class B Shares, 26 Class D Shares, and 22 Class E Shares. A summary of the attributes of the securities of SPI is attached as Schedule "A" to this Decision.

4. The securities of SPI are not listed or posted for trading on any exchange or over-the-counter market.
5. None of the Class A Shares, Class B Shares, Class C Shares, Class D Shares or Class E Shares may be transferred without approval by the board of directors of SPI and may only be transferred to another hog producer.
6. SPI intends to offer to Producers in the Jurisdictions one Class A Share and one Class B Share for a total subscription price of \$100.00. The same offer will be available at any time to those Producers who do not elect to subscribe at this time. (the "Offering")
7. Producers who hold Class "A" Shares and Class "B" Shares will be issued annually one Class "B" Share for each hog marketed through the marketing facilities of SPI during the previous calendar year(the "Class B Issuances").
8. Additionally, each Producer who holds Class "A" Shares and Class "B" Shares will be issued at the end of each calendar year, one Class "C" Share of the series applicable for that calendar year for each hog marketed through the marketing facilities of SPI in that calendar year. (the "Class C Issuances").
9. Producers do not have to hold shares of SPI to market hogs through the marketing facilities of SPI.
10. During the period January 1, 2001 to November 30, 2001, 3 Manitoba Producers and 16 Alberta Producers marketed hogs through the marketing facilities of SPI.
11. The Saskatchewan Securities Commission granted exemptive similar relief to SPI in a ruling dated May 22, 1998 (the "Saskatchewan Order")
12. The purpose of the proposed issuance of shares of SPI is to allow Producers in the Jurisdictions the same opportunity to participate in the hog marketing business of SPI as Producers in Saskatchewan have under the Saskatchewan Order.
13. Producers initially subscribing for Class "A" Shares and Class "B" Shares will receive an information memorandum (the "Information Memorandum") providing information about SPI and this offering, a copy of this order and a copy of the immediately preceding year's audited financial statements for SPI.

AND WHEREAS under 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 pursuant to the Legislation is that:

1. the Registration and Prospectus Requirements contained in the Legislation shall not apply to trades in Class A Shares and Class B by SPI under the Offering, provided that:

- (a) Each Producer receives a copy of this Decision and the Information Memorandum prior to or contemporaneously with the initial trade to the Producer;
- (b) Each Producer receives prior to or contemporaneously with the initial trade to the Producer, a copy of the audited financial statements of SPI for the year immediately preceding the year in which the initial trade to the investor occurs.
- (c) Each Producer purchases as principal;
- (d) No sales commission shall be paid with respect to the trade;
- (e) A report is filed with the Decision Makers no less often than annually disclosing the names, addresses, telephone numbers of and SPI share purchases by investors and certifying compliance with this Decision;
- (f) SPI complies with the Saskatchewan Order and the Saskatchewan Order is not amended

2. The Registration and Prospectus Requirements shall not apply to trades in connection with the Class B Issuances and Class C Issuances provided that SPI complies with the Saskatchewan Order and the Saskatchewan Order is not amended.

3. The first trade of shares acquired pursuant to this Decision in a Jurisdiction shall be deemed to be a distribution or primary distribution to the public under the Legislation of such Jurisdiction unless:

- (a) the conditions of subsection (2) or (3) of section 2.5 of Multilateral Instrument 45-102 Resale of Securities are satisfied; or
- (b) SPI complies with the Saskatchewan Order and the Saskatchewan Order is not amended and such trade is:
 - (i) To SPI;
 - (ii) To a self-directed registered retirement savings plan of the shareholder or his or her spouse;
 - (iii) From a self-directed registered retirement savings plan of the shareholder or his or her spouse to the shareholder or his or her spouse; or
 - (iv) To a hog producer who owns securities of SPI.

DATED June 5, 2002.

