

IN THE MATTER OF
THE SECURITIES LEGISLATION
OF ALBERTA, BRITISH COLUMBIA, SASKATCHEWAN
MANITOBA, ONTARIO, QUEBEC, NEW BRUNSWICK, PRINCE EDWARD ISLAND,
NOVA SCOTIA, NEWFOUNDLAND, 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
MAVERICK TUBE CORPORATION, MAVERICK TUBE (CANADA) LTD.
AND PRUDENTIAL STEEL LTD.

MRRS DECISION DOCUMENT

1. WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Alberta, British Columbia, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Prince Edward Island, Newfoundland and Labrador, Nova Scotia, the Yukon Territory, the Nunavut Territory and the Northwest Territories (the "Jurisdictions") has received an application from Maverick Tube Corporation ("Maverick") and Maverick Tube (Canada) Inc. ("Maverick Canada") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that the requirements contained in the Legislation:

1.1. to be registered to trade in a security (the "Registration Requirement"), to file a preliminary prospectus and a prospectus and to obtain receipts therefor (the "Prospectus Requirement") shall not apply to certain trades and distributions of securities to be made in connection with an agreement to combine the businesses of Maverick and Prudential Steel Ltd. ("Prudential") through a plan of arrangement involving Maverick, Maverick Canada and Prudential;

1.2. for a reporting issuer or the equivalent (if any) to issue a press release and file a report with the Decision Makers upon the occurrence of a material change, file and deliver interim and annual financial statements, information circulars and annual information forms and provide management's discussion and analysis of financial conditions and results of operations (the

"Continuous Disclosure Requirements") shall not apply to Maverick Canada provided certain conditions are met; and

1.3. that an insider of a reporting issuer or the equivalent file reports disclosing the insider's direct or indirect beneficial ownership of, or control or direction over, securities of the reporting issuer or the equivalent (the "Insider Reporting Requirements") shall not apply to insiders of Maverick Canada provided certain conditions are met;

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

3. AND WHEREAS Maverick and Maverick Canada have represented to the Decision Makers that:

3.1. Maverick is a corporation organized and subsisting under the laws of the State of Delaware, with its head office in Chesterfield, Missouri;

3.2. the authorized capital stock of Maverick includes 40,000,000 shares of Maverick common stock ("Maverick Common Stock") of which 17,899,224 were issued and outstanding as of June 30, 2000;

3.3. the Maverick Common Stock is currently quoted on the Nasdaq National Market ("Nasdaq");

3.4. Maverick is subject to the reporting requirements of the United States *Securities Exchange Act of 1934* (the "1934 Act");

3.5. Maverick is not a reporting issuer or the equivalent in any of the Jurisdictions;

3.6. Maverick Canada is a corporation incorporated under the *Business Corporations Act* (Alberta) (the "ABCA"), with its registered office in Calgary, Alberta;

3.7. Maverick Canada was incorporated on July 5, 2000 and has not carried on any business to date;

3.8. the authorized capital of Maverick Canada consists of an unlimited number of common shares and an unlimited number of exchangeable shares (the "Exchangeable Shares");

3.9. the only securities of Maverick Canada that are issued or may be issued are common shares and Exchangeable Shares and all of the common shares are held

and will continue to be held by Maverick as long as any outstanding Exchangeable Shares are owned by any person or entity other than Maverick or any of Maverick's subsidiaries;

3.10. Maverick Canada is not a reporting issuer or equivalent in any of the Jurisdictions;

3.11. Prudential is a corporation incorporated under the ABCA, with its head office in Calgary, Alberta;

3.12. the authorized capital of Prudential consists of an unlimited number of common shares ("Prudential Shares") and an unlimited number of preferred shares issuable in series;

3.13. 30,319,434 Prudential Shares and 1,340,764 options to purchase Prudential Shares ("Prudential Options") were issued and outstanding as of June 30, 2000;

3.14. the Prudential Shares are listed and posted for trading on The Toronto Stock Exchange (the "TSE");

