

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

AND

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

AND

IN THE MATTER OF
IMASCO LIMITED

MRRS DECISION DOCUMENT

WHEREAS an application (the "Application") has been received by the Canadian securities regulatory authorities or regulators (the "Decision Makers") in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Prince Edward Island, Nova Scotia, Newfoundland, the Yukon Territory, Nunavut, and the Northwest Territories (collectively, the "Jurisdictions") from Imasco Limited ("Imasco") for a decision, pursuant to the securities legislation (the "Legislation") of each of the Jurisdictions that the registration requirements contained in the Legislation shall not apply to certain trades in securities made in connection with a proposed transaction between Imasco and British American Tobacco p.l.c. ("BAT");

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

AND WHEREAS, Imasco has represented to the Decision Makers that:

1. Imasco is a corporation incorporated under the laws of Canada in 1912 and continued under the *Canada Business Corporations Act* (the "CBCA") in 1976. Imasco's registered and principal office is in Montreal, Quebec. Imasco is a reporting issuer or has equivalent status in each of the provinces of Canada and its common shares are listed on the Montreal Exchange, The Toronto Stock Exchange and the Vancouver Stock Exchange. Imasco's authorized capital consists of 482,000,000 Common Shares, an unlimited number of First Preference Shares and an unlimited number of Second Preference Shares. As of July 28, 1999, 432,906,353 Common Shares were issued and outstanding.

2. BAT, a U.K. public limited company, owns indirectly approximately 42% of the outstanding Common Shares of Imasco.

3. British American Tobacco (Canada) Limited ("BAT Canada") is a corporation incorporated under the laws of Canada with its registered office in Montreal, Quebec. BAT Canada is an indirect wholly-owned subsidiary of BAT.

4. On August 2, 1999 Imasco, BAT and BAT Canada entered into a Transaction Proposal Agreement under which BAT Canada is seeking to acquire all of the outstanding common shares of Imasco, other than the approximately 42% of the common shares currently held by BAT (the "Proposed Transaction"). The Proposed Transaction will take the form of a capital reorganization which will allow Imasco's public shareholders to vote on the acceptability of the Proposed Transaction.

5. The Imasco shareholders will be provided with an information circular prior to the shareholders' meeting, as well as a valuation from an independent investment dealer. The information circular will comply with the disclosure requirements of the CBCA.

6. The Proposed Transaction includes the following steps:

(a) The articles of Imasco will be amended by way of special resolution to, among other things, create a new class of common shares (the "New Imasco Common Shares") and to change the rights, privileges, restrictions and conditions attaching to the existing common shares of Imasco (referred to after such change as the "Imasco Special Shares") to provide, upon notice being provided by Imasco to its transfer agent, for the transfer to, and acquisition by, BAT Canada of such shares as are set out in that notice.

(b) Provided various conditions precedent are satisfied, following the amendment to the articles, Imasco and BAT will exchange the Imasco Special Shares indirectly held by BAT for New Imasco Common Shares (the "BAT Exchange"). Following the BAT Exchange, upon notice being provided by Imasco to its transfer agent, BAT Canada will acquire all of the outstanding Imasco Special Shares for cash in accordance with the provisions of the Imasco Special Shares (the "Special Share Transfer").

(c) The Imasco Special Shares will be consolidated, after which Imasco and BAT Canada will amalgamate.

(d) Following completion of the Proposed Transaction, Imasco will be an indirect wholly-owned subsidiary of BAT.

(e) Registration is required in connection with the transfer by Imasco shareholders to BAT Canada pursuant to the Special Share Transfer (the "Registration Trades").

AND WHEREAS pursuant to the System this MRRS Decision Document evidences the decision of each of the Decision Makers (collectively "the Decision");

AND WHEREAS each of the Decision Makers is satisfied that the test contained in the Legislation that provides each of the Decision Makers with the jurisdiction to make the decision has been met;

THE DECISION of the Decision Makers pursuant to the Legislation is that to the extent that in the Legislation there are no exemptions available from the requirements to be registered to trade in a security in respect of the Registration Trades, those Registration Trades are not subject to the requirements of

DATED at Toronto this "7th" day of "December", 1999

Headnote

Relief granted pursuant to subsection 74(1) from registration requirement in section 25 for trades made by shareholders of one issuer to another issuer in connection with a going private transaction and amalgamation.

Statutes Cited

Securities Act, R.S.O. 1990, c.S.5, as am., s. 25, s.74.