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Headnote

Mutual Reliance Review System for Exemptive Relief Applications – issuer granted relief from certain comparative financial statement requirements in connection with its application of “fresh start” accounting following a capital restructuring

Applicable British Columbia Provisions

Securities Act, R.S.B.C. 1996, c. 418, s. 91(1)(b)

Securities Rules, B.C. Reg. 194/97, ss. 144 and 145

IN THE MATTER OF THE SECURITIES LEGISLATION OF BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN, MANITOBA, ONTARIO, QUEBEC, NOVA SCOTIA, AND NEWFOUNDLAND AND LABRADOR

AND

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

AND

IN THE MATTER OF SASKATCHEWAN WHEAT POOL

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the “Decision Maker”) in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Nova Scotia and Newfoundland and Labrador (the “Jurisdictions”) has received an application from Saskatchewan Wheat Pool (the “Filer”) for a decision pursuant to the securities legislation of the Jurisdictions (the “Legislation”) that certain requirements contained in the Legislation requiring the Filer to file its comparative interim financial statements for the fiscal periods ending (or ended, as the case may be) April 30, 2003, October 31, 2003, January 31, 2004 and April 30, 2004, respectively, and to file its comparative annual statements for the years ending July 31, 2003 and July 31, 2004, respectively, shall not apply to the Filer;

AND WHEREAS under the Mutual Reliance Review System for Exemptive Relief Applications (the “System”), the Saskatchewan Financial Services Commission, Securities Division, is the principal regulator for this application;

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AND WHEREAS, unless otherwise defined, the terms herein have the meaning set out in National Instrument 14-101 Definitions or in Quebec Commission Notice 14-101;

AND WHEREAS the Filer has represented to each Decision Maker that:

1. The Filer 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. The Filer completed a consensual capital restructuring that resulted in \$105 million of bank debt and \$300 million principal amount of publicly held Medium Term Notes (as defined below) being exchanged for \$150 million of a new series of senior subordinated notes, \$255 million of a new series of convertible subordinated notes and 22,938,037 class "B" non-voting shares ("Class B Shares") in the capital of the Filer (the "Reorganization"). As part of the Reorganization, the Filer arranged new bank operating and term loan facilities, which replaced the existing bank facilities and which will be used to finance operations and the Filer's securitization requirements. In connection with the Reorganization the Filer implemented certain corporate governance changes, including the appointment of four independent directors and establishment of a lead director position. The Reorganization was approved by the holders of the Medium Term Notes (as defined below) at a meeting on February 3, 2003 and subsequently closed on March 14, 2003;
3. Under the Reorganization, the Filer exchanged and cancelled its outstanding 7.25% notes due February 24, 2004 and 6.60% notes due July 18, 2007 (collectively, the "Medium Term Notes") for the issuance of (i) two newly created series of notes designated as the 8% senior subordinated notes due November 29, 2008 (the "Senior Subordinated Notes") and the convertible subordinated notes due November 30, 2008 (the "Convertible Subordinated Notes") issued under a trust indenture and supplement dated March 14, 2003; and (ii) Class B Shares;
4. Under the Reorganization, for each \$1,000 principal amount of Medium Term Notes and each \$1,000 of the exchanged bank debt (an aggregate of \$405 million of Medium Term Notes and bank debt), holders received \$370.37 of Senior Subordinated Notes, \$629.63 of Convertible Subordinated Notes, and 56.637128 Class B Shares (rounded down to the nearest whole share). In total, the banks and the holders of the Medium Term Notes received 38 per cent of the outstanding Class B Shares or 22,938,037 Class B Shares;

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5. The Class B Shares were listed and posted for trading on the Toronto Stock Exchange on March 14, 2003;
6. The total Class B Shares issued and outstanding after the issuance was 60,363,256 shares;
7. The holders of the Convertible Subordinated Notes can convert such notes into Class B Shares at any time prior to the maturity date. Each \$1,000 of principal amount of Convertible Subordinated Notes is convertible at the holder's option into approximately 2,227 Class B Shares. At maturity, the Filer has the right to convert, subject to certain conditions and certain adjustments, the Convertible Subordinated Notes into a single class of voting, common shares of the Filer that represents 90% of such class of shares, provided that any conversions by holders of such Notes into Class B Shares prior to maturity shall proportionally reduce this 90% conversion ratio;
8. The Filer accounted for the implementation of the Reorganization as at January 31, 2003 on a "fresh start" basis in accordance with the guidelines set forth by the Canadian Institute of Chartered Accountants (the "CICA"), which contemplates that figures for a prior period may be excluded from a company's financial statements where that company has undergone a financial reorganization resulting in a substantial realignment of its non-equity and equity interests;
9. The balance sheet required to be included in the interim financial statements for the periods ending (or ended, as the case may be) April 30, 2003 and October 31, 2003 and the balance sheet required to be included in the annual financial statements for the year ending July 31, 2003 of the Filer will not be comparable to the balance sheets as at April 30, 2002, July 31, 2002 and October 31, 2002 due to the Reorganization;
10. The statements of earnings and retained earnings and statements of cash flows required to be included in the interim statements for April 30, 2003, October 31, 2003, January 31, 2004 and April 30, 2004 and the statements of earnings and retained earnings and statements of cash flows required to be included in the annual financial statements for the years ending July 31, 2003 and July 31, 2004 of the Filer will not be comparable to such statements for the equivalent period of the prior year due to the Reorganization;
11. The Filer will prepare and file with the Jurisdictions interim financial statements for the period ended April 30, 2003, which will be comprised of (a) a balance sheet as at April 30, 2003 presented on a comparative basis with a "fresh start" opening balance sheet as at January 31, 2003 with note disclosure

