

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

AND

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

AND

IN THE MATTER OF
LEGG MASON, INC., LEGG MASON CANADA HOLDINGS LTD. AND
3040692 NOVA SCOTIA COMPANY

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 and Prince Edward Island (collectively, the "Jurisdictions") has received an application from Legg Mason, Inc. ("Legg Mason"), Legg Mason Canada Holdings Ltd. ("Exchangeco") and 3040692 Nova Scotia Company ("NovaScotiaco") (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 merger (the "Transaction") of Legg Mason and Perigee Inc. ("Perigee") to be effected by way of an Arrangement (defined below) shall be exempt from the registration and prospectus requirements of the Legislation;
- (b) Exchangeco 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 shareholders interim financial statements and audited annual financial statements, to make an annual filing with the Decision Makers in lieu of filing an information circular, to file annual information forms and to file and deliver to shareholders management's discussion and analysis of the financial condition and results of operations of Exchangeco (the "Continuous Disclosure Requirements"); and
- (c) each "insider" (as such term is defined in the Legislation) of Exchangeco be exempt from the insider reporting requirements of the Legislation (the "Insider Reporting 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. Legg Mason, Perigee and Exchangeco have entered into a merger agreement dated as of March 9, 2000 (the "Merger Agreement"). The Transaction is to be effected by way of an arrangement (the "Arrangement") under section 182 of the *Business Corporations Act* (Ontario) involving Perigee, holders of common shares of Perigee (the "Perigee Common Shares"), holders of Class M Shares of Perigee (together with the Perigee Common Shares, the "Perigee Shares"), holders of options to purchase Perigee Common Shares (the "Perigee Options"), NovaScotiaco and Exchangeco.
2. Legg Mason was incorporated in Maryland in 1981. Legg Mason 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 Legg Mason is listed on the New York Stock Exchange ("NYSE"). Legg Mason's principal corporate offices are located in Baltimore, Maryland.
3. Legg Mason's authorized capital consists of 100,000,000 shares of common stock, par value U.S.\$0.10 per share (the "Legg Mason Shares"), and 4,000,000 shares of preferred stock, par value U.S.\$10.00 per share. The Legg Mason Shares are fully participating voting shares. As of February 28, 2000, there were no preferred shares and 57,746,463 Legg Mason Shares issued and outstanding.
4. As part of the Transaction, Legg Mason 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 agreement (the "Voting and Exchange Agreement"), described below.
5. Exchangeco was incorporated under the *Business Corporations Act* (New Brunswick) on February 29, 2000. Exchangeco is an indirect subsidiary of Legg Mason and a direct subsidiary of NovaScotiaco. Exchangeco's registered office is located in Saint John, New Brunswick.
6. The authorized capital of Exchangeco will consist of an unlimited number of common shares and non-voting exchangeable shares (the "Exchangeable Shares"). As of March 9, 2000 there were 100 common shares issued and outstanding, all of which were indirectly beneficially owned by Legg Mason.
7. The Toronto Stock Exchange (the "TSE") has conditionally approved the listing of the Exchangeable Shares, subject to satisfaction of customary requirements of the TSE, and the NYSE has authorized the listing upon official notice of issuance of the Legg Mason Shares issuable on exchange of the Exchangeable Shares.

8. Upon completion of the Transaction, Exchangeco will become or will be deemed to become a reporting issuer in certain of the Jurisdictions, or, where Exchangeco will not become a reporting issuer or the equivalent pursuant to the Legislation, Legg Mason will comply with the filing requirements of paragraph 2 of this Decision below.

9. NovaScotiaco is a direct, wholly-owned subsidiary of Legg Mason. NovaScotiaco was formed on February 28, 2000 as an unlimited liability company under the laws of the Province of Nova Scotia to hold all of the common shares of Exchangeco and to hold the various call rights related to the Exchangeable Shares.

10. The authorized capital of NovaScotiaco consists of 10,000,000 common shares. As of March 9, 2000, there was one common share issued and outstanding, which was held by Legg Mason.

11. Perigee was incorporated on January 1, 1998 under the *Canada Business Corporations Act* and was continued under the *Business Corporations Act (Ontario)* on May 13, 1998. Perigee has been a reporting issuer under the Legislation since May 8, 1998 and, to the best of the knowledge of Legg Mason, Exchangeco and NovaScotiaco, Perigee is not in default of any of the requirements thereunder.

