

IN THE MATTER OF
THE SECURITIES LEGISLATION OF QUEBEC, BRITISH COLUMBIA, ALBERTA,
SASKATCHEWAN, MANITOBA, ONTARIO, 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
SHIRE PHARMACEUTICALS GROUP PLC, SHIRE ACQUISITION INC.,
3829359 CANADA INC. AND BIOCHEM PHARMA INC.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Québec, British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Prince Edward Island, Nova Scotia, Newfoundland, the Yukon Territory, the Northwest Territories and Nunavut (collectively, the "Jurisdictions") has received an application from Shire Pharmaceuticals Group plc ("Shire"), Shire Acquisition Inc. ("ExchangeCo") and 3829359 Canada Inc. ("Callco") (collectively, the "Filer") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that:

- a. the trades of securities involved in connection with the proposed acquisition (the "Transaction") by Shire of BioChem Pharma Inc. ("BioChem") to be effected by way of an Arrangement (as defined below) shall be exempt from the registration and prospectus requirements of the Legislation;
- b. each of ExchangeCo and Shire be exempt from the requirements of the Legislation to issue press releases and material changes reports, to file with the Decision Makers and to deliver to shareholders interim financial statements, annual financial statements, an annual report, where applicable, information circulars (or to make an annual filing in lieu thereof) and an annual information form (the "Continuous Disclosure Requirements");
- c. each insider of ExchangeCo and Shire be exempt from the insider reporting requirements of the Legislation; and

AND WHEREAS under the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the Commission des valeurs mobilières du Québec is the principal regulator for this application;

AND WHEREAS the Filer has represented to the Decision Makers that:

1. Shire, BioChem and ExchangeCo have entered into a merger agreement dated December 10, 2000, as amended and restated on February 21, 2001, (the "Merger Agreement"), providing for the Transaction to be effected by way of an arrangement (the "Arrangement") under section 192 of the *Canada Business Corporations Act* ("CBCA") involving BioChem, holders of common shares of BioChem (the "BioChem Common Shares"), holders of options to acquire BioChem Common Shares (the "BioChem Options"), holders of warrants or other rights to acquire common shares of BioChem (the "BioChem Warrants"), ExchangeCo, Callco and Shire.

2. Shire is a UK corporation. Shire is currently subject to the applicable informational requirements in the United Kingdom and of the *United States Securities Exchange Act of 1934*, as amended, and is not a reporting issuer or the equivalent under the Legislation. Shire's principal corporate offices are located at East Anton, Andover, Hampshire, England, SP10 5RG.

3. As of December 7, 2000, the authorized share capital of Shire consisted of 400,000,000 ordinary shares ("Shire Ordinary Shares"), 256,837,043 of which were issued and outstanding as of December 7, 2000. The Shire Ordinary Shares are fully participating voting shares.

4. Shire has in place a number of stock option plans, pursuant to which the Shire board of directors has the authority, among other things, to determine the type of options (the "Shire Options") and the number of Shire Ordinary Shares which are subject to the Shire Options or the number of Shire Ordinary Shares which may be purchased pursuant to such options, as the case may be. As of December 7, 2000, stock options had been granted and were outstanding in respect of 9,913,338 Shire Ordinary Shares.

5. The Shire Ordinary Shares are listed on the London Stock Exchange (the "LSE") under the symbol "SHP.L" and the American Depositary Shares of Shire (the "Shire ADSs") are quoted on the NASDAQ National Market ("NASDAQ") under the symbol "SHPGY". Shire will have the Shire Ordinary Shares or Shire ADSs, as the case may be, issued pursuant to the Arrangement and issuable from time to time in exchange for exchangeable shares of ExchangeCo (the "Exchangeable Shares") and upon exercise of the Replacement Rights (as defined below), admitted for listing on the LSE, or quoted on the NASDAQ, as the case may be.

6. As part of the Transaction, Shire will issue special voting shares (the "Special Voting Shares") to a trustee (the "Trustee") which will be appointed as trustee under the voting and exchange trust agreement to be entered into by the Trustee, Shire and ExchangeCo (the "Voting and Exchange Trust Agreement") (described below in paragraph 29).

7. ExchangeCo is a corporation incorporated under the CBCA and is a wholly-owned subsidiary of Shire. ExchangeCo has been established solely for purposes of the Transaction to issue the Exchangeable Shares to Canadian resident holders of BioChem Common Shares who wish to participate in the Arrangement on a tax-deferred basis electing (or to holders deemed to have elected) to receive Exchangeable Shares under the Arrangement in exchange for their BioChem Common Shares and to hold certain rights related to the Exchangeable Shares as described below.