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for the disclosure items specified by CICA Handbook Section 1625, and (b) comparative statements of earnings and retained earnings and statements of cash flows presented on a columnar basis to reflect pre- and post-Reorganization results as follows: (x) under the post-Reorganization column, the three month period ended April 30, 2003, and (y) under the pre-Reorganization columns, the six month period ended January 31, 2003, the three month period ended April 30, 2002 and the nine month period ended April 30, 2002;

12. The Filer will prepare and file with the Jurisdictions annual financial statements for the year ending July 31, 2003, which will be comprised of (a) a balance sheet as at July 31, 2003, presented on a comparative basis with a “fresh start” opening balance sheet as at January 31, 2003 with note disclosure for the disclosure items specified by CICA Handbook Section 1625, and (b) comparative statements of earnings and retained earnings and statements of cash flows presented on a columnar basis to reflect pre- and post-Reorganization results as follows: (x) under the post-Reorganization column, the six month period ended July 31, 2003, and (y) under the pre-Reorganization columns, the six month period ended January 31, 2003 and the twelve month period ended July 31, 2002;
13. The Filer will prepare and file with the Jurisdictions interim financial statements for the three month period ended October 31, 2003 which will be comprised of (a) a balance sheet as at October 31, 2003 presented on a comparative basis with a balance sheet as at the Filer’s July 31, 2003 year end, with note disclosure for the disclosure items specified by CICA Handbook Section 1625, and (b) comparative statements of earnings and retained earnings and statements of cash flows presented on a columnar basis to reflect pre- and post-Reorganization results as follows: (x) under the post-Reorganization column, the three month period ended October 31, 2003, and (y) under the pre-Reorganization column, the three month period ended October 31, 2002;
14. The Filer will prepare and file with the Jurisdictions interim financial statements for the six month period ended January 31, 2004 which will be comprised of (a) a balance sheet as at January 31, 2004 presented on a comparative basis with a “fresh start” opening balance sheet as at January 31, 2003 and a balance sheet as at the Filer’s July 31, 2003 year end, with note disclosure for the disclosure items specified by CICA Handbook Section 1625, and (b) comparative statements of earnings and retained earnings and statements of cash flows presented on a columnar basis to reflect pre- and post-Reorganization results as follows: (x) under the post-Reorganization columns, the three month and six month periods ended January 31, 2004, and

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(y) under the pre-Reorganization columns, the three and six month periods ended January 31, 2003;

15. The Filer will prepare and file with the Jurisdictions interim financial statements for the nine month period ended April 30, 2004 which will be comprised of (a) a balance sheet as at April 30, 2004 presented on a comparative basis with a balance sheet as of April 30, 2003 and a balance sheet as at the Filer's July 31, 2003 year end, with note disclosure for the disclosure items specified by CICA Handbook Section 1625, and (b) comparative statements of earnings and retained earnings and statements of cash flows presented on a columnar basis to reflect pre- and post-Reorganization results as follows: (x) under the post-Reorganization columns, the three month period ended April 30, 2004, the three month period ended April 30, 2003 and the nine month period ended April 30, 2004, and (y) under the pre-Reorganization columns, the six month period ended January 31, 2003;
16. The Filer will prepare and file with the Jurisdictions annual financial statements for the year ended July 31, 2004 which will be comprised of (a) a balance sheet as at July 31, 2004 presented on a comparative basis with the Filer's balance sheet as at July 31, 2003 with note disclosure for the disclosure items specified by CICA Handbook Section 1625, and (b) comparative statements of earnings and retained earnings and statements of cash flows presented on a columnar basis to reflect pre- and post-Reorganization results as follows: (x) under the post-Reorganization columns, the year ended July 31, 2004 and the six month period ended July 31, 2003, and (y) under the pre-Reorganization column, the six month period ended January 31, 2003;
17. The Filer will provide information relating to the Filer's Reorganization both in its interim financial statements for the periods ended April 30, 2003 and October 31, 2003 and January 31, 2004 and April 30, 2004 and its annual financial statements for the years ended July 31, 2003 and July 31, 2004, as well as in its management discussion and analysis of financial condition for the corresponding periods; and
18. Failure to present the financial information of the Filer for the periods before and after the Reorganization on a segregated columnar basis as described in the preceding paragraphs could subject the financial statements of the Filer to misinterpretation by investors;

