

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - relief from the regulation and prospectus requirements in respect of certain trades made in connection with an acquisition by statutory arrangement involving reporting Canadian issuer and U.S. company where exemptions not available for technical reasons.

Continuous disclosure - Canadian reporting issuer exempted from continuous disclosure requirements, subject to certain conditions. Disclosure required to be provided by such provisions would not be meaningful to shareholders.

Applicable Ontario Statutes

Securities Act, R.S.O. 1990, c.S.5, as am., ss. 25, 53, 72(5), 74(1), 75, 77, 78, 79, 80(b)(iii), 81(2), 107, 108, 109

Applicable Ontario Rules

Rule 45-501 - *Exempt Distributions* (1998) 21 OSCB 6548, ss. 2.8 and 3.11

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

AND

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

AND

IN THE MATTER OF
SIEBEL SYSTEMS, INC., SIEBEL JANNA ARRANGEMENT, INC., JANNA NOVA
SCOTIA SUB COMPANY AND JANNA SYSTEMS INC.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the **ADecision Maker**) in each of Ontario, British Columbia, Alberta, Saskatchewan, Manitoba, Quebec, New Brunswick, Prince Edward Island, Nova Scotia, Newfoundland, the Yukon Territory, the Northwest Territories and Nunavut (collectively, the **AJurisdictions**) has received an application from Siebel Systems, Inc. (**ASiebel**), 2000066 Ontario Inc. (subsequently renamed "Siebel Janna Arrangement, Inc." and hereinafter referred to as **AExchangeCo**) and 3045856 Nova Scotia Company (subsequently renamed "Janna Nova Scotia Sub Company" and hereinafter referred to as "Nova Scotia Co") (collectively, the **AFiler**) for a decision pursuant to the securities legislation of the Jurisdictions (the **ALegislation**) that:

- 1.1 the trades of securities involved in connection with the proposed acquisition (the **ATransaction**) by Siebel of Janna Systems Inc. (**AJanna**) to be effected by way of an Arrangement (defined below) shall be exempt from the registration and prospectus requirements of the Legislation;
- 1.2 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, audited annual comparative financial statements and an annual report, where applicable, and information circulars (or to make an annual filing in lieu

thereof) and annual information forms (including management's discussion and analysis of the financial condition and results of operation of ExchangeCo); and

- 1.3 each **Insider** (as such term is defined in the Legislation) of ExchangeCo be exempt from the insider reporting requirements of the Legislation.

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. Siebel, Janna, ExchangeCo and Nova Scotia Co have entered into an arrangement agreement dated September 11, 2000 (the **Arrangement Agreement**) providing for the Transaction to be effected by way of an arrangement (the **Arrangement**) under section 182 of the *Business Corporations Act* (Ontario) (**OBCA**) involving Janna, holders of common shares of Janna (**Janna Common Shares**), holders of options to acquire Janna Common Shares (**Janna Options**), holders of warrants to acquire common shares of Janna (**Janna Warrants**), if any, ExchangeCo and Nova Scotia Co.
2. Siebel is a Delaware corporation and 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 Siebel (**Siebel Common Stock**) is quoted on the NASDAQ National Market (**NASDAQ**). Siebel's principal corporate offices are located at 2207 Bridgepointe Parkway, San Mateo, California 94402.
3. The authorized share capital of Siebel consists of 800,000,000 shares of Siebel Common Stock and 2,000,000 shares of undesignated preferred stock issuable in series. The shares of Siebel Common Stock are fully participating voting shares. As of September 30, 2000, there were 421,549,997 shares of Siebel Common Stock issued and outstanding.
4. As part of the Transaction, Siebel will issue out of its preferred stock one special voting share (the **Special Voting Share**) to Montreal Trust Company of Canada (the **Trustee**) which will be appointed as trustee under the Voting and Exchange Trust Agreement (described below).
5. ExchangeCo, an OBCA corporation, is an indirect subsidiary of Siebel and a direct subsidiary of Nova Scotia Co.
6. The authorized share capital of ExchangeCo consists of an unlimited number of common shares and an unlimited number of exchangeable shares (the **Exchangeable Shares**). As of September 11, 2000, there were 100 Common Shares of ExchangeCo issued and outstanding, all of which were

held indirectly by Siebel.