12. Perigee's authorized capital consists of an unlimited number of first preferred shares, an unlimited number of Class M shares and an unlimited number of common shares. As of March 9, 2000, 8,687,736 Perigee Common Shares, 4,744,800 Class M shares and no first preferred shares were issued and outstanding. As of March 9, 2000, 48,000 Perigee Common Shares were reserved in the aggregate for issuance in respect of the Perigee Options. As of March 9, 2000, no debt securities of Perigee were outstanding.

13. Holders of Perigee Options will receive, in exchange for such options, a number of Exchangeable Shares equal to the fair value of the Perigee Options (determined using a Black-Scholes option pricing model) on March 8, 2000 divided by the closing price of a Legg Mason Share on the day immediately prior to the effective date of the Arrangement.

14. Subject to the terms of an interim order obtained from Ontario's Superior Court of Justice on April 13, 2000, the Arrangement must be approved by the holders of the Perigee Shares by way of special resolution by at least two-thirds of the votes cast by holders of the Perigee Common Shares and two-thirds of the votes cast by holders of the Class M Shares, each voting as a separate class, as required by law.

15. In connection with the shareholders' meeting to be held to consider the Transaction, Perigee delivered to the holders of the Perigee Shares a management information circular (the "Perigee Circular") on or about April 19, 2000. The Perigee Circular contains prospectus-level disclosure of the business and affairs of Legg Mason and of the particulars of the Transaction and the Arrangement.

16. Pursuant to the Transaction, holders of Perigee Shares (other than those held by dissenting holders and Perigee Shares held by Legg Mason or any subsidiary or affiliate thereof) will receive in exchange for each Perigee Share they own 0.387 of an Exchangeable Share in the

capital of Exchangeco, subject to adjustments in certain circumstances, prior to the date of the meeting of holders of Perigee Shares at which approval for the Arrangement will be sought, relating to a movement in the Legg Mason share price outside a specified range. Upon completion of the Transaction, Legg Mason, through Exchangeco, will be the sole beneficial holder of all the issued and outstanding Perigee Shares.

17. No fractional Exchangeable Shares will be delivered in exchange for Perigee Shares pursuant to the Arrangement. In lieu of fractional shares, each holder of Perigee Shares who is otherwise entitled to a fractional interest in an Exchangeable 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 to which all such holders would otherwise be entitled.

18. The Exchangeable Shares, together with the Voting and Exchange Agreement to be entered into by Legg Mason, Exchangeco 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 a Legg Mason Share. Each Exchangeable Share will be exchangeable by the holder, at any time, for one Legg Mason Share and will be required to be exchanged upon the occurrence of certain events. The Exchangeable Shares are subject to adjustment or modification in the event of a stock split or other change to the capital structure of Legg Mason so as to maintain at all times the initial one-to-one relationship between the Exchangeable Shares and the Legg Mason Shares.

19. The rights, privileges, restrictions and conditions attaching to the Exchangeable Shares (the "Exchangeable Share Provisions") and the Exchangeable Share Support Agreement will provide that each Exchangeable Share will entitle the holder to dividends from Exchangeco equivalent to each dividend paid by Legg Mason on a Legg Mason Share, subject to applicable law.

20. The Exchangeable Shares will be non-voting (except as required by the Exchangeable Share Provisions or by applicable law) and will be retractable at any time. Subject to the overriding retraction call right of NovaScotiaco, upon retraction the holder will be entitled to receive from Exchangeco for each Exchangeable Share retracted an amount equal to the current market price (as defined in the Exchangeable Share Provisions) of a Legg Mason Share on the last business day prior to the retraction date, to be satisfied by the delivery of one Legg Mason Share (the "Purchase 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 Exchangeco of a proposed retraction of Exchangeable Shares, NovaScotiaco 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 Purchase Price, plus an amount, to the extent not paid by Exchangeco, equal to the Dividend Amount.

21. Subject to applicable law and the overriding redemption call right of NovaScotiaco, Exchangeco will redeem all of the then outstanding Exchangeable Shares on the fifteenth anniversary of the effective date of the Arrangement, unless the board of directors of

Exchangeco 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 Exchangeco for each Exchangeable Share redeemed an amount equal to the current market price of a Legg Mason Share on the last business day prior to the Redemption Date, to be satisfied by the delivery of one Legg Mason Share (the "Redemption Purchase 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 Exchangeco of a proposed redemption of Exchangeable Shares, NovaScotiaco 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 Legg Mason and its affiliates) for a price per share equal to the Redemption Purchase Price plus, to the extent not paid by Exchangeco, an amount equivalent to the Redemption Dividend Amount. Upon the exercise of the overriding redemption call right by NovaScotiaco, holders will be obligated to sell their Exchangeable Shares to NovaScotiaco. If NovaScotiaco exercises its overriding redemption call right, Exchangeco's right and obligation to redeem the Exchangeable Shares on the Redemption Date will terminate.