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

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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 the Filer is exempt from the applicable requirements of the Legislation requiring the Filer (i) to prepare and file comparative interim financial statements for the periods ending (or ended, as the case may be) April 30, 2003 and October 31, 2003 and January 31, 2004 and April 30, 2004, respectively; and (ii) prepare and file comparative annual financial statements for the years ending July 31, 2003 and July 31, 2004, respectively, provided that:

1. The Filer prepares and files with the Jurisdictions interim financial statements with the Jurisdictions for the period ended April 30, 2003, which will be comprised of (a) a balance sheet as at April 30, 2003 presented on a comparative basis with a “fresh start” opening balance sheet as at January 31, 2003 with note disclosure for the disclosure items specified by CICA Handbook Section 1625, and (b) comparative statements of earnings and retained earnings and statements of cash flows presented on a columnar basis to reflect pre- and post-Reorganization results as follows: (x) under the post-Reorganization column, the three month period ended April 30, 2003, and (y) under the pre-Reorganization columns, the six month period ended January 31, 2003, the three month period ended April 30, 2002 and the nine month period ended April 30, 2002;
2. The Filer prepares and files with the Jurisdictions annual financial statements for the year ended July 31, 2003, which will be comprised of (a) a balance sheet as at July 31, 2003, presented on a comparative basis with a “fresh start” opening balance sheet as at January 31, 2003 with note disclosure for the disclosure items specified by CICA Handbook Section 1625, and (b) comparative statements of earnings and retained earnings and statements of cash flows presented on a columnar basis to reflect pre- and post-Reorganization results as follows: (x) under the post-Reorganization column, the six month period ended July 31, 2003, and (y) under the pre-Reorganization columns, the six month period ended January 31, 2003 and the twelve month period ended July 31, 2002;
3. The Filer prepares and files with the Jurisdictions interim financial statements for the three month period ended October 31, 2003 which will be comprised of (a) a balance sheet as at October 31, 2003 presented on a comparative basis with a balance sheet as at the Filer’s July 31, 2003 year end, with note disclosure for the disclosure items specified by CICA Handbook Section 1625, and (b) comparative statements of earnings and retained earnings and

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statements of cash flows presented on a columnar basis to reflect pre- and post-Reorganization results as follows: (x) under the post-Reorganization column, the three month period ended October 31, 2003, and (y) under the pre-Reorganization column, the three month period ended October 31, 2002;

4. The Filer prepares and files with the Jurisdictions interim financial statements for the six month period ended January 31, 2004 which will be comprised of (a) a balance sheet as at January 31, 2004 presented on a comparative basis with a “fresh start” opening balance sheet as a January 31, 2003 and a balance sheet as at the Filer’s July 31, 2003 year end, with note disclosure for the disclosure items specified by CICA Handbook Section 1625, and (b) comparative statements of earnings and retained earnings and statements of cash flows presented on a columnar basis to reflect pre- and post-Reorganization results as follows: (x) under the post-Reorganization columns, the three month and six month periods ended January 31, 2004, and (y) under the pre-Reorganization columns, the three and six month periods ended January 31, 2003;
5. The Filer prepares and files with the Jurisdictions interim financial statements for the nine month period ended April 30, 2004 which will be comprised of (a) a balance sheet as at April 30, 2004 presented on a comparative basis with a balance sheet as at April 30, 2003 and a balance sheet as at the Filer’s July 31, 2003 year end, with note disclosure for the disclosure items specified by CICA Handbook Section 1625, and (b) comparative statements of earnings and retained earnings and statements of cash flows presented on a columnar basis to reflect pre- and post-Reorganization results as follows: (x) under the post-Reorganization columns, the three month period ended April 30, 2004, the three month period ended April 30, 2003 and the nine month period ended April 30, 2004, and (y) under the pre-Reorganization columns, the six month period ended January 31, 2003;
6. The Filer prepares and files with the Jurisdictions annual financial statements for the year ended July 31, 2004 which will be comprised of (a) a balance sheet as at July 31, 2004 presented on a comparative basis with the Filer’s balance sheet as at July 31, 2003 with note disclosure for the disclosure items specified by CICA Handbook Section 1625, and (b) comparative statements of earnings and retained earnings and statements of cash flows presented on a columnar basis to reflect pre- and post-Reorganization results as follows: (x) under the post-Reorganization columns, the year ended July 31, 2004 and the six month period ended July 31, 2003, and (y) under the pre-Reorganization column, the six month period ended January 31, 2003; and

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7. The Filer provides information relating to the Filer's Reorganization both in its interim financial statement for the periods ended April 30, 2003 and October 31, 2003, January 31, 2004 and April 30, 2004, and its annual financial statements for the years ended July 31, 2003 and July 31, 2004, as well as in its management discussion and analysis of financial condition for the corresponding periods.

DATED June 25, 2003.

Dave Wild
Chairperson