7. Application has been made to list the Exchangeable Shares on The Toronto Stock Exchange (the ATSE®) and the TSE has conditionally approved the listing of the Exchangeable Shares, subject to the customary requirements of the TSE. Siebel will list the shares of Siebel Common Stock issuable pursuant to the Arrangement and upon the exchange of Exchangeable Shares on NASDAQ.
8. Upon completion of the Transaction, and subject, in certain Jurisdictions, to the Exchangeable Shares being listed on the TSE, ExchangeCo will become or be deemed to be a reporting issuer in the provinces of British Columbia, Alberta, Saskatchewan, Ontario, Québec, Nova Scotia and Newfoundland by virtue of the provisions of the Legislation of such provinces.
9. Nova Scotia Co is an indirect, wholly-owned subsidiary of Siebel. Nova Scotia Co is an unlimited liability company formed under the laws of the Province of Nova Scotia to hold all of the common shares of ExchangeCo, to participate in the Transaction by delivering shares of Siebel Common Stock to holders of Janna Common Shares electing, or deemed to have elected, to receive them under the Arrangement and to hold the various call rights related to the Exchangeable Shares.
10. The authorized capital of Nova Scotia Co consists of 100,000,000,000,000 Common Shares. As of September 11, 2000, there were 100 Common Shares of Nova Scotia Co issued and outstanding, all of which were indirectly beneficially owned by Siebel.
11. Janna is a corporation incorporated under the OBCA. Janna's registered office is located at 3080 Yonge Street, Suite 6020, Toronto, Ontario M4N 3N1. Janna is, and since July 19, 1996 has been, a reporting issuer, or treated as a reporting issuer, in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, Nova Scotia and Newfoundland. To the knowledge of Siebel, ExchangeCo and Nova Scotia Co, Janna is not in default of any requirements under the Legislation of those Jurisdictions.
12. The authorized share capital of Janna consists of an unlimited number of preference shares and an unlimited number of Janna Common Shares. As of September 11, 2000, there were no preference shares and 18,883,739 Janna Common Shares issued and outstanding. As of September 11, 2000, no debt securities of Janna were outstanding. As of September 30, 2000, no Janna Warrants were outstanding.
13. Janna Options were granted pursuant to the Janna Amended and Restated Share Compensation Plan. As of September 11, 2000, there were Janna Options outstanding which, when vested, would be exercisable to acquire a total of 3,147,900 Janna Common Shares. Upon the Arrangement becoming effective, each Janna Option will become an option to purchase a number

of shares of Siebel Common Stock equal to the product obtained by multiplying 0.497 by the number of Janna Common Shares subject to the Janna Option rounding down to the nearest share (a Replacement Option). Such Replacement Option will provide for an exercise price per share of Siebel Common Stock equal to the U.S. dollar equivalent of the per share exercise price of such Janna Option immediately prior to the effective time of the Arrangement divided by the set exchange ratio (of 0.497), rounding up to the nearest whole cent. The term to expiry, conditions to and manner of exercising and all other terms and conditions of such Replacement Options will be unchanged from those of the relevant Janna Option.