22. Subject to the overriding liquidation call right of NovaScotiaco, in the event of the liquidation, dissolution or winding up of Exchangeco or any other distribution of the assets of Exchangeco 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 Exchangeco, 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 a Legg Mason Share on the last business day prior to the effective date (the "Liquidation Date") of the liquidation, dissolution or winding up of Exchangeco, to be satisfied by the delivery of one Legg Mason 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.

23. Subject to the overriding liquidation call right of NovaScotiaco, under the Voting and Exchange Agreement Legg Mason will grant to the Trustee for the benefit of the holders of the Exchangeable Shares a right (the "Exchange Right"), exercisable upon the insolvency of Exchangeco, to require Legg Mason 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 Legg Mason under the Exchange Right will be an amount equal to the current market price (as defined in the Voting and Exchange Agreement) of a Legg Mason 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 Legg Mason Share, together with an additional amount, to the extent not paid by Exchangeco, equivalent 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.

24. Upon a proposed liquidation, dissolution or winding up of Exchangeco, NovaScotiaco will have an overriding liquidation call right to purchase from all of the holders of Exchangeable

Shares (other than Exchangeable Shares held by Legg Mason 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 a Legg Mason Share on the last business day prior to the Liquidation Date, to be satisfied by the delivery of one Legg Mason Share, together with, to the extent not paid by Exchangeco, 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 NovaScotiaco.

25. Under the Voting and Exchange Agreement, upon the liquidation, dissolution or winding up of Legg Mason or any proceedings to effect any other distribution of assets of Legg Mason among its shareholders for the purpose of winding up its affairs (the "Liquidation Event Effective Date"), Legg Mason 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 a Legg Mason Share on the fifth business day prior to the Liquidation Event Effective Date, to be satisfied by the delivery of one Legg Mason Share, together with an additional amount, to the extent not paid by Exchangeco, 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.

26. The Special Voting Share is authorized for issuance pursuant to the Merger Agreement and, pursuant to the Arrangement, will be issued to the Trustee for the benefit of the holders of the Exchangeable Shares outstanding from time to time (other than Legg Mason and its affiliates). Except as otherwise required by applicable law or the charter of Legg Mason, the Special Voting Share will be entitled to the number of votes, exercisable at any meeting of the holders of Legg Mason Shares and with respect to all written consents sought by Legg Mason from its shareholders, equal to the number of Exchangeable Shares outstanding from time to time not owned by Legg Mason 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 Legg Mason Shares, all rights of such holder of Exchangeable Shares to instruct the Trustee to exercise votes attached to the Special Voting Share will cease.

27. Contemporaneously with the closing of the Transaction, Legg Mason, Exchangeco and NovaScotiaco will enter into an Exchangeable Share Support Agreement which will provide that Legg Mason, among other things, so long as any Exchangeable Shares not owned by Legg Mason or its affiliates are outstanding: (a) will not declare or pay any dividends on the Legg Mason Shares unless Exchangeco is able to declare and pay, and simultaneously declares or pays, as the case may be, an equivalent dividend on the Exchangeable Shares; (b) will ensure that Exchangeco and NovaScotiaco 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; and (c) will not initiate the voluntary dissolution of Exchangeco.

28. The Transaction and the attributes of the Exchangeable Shares contained in the Exchangeable Share Provisions, the Voting and Exchange Agreement and the Exchangeable Share Support Agreement involve or may involve a number of trades of securities, as follows:

