

IN THE MATTER OF THE  
SECURITIES LEGISLATION  
OF ALBERTA, BRITISH COLUMBIA, SASKATCHEWAN  
MANITOBA, ONTARIO, NEW BRUNSWICK, NEWFOUNDLAND, NOVA  
SCOTIA, PRINCE EDWARD ISLAND, THE NORTHWEST TERRITORIES,  
NUNAVUT AND THE YUKON TERRITORY

AND

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

AND

IN THE MATTER OF  
E\*TRADE GROUP, INC., EGI CANADA CORPORATION,  
3045175 NOVA SCOTIA COMPANY AND  
VERSUS TECHNOLOGIES INC.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Alberta, British Columbia, Saskatchewan, Manitoba, Ontario, New Brunswick, Newfoundland, Nova Scotia, Prince Edward Island, The Northwest Territories, Nunavut and The Yukon Territory (collectively, the "Jurisdictions") has received an application from E\*TRADE Group, Inc. ("EGI"), EGI Canada Corporation ("ECC") and 3045175 Nova Scotia Company ("EGI Newco") (collectively, the "Filer") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that:

(a) the trades of securities involved in connection with the proposed acquisition (the "Transaction") by EGI of VERSUS Technologies Inc. ("VERSUS") to be effected by way of an Arrangement (as defined below) shall be exempt from the registration and prospectus requirements of the Legislation; and

(b) ECC be exempt from the requirements of the Legislation to issue a press release and report material changes, to file with the Decision Makers and deliver to securityholders (as defined below) interim financial statements and audited annual financial statements, and to make an annual filing with the Decision Makers in lieu of filing an information circular (the "Continuous Disclosure Requirements");

all subject to certain conditions, as described below;

AND WHEREAS pursuant to the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the Ontario Securities Commission is the principal regulator for this application;

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

1. EGI, EGI Newco, ECC, VERSUS, VERSUS Brokerage Services Inc., VERSUS Brokerage Services (U.S.) Inc. and Fairvest Securities Corporation have entered into a merger agreement dated as of June 14, 2000 (the "Merger Agreement"), providing for the Transaction, which is to be effected by way of an arrangement (the "Arrangement") under section 192 of the Canada Business Corporations Act ("CBCA").
2. EGI was incorporated in California in 1982 and reincorporated in Delaware in July 1996. EGI is currently subject to the informational requirements of the United States Securities Exchange Act of 1934, as amended, and is not a "reporting issuer" under the Legislation. The common stock of EGI (the "EGI Shares") is listed on the National Stock Market's National Market ("NASDAQ"). EGI's principal corporate offices are located at 4500 Bohannon Drive, Menlo Park, California 94025.
3. EGI's authorized capital consists of 600,000,000 EGI Shares, U.S.\$0.01 par value per share, and 1,000,000 shares of Preferred Stock, U.S.\$0.01 par value per share. The EGI Shares are fully participating voting shares. As of July 5, 2000, there were 298,290,560 EGI Shares and no shares of Preferred Stock issued and outstanding.
4. As part of the Transaction, EGI will issue one special voting share (the "Special Voting Share") to a trustee (the "Trustee") which will be appointed as trustee under a voting and exchange trust agreement (the "Voting and Exchange Trust Agreement"), as described below.
5. ECC was incorporated under the Ontario Business Corporations Act on June 12, 2000. ECC is an indirect wholly-owned subsidiary of EGI and a direct wholly-owned subsidiary of EGI Newco. ECC's registered office is located at 66 Wellington St. West, Suite 3600, Toronto, Ontario M5K 1N6.
6. The authorized capital of ECC will consist of an unlimited number of common shares and non-voting exchangeable shares (the "Exchangeable Shares"). As of July 5, 2000 there were 71,729 common shares issued and outstanding, all of which were indirectly beneficially owned by EGI.
7. ECC will apply to list the Exchangeable Shares on the Toronto Stock Exchange ("TSE"), and EGI will apply to list the EGI Shares issuable on exchange of Exchangeable Shares and those issued directly to VERSUS Shareholders, on NASDAQ.
8. Upon completion of the Transaction and subject in certain of the Jurisdictions to the Exchangeable Shares being listed on the TSE, ECC will become or will be deemed to become a reporting issuer in certain of the Jurisdictions.
9. EGI Newco is an indirect, wholly-owned subsidiary of EGI. EGI Newco was formed on June 13, 2000 as an unlimited liability company under the laws of the Province of Nova Scotia to hold all of the common shares of ECC and to hold the various call rights related to the Exchangeable Shares.