14. The parties obtained an interim order (the Interim Order) dated October 13, 2000 from the Ontario Superior Court of Justice (the Court) in respect of the Arrangement. The Interim Order provides for the calling and holding of a special meeting of the holders of the Janna Common Shares and the Janna Options (the Janna Meeting) to consider the Arrangement and requires that the Arrangement must be approved by the holders of Janna Common Shares and Janna Options (collectively, the Securityholders) by at least two-thirds of the votes cast by the Securityholders voting as a single class. Following the approval by the Securityholders, the Arrangement is subject to approval of the Court to be granted in the final order.
15. In connection with the Janna Meeting, Janna has prepared and delivered to the holders of the Janna Common Shares a management information circular (the Janna Circular) dated October 13, 2000 and delivered on October 18, 2000. The Janna Circular was prepared in accordance with applicable OBCA requirements and the Legislation and contains prospectus-level disclosure concerning the Transaction, the Arrangement, Siebel and Janna.
16. Pursuant to the Arrangement, each Janna Common Share (other than those held by dissenting holders, Siebel or any affiliates of Siebel) will, at the option of the holder thereof, be exchanged for either a fraction of an Exchangeable Share or a fraction of a share of Siebel Common Stock equal to a set exchange ratio provided that any holder of Janna Common Shares who is not a Canadian resident will not be entitled to receive Exchangeable Shares and will be required to receive shares of Siebel Common Stock and provided that a holder must make the same election in respect of all Janna Common Shares held or the election will not be effective. Any holder of Janna Common Shares who does not make an effective election by the election deadline will automatically receive Exchangeable Shares for Janna Common Shares on the effective date of the Arrangement, other than holders of Janna Common Shares who are not Canadian residents who will automatically receive shares of Siebel Common Stock for Janna Common Shares. No Janna Common Shares will be outstanding after the effective date of the Arrangement.
17. No fractional Exchangeable Shares or fractional shares of Siebel Common Stock will be delivered in exchange for Janna Common Shares pursuant to the Arrangement. In lieu of any such fractional shares, each holder of Janna Common Shares who would otherwise be entitled to receive a fraction

of an Exchangeable Share or a fraction of a share of Siebel Common Stock, as the case may be, will receive a cash payment equal to such holder's pro rata portion of the net proceeds received by the depository upon the sale in the open market of whole shares representing an accumulation of all fractional interests in Exchangeable Shares or shares of Siebel Common Stock, as the case may be, to which all such holders would otherwise be entitled.

18. Each holder of Janna Common Shares who receives shares of Siebel Common Stock pursuant to the Arrangement will receive such shares from Nova Scotia Co in exchange for the Janna Common Shares held by such holder. Each holder of Janna Common Shares who receives Exchangeable Shares pursuant to the Arrangement will receive such shares from ExchangeCo in exchange for Janna Common Shares held by such holder.
19. The Exchangeable Shares, together with the Voting and Exchange Trust Agreement to be entered into by Siebel, 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 share of Siebel Common Stock. The Exchangeable Shares will be exchangeable by a holder thereof for shares of Siebel Common Stock on a one-for-one basis at any time at the option of such holder 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 Siebel so as to maintain at all times the initial one-to-one relationship between the Exchangeable Shares and shares of Siebel Common Stock.
20. The rights, privileges, restrictions and conditions attaching to the Exchangeable Shares (the **Exchangeable Share Provisions**) provide that each Exchangeable Share will entitle the holder to dividends from ExchangeCo payable at the same time as, and equivalent to, each dividend paid by Siebel on a share of Siebel Common Stock.
21. The Exchangeable Shares will be non-voting (except as required by the Exchangeable Share Provisions or by applicable law) and will be retractable at the option of the holder at any time. Subject to the overriding retraction call right of Nova Scotia Co, upon retraction the holder will be entitled to receive from ExchangeCo for each Exchangeable Share retracted an amount equal to the current market price of a share of Siebel Common Stock on the last business day prior to the retraction date, to be satisfied by the delivery of one share of Siebel Common Stock, 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 (such aggregate amount, being the **Retraction Price**). Upon being notified by ExchangeCo of a proposed retraction of Exchangeable Shares, Nova Scotia Co will have an overriding retraction call right to purchase from the holder all of the Exchangeable Shares that are the subject of the retraction notice for a price per share equal to the Retraction Price, to be satisfied by the delivery

of one share of Siebel Common Stock, together with, on the designated payment date therefor, all declared and unpaid dividends on each such purchased Exchangeable Share held by the holder on any dividend record date prior to the date of purchase.