3.15. Prudential is a reporting issuer or the equivalent in Alberta, British Columbia, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland;

3.16. Prudential is not in default of any requirements of the Legislation;

3.17. Maverick and Prudential have entered into an agreement which provides for the combination of the businesses of Maverick and Prudential (the "Combination");

3.18. the Combination will be effected through an arrangement under section 186 of the ABCA involving Maverick, Maverick Canada and Prudential (the "Arrangement");

3.19. the Arrangement is subject to approval of the holders of Prudential Shares and Prudential Options (the "Prudential Security Holders") and the Court of Queen's Bench of Alberta;

3.20. a meeting (the "Meeting") of the Prudential Security Holders has been scheduled for September 22, 2000;

3.21. an information circular (the "Circular") prepared in accordance with the Legislation has been provided to the Prudential Security Holders in connection with the Meeting and filed with each of the Decision Makers;

3.22. the Circular contains prospectus-level disclosure concerning the Combination, the Arrangement and the businesses of Maverick and Prudential;

3.23. under the terms of the Combination Agreement:

3.23.1. the holders ("Prudential Shareholders") of Prudential Shares (other than dissenting shareholders) will receive for, each of the Prudential Shares held by them, 0.52 of an Exchangeable Share of Maverick Canada;

3.23.2. each outstanding Prudential Option will be exchanged for an option to be granted by Maverick (the "Maverick Option") to purchase a whole number of shares of Maverick Common Stock equal to the number of Prudential Shares subject to such Prudential Option multiplied by 0.52 at an exercise price per Maverick Common Stock equal to the exercise price per share of such Prudential Option, divided by 0.52, but expressed in U.S. dollars.

3.24. under the terms of the Exchangeable Shares, and certain rights to be granted in connection with the Arrangement, holders of Exchangeable Shares will be able to exchange them at their option for shares of Maverick Common Stock on a one for one basis;

3.25. under the terms of the Exchangeable Shares, and certain rights to be granted in connection with the Arrangement, Maverick or Maverick Canada will be able to redeem, retract or acquire Exchangeable Shares in exchange for Maverick Common Stock in certain circumstances;

3.26. in order to ensure that the Exchangeable Shares remain the economical equivalent of Maverick Common Stock prior to their exchange, the Arrangement provides for:

3.26.1. a support agreement to be entered into between Maverick and Maverick Canada which will, among other things, restrict Maverick from declaring or paying dividends on Maverick Common Stock unless equivalent dividends are declared and paid on the Exchangeable Shares and from subdividing, consolidating or reclassifying Maverick Common Stock unless economically equivalent changes are made to the Exchangeable Shares;

3.26.2. an exchange trust agreement to be entered into between Maverick, Maverick Canada and CIBC Mellon Trust Company (the "Trustee") which will, among other things, grant to the Trustee, for the benefit of holders of Exchangeable Shares, the right to require Maverick to indirectly exchange the Exchangeable

Shares for Maverick Common Stock upon the occurrence of certain specified events (the "Exchange Rights");

3.26.3. the deposit by Maverick of a special voting share (the "Voting Share") with the Trustee which will effectively provide holders of Exchangeable Shares with voting rights equivalent to those attached to Maverick Common Stock;

3.27. the terms of the Arrangement, the terms of the Exchangeable Shares and the exercise of certain rights provided for in connection with the Arrangement may result in the following trades or distributions, or the equivalent, under the Legislation (collectively, the "Trades"):

3.27.1. the issuance by Maverick Canada of Exchangeable Shares to the Prudential shareholders in consideration for the Prudential Shares;

3.27.2. the transfer by the Prudential shareholders of the Prudential Shares in consideration for Exchangeable Shares;

3.27.3. the grant by Maverick of the Exchange Rights to the Trustee;

3.27.4. the issuance by Maverick of Maverick Common Stock to holders of Exchangeable Shares upon the exercise of the Exchange Rights;