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SCHEDULE "A"

The following is a summary of the attributes relating to the Class "A" shares, Class "B" shares, Class "C" shares, Class "D" shares and Class "E" shares as follows:

1. Class "A" Shares (Voting Shares)

- (a) Class "A" shares are voting;
- (b) each holder would be entitled to one vote;
- (c) the Class "A" shares would be non-transferable unless:
 - i. the transfer is to a pig producer;
 - ii. the written approval of the board of SPI is obtained; and,
 - iii. the result of the transfers is within the limits prescribed by the SPI by-laws with respect to number of Class "A" shares that may be held.
- (d) the by-laws of SPI provide that a pig producer may only hold:
 - i. directly one Class "A" share; and,
 - ii. indirectly, taking into account any Class "A" shares held by an associate or an affiliate of the pig producer, the lesser of the following:
 - A 15 of the issued and outstanding Class "A" shares of SPI; or,
 - B 5% of the issued and outstanding Class "A" shares of SPI;
- (e) these shares would not participate in the profits, assets or property of SPI;
- (f) on the death, bankruptcy, mental incapacity, change in control or attempted transfer in contravention of the transfer restriction rules, of the holder of a Class "A" share, or where the holder of a Class "A" share ceases to hold a Class "B" share, SPI may redeem the Class "A" shares for \$100.00 in total.
- (g) in addition, any Class "A" shares held in excess of the prescribed limit of the Class "A" Share ownership restrictions outlined in the by-laws are redeemable by SPI for \$1.00 in total;
- (h) Class "A" shares entitled holders to elect four (4) directors to the nine member board at the second annual meeting and at every second annual meeting thereafter.

2. Class "B" Shares (Non-Voting - Participating)

- (a) Class "B" shares would not entitle the holders to vote;
- (b) the holders of this class would be entitled to share in the profits, property and assets of SPI based on cumulative pig marketings. Provided the holder holds a Class "A" share, each holder would receive annually one Class "B" share for each pig marketed through the marketing facilities of SPI during the previous calendar year;
- (c) Class "B" shares would be subject to the rights of the Class "C" Series shares;
- (d) Class "B" shares would be non-transferable unless to pig producers and unless board approval is obtained.

3. Class "C" Shares (Series)

- (a) Class "C" shares would entitle the holders to vote for the purpose only of electing three directors to the nine member board at the first annual meeting and at every second annual meeting thereafter;
- (b) so long as a pig producer holds both Class "A" shares and Class "B" shares, each Class "C" shareholder would be entitled to one vote for each pig marketed through SPI during the calendar year specified for the Class "C" series shares;
- (c) the board of directors are authorized to issue the Class "C" shares in "series" to provide for such rights, privileges, restrictions and conditions as the board may in its discretion decide and to provide for the right of the holder of the particular series to share in the distribution of the profits, property and assets of SPI as declared by the board in its discretion for the calendar year specified in relation to such series;
- (d) the board of directors can issue dividends on the Class "C" shares to the exclusion of the Class "B" shares;
- (e) the shares of the applicable series would be issued to the pig producers who hold both Class "A" and Class "B" shares on the basis of one share for each pig marketed through the marketing facilities of SPI by the pig producer for the calendar year specified for the particular Class "C" series share;
- (f) the Class "C" shares would have priority over the Class "B" shares in receiving the profits, assets and property of SPI;
- (g) the Class "C" shares would be non-transferable unless to a pig producer and unless the approval of the board is obtained;
- (h) Class "C" series may be redeemed by SPI for an amount equal to the greater of \$0.000001 per share and any declared and unpaid dividends.

4. Class "D" Shares and Class "E" Shares

(a) Class "D" shares and Class "E" shares entitle the holders of each class to elect one director each;

(b) Class "D" shares are issuable only to members of the Darius Hutterite Brethren Sect in Saskatchewan;

(c) Class "E" shares are issuable only to members of the Leherleut Hutterite Brethren Sect in Saskatchewan;

(d) Class "D" shares and Class "E" shares are non-transferable unless to a pig producer who is a member of the applicable Hutterite Brethren Sect and unless the approval of the board is obtained;

(e) Class "D" shares and Class "E" shares are redeemable at any time by SPI for a price of \$1.00 in total.

The subscription price for these securities shall be payable in full, concurrent with the delivery of a Subscription Agreement.