10. The authorized capital of EGI Newco consists of 10,000,000 common shares. As of July 5, 2000, there were 71,729 common shares issued and outstanding, all of which were indirectly beneficially owned by EGI.

11. VERSUS was incorporated on March 2, 1992 under the CBCA. On September 2, 1994, VERSUS amalgamated with 3061442 Canada Inc. and carried on as VERSUS Technologies Inc. On December 20, 1996, VERSUS amalgamated with Capital Works Inc. and Capital Works Brokerage Services Inc. to form VERSUS Technologies Inc. VERSUS has been a reporting issuer under the Legislation since March 5, 1999 and, to the best of the knowledge of EGI, ECC and EGI Newco, VERSUS is not in default of any of the requirements thereunder. The VERSUS Shares (as defined below) are listed on the TSE. VERSUS' registered office is located at 181 Bay Street, Suite 3810, Toronto, Ontario M5J 2T3.

12. VERSUS' authorized capital consists of an unlimited number of common shares and a class of preferred shares. As of July 5, 2000, 12,881,150 VERSUS Shares and no first preferred shares were issued and outstanding. As of July 5, 2000, 2,336,365 VERSUS Shares were reserved in the aggregate for issuance in respect of the VERSUS Options (as defined below) and 156,950 VERSUS Shares were reserved in the aggregate for issuance in respect of the Compensation Options (as defined below). As of July 5, 2000, no debt securities of VERSUS were outstanding.

13. Pursuant to the Transaction, holders of VERSUS Shares and associated rights issued under the VERSUS Shareholder Rights Plan (the "VERSUS Shares") (other than those held by dissenting holders, EGI or any subsidiary or affiliate thereof and holders who elect to receive EGI Shares) will receive in exchange for each VERSUS Share they own Exchangeable Shares of ECC based on an exchange ratio (the "Exchange Ratio") determined from (i) the total consideration payable for VERSUS Shares of U.S.\$173.9 million, (ii) the number of VERSUS Shares outstanding on a fully diluted basis, and (iii) the average closing price of EGI Shares for the 10 trading days immediately prior to the date on which the Exchange Ratio is fixed, being the third trading day prior to closing of the Transaction (the "Effective EGI Share Price"), subject to a minimum Effective EGI Share Price of U.S.\$15.20 and a maximum Effective EGI Share Price of U.S.\$22.80. VERSUS has the right to terminate the Transaction if the Effective EGI Share Price is below U.S.\$10.00 and EGI has the right to terminate the Transaction if the Effective EGI Share Price is above U.S.\$28.00. Upon completion of the Transaction, EGI, through ECC, will be the sole beneficial holder of all the issued and outstanding VERSUS Shares. Holders of VERSUS Shares shall also have the right, subject to the first two exceptions noted above, to elect, pursuant to the Transaction, to transfer their VERSUS Shares to EGI Newco in exchange for EGI Shares based on the Exchange Ratio.

14. No fractional Exchangeable Shares or EGI Shares will be delivered in exchange for VERSUS Shares pursuant to the Arrangement. In lieu of fractional shares, each holder of VERSUS Shares who is otherwise entitled to a fractional interest in an Exchangeable Share or EGI Share will receive a cash payment equal to such holder's pro rata portion of the net proceeds received by the depository (after expenses) upon the sale of whole shares representing an accumulation of all fractional interests in Exchangeable Shares or EGI Shares to which all such holders would otherwise be entitled. The depository will sell whole Exchangeable Shares or EGI Shares through the facilities of the TSE, in the case of the Exchangeable Shares, and NASDAQ,

in the case of EGI Shares, as soon as reasonably practicable following the Effective Date (as defined below).