- a. the issuance of Exchangeable Shares by Exchangeco to holders of Perigee Shares and the transfer of Perigee Shares by holders to Exchangeco, as part of the Arrangement;
- b. the issuance of Exchangeable Shares in exchange for Perigee Options as part of the Arrangement and the transfer of Perigee Options by their holders to Exchangeco;
- c. the grant by Legg Mason to the Trustee for the benefit of the holders of Exchangeable Shares, pursuant to the Voting and Exchange Agreement, of the Exchange Right, the Automatic Exchange Right and the voting rights pursuant to the Special Voting Share;
- d. the creation of the redemption, retraction and liquidation call rights in favour of NovaScotiaco referred above;
- e. the issuance by Legg Mason, pursuant to the Voting and Exchange Agreement, of the Special Voting Share to the Trustee for the benefit of the holders of the Exchangeable Shares;
- f. the issuance and intra-group transfers of Legg Mason Shares and related issuances of shares of Legg Mason affiliates in consideration therefor, all by and between Legg Mason and its affiliates, from time to time to enable Exchangeco to deliver Legg Mason Shares to a holder of Exchangeable Shares upon a retraction of the Exchangeable Shares held by such holder, and the subsequent delivery thereof by Exchangeco upon such retraction;
- g. the transfer of Exchangeable Shares by the holder to Exchangeco upon the holder's retraction of Exchangeable Shares;
- h. the issuance and intra-group transfers of Legg Mason Shares and related issuances of shares of Legg Mason affiliates in consideration therefor, all by and between Legg Mason and its affiliates, from time to time to enable NovaScotiaco to deliver Legg Mason Shares to a holder of Exchangeable Shares in connection with NovaScotiaco's exercise of its overriding retraction call right, and the subsequent delivery thereof by NovaScotiaco upon the exercise of such overriding retraction call right;
- i. the transfer of Exchangeable Shares by the holder to NovaScotiaco upon NovaScotiaco exercising its overriding retraction call right;

j. the issuance and intra-group transfers of Legg Mason Shares and related issuances of shares of Legg Mason affiliates in consideration therefor, all by and between Legg Mason and its affiliates, to enable Exchangeco to deliver Legg Mason Shares to holders of Exchangeable Shares upon the redemption of the Exchangeable Shares, and the subsequent delivery thereof by Exchangeco upon such redemption;

k. the transfer of Exchangeable Shares by holders to Exchangeco upon the redemption of Exchangeable Shares;

l. the issuance and intra-group transfers of Legg Mason Shares and related issuances of shares of Legg Mason affiliates in consideration therefor, all by and between Legg Mason and its affiliates, to enable NovaScotiaco to deliver Legg Mason Shares to holders of Exchangeable Shares in connection with NovaScotiaco's exercise of its overriding redemption call right, and the subsequent delivery thereof by NovaScotiaco upon the exercise of such overriding redemption call right;

m. the transfer of Exchangeable Shares by holders to NovaScotiaco upon NovaScotiaco exercising its overriding redemption call right;

n. the issuance and intra-group transfers of Legg Mason Shares and related issuances of shares of Legg Mason affiliates in consideration therefor, all by and between Legg Mason and its affiliates, to enable Exchangeco to deliver Legg Mason Shares to holders of Exchangeable Shares on the liquidation, dissolution or winding up of Exchangeco and the subsequent delivery thereof by Exchangeco upon such liquidation, dissolution or winding up;

o. the transfer of Exchangeable Shares by holders to Exchangeco on the liquidation, dissolution or winding up of Exchangeco;

p. the issuance and intra-group transfers of Legg Mason Shares and related issuances of shares of Legg Mason affiliates in consideration therefor, all by and between Legg Mason and its affiliates, to enable NovaScotiaco to deliver Legg Mason Shares to holders of Exchangeable Shares in connection with NovaScotiaco's exercise of its overriding liquidation call right, and the subsequent delivery thereof by NovaScotiaco upon the exercise of such overriding liquidation call right;

q. the transfer of Exchangeable Shares by holders to NovaScotiaco upon NovaScotiaco exercising its overriding liquidation call right;

r. the issuance and delivery of Legg Mason Shares by Legg Mason to a holder of Exchangeable Shares upon the exercise of the Exchange Right by such holder;

s. the transfer of Exchangeable Shares by a holder to Legg Mason upon the exercise of the Exchange Right by such holder;

t. the issuance and delivery of Legg Mason Shares by Legg Mason to holders of Exchangeable Shares pursuant to the Automatic Exchange Right; and

u. the transfer of Exchangeable Shares by a holder to Legg Mason pursuant to the Automatic Exchange Right.

(collectively, the "Trades").

29. The fundamental investment decision to be made by a holder of Perigee 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 Legg Mason Shares in exchange for the Perigee 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 Legg Mason Shares. As such, all subsequent exchanges of Exchangeable Shares are in furtherance of the holder's initial investment decision.

