

THE SECURITIES ACT) Order No. 4833
)
Section 20(1)) July 15, 2005

PREMIUM BRANDS INC.

WHEREAS:

(A) Application has been made on behalf of Premium Brands Inc. (the "Company" or "Premium Brands") to The Manitoba Securities Commission (the "Commission") for an order pursuant to Section 20(1) of The Securities Act, R.S.M. 1988, c.S50 (the "Act") exempting from the dealer registration requirement and the prospectus requirement contained in sections 6 and 37 of the Act certain trades in securities to be made in connection with a proposed plan of arrangement (the "Arrangement") under the provisions of Section 192 of the Canada Business Corporations Act (the "CBCA") involving Premium Brands Income Fund (the "Fund"), Premium Brands Holdings Trust (the "Trust"), Premium Brands Holdings GP Inc. ("PB Holdings GP"), Premium Brands Holdings Limited Partnership ("PB Holdings LP"), Premium Brands Operating Limited Partnership ("PB Operating LP"), 6263666 Canada Ltd. ("Newco"), Premium Brands Trust Holdings Inc. ("Trust Subco"), the Company and the shareholders of the Company ("Shareholders") pursuant to an arrangement agreement dated June 13, 2005 (the "Arrangement Agreement").

Terms not defined herein have the meanings ascribed thereto in the Information Circular of the Company dated June 14, 2005 (the "Information Circular").

(B) It has been represented to the Commission that:

1. The Company is a corporation formed under the CBCA.
2. The Company is a manufacturer and marketer of a broad range of branded specialty food products. In addition, the Company operates proprietary food distribution networks through which it distributes both its own products and those of third parties.
3. The authorized share capital of the Company is comprised of an unlimited number of common shares ("Premium Brands Shares"). As of July 5, 2005, there were 11,724,626 Premium Brands Shares issued and outstanding.
4. The Company is a reporting issuer in the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec and New Brunswick and the Premium Brands Shares are listed for trading on the Toronto Stock Exchange.
5. As of December 25, 2004, 415,421 options to purchase Premium Brands Shares ("Options") were outstanding under the Company's stock option plan and holders of such Options were entitled to acquire 415,421 Premium Brands Shares. It is a

condition of the Arrangement that all outstanding options have been vested and been exercised or shall have been cancelled.

7. The Fund is a trust established under the laws of the Province of British Columbia pursuant to a declaration of trust dated June 8, 2005.

8. The authorized capital of the Fund is comprised of an unlimited number of trust units ("Fund Units"). As of July 6, 2005, there was one Fund Unit issued and outstanding.

9. In connection with the Arrangement, the Fund is conducting an initial public offering of Fund Units and certain major shareholders of the Company, Gibralt Real Estate Limited Partnership and Banyan Capital Partners Limited Partnership (the "Selling Shareholders") are conducting a secondary offering of Fund Units in each of the Provinces of Canada.

10. The Trust is a trust established under the laws of the Province of British Columbia pursuant to a declaration of trust dated June 10, 2005.

11. The authorized capital of the Trust is comprised of an unlimited number of trust units ("Trust Units"). As of July 6, 2005, there was one Trust Unit issued and outstanding.

12. The Trust is not a reporting issuer in any jurisdiction.

13. PB Holdings GP is a corporation formed under the CBCA and serves as the general partner of PB Holdings LP.

14. The authorized share capital of PB Holdings GP is comprised of an unlimited number of common shares. As of July 6, 2005, there were 50 shares of PB Holdings GP issued and outstanding.

15. PB Holdings GP is not a reporting issuer in any jurisdiction.

16. PB Holdings LP is a limited partnership formed under the laws of the Province of Manitoba.

17. The authorized capital of PB Holdings LP is comprised of an unlimited number of Class A limited partnership units and an unlimited number of exchangeable limited partnership units ("Exchangeable LP Units"). As of July 6, 2005, there was one Class A limited partnership unit and no exchangeable limited partnership units of PB Holdings LP issued and outstanding.

18. PB Holdings LP is not a reporting issuer in any jurisdiction.

19. Newco is a corporation formed under the CBCA.

20. The authorized share capital of Newco is comprised of an unlimited number of common shares. As of July 6, 2005, there were one share of Newco issued and outstanding.