15. The VERSUS Employee Stock Option Plans and each VERSUS option issued thereunder (a "VERSUS Option") will be assumed by EGI pursuant to the Arrangement. Each such option so assumed (an "Assumed Option") shall have the same terms and conditions as those set forth in the VERSUS Stock Option Plans and the applicable stock option agreements then in effect immediately prior to the effective time of the Arrangement (the "Effective Time"), except that (i) each such Assumed Option will be exercisable for that number of whole EGI Shares equal to the product of the number of VERSUS Shares that were issuable upon exercise of such option immediately prior to the Effective Time multiplied by the Exchange Ratio and rounded down to the nearest whole number of EGI Shares, and (ii) the per share exercise price for the EGI Shares issuable upon the exercise of each such Assumed Option will be equal to the quotient determined by dividing the exercise price per VERSUS Share at which such option was exercisable immediately prior to the Effective Time (adjusted for the U.S. Dollar/Canadian Dollar exchange rate effective as of the close of business on the effective date of the Arrangement (the "Effective Date")) by the Exchange Ratio, rounded up to the nearest whole cent.

16. Certain outstanding rights, expiring March 12, 2001, held by certain underwriters to purchase VERSUS Shares at an exercise price of CDN\$11.50 per share (the "Compensation Options") shall be assumed by ECC and each such option so assumed (an "Assumed Compensation Option") shall continue to have and be subject to the same terms and conditions set forth therein immediately prior to the Effective Time except that (i) each such Assumed Compensation Option will be exercisable for that number of whole Exchangeable Shares equal to the product of the number of VERSUS Shares that were issuable upon exercise of such option immediately prior to the Effective Time multiplied by the Exchange Ratio and rounded down to the nearest whole number of Exchangeable Shares, and (ii) the per share exercise price for the Exchangeable Shares issuable upon exercise of each such Assumed Compensation Option will be equal to the quotient determined by dividing the exercise price per VERSUS Share at which such option was exercisable immediately prior to the Effective Time by the Exchange Ratio, rounded up to the nearest whole cent.

17. Subject to confirmation in the interim order to be obtained from Ontario's Superior Court of Justice (the "Court"), the Arrangement must be approved by the holders of the VERSUS Shares, VERSUS Options and Compensation Options (collectively, the "securityholders") by at least two-thirds of the votes cast by securityholders voting as a single class. Following the approval of securityholders, the Arrangement is subject to approval of the Court, to be granted in a final order.

18. In connection with the securityholders' meeting to be held to consider the Transaction, VERSUS has delivered to securityholders a management proxy circular (the "VERSUS Circular") containing prospectus level disclosure of the business and affairs of EGI and of the particulars of the Transaction and the Arrangement.

19. The Exchangeable Shares, together with the Voting and Exchange Trust Agreement to be entered into by EGI, ECC and the Trustee contemporaneously with the closing of the

Transaction, will provide holders thereof with a security of a Canadian issuer having economic and voting rights which are, as nearly as practicable, equivalent to those of an EGI Share. Each Exchangeable Share will be exchangeable by the holder, at any time, for one EGI Share (subject to certain anti-dilution provisions) and will be required to be exchanged upon the occurrence of certain events.

20. The rights, privileges, restrictions and conditions attaching to the Exchangeable Shares (the "Exchangeable Share Provisions"), and the Exchangeable Share Support Agreement (described in paragraph 28 below) will provide that each Exchangeable Share will entitle the holder to dividends from ECC equivalent to each dividend paid by EGI on an EGI Share, subject to applicable law.

