

IN THE MATTER OF
THE SECURITIES LEGISLATION
OF ALBERTA, MANITOBA,
Quebec AND NOVA SCOTIA

AND

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

AND

IN THE MATTER OF KPMG CONSULTING, INC.

MRRS DECISION DOCUMENT

1. WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Alberta, Manitoba, Quebec and Nova Scotia (the "Jurisdictions") has received an application from KPMG Consulting, Inc. ("KCI") for a decision under the securities legislation of each of the Jurisdictions (the "Legislation") that the requirements contained in the Legislation to be registered to trade in a security (the "Registration Requirements") and to file and obtain a receipt for a preliminary prospectus and a prospectus in respect of such security (the "Prospectus Requirements") shall not apply to intended trades of securities of KCI under an employee share purchase plan;

2. AND WHEREAS under the Mutual Reliance Review System for Exemptive Relief Applications (the "System") the Alberta Securities Commission is the principal regulator for this application;

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

3.1 KCI is a corporation incorporated under the laws of the state of Delaware;

3.2 KCI is not, and has no present intention of becoming, a reporting issuer, or the equivalent, under the Legislation;

3.3 the majority of KCI's officers and directors reside outside of Canada;

3.4 the authorized share capital of KCI consists of 1,000,000,000 shares of common stock (the "Shares") and 10,000,000 shares of preferred stock ("Preferred Shares"), of which approximately 382,571,998 Shares and 5,000,000 Preferred Shares were issued and outstanding as of September 30, 2000;

3.5 KCI proposes to carry out a registered initial public offering in the United States and to make an application to list its Shares on the Nasdaq National Market ("Nasdaq");

3.6 if the Shares become listed on Nasdaq, KCI will be subject to the reporting requirements of the United States *Securities Exchange Act of 1934* (the "1934 Act") and the Shares will be registered with the United States Securities and Exchange Commission under the United States *Securities Act of 1933*;

3.7 KPMG Consulting LP (the "Canadian Partnership") is a limited partnership established under the laws of Ontario;

3.8 all of the general partner and limited partner interests of the Canadian Partnership are held by two private corporations (the "Subsidiaries") continued under New Brunswick law;

3.9 99.5% of the shares of the Subsidiaries are owned indirectly by KCI;

3.10 KCI and the Canadian Partnership are not "affiliates" within the meaning of the Legislation;

3.11 KCI established KCI's Employee Share Purchase Plan, as amended from time to time (the "Plan"), to encourage increased efforts on the part of employees of KCI and its affiliated entities, including employees of the Canadian Partnership ("Eligible Employees"), to promote the best interests of KCI and its affiliated entities, by permitting Eligible employees to purchase Shares of KCI below market prices;

3.12 participation in the Plan is voluntary and Eligible Employees will not be induced to participate in the Plan by expectation of employment or continued employment;

3.12 Eligible Employees who participate in the Plan ("Participants") may withdraw from the Plan at any time;

3.14 a service provider appointed from time to time under the Plan (the "Administrator") will carry out certain administrative functions in connection with the Plan, including, without limitation:

3.14.1 the provision of necessary documentation to Plan participants;

3.14.2 internal and external record keeping; and

3.14.3 the facilitation of the disposition Shares acquired under the Plan by Participants;

3.15 upon implementation of the Plan, Mellon Investor Services LLC will be appointed as the Administrator;

3.16 at present, 652 Eligible Employees are resident in the Jurisdictions;

3.17 those Eligible Employees resident in the Jurisdictions who elect to participate in the Plan ("Canadian Participants") will be provided with

3.17.1 a copy of the Plan;

3.17.2 all disclosure material relating to KCI that is provided to all other Participants; and

3.17.3 a copy of this Decision Document;

3.18 at the time of any issuance of Shares under the Plan, Canadian Participants will not hold more than 10% of the total number of outstanding Shares and will not represent in number more than 10% of the total number of holders of Shares;

3.19 there is no market in the Jurisdictions for the Shares and none is expected to develop;

3.20 all trades in Shares received by Participants under the Plan will be made through the facilities of, and in accordance with the rules of, Nasdaq, or another stock exchange or organized market outside of Canada;

3.21 upon facilitating the trades referenced in subparagraph 3.20 herein, the Administrator will either be registered as a broker/dealer under the 1934 Act or will retain an entity registered as a broker/dealer under the 1934 Act to execute the trades;

3.22 the legislation of certain of the Jurisdictions does not contain exemptions from the Prospectus Requirements and/or Registration Requirements for intended trades in Shares in connection with the Plan; and

3.23 the legislation of certain of the Jurisdictions deems any trade in Shares acquired under the Plan to be a distribution unless, among other things, KCI is a reporting issuer and has been a reporting issuer for the 12 months immediately preceding the trade;

3.24 upon the sale of Shares acquired by Canadian Participants, Canadian Participants and the Administrator are not able to rely on the exemption from the Registration Requirements for trades made by a person or company acting solely through a registered dealer under the Legislation;

4. AND WHEREAS under 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. AND WHEREAS the Decision under the Legislation is that:

6.1 the Registration Requirements and Prospectus Requirements shall not apply to intended trades of Shares under the Plan;

6.2 the Registration Requirements shall not apply to first trades of Shares acquired by Canadian Participants under the Plan if such first trades are made through the Administrator; and

6.3 intended trades in Shares acquired by Canadian Participants under the Plan are deemed to be a distribution or a primary distribution to the public under the Legislation unless the trade is executed through the facilities of a stock exchange or market outside of Canada.

DATED this 8th day of March, 2001.

"original signed by"
Eric T. Spink, Vice Chair

"original signed by"
Thomas G. Cooke, Q.C., Member

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - relief from the prospectus and registration requirements in connection with an employee share purchase implemented by a foreign parent and for the benefit, in part, of employees of a Canadian limited partnership

Applicable Alberta Statutory Provisions

Securities Act, S.A., 1981, c.S-6.1, as amended, s. 54, 81, 116(1), 116(1.1)