21. Newco is not a reporting issuer in any jurisdiction.

22. Trust Subco is a corporation formed under the laws of Canada and a wholly-owned subsidiary of the Trust, which shortly after will be amalgamated with a corporation ("Amalco") to be formed as a result of the amalgamation of Premium Brands and PB Distribution Inc., Harvest Meats Co. Ltd., Grimm's Fine Foods Ltd., Direct Plus Food Group Ltd., Brydor Business Enterprise Ltd., Hygaard Fine Foods Ltd. and 6391907 Canada Ltd. (collectively, the "Canadian Subsidiaries"), to form Premium Brands Operating GP Inc. ("PB Operating GP"), the general partner of PB Operating LP under the terms of the Arrangement.

23. The authorized share capital of Trust Subco is comprised of an unlimited number of common shares. As of July 6, 2005, there were 50 shares of Trust Subco issued and outstanding.

24. Trust Subco is not a reporting issuer in any jurisdiction.

25. The purpose of the transactions contemplated by the Arrangement Agreement is to convert Premium Brands and its business from a corporate structure into an income trust structure. The Arrangement will result in Shareholders transferring their Premium Brands Shares to the Fund or PB Holdings LP in consideration for Fund Units or a combination of Units and Exchangeable LP Units.

26. On the effective date of the Arrangement (the "Effective Date"), but prior to the implementation of the Arrangement, the Company and each of the Canadian Subsidiaries will amalgamate to form Amalco.

27. Pursuant to, and subject to the detailed steps set forth in the Arrangement, each of the events set out below will, except as otherwise expressly provided in the Arrangement, be deemed to occur in the order set out below without further act or formality:

- (a) Amalco will transfer all the business of the Company and the Canadian Subsidiaries, other than certain investment interests and Amalco's equity interest in Premium Brands Holdings Inc. ("PB USA"), a corporation formed under the laws of the State of Washington, to PB Operating LP in consideration for: (i) the issuance of a non-interest bearing promissory note (the "Operating LP Note"); (ii) the issuance of an interest bearing promissory note (the "Credit Facility Note") with terms identical to the Company's existing operating line of credit, term loan and acquisition line of credit; (iii) the assumption of current liabilities; (iv) Class B LP

Units of PB Operating LP; and (v) Class A LP Units of PB Operating LP;

(b) Amalco will transfer certain of the Class B LP Units to Newco in consideration for 1,000,000 common shares of Newco;

(c) Amalco will acquire the Premium Brands Shares of all Shareholders (the "Dissenting Shareholders") who have validly exercised their right to dissent ("Dissent Rights");

(d) the Fund will issue to the Trust a number of Fund Units equal to the sum of: (i) the amount by which the aggregate deferred gain of Premium Brands Shares owned by Shareholders electing to transfer their Premium Brands Shares to PB Holdings LP divided by the offering price of Fund Units in the Treasury Offering exceeds 600,000; and (ii) the aggregate elected amount of Premium Brands Shares being transferred to PB Holdings LP divided by the offering price of Fund Units in the Treasury Offering. A Shareholder's deferred gain for this purpose means the amount by which the offering price in the Treasury Offering of that number of Fund Units equal to the number of Premium Brands Shares transferred to PB Holdings LP exceeds the Elected Amount in respect of such Premium Brands Shares. In consideration, the Trust will issue series 1 unsecured, subordinated notes of the Trust ("Series 1 Trust Notes") and Trust Units to the Fund.

(e) the Trust will contribute the foregoing Fund Units to PB Holdings LP in return for Class A LP Units of PB Holdings LP;

(f) the Fund will acquire the Premium Brands Shares, directly or indirectly, under one of two alternatives:

(i) a Shareholder may elect to (or, if not eligible to elect, will) receive one Fund Unit in exchange for each Premium Brands Share transferred directly to the Fund; or

(ii) a Shareholder, subject to eligibility criteria, may elect to transfer Premium Brands Shares to PB Holdings LP. In this case, the Shareholder will receive Exchangeable LP Units and related exchange rights (the "Exchange Rights") set forth in the exchange agreement (the "Exchange Agreement") to be entered into between the Fund, the Trust, PB Holdings LP and PB Holdings GP on the Effective Date and special voting units (the