3.27.5. the issuance by Maverick of the Voting Share to the Trustee;

3.27.6. the grant by holders of Exchangeable Shares to Maverick of certain rights to require such holders to sell the Exchangeable Shares for Maverick Common Stock (the "Call Rights");

3.27.7. the grant by Maverick to the holders of Exchangeable Shares of certain rights to require Maverick to purchase the Exchangeable Shares for Maverick Common Stock (the "Put Rights");

3.27.8. the issuance by Maverick of Maverick Common Stock to holders of Exchangeable Shares upon the exercise of the Call Rights or Put Rights;

3.27.9. the issuance by Maverick and delivery by Maverick Canada of Maverick Common Stock to holders of Exchangeable Shares

upon the exchange, redemption, or retraction of the Exchangeable Shares under their terms; and

3.27.10. the transfer of Exchangeable Shares by the holders thereof to Maverick or Maverick Canada in connection with the exercise of the Exchange Rights, the Call Rights or the Put Rights or upon the exchange, redemption or retraction of the Exchangeable Shares under their terms;

3.27.11. the exchange of all outstanding Prudential Options for Maverick Options;

3.27.12. the issuance of Maverick Common Stock in exercise of the Maverick Options granted on exchange of the Prudential Options; and

3.28. Maverick Canada has applied to have the Exchangeable Shares listed on the TSE following the Arrangement;

3.29. upon the completion of the Arrangement, Maverick Canada will be deemed to be a reporting issuer or the equivalent pursuant to the applicable Legislation in Alberta, British Columbia, Saskatchewan, Ontario, Quebec, Nova Scotia and Newfoundland. Maverick Canada will not, and does not intend to become, a reporting issuer or the equivalent in any other Jurisdiction;

3.30. the Circular discloses that Maverick and Maverick Canada have applied for relief from the Registration and Prospectus Requirements, the Continuous Disclosure Requirements and Insider Reporting Requirements for insiders of Maverick Canada. The Circular also identifies the limitations imposed on any resale of Exchangeable Shares or Maverick Common Stock and the continuous disclosure that will be provided to holders of Exchangeable Shares if the requested relief is granted;

3.31. Maverick will concurrently send to holders of Maverick Common Stock resident in the Jurisdictions all disclosure material it sends to holders of Maverick Common Stock resident in the United States pursuant to the 1934 Act;

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

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

6. THE DECISION of the Decision Makers pursuant to the Legislation is that:

6.1. the Registration and Prospectus Requirements shall not apply to the Trades;

6.2. the first trade of Exchangeable Shares acquired under the Arrangement shall be subject to the Prospectus Requirement unless:

6.2.1. the trade is exempt from or not subject to the Prospectus Requirement under the Legislation of the Jurisdiction in which the trade takes place (the "Applicable Jurisdiction"); or

6.2.2. Maverick Canada is a reporting issuer or the equivalent in the Applicable Jurisdiction except Prince Edward Island and New Brunswick or, if Maverick Canada is not a reporting issuer or the equivalent in the Applicable Jurisdiction, the conditions described in paragraph 6.4 have been satisfied in the Applicable Jurisdiction;

6.2.3. if the seller is in a special relationship with Maverick Canada or Maverick, as defined in the Legislation of the Applicable Jurisdiction, the seller has reasonable grounds to believe that Maverick Canada and Maverick are not in default of any requirement of the Legislation of the Applicable Jurisdiction;

6.2.4. 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 the trade; and

6.2.5. the trade is not a trade from the holdings of any person, company or combination of persons or companies holding a sufficient number of securities of Maverick, or a combination of securities of Maverick Canada and Maverick, to affect materially the control of Maverick or holds, in the absence of evidence showing that the holding of those securities does not affect materially the control of Maverick, more than 20 percent of the outstanding voting securities of Maverick (and for these purposes the Exchangeable Shares shall be considered to be voting securities of Maverick);

