

IN THE MATTER OF
THE SECURITIES LEGISLATION
OF BRITISH COLUMBIA,
MANITOBA, ONTARIO AND QUEBEC

AND

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

AND

IN THE MATTER OF
PAC-WEST TELECOMM, INC.

MRRS DECISION DOCUMENT

WHEREAS the Canadian securities regulatory authority or regulator (the "Decision Maker") in each of the provinces of British Columbia, Manitoba, Ontario and Quebec (the "Jurisdictions") have received an application from Pac-West Telecomm, Inc. (the "Filer") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that the registration and prospectus requirements contained in the Legislation shall not apply to the proposed issue to the holders of common shares of Safeguard Scientifics, Inc. ("Safeguard") of common shares in the capital of the Filer;

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. The Filer is a company incorporated under the laws of the State of California. The Filer is not a reporting issuer in any jurisdiction in Canada. The Filer's principal executive offices are located at 4210 Coronado Avenue, Stockton, California, U.S.A. 95204.
2. Safeguard is a company incorporated under the laws of the Commonwealth of Pennsylvania whose shares trade on the New York Stock Exchange. Safeguard is not a reporting issuer in any jurisdiction in Canada.
3. The Filer filed a Registration Statement on September 7, 1999 and an amended Registration Statement on each of October 8, 1999, October 20, 1999, November 1, 1999 and November 3, 1999 with the SEC (which became effective on November 3, 1999) pursuant to which 12,600,000 common shares of the Filer will be offered, of which 11,400,000 common shares of the Filer will be offered by the Filer and Safeguard will be a selling shareholder with respect to 1,200,000 common shares of the Filer. Safeguard and its related entities is one of the Filer's

principal shareholders, beneficially holding approximately 16.1% of the issued and outstanding shares of the Filer prior to the offering.

4. Of the 12,600,000 common shares covered by the Registration Statement, the Filer is offering 2,300,000 common shares to shareholders of Safeguard, and Safeguard is offering 1,200,000 common shares of the Filer to the shareholders of Safeguard, in what is referred to as a directed share subscription program (the "Program"). The 3,500,000 common shares of the Filer offered under the Program are referred to in this Decision as the "Filer Shares". The balance of the 12,600,000 common shares covered by the Registration Statement will be offered in the traditional underwritten fashion.

5. Pursuant to the Program, Safeguard shareholders will have the opportunity to subscribe for one Filer Share for every ten Safeguard common shares that they own of record as of September 7, 1999 (the "Record Date"). Shareholders of Safeguard who owned less than 100 shares of Safeguard as of the Record Date will be ineligible to participate in the Program.

6. Subscription orders will be satisfied first from the Filer Shares being sold by the Filer and then from the Filer Shares being offered by Safeguard. If any of the Filer Shares offered by the Filer under the Program are not purchased by the shareholders of Safeguard, Safeguard will, directly or through its wholly-owned subsidiary, Safeguard Delaware, Inc., purchase such shares from the Filer at the closing of the offering.

7. The Filer's authorized share capital consists of 50,000,000 common shares and 1,750,000 preferred shares, of which 17,587,458 common shares and 1,750,000 preferred shares are issued and outstanding. The preferred shares will be converted at closing into common shares at the offering price. Safeguard's authorized share capital consists of 500,000,000 common shares and 1,000,000 preferred shares, of which 34,769,635 common shares were issued and outstanding as at October 31, 1999. After giving effect to the offering, the Filer will have 33,410,094 common shares issued and outstanding (assuming the conversion of the outstanding preferred shares into common shares at an assumed offering price of U.S. \$11.00 per share).

8. The common shares of the Filer have been approved for quotation on the Nasdaq National Market subject to official notice of issuance of the shares.

9. Based on the share register of Safeguard as at the Record Date, there are three registered shareholders with Ontario addresses holding an aggregate of 272 common shares of Safeguard, there are two registered shareholders with British Columbia addresses holding an aggregate of 2,100 common shares of Safeguard, there are three registered shareholders with Manitoba addresses holding an aggregate of 524 common shares of Safeguard and there are two registered shareholders with Quebec addresses holding an aggregate of 12,006 common shares of Safeguard, being a de minimus percentage of the issued and outstanding common shares of Safeguard.

10. Based on the share register of the Filer as at October 31, 1999 there are no registered shareholders with addresses in any of the Jurisdictions.

11. The Filer will provide to each shareholder of Safeguard wishing to purchase common shares of the Filer under the Program, a copy of the final prospectus as filed with the SEC.

12. There is no present or anticipated future market in the Jurisdictions for the common shares of the Filer, and, accordingly, any resale of these securities will occur outside of the Jurisdictions, more specifically through the Nasdaq National Market.

13. All disclosure material relating to the Filer that is furnished to securityholders resident in the United States will, at the relevant time, be furnished to securityholders resident in the Jurisdictions.

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 confers on the Decision Maker the jurisdiction to make the Decision has been met;

THE DECISION of the Decision Makers pursuant to the Legislation is that the registration and prospectus requirements contained in the Legislation shall not apply to the sale of common shares of the Filer to the holders of common shares of Safeguard pursuant to the Program provided that:

(1) a copy of the final prospectus as filed with the SEC is provided to each registered shareholder of Safeguard having an address in the Jurisdictions prior to the acceptance of any subscription from any such shareholder; and

(2) first trades in common shares of the Filer acquired pursuant to this Decision shall be a distribution unless such first trades are executed on the Nasdaq National Market in accordance with all laws and rules applicable to such market.

DATED at Toronto, on November 12th, 1999.

"J. A. Geller" "Howard I. Wetston"

Headnote

MRRS Application Pursuant to Subsection 74(1) - exemptions from sections 25 and 53 of the Act for trades in connection with distribuion of common shares by non-reporting issuer U.S. corporation - issuance of shares to Ontario shareholders exempt provided that U.S. prospectus is provided to such shareholders - first trade in shares acquired pursuant to the ruling exempt from section 53 of the Act provided such trades executed over Nasdaq National Market.

Statutes Cited

Securities Act, R.S.O. 1990, c.S.5, as am., ss. 1(1), 25, 53, 74(1).