"Special Voting Units") of the Fund (collectively, the "Ancillary Rights") in respect of the deferred gain of the Shareholder and Fund Units in respect of the elected amount (as determined in accordance with the Arrangement) so that, in aggregate, the number of the Exchangeable LP Units and Fund Units received will be valued at the offering price for Units in the Treasury Offering. However, a maximum of 600,000 Exchangeable LP Units are available for issuance by PB Holdings LP in connection with the Arrangement. Where the amount described in paragraph (d)(i) above is greater than zero, the Shareholder will receive their pro rata share of available Exchangeable LP Units calculated based upon the deferred gain associated with the Premium Brands Shares being transferred. In such case, the balance of the consideration for the deferred gain will be paid in Fund Units.

(g) the Fund will transfer any Premium Brands Shares acquired by it to the Trust and, in return, will receive Trust Units and Series 1 Trust Notes;

(h) the Trust will transfer all Premium Brands Shares owned by it to PB Holdings LP in return for Class A LP Units of PB Holdings LP;

(i) PB Holdings LP will transfer such Premium Brands Shares owned by it to Trust Subco in return for GP Notes and 1,000 common shares of Trust Subco;

(j) the Fund will complete the Treasury Offering and will use the net proceeds to acquire Trust Units and Series 1 Trust Notes;

(k) the Trust will use the amounts received from the Fund to acquire Class A LP Units of PB Holdings LP;

(l) PB Holdings LP will lend funds to Amalco in return for the same principal amount of GP Notes;

(m) Amalco will use amounts received from PB Holdings LP to repay certain amounts outstanding under the Existing Credit Facilities; and

(n) PB Operating LP will borrow amounts under the New Credit Facilities to repay the Credit Facility Note.

28. Shortly after completion of the Arrangement, the following transactions will occur:

(a) Amalco will use the proceeds it receives from the repayment of the Credit Facility Note to repay the remaining amounts owing under the Existing Credit Facilities;

(b) Trust Subco and Amalco will amalgamate to form PB Operating GP, with the effect that:

(i) all of the property of Trust Subco, other than Premium Brands Shares, and Amalco immediately before amalgamation will become the property of PB Operating GP;

(ii) all of the liabilities of Trust Subco and Amalco will become the liabilities of PB Operating GP;

(iii) all of the issued and outstanding Premium Brands Shares held by Trust Subco immediately before the amalgamation will be cancelled without repayment of capital;

(iv) the articles and by-laws of PB Operating GP will be the same as the articles and by-laws of Trust Subco;

(v) the Trust Subco common shares will survive and will continue as common shares of PB Operating GP without amendment; and

(c) PB Operating GP will repay amounts under the GP Notes by transferring the Operating LP Note and the Class A LP Units of PB Operating LP owned by PB Operating GP to PB Holdings LP;

(d) PB Holdings LP will subscribe for Class A LP Units of PB Operating LP in return for cancelling the Operating LP Note; and

(e) Newco will be wound up into PB Operating GP.

29. Shareholders, subject to eligibility criteria, will be required to make an election if they wish to receive as a portion of the consideration for their Premium Brands Shares, on completion of the Arrangement, in Exchangeable LP Units. The Exchangeable LP Units are intended to be, to the extent possible, the economic equivalent of the Fund Units and will be exchangeable for Units. However, the Exchangeable LP Units will not be listed on the Toronto Stock

Exchange or on any other stock exchange or quotation system. In addition, Exchangeable LP Units will not be exchangeable for a period of 180 days from the Effective Date, except with the consent of the board of directors of PB Holdings GP. A maximum of 600,000 Exchangeable LP Units will be issued pursuant to the Arrangement. Each Shareholder who elects to receive Exchangeable LP Units will receive their share of the 600,000 Exchangeable LP Units pro-rata based on the deferred gain associated with the transfer of their Premium Brands Shares. However, if the aggregated deferred gains of all the exchanging Shareholders is less than the value of the maximum number of Exchangeable LP Units based on the offering price of Fund Units in the Treasury Offering, then a lower number of Exchangeable LP Units will be issued. The balance of the consideration received by exchanging Shareholders will be Fund Units so that the aggregate number of Exchangeable LP Units and Fund Units received is equal to the number of Premium Brand Shares transferred. Exchangeable LP Units will entitle the holder to one vote at meetings of Unitholders of the Fund and will be exchangeable for one Fund Unit. Exchangeable LP Units will not be exchangeable for Fund Units for a period of 180 days after the completion of the Arrangement. Excluded Persons will only be eligible to receive Units in exchange for their Premium Brands Shares.