8. The authorized capital of ExchangeCo consists of an unlimited number of common shares and of an unlimited number of Exchangeable Shares. There are presently 100 common shares issued and outstanding, all of which are owned by Shire. The Exchangeable Shares will rank senior to the common shares of ExchangeCo with respect to the payment of dividends and the distribution of the property or assets of ExchangeCo in the event of the liquidation, dissolution or winding up of ExchangeCo or any other distribution of property or assets of ExchangeCo among its shareholders for the purpose of winding up its affairs. In any such distribution, the rights of a holder of Exchangeable Shares will be satisfied by the delivery of three Ordinary Shares or one Shire ADS (at the option of the holder) for each such Exchangeable Share.

9. The articles of ExchangeCo have been amended to remove the closed company restrictions. ExchangeCo is not a reporting issuer or the equivalent under the Legislation. Upon completion of the Transaction and subject in certain Jurisdictions to the listing of the Exchangeable Shares on the Toronto Stock Exchange (the "TSE"), ExchangeCo and Shire will become or be deemed to be reporting issuers in certain Jurisdictions.

10. Callco is a corporation incorporated under the CBCA and is a wholly-owned subsidiary of Shire. Callco has been established solely for purposes of the Transaction. It will hold the various overriding call rights related to the Exchangeable Shares described below (which rights are granted to Callco so that the exchange of Exchangeable Shares for Shire Ordinary Shares or Shire ADSs can occur on a tax efficient manner to both the holder and ExchangeCo). Callco is not a reporting issuer in any Canadian jurisdiction.

11. The authorized share capital of Callco consists of an unlimited number of common shares. There are presently 100 common shares issued and outstanding, all of which are owned by Shire.

12. BioChem is a corporation incorporated under the CBCA. BioChem is a reporting issuer under the Legislation and in each Jurisdiction that provides for a reporting issuer regime and is not, to its knowledge, in default of any requirement thereof. BioChem's registered office is located at 275 Armand-Frappier Blvd., Laval, Quebec, H7V 4A7.

13. The authorized share capital of BioChem consists of an unlimited number of BioChem Common Shares. As of November 24, 2000, 101,323,410 BioChem Common Shares were issued and outstanding. As of November 24, 2000, no options, warrants or other rights to acquire shares of BioChem were outstanding other than (a) options to purchase 6,873,711 BioChem Common Shares; (b) options to acquire 123,476 BioChem Common Shares granted to Investissement Québec pursuant to an agreement dated June 21, 1991 (which have since been exercised); and (c) rights to receive warrants in certain circumstances in two tranches in 2001 and 2002 in favour of the Government of Canada giving the right to acquire BioChem Common Shares at an exercise price equal to the closing price on the TSE prior to their issuance, the whole pursuant to an agreement dated March 21, 2000. The BioChem Common Shares are currently listed and posted for trading on the TSE and on NASDAQ.

14. The Transaction will be effected by way of the Arrangement and will require, among other things: (a) the approval at the BioChem Meeting (as defined below) of the holders of BioChem Common Shares, BioChem Options and BioChem Warrants (the "BioChem Securityholders") by

a percentage of votes determined by the Court, being at least $66\frac{2}{3}\%$ of the votes cast by the BioChem Securityholders present in person or by proxy at a meeting of the BioChem Securityholders (the "BioChem Meeting") to be held for the purpose of approving the Arrangement; and (b) the approval of the Superior Court of Quebec (the "Court") by final order in respect of the Arrangement.

15. The parties have obtained an interim order (the "Interim Order") from the Court in respect of the Arrangement. The Interim Order provides for the calling and holding of the BioChem Meeting to consider the Arrangement as well as the requisite shareholder approval thresholds.

16. In connection with the BioChem Meeting, BioChem has prepared and delivered to BioChem Securityholders the BioChem Circular. The BioChem Circular contains prospectus level disclosure of the business and affairs of Shire and a detailed description of the Transaction and the Arrangement. The BioChem Circular has been prepared in conformity with the provisions of the Legislation, the CBCA and the Interim Order.

