

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

AND

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

AND

IN THE MATTER OF
PUROLATOR HOLDINGS LTD.

DECISION DOCUMENT

WHEREAS the Canadian securities regulatory authority or regulator (the "Decision Maker") in each of the provinces and territories of Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland, the Yukon Territories, the Northwest Territories and Nunavut (the "Jurisdictions") has received an application from Purolator Holdings Ltd. ("Purolator") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that the purchase by Purolator of common shares of Purolator (the "ESOP Shares") from employees of Purolator Courier Ltd. ("PCL") from time to time shall not be subject to the requirements contained in the Legislation pertaining to bids to acquire or redeem securities of an issuer made by the issuer (the "Issuer Bid Requirements");

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

AND WHEREAS Purolator has represented to the Decision Makers that:

1. Purolator was incorporated on February 5, 1962 under the *Business Corporations Act* (Ontario) and has its head office in Mississauga, Ontario. Purolator is a holding company, which, through its wholly-owned subsidiary, PCL, carries on a national and international courier business.
2. Purolator is a private company within the meaning of Legislation. Purolator is not, and has no intention of becoming, a reporting issuer under the Legislation. The issued and outstanding shares of Purolator are currently owned by Canada Post Corporation and related entities as to

96.2%, Barry Lapointe Holdings Ltd. as to 2.5% and by certain members of management of Purolator and PCL as to 1.3%.

3. PCL was amalgamated under the *Canada Business Corporations Act* on June 1, 1989. PCL conducts business in all of the provinces and territories of Canada and has approximately 12,500 full and part-time employees resident in Canada.

4. Purolator proposes to create an Employee Share Ownership Plan (◊ESOP◊) pursuant to which it will offer to all full and part employees of PCL resident in Canada with at least six months service (the ◊Employees◊) the opportunity to purchase common shares of Purolator. Under the ESOP, Purolator will make available to its Employees shares representing up to 10% of the total issued and outstanding equity of Purolator.

5. Prior to implementing the ESOP, Purolator will seek the approval of its shareholders to amend its articles to remove the restriction on offering shares to the public, such that it will no longer qualify as a private company for purposes of the Legislation, and to create a separate class of common shares to be distributed pursuant to the terms of the ESOP.

6. Participation in the ESOP will be voluntary and Employees will not be induced to participate in the ESOP by expectation of employment or continued employment.

7. The ESOP has been designed to promote and recognize employee commitment to Purolator and PCL, to enhance employee loyalty, involvement and team-work, to attract and retain employees interested in long term commitment and to share Purolator's financial success with employees.

8. As no public market exists or will exist for the ESOP Shares, the price (the ◊Formula Price◊) at which such shares are issued will be determined by a formula based on the shareholders' equity of Purolator and earnings of Purolator in the three years preceding any issuance.

9. The Montreal Trust Company of Canada or another Canadian trust company or transfer agent (the ◊Transfer Agent◊) will be retained as transfer agent for the ESOP Shares and as administrator of the ESOP.

10. Employees will be able to purchase ESOP Shares personally or through registered retirement savings plans (◊RRSPs◊) to be administered by the Transfer Agent.

11. Employee shareholders will receive copies of the audited annual financial statements of Purolator as well as regular statements with details of ESOP Shares held and payroll deduction funds collected.

12. The transfer of ESOP Shares held by Employees to other Employees or to third parties will be prohibited. As no public market exists or will exist for the ESOP Shares, Employees will be permitted to resell any ESOP Shares held by them back to Purolator during a predetermined period after each fiscal quarter, following determination of the Formula Price for that quarter.

Employees will be required to resell their ESOP Shares back to Purolator upon ceasing to be an Employee, at the Formula Price for the most recently ended fiscal quarter.

13. An exemption from the Issuer Bid Requirements is not available in all of the Jurisdictions with respect to the acquisition by Purolator of ESOP Shares from Employees or the RRSP accounts of Employees.

AND WHEREAS pursuant to the System, this decision document evidences the decision of each Decision Maker (collectively, the Decision);

AND WHEREAS the Decision Makers are of the opinion that it would not be prejudicial to the public interest to make the Decision;

THE DECISION of the Decision Makers pursuant to the Legislation is that repurchases of ESOP Shares from Employees or the RRSP accounts of Employees by Purolator shall not be subject to the Issuer Bid Requirements of the Legislation provided that at the time of any repurchase there is no published market for the ESOP Shares.

DATED at Toronto this 12th day of November, 1999.

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Issuer exempt from the issuer bid requirements with regard to repurchases of securities from employees or the RRSP accounts of employees pursuant to the terms of its employee share ownership plan

Relief with respect certain other trades under the employee share ownership plan not required in Ontario but required in each of the other jurisdictions - separate decision document with the Alberta Securities Commission as principal regulator provides registration and prospectus relief for these trades - two separate decisions issued in accordance with subsection 5.2(2) of proposed National Policy 12-201 *Mutual Reliance Review System for Exemptive Relief Applications*

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c. S.5, as amended, ss. 93(3), 104(2)(c)