

**IN THE MATTER OF The Securities Legislation of
Alberta, British Columbia, Manitoba and Nova Scotia**

**AND IN THE MATTER OF The Mutual Reliance Review System
For Exemptive Relief Applications**

AND IN THE MATTER OF 3COM Corporation

MRRS DECISION DOCUMENT

1. WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Manitoba and Nova Scotia (the "Jurisdictions") has received an application from 3COM Corporation ("3COM") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that the requirement contained in the Legislation to be registered to trade in a security (the "Registration Requirement") and to file and obtain a receipt for a preliminary prospectus and prospectus (the "Prospectus Requirement", and together with the Registration Requirement, the "Registration and Prospectus Requirements") shall not apply to: (1) intended trades to, by and with employees ("Employees") of 3COM or its affiliates ("3COM Companies") resident in the Jurisdictions ("Canadian Employees") in shares of common stock of 3COM ("Shares") made in connection with the 3COM Corporation First Amended and Restated 1984 Employee Stock Purchase Plan (the "ESPP"); and (ii) intended trades to, by and with Canadian Employees in options on Shares ("Options") and Shares in connection with the 3COM Corporation 1994 Stock Option Plan (the "1994 Plan");

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

3. AND WHEREAS 3COM has represented to the Decision Makers that:

3.1. 3COM is incorporated under the laws of Delaware and, together with its subsidiaries, is engaged in the business of providing broad-based networking systems and services;

3.2. 3COM is subject to the requirements of the Securities Exchange Act of 1934 (the "1934 Act") of the United States of America, and is not exempt from the reporting requirements of the 1934 Act pursuant to Rule 12g 3-2 made under the 1934 Act;

3.3. the authorized share capital of 3COM consists of 990,000,000 Shares and 10,000,000 shares of preferred stock. As of June 2, 2000, the issued and outstanding capital of 3COM consisted of 351,419,000 Shares and no shares of preferred stock;

3.4. the Shares are quoted for trading on the NASDAQ National Market ("NASDAQ");

- 3.5. the total number of Shares initially authorized to be issued under the 1994 Plan is 35,820,000;
- 3.6. the total number of Shares initially authorized to be issued under the ESPP is 22,000,000;
- 3.7. 3COM is not a reporting issuer or equivalent under the securities legislation of any province of Canada and no securities of 3COM are currently listed for trading on any Canadian stock exchange;
- 3.8. 3COM Canada, Inc. ("3COM Canada"), a wholly-owned, indirect subsidiary of 3COM, is a corporation incorporated under the laws of Ontario. 3COM Canada carries on business in Canada and has employees in each of the Jurisdictions;
- 3.9. under the 1994 Plan, Options may be issued from time to time as determined by the board of directors of 3COM and/or a duly appointed committee of the board (collectively, the "Board"). The Options are non-transferable other than by will or the laws of descent and distribution;
- 3.10. the purpose of the 1994 Plan is to create additional incentives for eligible Employees to promote the financial success and progress of 3COM;
- 3.11. 3COM grants Options to eligible Employees, including Canadian Employees. As of July 12, 2000, there were approximately 15 Canadian Employees resident in the Jurisdictions;
- 3.12. the 1994 Plan provides that grants of Options and Shares may be made to eligible Employees in the discretion of the Board;
- 3.13. participation in the Plans, as defined below, is entirely voluntary. Canadian Employees will not be induced to participate in the Plans or to exercise Options acquired under the 1994 Plan by expectation of employment or continued employment with 3COM or the 3COM Companies;
- 3.14. Options entitle the holder to purchase Shares in accordance with the terms of the 1994 Plan. The 1994 Plan provides that each Canadian Employee, upon the due exercise of his or her Options, is eligible to purchase Shares at a fixed purchase price, which amount will, unless certain special circumstances described in the 1994 Plan apply, not be less than the fair market value of the Shares on the date the Option is granted;
- 3.15. 3COM uses the services of agent(s) registered under applicable legislation in the United States (each an "Agent") to carry out the day-to-day administrative brokerage services for the Plans, The current Agents are Salomon Smith Barney, Inc., Charles Schwabb and E*Trade Securities Inc., which is each a broker registered under applicable legislation in the United States but is not registered

under the Legislation. If replaced, the Agent will be a corporation registered under applicable U.S. securities legislation or a bank subject to U.S. banking legislation;

3.16. Canadian Employees who wish to exercise Options granted to them under the 1994 Plan may do so by way of a cash exercise, cashless-for-stock exercise, cashless-for-cash exercise or stock swap exercise;

3.17. under the ESPP, Canadian Employees may purchase Shares through accumulated payroll deductions at a discount to the market price. Subject to discretion granted under the ESPP to the Board, Shares will be issued by 3COM to the Agent on behalf of Canadian Employees, based on the level of accumulated payroll deductions of each participating Canadian Employee;

3.18. an exemption from the Registration and Prospectus Requirements is not available in all of the Jurisdictions for the trades in Options and Shares under the Plans to, by or with the Agent (collectively, the "Trades"), which include the following: (i) the tendering of Options for exercise to the Agent; (ii) the issuance of Shares by 3COM to the Agent on behalf of Canadian Employees under the ESPP or following an Option exercise under the 1994 Plan; (iii) the withholding of Shares by the Agent in payment of withholding taxes, the Option exercise price and other transaction costs, as permitted by the Plans; and (iv) first trades in Shares acquired under the Plans effected through the Agent.

3.19. 3COM will concurrently distribute to all Canadian Employees who participate in the 1994 Plan or the ESPP (collectively, the "Plans"), the same disclosure material relating to the Plans and to 3COM as is furnished to participants in the United States or with respect to the Plans, Canadianized versions of these documents;

3.20. as there is no market in Canada for the Shares and none is expected to develop, it is anticipated that any resale of Shares issued pursuant to the Plans will be effected through the facilities of and in accordance with the rules and laws applicable to a stock exchange or organized market outside of Canada on which the Shares may be listed or quoted for trading;

3.21. at the time of the granting of Options under the 1994 Plan or the issuance of Shares under the ESPP, holders of Shares whose last address as shown on the books of 3COM in Canada do not hold, in the aggregate, more than 10% of the outstanding Shares and do not represent in number more than 10% of the total number of holders of Shares;

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

5. 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;

6. The Decision of the Decision Makers pursuant to the Legislation is that the Registration and Prospectus Requirements shall not apply to the Trades, provided that the first trade in any Shares acquired under this Decision shall be deemed a distribution or a primary distribution to the public unless:

6.0.1. the first trades are effected through the facilities of NASDAQ or such other stock exchange or organized market outside Canada on which the Shares may be listed or quoted for trading; and

6.0.2. at the time of the first trade, 3COM is not a reporting issuer or its equivalent under any of the Legislation.

DATED at Halifax, Nova Scotia, this "23rd" day of August, 2000.