30. After giving effect to the Arrangement Transaction:

- (a) Shareholders, together with purchasers of Fund Units pursuant to the Treasury Offering and/or the Secondary Offering, will own all of the issued and outstanding Fund Units;
- (b) the Fund will own all of the issued and outstanding Trust Units and Series 1 Trust Notes;
- (c) Shareholders who validly elect to receive Exchangeable LP Units by depositing with the Depositary a duly completed Letter of Transmittal and Election Form will own all of the issued and outstanding Exchangeable LP Units and Ancillary Rights;
- (d) the Trust will own all of the Class A LP Units of PB Holdings LP and all of the common shares of PB Holdings GP;
- (e) PB Holdings GP will be the general partner of, and will own a 0.01% interest in, PB Holdings LP;
- (f) PB Holdings LP will own all of the common shares of PB Operating GP, all of the GP Notes and all of the Class A LP Units of PB Operating LP;
- (g) PB Operating GP will be the general and managing partner of, and will own all the Class B LP Units of PB Operating LP. In

addition, PB Operating GP will own all the outstanding shares of PB USA and the Investment Interests; and

(h) PB Operating LP will carry on the Premium Brands Business other than PB USA and certain investment interests.

The steps under the Arrangement, the terms of the Exchangeable LP Units and Ancillary Rights and the exercise of certain rights provided for in connection with the Arrangement and the Exchangeable LP Units involve a number of trades or potential trades of securities, including securities of the Company, the Fund, the Trust, PB Holdings GP, PB Holdings LP, Newco, PB Operating LP, Amalco, and PB Operating GP, and rights to otherwise make a trade of a security that was derived from the Arrangement (collectively, the "Arrangement Trades").

31. The precise mechanics of the various Arrangement Trades do not or may not satisfy the technical requirements of the Manitoba Arrangement Exemption.

32. The completion of the Arrangement and related transactions is subject to a number of conditions, including, among other things, receipt of two separate approvals of the Arrangement by Shareholders (in addition to all other necessary approvals) as follows:

(a) the affirmative vote of not less than 66 2/3 of the votes cast by Shareholders voting in person or by proxy at the meeting of Shareholders; and

(b) the affirmative vote of a simple majority of the votes cast by Shareholders present in person or by proxy at the meeting of Shareholders, excluding any votes cast by Gibralt Real Estate Limited Partnership and its associates and affiliates).

33. The Company made application for, and obtained, an interim order (the "Interim Order") of the British Columbia Supreme Court (the "BC Court") which specifies, among other things, certain procedures and requirements to be followed in connection with the calling and holding of a meeting (the "Meeting") of Shareholders to approve the Arrangement. The completion of the Arrangement is subject to receipt of the final order of the BC Court following the receipt of all required approvals, including the approval of the Shareholders at the meeting of its securityholders to be held on July 14, 2005.

34. In connection with the Meeting and pursuant to the Interim Order, the Company has mailed to its Shareholders the Information Circular which provides sufficient information about the Arrangement to enable a Shareholder to make an informed decision with respect to the Arrangement which provided prospectus-level disclosure regarding the Fund and the particulars of the Arrangement. In

addition, Shareholders have the Dissent Rights which, if exercised, will entitle them to be paid the fair value of their securities.

35. An opinion of PricewaterhouseCoopers LLP relating to the fairness, from a financial point of view, of the consideration to be received by Shareholders, including the minority Shareholders in connection with the Arrangement was obtained and attached to the Information Circular.

(C) The Commission is satisfied in the circumstances of this particular case that it would not be prejudicial to the public to grant the relief requested;

IT IS ORDERED:

1. THAT, pursuant to Section 20(1) of the Act, the Arrangement Trades are exempt from sections 6 and 37 of the Act.

2. THAT the fee for this order shall be \$1,000.00.

BY ORDER OF THE COMMISSION.

Deputy Director - Legal