17. Under the Arrangement, the following will be deemed to have occurred, without any further act or formality on the effective date of the Arrangement:

- holders of BioChem Common Shares who are (i) nonresidents of Canada who elect to receive Shire Ordinary Shares or have not made an effective election or (ii) residents of Canada who elect to receive Shire Ordinary Shares (other than dissenting shareholders, Shire or affiliates of Shire) will be deemed to have transferred each BioChem Common Share held by them to ExchangeCo in exchange for a number of Shire Ordinary Shares equal to the Exchange Ratio. The Exchange Ratio is equal to:

(i) 2.3517, if the Shire ADS Price (as hereinafter defined) is less than or equal to US\$47.20;

(ii) an amount determined by dividing US\$37 by the Shire ADS Price and multiplying by three, if the Shire ADS Price is greater than US\$47.20 and less than US\$70.80; and

(iii) 1.5678, if the Shire ADS Price is equal to or greater than US\$70.80.

The Shire ADS Price means the average of the closing prices of Shire ADSs on NASDAQ for a period of fifteen consecutive trading days ending on the third day prior to the closing of the Arrangement;

- holders of BioChem Common Shares who elect to receive Shire ADSs (other than dissenting shareholders, Shire or affiliates of Shire) will be deemed to have transferred each BioChem Common Share held by them to ExchangeCo in exchange for a number of Shire ADSs equal to the Exchange Ratio divided by three;
- holders of BioChem Common Shares who are residents of Canada and who elect Exchangeable Shares or who have not made an effective election (other than dissenting shareholders, Shire or affiliates of Shire) will be deemed to have transferred each

BioChem Common Share held by them to ExchangeCo in exchange for a number of Exchangeable Shares equal to the Exchange Ratio divided by three together with the rights and benefits to which such holders will become entitled under the Voting and Exchange Trust Agreement and the exchangeable share support agreement (the "Exchangeable Share Support Agreement") to be entered in connection with the Transaction;

- BioChem Options and BioChem Warrants outstanding immediately prior to the effective time of the Arrangement will be adjusted and become an option or a right, as applicable, (a "Replacement Right"), to receive the number of Shire Ordinary Shares that the holder of such option or right would have received if he or she had exercised such BioChem Option or BioChem Warrant immediately prior to the effective time; and
- coincident with the foregoing transactions, BioChem, ExchangeCo and the Trustee will enter into the Voting and Exchange Trust Agreement and Shire will issue and deposit with the Trustee Special Voting Shares and Shire, ExchangeCo and Calco will enter into the Exchangeable Share Support Agreement.

18. No fractional Exchangeable Shares, fractional Shire Ordinary Shares or fractional Shire ADSs will be issued pursuant to the Arrangement. In lieu of fractional shares, each holder of BioChem Common Shares who would otherwise be entitled to receive a fraction of an Exchangeable Share, a fraction of a Shire Ordinary Share or a fraction of a Shire ADS shall be paid an amount in cash equal to such holder's pro rata share of the net proceeds received from aggregating all such fractional interests and selling them in the open market.

19. ExchangeCo will deliver or cause to be delivered to each holder of BioChem Common Shares the Shire Ordinary Shares, Shire ADSs or Exchangeable Shares, as the case may be, that must be delivered to such holder pursuant to the Arrangement in exchange for the BioChem Common Shares held by such holder.

20. As at February 21, 2001, there were 33,254,640 BioChem Common Shares held by Canadian residents, representing approximately 32.75% of the outstanding BioChem Common Shares. Assuming (i) that all such shareholders elect to receive Shire Ordinary Shares pursuant to the Arrangement, (ii) an exchange ratio of 1.9733 (based on a Shire ADS Price of US\$56.25) and (iii) that the Shire ADSs and Shire Ordinary Shares are counted as one class of securities (the "Shire Shares"), Canadian residents would hold 65,635,524 Shire Shares, representing approximately 14.34% of the outstanding Shire Shares. The number of beneficial holders of Shire Shares resident in Canada would represent less than 10 % of the total number of beneficial holders of Shire Shares.

21. The Exchangeable Shares, together with the Voting and Exchange Trust Agreement described below, 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 Shire Ordinary Shares. The Exchangeable Shares will be received by certain holders of BioChem Common Shares resident in Canada on a tax deferred rollover basis and, provided that the Exchangeable Shares are listed on a prescribed stock exchange in Canada (which currently includes the TSE), will be "qualified investments" for certain investors and will not constitute "foreign property", in each case, under the *Income Tax Act* (Canada) (the "ITA"). The

Exchangeable Shares will be exchangeable by a holder thereof at any time for, at the option of the holder, Shire Ordinary Shares on a one for three basis or for Shire ADSs on a one for one basis and will be redeemable for the same consideration by ExchangeCo upon the occurrence of certain events, as more fully described below. Subject to applicable law, dividends will be payable on the Exchangeable Shares contemporaneously with, and in an amount per share equal to three times, any dividends paid on Shire Ordinary Shares. The Exchangeable Shares are subject to adjustment or modification in the event of a stock split or other change to the capital structure of Shire so as to maintain at all times the initial economic equivalence between one Exchangeable Share and three Shire Ordinary Shares (or one Shire ADS).