21. The Exchangeable Shares will be retractable at any time. Subject to the overriding retraction call right of EGI Newco, upon retraction the holder will be entitled to receive from ECC for each Exchangeable Share retracted an amount equal to the current market price (as defined in the Exchangeable Share Provisions) of an EGI Share on the last business day prior to the retraction date, to be satisfied by the delivery of one EGI Share (the "Retraction Price"), together with, on the designated payment date therefor, all declared and unpaid dividends on each such retracted Exchangeable Share held by the holder on any dividend record date prior to the date of retraction (the "Dividend Amount"). Upon being notified by ECC of a proposed retraction of Exchangeable Shares, EGI Newco will have an overriding retraction call right to purchase from the holder exercising the retraction right all of the Exchangeable Shares that are the subject of the retraction notice for a price per share equal to the Retraction Price (to be satisfied by the delivery of one EGI Share), plus an amount, to the extent not paid by ECC, equal to the Dividend Amount.

22. Subject to applicable law and the overriding redemption call right of EGI Newco, ECC will be entitled to redeem all but not less than all of the then outstanding Exchangeable Shares on or after the fifth anniversary of the Effective Date of the Arrangement, unless the board of directors of ECC has accelerated the redemption date in the circumstances outlined in the Exchangeable Share Provisions (the "Redemption Date"). Upon such redemption, a holder will be entitled to receive from ECC for each Exchangeable Share redeemed an amount equal to the current market price of an EGI Share on the last business day prior to the Redemption Date, to be satisfied by the delivery of one EGI Share (the "Redemption Price"), together with an additional amount equivalent to all declared and unpaid dividends on each such redeemed Exchangeable Share held by the holder on any dividend record date which occurred prior to the Redemption Date (the "Redemption Dividend Amount"). Upon being notified by ECC of a proposed redemption of Exchangeable Shares, EGI Newco will have an overriding redemption call right to purchase on the Redemption Date all of the then outstanding Exchangeable Shares (other than Exchangeable Shares held by EGI and its affiliates) for a price per share equal to the Redemption Price (to be satisfied by the delivery of one EGI Share) plus, to the extent not paid by ECC, an amount equivalent to the Redemption Dividend Amount. Upon the exercise of the overriding redemption call right by EGI Newco, holders will be obligated to sell their Exchangeable Shares to EGI Newco. If EGI Newco exercises its overriding redemption call right, ECC's right and obligation to redeem the Exchangeable Shares on the Redemption Date will terminate.

23. Subject to the overriding liquidation call right of EGI Newco, in the event of the liquidation, dissolution or winding up of ECC or any other distribution of the assets of ECC among its shareholders for the purpose of winding up its affairs, a holder of Exchangeable Shares will be entitled, subject to applicable law, to receive from the assets of ECC, before any distribution among the holders of the common shares or any other shares ranking junior to the Exchangeable Shares, an amount per share equal to the current market price of an EGI Share on the last business day prior to the effective date (the "Liquidation Date") of the liquidation, dissolution or winding up of ECC, to be satisfied by the delivery of one EGI Share, together with an additional amount equivalent to all declared and unpaid dividends on each such Exchangeable Share held by such holder on any dividend record date which occurred prior to the Liquidation Date.

24. Subject to the overriding liquidation call right of EGI Newco, under the Voting and Exchange Trust Agreement, EGI will grant to the Trustee for the benefit of the holders of the Exchangeable Shares a right (the "Exchange Right"), exercisable upon an insolvency event relating to ECC (as defined in the Voting and Exchange Trust Agreement), to require EGI to purchase from a holder of Exchangeable Shares all or any part of the Exchangeable Shares held by the holder. The purchase price for each Exchangeable Share purchased by EGI under the Exchange Right will be an amount equal to the current market price (as defined in the Voting and Exchange Trust Agreement) of an EGI Share on the last business day prior to the day of closing the purchase and sale of such Exchangeable Share under the Exchange Right, to be satisfied by the delivery to the Trustee, on behalf of the holder, of one EGI Share, together with an additional amount, to the extent not paid by ECC, equal to the full amount of all declared and unpaid dividends on such Exchangeable Share held by the holder on any dividend record date which occurred prior to the closing of the purchase and sale.