6.3. the first trade of Maverick Common Stock acquired upon the exercise of the Exchange Rights, the Call Rights, the Put Rights or upon the exchange, redemption or retraction of the Exchangeable Shares under their terms or acquired pursuant to the exercise of Maverick Options shall be subject to the Prospectus Requirement unless:

6.3.1. the trade is exempt from or not subject to the Prospectus Requirements under the Legislation of the Applicable Jurisdiction; or

6.3.2. the trade is made through the facilities of Nasdaq or a market or exchange outside of Canada on which the Maverick Common

Stock may be quoted or listed for trading at the time that the trade occurs, in accordance with the rules and regulations applicable to that market or exchange;

6.4. the Continuous Disclosure Requirements shall not apply to Maverick Canada for as long as:

6.4.1. Maverick sends to all holders of Exchangeable Shares resident in the Jurisdictions all disclosure material furnished to holders of Maverick Common Stock resident in the United States pursuant to the 1934 Act;

6.4.2. Maverick files with each of the Decision Makers copies of all documents filed by Maverick with the United States Securities and Exchange Commission under the 1934 Act;

6.4.3. Maverick complies with the requirements of Nasdaq, or such other market or exchange on which the Maverick Common Stock may be quoted or listed, 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 Maverick's affairs;

6.4.4. Maverick Canada has provided each recipient of Exchangeable Shares under the Arrangement pursuant to this Decision resident in the Jurisdictions with a statement indicating that, as a consequence of this Decision, Maverick Canada and its insiders will be exempt from certain disclosure requirements applicable to reporting issuers or the equivalent and insiders, and specifying those requirements Maverick Canada and its insiders have been exempted from, and identifying the disclosure that will be made in substitution therefor pursuant to this paragraph 6.4;

6.4.5. Maverick Canada is in compliance with the requirements of the Legislation to issue a press release and file a report with the Decision Makers upon the occurrence of a material change in respect of the affairs of Maverick Canada that is not also a material change in the affairs of Maverick;

6.4.6. Maverick includes in all mailings of proxy solicitation materials to holders of Exchangeable Shares a clear and concise insert explaining the reason for the mailed material being solely in relation to Maverick and not to Maverick Canada, such insert to include a reference to the economic equivalency between the Exchangeable Shares and Maverick Common Stock and the right to direct voting at Maverick's Stockholders' meetings;

6.4.7. Maverick remains the direct or indirect beneficial owner of all the issued and outstanding voting securities of Maverick Canada; and

6.4.8. Maverick Canada does not conduct any business or make any offering of securities unconnected with the Combination, the Arrangement or the fulfilling of the terms of the Exchangeable Shares;

6.5. the Insider Reporting Requirements shall not apply to any insider of Maverick Canada in respect of securities of Maverick Canada provided such insider:

6.5.1. does not receive, in the ordinary course, information as to material facts or material changes concerning Maverick before the material facts or material changes are generally disclosed;

6.5.2. is not a director or senior officer of a significant subsidiary of Maverick as defined in Proposed National Instrument 55-101 ("Significant Subsidiary"); or

6.5.3. is not also an insider of Maverick, excluding any director or senior officer of a subsidiary of Maverick that is not a Significant Subsidiary.

DATED at Edmonton, Alberta this 21st day of September, 2000.

Eric T. Spink, Vice-Chair Thomas G. Cooke, Q.C., Member

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - relief under subsections 116(1), 123(c) and 184(2) of the Alberta Act from the requirements under sections 54 and 81 of the Alberta Act, the continuous disclosure requirements under Part 11 of the Alberta Act, the proxy solicitation requirements under Part 12 of the Alberta Act and the insider reporting requirements under part 14 of the Alberta Act in connection with an arrangement conducted using a cross-border share exchange structure.

Applicable Alberta Statutory Provisions

Securities Act, S.A., 1981, c.S-6.1, as amended, s. 54, 81, 116(1), 116(1.1), Part 11, Part 12, Part 14, 123(c) and 184(2) Docs#621355