22. The Exchangeable Shares will rank in priority to the common shares of ExchangeCo with respect to the payment of dividends and the distribution of property or assets in the event of the liquidation, dissolution or winding up of ExchangeCo, whether voluntary or involuntary, or any other distribution of property or assets of ExchangeCo among its shareholders for the purpose of winding up its affairs. The rights, privileges, restrictions and conditions attaching to the Exchangeable Shares (the "Exchangeable Share Provisions") will provide that each Exchangeable Share will entitle the holder to dividends from ExchangeCo payable at the same time as, and in amounts equal to three times, any dividends paid by Shire on the Shire Ordinary Shares; provided that in the case of a stock dividend declared on the Shire Ordinary Shares, in lieu of declaring a corresponding stock dividend on the Exchangeable Shares, the Board of Directors of ExchangeCo may, in its discretion and subject to applicable law, subdivide, redivide or change (the "Subdivision") each issued and unissued Exchangeable Share on the basis that each Exchangeable Share before the Subdivision becomes a number of Exchangeable Shares as is equal to the sum of: (a) three Shire Ordinary Shares; and (b) the number of Shire Ordinary Shares to be paid as a stock dividend on each Shire Ordinary Share. The record date for the determination of the holders of Exchangeable Shares entitled to receive Exchangeable Shares in connection with any Subdivision of Exchangeable Shares and the effective date of such Subdivision shall be the same dates as the record date and payment date, respectively, for the corresponding stock dividend declared on Shire Ordinary Shares.

23. The Exchangeable Shares will be nonvoting (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 Callco referred to below, upon retraction the holder will be entitled to receive from ExchangeCo for each Exchangeable Share retracted an amount equal to the then current market price of a Shire Ordinary Share on the LSE on the last business day prior to the retraction date multiplied by three, to be satisfied by the delivery of three Shire Ordinary Shares listed on the LSE or one Shire ADS quoted on NASDAQ (at the option of the holder), 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, Callco 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 (likewise payable in Shire Ordinary Shares or Shire ADSs (at the option of the holder) together with cash for declared and unpaid dividends).

24. Subject to applicable law and the overriding call right of Callco referred to below, ExchangeCo will be entitled to redeem all but not less than all of the then outstanding Exchangeable Shares at any time following the tenth anniversary of the effective date of the Arrangement (the "Redemption Date"). In certain circumstances, the Redemption Date may be accelerated, such as if at any time there are less than 1,000,000 Exchangeable Shares outstanding. Upon such redemption, a holder will be entitled to receive from ExchangeCo for each Exchangeable Share redeemed an amount equal to the then current market price of a Shire Ordinary Share on the LSE on the last business day prior to the Redemption Date multiplied by three, to be satisfied by the delivery of three Shire Ordinary Shares listed on the LSE or a Shire ADS quoted on NASDAQ (at the option of the holder), 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 "Redemption Price"). Upon being notified by ExchangeCo of a proposed redemption of Exchangeable Shares, Callco 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 affiliates of Shire) for a price per share equal to the Redemption Price (likewise payable in Shire Ordinary Shares or Shire ADSs (at the option of the holder) together with cash for declared and unpaid dividends).

25. Subject to applicable law and the overriding liquidation call right of Callco referred to below, in the event of the liquidation, dissolution or winding up of ExchangeCo or any other proposed distribution of the assets of ExchangeCo among its shareholders for the purpose of winding up its affairs, each holder of Exchangeable Shares will have a preferential right to receive from ExchangeCo an amount equal to the then current market price of a Shire Ordinary Share on the LSE on the last business day prior to the liquidation date multiplied by three, to be satisfied by the delivery of three Shire Ordinary Shares or one Shire ADS (at the option of the holder) together with, on the designated payment date therefor, all declared and unpaid dividends on such Exchangeable Share (such aggregate amount being the "Liquidation Amount"). Upon a proposed liquidation, dissolution or winding up of ExchangeCo, Callco will have an overriding liquidation call right to purchase all but not less than all of the outstanding Exchangeable Shares (other than Exchangeable Shares held by Shire or affiliates of Shire) on the effective date of such liquidation, dissolution or winding up (the "Liquidation Date") for a price per share equal to the Liquidation Amount (likewise payable in Shire Ordinary Shares or Shire ADSs (at the option of the holder) together with cash for declared and unpaid dividends). Upon the occurrence of an insolvency event of ExchangeCo, a holder of Exchangeable Shares will be entitled to require the Trustee to exercise the Exchange Right (referred to in paragraph 31 below) with respect to any or all of the Exchangeable Shares held by such holder, thereby requiring Shire to purchase such Exchangeable Shares at a price per share equal to the Liquidation Amount (likewise payable in Shire Ordinary Shares or Shire ADSs together with cash for declared and unpaid dividends).