25. Upon a proposed liquidation, dissolution or winding up of ECC, EGI Newco will have an overriding liquidation call right to purchase from all but not less than all of the holders of Exchangeable Shares (other than Exchangeable Shares held by EGI and its affiliates) on the Liquidation Date all of the Exchangeable Shares held by each such holder for a price per share equal to the current market price of an EGI Share on the last business day prior to the Liquidation Date, to be satisfied by the delivery of one EGI Share, together with, to the extent not paid by ECC, an additional amount equivalent to the full amount of all declared and unpaid dividends on each such Exchangeable Share held by such holder on any dividend record date which occurred prior to the date of purchase by EGI Newco.

26. Under the Voting and Exchange Trust Agreement, upon the liquidation, dissolution or winding up of EGI or any proceedings to effect any other distribution of assets of EGI among its shareholders for the purpose of winding up its affairs (the "Liquidation Event Effective Date"), EGI will be required to purchase each outstanding Exchangeable Share, and each holder will be required to sell the Exchangeable Shares held by that holder (the "Automatic Exchange Right"), for a purchase price per share equal to the current market price of an EGI Share on the fifth business day prior to the Liquidation Event Effective Date, to be satisfied by the delivery of one EGI Share, together with an additional amount, to the extent not paid by ECC, equivalent to the full amount of all declared and unpaid dividends on each such Exchangeable Share held by the holder on any dividend record date prior to the date of the exchange.

27. The Exchangeable Shares will be non-voting (except as required by the Exchangeable Share Provisions or by applicable law). The Special Voting Share will be issued to the Trustee for the benefit of the holders of the Exchangeable Shares outstanding from time to time (other than EGI and its affiliates). Except as otherwise required by applicable law or the charter of EGI, the Special Voting Share will be entitled to the number of votes, exercisable at any meeting of the holders of EGI Shares and with respect to all written consents sought by EGI from its shareholders, equal to the number of Exchangeable Shares outstanding from time to time not owned by EGI and its affiliates. Each voting right attached to the Special Voting Share must be voted by the Trustee pursuant to the instructions of the holder of the related Exchangeable Share. In the absence of any such instruction from a holder as to voting, the Trustee will not be entitled to exercise the related voting rights. Upon the exchange of all of a holder's Exchangeable Shares for EGI Shares, all rights of such holder of Exchangeable Shares to instruct the Trustee to exercise votes attached to the Special Voting Share will cease.

28. Contemporaneously with the closing of the Transaction, EGI, ECC and EGI Newco will enter into an Exchangeable Share Support Agreement which will provide that EGI, among other things, so long as any Exchangeable Shares not owned by EGI or its affiliates are outstanding: (a) will not declare or pay any dividends on the EGI Shares unless ECC simultaneously declares or pays, as the case may be, an equivalent dividend on the Exchangeable Shares; and (b) will ensure that ECC and EGI Newco will be able to honour the redemption and retraction rights and liquidation entitlements that are attributes of the Exchangeable Shares and the related redemption, retraction and liquidation call rights described above.

29. The Transaction and the attributes of the Exchangeable Shares contained in the Exchangeable Share Provisions, the Voting and Exchange Trust Agreement and the Exchangeable Share Support Agreement involve or may involve a number of trades and/or distributions of securities. The trades and/or distributions of securities to which the Transaction and such attributes give rise are the following:

- (a) the issuance of Exchangeable Shares by ECC to holders of VERSUS Shares and the transfer of VERSUS Shares (and associated rights under the VERSUS shareholder rights plan) by holders thereof to ECC, as part of the Arrangement;
- (b) the assumption of VERSUS Options (the "Assumed Options") by EGI as part of the Arrangement, the issuance of a document evidencing each such Assumed Option by EGI, and the issuance and delivery of EGI Shares by EGI on exercise of an Assumed Option;
- (c) the issuance and intra-group transfers of EGI Shares and related issuances of shares of EGI affiliates in consideration therefor, all by and between EGI and its affiliates, to enable EGI Newco to deliver EGI Shares in connection with the Arrangement;
- (d) the delivery of EGI Shares by EGI Newco to holders of VERSUS Shares who so elect to receive EGI Shares and the transfer of VERSUS Shares (and associated

rights under the VERSUS shareholder rights plan) by holders thereof to EGI Newco, as part of the Arrangement;