22. Subject to applicable law and the overriding redemption call right of Nova Scotia Co, ExchangeCo will be entitled to redeem all but not less than all of the then outstanding Exchangeable Shares on and after November 30, 2005 (the **ARedemption Date**). In certain circumstances, the Board of Directors of ExchangeCo may accelerate 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 share of Siebel Common Stock on the last business day prior to the Redemption Date, to be satisfied by the delivery of one share of Siebel Common Stock, together with, on the designated payment date therefor, all declared and unpaid dividends on each such redeemed Exchangeable Share held by the holder on any dividend record date prior to the Redemption Date (such aggregate amount, being the **ARedemption Price**). Upon being notified by ExchangeCo of a proposed redemption of Exchangeable Shares, Nova Scotia Co will have an overriding redemption call right to purchase, on the Redemption Date, all but not less than all of the then outstanding Exchangeable Shares (other than Exchangeable Shares held by Siebel and affiliates of Siebel) for a price per share equal to the Redemption Price, to be satisfied by the delivery of one share of Siebel Common Stock, together with, on the designated payment date therefor, all declared and unpaid dividends on each such purchased Exchangeable Share held by the holder on any dividend record date prior to the date of purchase. Upon the exercise of the overriding redemption call right by Nova Scotia Co, holders will be obligated to sell their Exchangeable Shares to Nova Scotia Co. If Nova Scotia Co exercises its overriding redemption call right, ExchangeCo's right and obligation to redeem the Exchangeable Shares on the Redemption Date will terminate.
23. Subject to the overriding liquidation call right of Nova Scotia Co, 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, holders of Exchangeable Shares will have a preferential right, subject to applicable law, to receive from ExchangeCo an amount equal to the current market price of a share of Siebel Common Stock on the last business day prior to the liquidation date to be satisfied by the delivery of one share of Siebel Common Stock together with an additional amount equivalent to the full amount of all declared and unpaid dividends on each Exchangeable Share held by the holder on any dividend record date prior to the liquidation date. Upon a proposed liquidation, dissolution or winding-up of ExchangeCo, Nova Scotia Co will have an overriding liquidation call right to purchase from all but not less than all of the holders of Exchangeable Shares (other than Exchangeable Shares held by Siebel and affiliates of Siebel) on the effective date of such liquidation, dissolution or winding-up (the **ALiquidation Date**) all but not less than all of the Exchangeable Shares held by each such holder for a price per share equal to the current market price of a share of Siebel Common Stock on the last business day prior to the

Liquidation Date, to be satisfied by the delivery of one share of Siebel Common Stock, together with 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 prior to the date of purchase by Nova Scotia Co.

24. Under the Voting and Exchange Trust Agreement, Siebel 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 Siebel to purchase from a holder of Exchangeable Shares all or any part of the Exchangeable Shares held by that holder. The purchase price for each Exchangeable Share purchased by Siebel under the Exchange Right will be an amount equal to the current market price of a share of Siebel Common Stock 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 share of Siebel Common Stock, together with an additional amount equivalent to the full amount of all declared and unpaid dividends on such Exchangeable Share held by the holder on any dividend record date prior to the closing of the purchase and sale.
25. Upon the liquidation, dissolution or winding-up of Siebel, all Exchangeable Shares held by holders (other than Exchangeable Shares held by affiliates of Siebel) will be automatically exchanged for shares of Siebel Common Stock pursuant to the Voting and Exchange Trust Agreement, in order that holders of Exchangeable Shares will be able to participate in the dissolution of Siebel on a pro rata basis with the holders of shares of Siebel Common Stock. Under the Voting and Exchange Trust Agreement, upon the liquidation, dissolution or winding-up of Siebel, Siebel will be required to purchase each outstanding Exchangeable Share, and each holder will be required to sell the Exchangeable Shares held by that holder (such purchase and sale obligations are hereafter referred to as the **Automatic Exchange Right**), for a purchase price per share equal to the current market price of a share of Siebel Common Stock on the fifth business day prior to the effective date of the liquidation, dissolution or winding-up of Siebel, to be satisfied by the delivery to the Trustee, on behalf of the holder, of one share of Siebel Common Stock, together with an additional amount 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 will be authorized for issuance pursuant to the Arrangement 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 Siebel and its affiliates). Except as otherwise required by applicable law or the Siebel charter, the Special Voting Share will be entitled to that number of votes, exercisable at any meeting of the holders of shares of Siebel Common Stock, equal to the number of Exchangeable Shares outstanding from time to time not owned by Siebel 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 instructions 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 shares of Siebel Common Stock, all rights of such holder of Exchangeable Shares to instruct the Trustee to exercise votes attached to the Special Voting Share will cease.