30. As a result of the economic and voting equivalency in all material respects between the Exchangeable Shares and the Legg Mason Shares, holders of Exchangeable Shares will have an equity interest determined by reference to Legg Mason, rather than Exchangeco. Dividend and dissolution entitlements will be determined by reference to the financial performance and condition of Legg Mason, not Exchangeco. Accordingly, it is the information relating to Legg Mason, not Exchangeco, that will be relevant to holders of the Exchangeable Shares. Certain information required to be provided in respect of Exchangeco as a reporting issuer under the Legislation or the equivalent under the Legislation would not be relevant to the holders of Exchangeable Shares.

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

32. The Perigee Circular discloses that, in connection with the Arrangement, applications have been made for prospectus, registration and resale exemptions and exemptions from disclosure and insider reporting obligations. The Perigee Circular specifies the disclosure requirements from which Exchangeco has applied to be exempted and identifies 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 made in connection with or pursuant to the Arrangement, the Voting and Exchange Agreement and the Exchangeable Share Support Agreement provided that:

a. the first trade in Exchangeable Shares acquired in the Transaction shall be a distribution under the Legislation of the Jurisdiction in which the trade takes place (the "Applicable Legislation"), unless otherwise exempt thereunder or unless such a first trade is made in the following circumstances:

i. Exchangeco 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 Exchangeco is not a reporting issuer or the equivalent pursuant to the Applicable Legislation, Legg Mason complies with the filing requirements of paragraph 2 below;

ii. if the seller is in a special relationship with Exchangeco (if defined in the Applicable Legislation) the seller has reasonable grounds to believe that Exchangeco 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 Perigee Circular with the Decision Makers at the time of mailing the Perigee Circular to holders of Perigee Shares constitutes disclosure to the Decision Makers of the exempt trade);

then such a first trade is a distribution 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 Legg Mason to affect materially the control of Legg Mason but any holding of any person, company or combination of persons or companies holding more than 20% of the outstanding voting securities of Legg Mason shall, in the absence of evidence to the

contrary, be deemed to affect materially the control of Legg Mason (and for this purpose Legg Mason Shares and Exchangeable Shares are considered to be of the same class); and

b. the first trade in Legg Mason Shares acquired in the Transaction upon the exchange of Exchangeable Shares shall be a distribution 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;

2. that the Continuous Disclosure Requirements shall not apply to Exchangeco, provided that:

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

b. Legg Mason files with the Decision Makers copies of all documents required to be filed by it with the United States Securities and Exchange Commission under 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 Legg Mason's stockholders' meetings;

c. Legg Mason complies with the requirements of the NYSE 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 Legg Mason's affairs;

d. prior to or coincident with the distribution of the Exchangeable Shares, Legg Mason shall cause Exchangeco to provide to each recipient or proposed recipient of Exchangeable Shares resident in the Jurisdictions a statement that, as a consequence of this Decision, Exchangeco and its insiders will be exempt from certain disclosure requirements applicable to reporting issuers and their insiders in the Jurisdictions, and specifying those requirements Exchangeco and its insiders have been exempted from and identifying the disclosure that will be made in substitution therefor (which may be satisfied by the inclusion of such a statement in the Perigee Circular);

e. Exchangeco 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 Exchangeco that would be material to holders of Exchangeable Shares but would not be material to holders of Legg Mason Shares;

f. Legg Mason 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 Legg Mason and not in relation to Exchangeco, such statement to include a reference to the economic equivalency between the Exchangeable Shares and the Legg Mason Shares and the right to direct voting at Legg Mason's stockholders' meetings pursuant to the Voting and Exchange Agreement;

g. Legg Mason pays all filing fees that would otherwise be payable by Exchangeco in connection with the Continuous Disclosure Requirements;

h. Legg Mason remains the direct or indirect beneficial owner of all the issued and outstanding voting securities of Exchangeco; and

i. Exchangeco has not had a public offering of securities other than the Exchangeable Shares; and

3. that the Insider Reporting Requirements shall not apply to any insider of Exchangeco provided that Legg Mason complies with the requirements of paragraph 2 above.

DATED at Toronto this 24th day of May, 2000.

"Howard I. Wetston" "J. F.
Howard"

THE FURTHER DECISION of the Decision Makers in Ontario and Saskatchewan is:

Provided that the conditions set out in paragraph 2 of this Decision have been complied with, staff of the Decision Makers in Ontario and Saskatchewan will not initiate any regulatory action by reason of Exchangeco not preparing and filing annual information forms (including management's discussion and analysis of the financial condition and results of operations).

DATED at Toronto this 24th day of May, 2000.

"Iva Vranic"

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 and insider reporting 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, 121(2)(a)(ii).

Applicable Ontario Regulations

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