(e) the sale by the depository of accumulated fractional entitlements to Exchangeable Shares or EGI Shares, the net proceeds of which are to be distributed on a pro rata basis to former holders of VERSUS Shares as part of the Arrangement;

(f) the assumption of VERSUS Compensation Options (the "Assumed Compensation Options") by ECC as part of the Arrangement, the issuance of a document evidencing each such Assumed Compensation Option by ECC, and the issuance and delivery of Exchangeable Shares by ECC on exercise of an Assumed Compensation Option;

(g) the grant by EGI to the Trustee for the benefit of the holders of Exchangeable Shares, pursuant to the Voting and Exchange Trust Agreement of the Exchange Right, the Automatic Exchange Right and the voting rights attached to the Special Voting Share;

(h) the grant of the redemption, retraction and liquidation call rights in favour of EGI Newco as described above;

(i) the issuance by EGI of the Special Voting Share to the Trustee for the benefit of the holders of the Exchangeable Shares;

(j) the issuance and intra-group transfers of EGI Shares and related issuances of shares of EGI affiliates in consideration therefor, all by and between EGI and its affiliates, from time to time to enable ECC to deliver EGI Shares to a holder of Exchangeable Shares upon a retraction of the Exchangeable Shares held by such holder, and the subsequent delivery of such EGI Shares to such holder by ECC upon such retraction;

(k) the transfer of Exchangeable Shares by the holder to ECC upon the holder's retraction of Exchangeable Shares;

(l) the issuance and intra-group transfers of EGI Shares and related issuances of shares of EGI affiliates in consideration therefor, all by and between EGI and its affiliates, from time to time to enable EGI Newco to deliver EGI Shares to a holder of Exchangeable Shares in connection with EGI Newco's exercise of its overriding retraction call right, and the subsequent delivery of such EGI Shares by EGI Newco upon the exercise of such overriding retraction call right;

(m) the transfer of Exchangeable Shares by the holder to EGI Newco upon EGI Newco exercising its overriding retraction call right;



(n) the issuance and intra-group transfers of EGI Shares and related issuances of shares of EGI affiliates in consideration therefor, all by and between EGI and its affiliates, to enable ECC to deliver EGI Shares to holders of Exchangeable Shares upon the redemption of the Exchangeable Shares, and the subsequent delivery of such EGI Shares by ECC upon such redemption;

(o) the transfer of Exchangeable Shares by holders to ECC upon the redemption of Exchangeable Shares;

(p) the issuance and intra-group transfers of EGI Shares and related issuances of shares of EGI affiliates in consideration therefor, all by and between EGI and its affiliates, to enable EGI Newco to deliver EGI Shares to holders of Exchangeable Shares in connection with EGI Newco's exercise of its overriding redemption call right, and the subsequent delivery of such EGI Shares by EGI Newco upon the exercise of such overriding redemption call right;

(q) the transfer of Exchangeable Shares by holders to EGI Newco upon EGI Newco exercising its overriding redemption call right;

(r) the issuance and intra-group transfers of EGI Shares and related issuances of shares of EGI affiliates in consideration therefor, all by and between EGI and its affiliates, to enable ECC to deliver EGI Shares to holders of Exchangeable Shares on the liquidation, dissolution or winding up of ECC or other distribution of the assets of ECC among its shareholders for the purpose of winding up its affairs and the subsequent delivery of such EGI Shares by ECC upon such liquidation, dissolution, winding up or other distribution;