27. On or before the effective date of the Arrangement, Siebel, ExchangeCo and Nova Scotia Co will enter into an Exchangeable Share Support Agreement which will provide that: (i) Siebel will not declare or pay any dividends on the shares of Siebel Common Stock unless ExchangeCo is able to declare and pay, and simultaneously declares and pays, as the case may be, an equivalent dividend on the Exchangeable Shares; (ii) Siebel will ensure that ExchangeCo and Nova Scotia Co will be able to honour the redemption and retraction rights and liquidation entitlements under the Exchangeable Share Provisions and the related redemption, retraction and liquidation call rights described above; and (iii) Siebel will cause Nova Scotia Co to exercise its overriding retraction call right if required to do so by a holder of Exchangeable Shares and in the event that Siebel becomes a Aspecified financial institution (as such term is defined in the *Income Tax Act* (Canada)) or does not deal at arm's length with such a person.

28. The steps under the Transaction and the attributes and rights of the Exchangeable Shares contained in the Exchangeable Share Provisions, the Voting and Exchange Trust Agreement and the Exchangeable Share Support Agreement involve or may involve a number of trades of securities, including trades related to the issuance of the Exchangeable Shares and shares of Siebel Common Stock pursuant to the Transaction or upon the issuance of shares of Siebel Common Stock in exchange for Exchangeable Shares including the following:
 - a. the issuance and intra-group transfers of shares of Siebel Common Stock and related issuances of shares of Siebel affiliates in consideration therefor, all by and between Siebel and its affiliates, to enable Nova Scotia Co to deliver shares of Siebel Common Stock required in connection with the Arrangement or the operation of the Exchangeable Share Provisions or the Voting and Exchange Trust Agreement;
 - b. the delivery of shares of Siebel Common Stock by Nova Scotia Co to holders of Janna Common Shares and the transfer of Janna Common Shares by holders to Nova Scotia Co, as part of the Arrangement;
 - c. the issuance of Exchangeable Shares by ExchangeCo to holders of Janna Common Shares and the transfer of Janna Common Shares by holders to ExchangeCo, as part of the Arrangement;
 - 1.4 the sale by the depository of the accumulated fractional share interests in Exchangeable Shares or Siebel Common Stock, and the distribution of the cash proceeds thereof to former holders of Janna Common Shares;

- e. Janna Options becoming Replacement Options as part of the Arrangement and the issuance and delivery of shares of Siebel Common Stock by Siebel to a holder of a Replacement Option or a holder of a Siebel option upon the exercise thereof;
- f. the grant by Siebel to the Trustee for the benefit of holders of Exchangeable Shares, pursuant to the Voting and Exchange Trust Agreement, of the Exchange Right, the Automatic Exchange Right and the voting rights pursuant to the Special Voting Share;
- g. the creation of the call rights in favour of Nova Scotia Co referred to above;
- h. the issuance by Siebel, pursuant to the Voting and Exchange Trust Agreement, of the Special Voting Share to the Trustee for the benefit of the holders of the Exchangeable Shares;
- i. the issuance and intra-group transfers of shares of Siebel Common Stock and related issuances of shares of Siebel affiliates in consideration therefor, all by and between Siebel and its affiliates, from time to time to enable ExchangeCo to deliver shares of Siebel Common Stock 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;
- j. the transfer of Exchangeable Shares by the holder to ExchangeCo upon the holder's retraction of Exchangeable Shares;
- k. the issuance and intra-group transfers of shares of Siebel Common Stock and related issuances of shares of Siebel affiliates in consideration therefor, all by and between Siebel and its affiliates, from time to time to enable Nova Scotia Co to deliver shares of Siebel Common Stock to a holder of Exchangeable Shares in connection with Nova Scotia Co's exercise of its overriding retraction call right, and the subsequent delivery thereof by Nova Scotia Co upon the exercise of such overriding retraction call right;
- l. the transfer of Exchangeable Shares by the holder to Nova Scotia Co upon Nova Scotia Co exercising its overriding retraction call right;
- m. the issuance and intra-group transfers of shares of Siebel Common Stock and related issuances of shares of Siebel affiliates in consideration therefor, all by and between Siebel and its affiliates, to enable ExchangeCo to deliver shares of Siebel Common Stock to holders of Exchangeable Shares upon the redemption of the Exchangeable Shares, and the subsequent delivery thereof by ExchangeCo upon such redemption;

