

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

AND

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

AND

IN THE MATTER OF  
TDZ HOLDINGS INC

MRRS DECISION DOCUMENT

WHEREAS the Canadian securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, Prince Edward Island, Nova Scotia and Newfoundland (the "Jurisdictions") has received an application from TDZ Holdings Inc. (the "Issuer") being the corporation resulting from the amalgamation Tridel Enterprises Inc. ("TEI") and TDZ Holdings Inc. ("Old TDZ"), for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") exempting the Issuer from the requirement to include in its interim financial statements for the first quarter of fiscal year 2000, and its annual financial statements for the fiscal period 1999, comparative financial statements from the corresponding prior fiscal periods.

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 Issuer has represented to each Decision Maker that:

1. the Issuer, a corporation formed under the *Business Corporations Act* (Ontario) upon the amalgamation of TEI and Old TDZ pursuant to articles of arrangement dated April 28, 1999, as amended, is a reporting issuer under the Act and is not in default of any requirement of the Legislation;
2. on April 28, 1999 (the "Effective Date"), the business and capitalization of TEI were substantially reorganized pursuant to a plan of arrangement (the "Plan") effected under the *Business Corporations Act* (Ontario);
3. pursuant to the Plan, which was approved by the holders of TEI's common shares and subordinated debentures ("TEI Debentures") and by the Ontario Court (General Division), the following transactions (among others) were completed:

(a) TEI and Old TDZ (a newly-incorporated entity with no material assets) amalgamated to form the Issuer;

(b) each \$1,000 principal amount of the TEI Debentures were exchanged for 1,972 common shares of the Issuer ("Common Shares") and, in the case of TEL Debentures held by minority securityholders, contingent rights having a face value of \$279.69; and

(c) certain of the Issuer's lenders waived certain existing defaults which entitled the lenders to demand immediate payment of certain loan obligations.

4. in connection with the Plan and pursuant to the related restructuring agreements made between TEI, its principal creditors and others, TEI's percentage equity interest in its principal subsidiary, Nualt Enterprises Inc. ("Nualt"), was reduced from 100% to 33%;

5. subsequent to the implementation of the Plan the issuer no longer controls the activities of its principal subsidiary Nualt;

6. the financial statements of TEI could be misleading if presented as comparative statements of the issuer;

7. the Issuer accounted for the implementation of the Plan as at the Effective Date on a "fresh start" basis in accordance with the guidelines set forth by the Canadian Institute of Chartered Accountants (the "CICA"), which contemplates that figures for a prior period may be excluded from a company's financial statements where that company has undergone a financial reorganization resulting in a substantial realignment of its non-equity and equity interests;

8. the Issuer will provide information relating to the Issuer's financial reorganization pursuant to the Plan both in its interim financial statements for the first quarter of fiscal year 2000 and annual financial statements for the period ended December 31, 1999 and in management's discussion and analysis of financial condition for the fiscal period ended December 31, 1999.

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

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

**IT IS HEREBY DECIDED** by each Decision Maker pursuant to the Legislation that the Issuer is exempt from applicable Legislation requiring the Issuer to include comparative financial statements and related financial statement notes in its interim financial statements for (i) the first quarter of fiscal year 2000, and (ii) its audited annual financial statements for the fiscal period ended December 31, 1999 provided that:

1. the Issuer discloses, in its financial Statements for the first quarter of fiscal year 2000, all requisite information under the heading "Basis of presentation" including a description of the Plan and the effect of the implementation of the Plan; and

2. the Issuer discloses, in its audited annual financial statements for the eight months ended December 31, 1999, all relevant information under the heading "Basis of presentation" including a description of the Plan and the effect of the implementation of the Plan and includes in management's discussion and analysis of financial condition for this fiscal period comprehensive disclosure of the effect of the implementation of the Plan.

DATED at Toronto, Ontario this "21<sup>st</sup>" day of February, 2000.

Headnote

Mutual Reliance Review System - Issuer exempt from filing comparative financial statements for the first quarter of fiscal 2000, and for the annual period ending December 31, 1999.

Applicable Ontario Statutes

Securities Act, R.S.O. 1990, c.S.5, as amended, s.80(a)(i)