(s) the transfer of Exchangeable Shares by holders to ECC on the liquidation, dissolution or winding up of ECC or other distribution of the assets of ECC among its shareholders for the purpose of winding up its affairs;

(t) the issuance and intra-group transfers of EGI Shares and related issuances of shares of EGI affiliates in consideration therefor, all by and between EGI and its affiliates, to enable EGI Newco to deliver EGI Shares to holders of Exchangeable Shares in connection with EGI Newco's exercise of its overriding liquidation call right, and the subsequent delivery of such EGI Shares by EGI Newco upon the exercise of such overriding liquidation call right;

(u) the transfer of Exchangeable Shares by holders to EGI Newco upon EGI Newco exercising its overriding liquidation call right;

(v) the issuance and delivery of EGI Shares by EGI to a holder of Exchangeable Shares upon the exercise of the Exchange Right by such holder;

(w) the transfer of Exchangeable Shares by a holder to EGI upon the exercise of the Exchange Right by such holder;

(x) the issuance and delivery of EGI Shares by EGI to holders of Exchangeable Shares pursuant to the Automatic Exchange Right;

(y) the transfer of Exchangeable Shares by a holder to EGI pursuant to the Automatic Exchange Right.

(collectively, the "Trades").

30. The fundamental investment decision to be made by a holder of VERSUS Shares is made at the time when such holder votes in respect of the Arrangement. As a result of this decision, unless Exchangeable Shares are sold in the market, a holder (other than a dissenting holder) will ultimately receive EGI Shares in exchange for the VERSUS Shares held by such holder. The use of the Exchangeable Shares will provide certain Canadian tax benefits to certain Canadian holders but will otherwise be, as nearly as practicable, the economic and voting equivalent of the EGI Shares. As such, all subsequent exchanges of Exchangeable Shares are in furtherance of the holders initial investment decision.

31. As a result of the economic and voting equivalency in all material respects between the Exchangeable Shares and the EGI Shares, holders of Exchangeable Shares will have an equity interest determined by reference to EGI, rather than ECC. Dividend and dissolution entitlements will be determined by reference to the financial performance and condition of EGI, not ECC. Accordingly, it is the information relating to EGI, not ECC, that will be relevant to holders of the Exchangeable Shares.

32. EGI will send concurrently to all holders of Exchangeable Shares and EGI Shares resident in the Jurisdictions all disclosure material furnished to holders of EGI Shares resident in the United States including, without limitation, copies of its annual financial statements and all proxy solicitation materials.

33. The VERSUS Circular will disclose that, in connection with the Arrangement, applications have been made for prospectus, registration and resale exemptions and exemptions from the Continuous Disclosure Requirements. The VERSUS Circular will specify the disclosure requirements from which ECC has applied to be exempted and will identify the disclosure that will be made in substitution therefor if such exemptions are granted.

AND WHEREAS pursuant to 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 Makers with the Jurisdiction to make the Decision has been met;

THE DECISION of the Decision Makers pursuant to the Legislation is:

1. that the requirements contained in the Legislation to be registered to trade in a security, to file a preliminary prospectus and a prospectus and receive receipts therefor shall not apply to any of the Trades;

2. the first trade in Exchangeable Shares arising from a Trade shall be a distribution or a primary distribution to the public under the Legislation of the Jurisdiction in which the trade takes place (the "Applicable Legislation"), unless otherwise exempt thereunder or unless such first trade is made in the following circumstances:

(i) ECC is or is deemed to be a reporting issuer or the equivalent under the Applicable Legislation in the Jurisdiction in which such first trade is made or, if ECC is not a reporting issuer or the equivalent pursuant to the Applicable Legislation, EGI complies with the filing requirements of paragraph 4 below;

(ii) if the seller is in a special relationship with ECC (as defined in the Applicable Legislation) the seller has reasonable grounds to believe that ECC is not in default of any requirement of the Applicable Legislation;

(iii) no unusual effort is made to prepare the market or to create a demand for the Exchangeable Shares, and no extraordinary commission or consideration is paid in respect of such first trade; and