- n. the transfer of Exchangeable Shares by holders to ExchangeCo upon the redemption of Exchangeable Shares;
- o. the issuance and intra-group transfers of shares of Siebel Common Stock and related issuances of shares of Siebel affiliates in consideration therefor, all by and between Siebel and its affiliates, to enable Nova Scotia Co to deliver shares of Siebel Common Stock to holders of Exchangeable Shares in connection with Nova Scotia Co's exercise of its overriding redemption call right, and the subsequent delivery thereof by Nova Scotia Co upon the exercise of such overriding redemption call right;
- p. the transfer of Exchangeable Shares by holders to Nova Scotia Co upon Nova Scotia Co exercising its overriding redemption call right;
- q. the issuance and intra-group transfers of shares of Siebel Common Stock and related issuances of shares of Siebel affiliates in consideration therefor, all by and between Siebel and its affiliates, to enable ExchangeCo to deliver shares of Siebel Common Stock 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;
- r. the transfer of Exchangeable Shares by holders to ExchangeCo on the liquidation, dissolution or winding-up of ExchangeCo;
- s. the issuance and intra-group transfers of shares of Siebel Common Stock and related issuances of shares of Siebel affiliates in consideration therefor, all by and between Siebel and its affiliates, to enable Nova Scotia Co to deliver shares of Siebel Common Stock to holders of Exchangeable Shares in connection with Nova Scotia Co's exercise of its overriding liquidation call right, and the subsequent delivery thereof by Nova Scotia Co upon the exercise of such overriding liquidation call right;
- t. the transfer of Exchangeable Shares by holders to Nova Scotia Co upon Nova Scotia Co exercising its overriding liquidation call right;
- u. the issuance and delivery of shares of Siebel Common Stock by Siebel to a holder of Exchangeable Shares upon the exercise of the Exchange Right by such holder;
- v. the transfer of Exchangeable Shares by a holder to Siebel upon the exercise of the Exchange Right by such holder;

- w. the issuance and delivery of shares of Siebel Common Stock by Siebel to holders of Exchangeable Shares pursuant to the Automatic Exchange Right;
- x. the transfer to ExchangeCo of Exchangeable Shares received by Nova Scotia Co as a result of the exercise of the Retraction Call Right, Redemption Call Right or Liquidation Call Right and the transfers by Siebel, directly or indirectly through intra-group transfers, to ExchangeCo of Exchangeable Shares received by Siebel upon the exercise of the Exchange Right and the Automatic Exchange and the issuance and delivery by ExchangeCo of Common Shares in exchange for such Exchangeable Shares; and
- y. the transfer of Exchangeable Shares by a holder to Siebel pursuant to the Automatic Exchange Right.

(collectively, *the Trades*).