(iv) disclosure of the exempt trade is made to the Decision Maker(s) (the Decision Makers hereby confirming that the filing of the VERSUS Circular with the Decision Makers at the time of mailing the VERSUS Circular to holders of VERSUS Shares constitutes disclosure to the Decision Makers of the exempt trade);

then such a first trade is a distribution or a primary distribution to the public only if it is a trade made from the holdings of any person, company or combination of persons or companies holding a sufficient number of any securities of EGI to affect materially the control of EGI but any holding of any person, company or combination of persons or companies holding more than 20% of the outstanding voting securities of EGI shall, in the absence of evidence to the contrary, be deemed to affect materially the control of EGI (and for this purpose EGI Shares and Exchangeable Shares are considered to be of the same class);

3. the first trade in EGI Shares arising from a Trade shall be a distribution or a primary distribution to the public under the Legislation unless such trade is executed through the facilities of a stock exchange or market outside of the Jurisdictions and such first trade is made in accordance with the rules of the stock exchange or market upon which the trade is made in accordance with all laws applicable to such stock exchange or market; and

4. that the Continuous Disclosure Requirements shall not apply to ECC, so long as:

(a) EGI sends to all holders of Exchangeable Shares resident in the Jurisdictions all disclosure material furnished to holders of EGI Shares resident in the United States, including, without limitation, copies of its annual financial statements and all proxy solicitation materials;

(b) EGI files with the Decision Makers copies of all documents required to be filed pursuant to the

United States *Securities Exchange Act of 1934*, as amended, including, without limitation, copies of any Form 10-K, Form 10-Q, Form 8-K and proxy statements prepared in connection with EGI's stockholders' meetings;

(c) EGI complies with the requirements of NASDAQ in respect of making public disclosure of material information on a timely basis and forthwith issues in the Jurisdictions and files with the Decision Makers any press release that discloses a material change in EGI's affairs;

(d) prior to or coincident with the distribution of the Exchangeable Shares, EGI shall cause ECC to provide to each recipient or proposed recipient of Exchangeable Shares resident in the Jurisdictions a statement that, as a consequence of this Decision, ECC will be exempt from certain disclosure requirements applicable to reporting issuers in the Jurisdictions, and specifying those requirements ECC has been exempted from and identifying the disclosure that will be made in substitution thereof (which may be satisfied by the inclusion of such a statement in the VERSUS Circular);

(e) ECC complies with the requirements of the Legislation in respect of making public disclosure of material information on a timely basis in respect of material changes in the affairs of ECC that would be material to holders of Exchangeable Shares but would not be material to holders of EGI Shares;

(f) EGI includes in all future mailings of proxy solicitation materials to holders of Exchangeable Shares a clear and concise statement explaining the reason for the mailed material being solely in relation to EGI and not in relation to ECC, such statement to include a reference to the economic equivalency between the Exchangeable Shares and the EGI Shares and the right to direct voting at EGI's stockholders' meetings pursuant to the Voting and Exchange Trust Agreement;

(g) EGI remains the direct or indirect beneficial owner of all the issued and outstanding voting securities of ECC; and

(h) ECC has not made a public offering of securities other than the Exchangeable Shares.

DATED at Toronto this 23rd day of August, 2000.

"J. A. Geller" "Stephen N. Adams"

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - relief granted, subject to certain conditions, from the prospectus and registration requirements in respect of trades in connection with a statutory arrangement where the Arrangement exemption is not available for technical reasons.

Reporting issuer exempted from certain continuous disclosure requirements subject to certain conditions. Disclosure required to be provided by these provisions would not be meaningful to shareholders.

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c.S.5, as am., ss. 25, 35(1)15.i, 53, 72(1)(i), 72(5), 74(1), 75, 77, 78, 79, 80(b)(iii), 81(2), 107, 108, 109.

Applicable Ontario Regulations

Regulation made under the Securities Act, R.R.O. 1990, Reg. 1015, as am., s.21.