- 29. A holder of Janna Common Shares will make one fundamental investment decision 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 of Janna Common Shares (other than a dissenting holder) will ultimately receive Exchangeable Shares or shares of Siebel Common Stock in exchange for the Janna Common Shares held by such holder. 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 shares of Siebel Common Stock, and as such all subsequent exchanges of Exchangeable Shares are in furtherance of the holder's initial investment decision.
- 30. If not for income tax considerations, Canadian holders of Janna Common Shares could have received shares of Siebel Common Stock without the option of receiving Exchangeable Shares. The option in favour of certain holders of Janna Common Shares to ultimately receive Exchangeable Shares under the Arrangement will enable certain holders of Janna Common Shares to defer certain Canadian income tax and, provided that the Exchangeable Shares are listed on a prescribed stock exchange in Canada (which currently includes the TSE), will permit other holders to hold property that is not *foreign property* under the *Income Tax Act* (Canada).
- 31. As a result of the economic and voting equivalency between the Exchangeable Shares and the shares of Siebel Common Stock, holders of Exchangeable Shares will have a participating interest determined by reference to Siebel, rather than ExchangeCo. Accordingly, it is the information relating to Siebel, not ExchangeCo, that will be relevant to holders of both the shares of Siebel Common Stock and 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 (and arguably misleading) to the holders of Exchangeable Shares.

32. Siebel will send concurrently to all holders of shares of Siebel Common Stock resident in Canada all disclosure material furnished to holders of shares of Siebel Common Stock resident in the United States including, without limitation, copies of its annual financial statements and all proxy solicitation materials.
33. The Janna 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 Janna 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 ADecision@);

AND 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;

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 Trust Agreement and the Exchangeable Share Support Agreement;
2. the resale or first trade in Exchangeable Shares arising from a Trade shall be a deemed distribution or a primary distribution to the public under the Legislation of the Jurisdiction in which such resale or first trade takes place (the AApplicable Legislation@) unless such resale or 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 or, if ExchangeCo is not a reporting issuer or the equivalent pursuant to the Applicable Legislation, Siebel complies with the filing requirements of paragraph 4 below;
 - (ii) if the seller is in a special relationship with ExchangeCo (where such expression is 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 Janna Circular with the Decision Makers at the time of mailing the Janna Circular to holders of Janna Common Shares constitutes disclosure to the Decision Makers of the exempt trade of Exchangeable Shares),

then, in all Jurisdictions other than Quebec, such first trade is a distribution or a primary distribution to the public 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 Siebel or ExchangeCo to affect materially the control of Siebel (any holding of any person, company or combination of persons or companies holding more than 20% of the outstanding voting securities of Siebel shall, in the absence of evidence to the contrary, be deemed to affect materially the control of Siebel, and for this purpose, shares in Siebel Common Stock and Exchangeable Shares are to be considered to be of the same class) but any such distribution or primary distribution to the public shall not be subject to the prospectus requirements of the Legislation of the Jurisdiction in which such trade takes place (the Pertinent Legislation) if:

- (v) ExchangeCo is a reporting issuer or the equivalent under the Pertinent Legislation and is not in default of any requirement of the Pertinent Legislation;
- (vi) the seller files with the applicable Decision Maker(s) and any other stock exchange recognized by such Decision Maker(s) for this purpose on which the Exchangeable Shares are listed at least seven days and not more than fourteen days prior to the first trade made to carry out the distribution:
 - (a) a notice of intention to sell in the form prescribed by the Pertinent Legislation for control block distributions (the Control Block Rules) disclosing particulars of the control position known to the seller, the number of Exchangeable Shares to be sold and the method of distribution; and
 - (b) a declaration signed by the seller as at a date not more than twenty-four hours prior to its filing and prepared and executed in accordance with the Control Block Rules and certified as follows:

"The seller for whose account the securities to which this certificate relates are to be sold hereby represents that the seller has no knowledge of any material change which has occurred in the affairs of the issuer of the securities which has not been generally disclosed and reported to the [name of securities regulatory authority in

the Jurisdiction where the trade takes place], nor has the seller any knowledge of any other material adverse information in regard to the current and prospective operations of the issuer which have not been generally disclosed@,

provided that the notice required to be filed under section 2(vi)(a) and the declaration required to be filed under section 2(vi)(b) shall be renewed and filed at the end of sixty days after the original date of filing and thereafter at the end of each twenty-eight day period so long as any of the Exchangeable Shares specified under the original notice have not been sold or until notice has been filed that the Exchangeable Shares so specified or any part thereof are no longer for sale;

- (vii) the seller files with the applicable Decision Maker(s) within three days after the completion of any such resale or first trade, a report of the trade in the form prescribed by the Pertinent Legislation;
- (viii) no unusual effort is made to prepare the market or to create a demand for the Exchangeable Shares and no extraordinary commission or other consideration is paid in respect of such first trade; and
- (ix) the seller (or an affiliated entity) has held the Exchangeable Shares and/or the Janna Common Shares in the aggregate for a period of at least one year provided that if:
 - (a) the Pertinent Legislation provides that, upon a seller to whom the Control Block Rules apply, acquiring additional securities of a class pursuant to certain prescribed exemptions from prospectus requirements under such legislation, all securities of such class are subject to a hold period commencing the date the last security of the class was acquired under such prescribed exemptions; and
 - (b) the seller acquires Exchangeable Shares pursuant to any such prescribed exemptions,

all Exchangeable Shares held by the seller will be subject to a one year hold period commencing on the date any such subsequent Exchangeable Shares are acquired;

3. that the resale or first trade in shares of Siebel Common Stock arising from a Trade shall be a distribution or a primary distribution to the public under the Legislation unless such trade is executed through the facilities of a stock exchange or market outside of Canada 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; and

4. that the requirements contained in the Legislation to issue a press release and file a report with the Decision Makers upon the occurrence of a material change, file interim financial statements, audited annual comparative financial statements and an annual report, where applicable, with the Decision Makers and deliver such statements to the security holders of ExchangeCo, make an annual filing with the Decision Makers in lieu of filing an information circular and comply with insider reporting requirements shall not apply to ExchangeCo or any insider of ExchangeCo who is not otherwise an insider of Siebel, provided that, at the time that any such requirement would otherwise apply:
- (i) Siebel sends to all holders of Exchangeable Shares resident in Canada all disclosure material furnished to holders of shares of Siebel Common Stock resident in the United States, including, without limitation, copies of its annual financial statements and all proxy solicitation materials;
 - (ii) Siebel 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 Siebel's stockholders' meetings;
 - (iii) Siebel complies with the requirements of NASDAQ in respect of making public disclosure of material information on a timely basis and forthwith issues in Canada and files with the Decision Makers any press release that discloses a material change in Siebel's affairs;
 - (iv) prior to or coincident with the distribution of the Exchangeable Shares, Siebel causes ExchangeCo to provide to each recipient or proposed recipient of Exchangeable Shares resident in Canada a statement that, as a consequence of this Decision, ExchangeCo and its insiders will be exempt from certain disclosure requirements in Canada applicable to reporting issuers and their insiders 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 Janna Circular);
 - (v) 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 shares of Siebel Common Stock;
 - (vi) Siebel 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 Siebel and not in relation to ExchangeCo, such statement

to include a reference to the economic equivalency between the Exchangeable Shares and the shares of Siebel Common Stock and the right to direct voting at Siebel's stockholders' meetings pursuant to the Voting and Exchange Trust Agreement;

(vii) Siebel remains the direct or indirect beneficial owner of all the issued and outstanding common shares of ExchangeCo;

(viii) ExchangeCo has not issued any securities to the public other than the Exchangeable Shares;

and with respect to relief from complying with insider reporting requirements, further provided that:

(ix) such insider of ExchangeCo does not receive, in the ordinary course, information as to material facts or material changes concerning Siebel before the material facts or material changes are generally disclosed; and

(x) such insider of ExchangeCo is not a director or senior officer of a significant subsidiary, as such term is defined in a draft National Instrument 55-101: Exemptions from Certain Insider Reporting Requirements.

DATED this 13th day of November, 2000.

Robert W. Davis

Morley P. Carscallen