26. Upon the liquidation, dissolution or winding up of Shire, all Exchangeable Shares held by holders (other than Exchangeable Shares held by Shire or affiliates of Shire) will be automatically exchanged for Shire Ordinary Shares pursuant to the Voting and Exchange Trust Agreement (as described below), in order that holders of Exchangeable Shares will be able to participate in the dissolution of Shire on a pro rata basis with the holders of Shire Ordinary Shares.

27. In the circumstances described below, Shire will have the right (the "Shire Call Right") to purchase, or cause Callco to purchase, from all but not less than all of the holders of Exchangeable Shares (other than Shire or an affiliate of Shire) on the Exchange Date (as hereinafter defined) all but not less than all of the Exchangeable Shares held by each such holder on payment by Shire or Callco, as the case may be, of an amount per share (the "Shire Call Purchase Price") equal to the then current market price of a Shire Ordinary Share on the LSE on the last business day prior to the Exchange Date multiplied by three, to be satisfied by the delivery of three Shire Ordinary Shares listed on the LSE or one Shire ADS quoted on NASDAQ (at the option of the holder) together with, on the designated payment date therefore, all declared and unpaid dividends on such Exchangeable Shares. To exercise the Shire Call Right, (i) Shire must notify the transfer agent of the Exchangeable Shares, as agent for the holders of the Exchangeable Shares and ExchangeCo, of Shire's intention to exercise such right at least 45 days before the business day on which the purchase of such Exchangeable Shares shall occur (the "Exchange Date") and such notice shall specify whether Shire or Callco will effect such purchase, and (ii) Shire must deliver to the transfer agent and to the Trustee an opinion in writing signed by Canadian counsel to Shire (which counsel shall be satisfactory to the Trustee) stating that since the effective date of the Arrangement there has been a change enacted to the ITA and other applicable provincial income tax laws to the effect that, and based thereon such opinion shall confirm that, the sale by Canadian resident holders of Exchangeable Shares to Shire or Callco, as the case may be, pursuant to the Shire Call Right will qualify as a tax deferred transaction for purposes of the ITA and other applicable provincial income tax laws for holders of Exchangeable Shares.

28. Upon the exchange of an Exchangeable Share for Shire Ordinary Shares or a Shire ADS, the holder of the Exchangeable Share will no longer be a beneficiary of the trust created by the Voting and Exchange Trust Agreement that holds the Special Voting Shares (as described in greater detail in paragraph 30 below).

29. Pursuant to the Arrangement, a number of Special Voting Shares of Shire equal to the number of Exchangeable Shares to be outstanding on the effective date of the Arrangement will be issued to the Trustee appointed under the Voting and Exchange Trust Agreement for the benefit of the holders of the Exchangeable Shares outstanding from time to time (other than Shire and its affiliates). Except as otherwise required by applicable law or the Shire articles of association, the holder of the Special Voting Shares will be entitled to the number of votes, exercisable at any Shire meeting, equal to the number of Exchangeable Shares outstanding from time to time not owned by Shire and its affiliates, multiplied by three. The holders of shares of Shire and the holder of the Special Voting Shares will vote together as a single class on all matters, except as may be required by applicable law or the Shire articles of association. Holders of Exchangeable Shares will exercise the voting rights attached to the Special Voting Shares through the mechanism of the Voting and Exchange Trust Agreement. The holder of the Special Voting Shares will not be entitled to receive dividends from Shire and, in the event of any liquidation, dissolution or winding up of Shire, will receive an amount equal to the par (nominal) value thereof. At such time as the Special Voting Shares have no votes attached to them because there are no Exchangeable Shares outstanding not owned by Shire and its affiliates, the Special Voting Shares will be cancelled.

30. The Special Voting Shares will be issued to and held by the Trustee for the benefit of the holders of the Exchangeable Shares outstanding from time to time (other than Shire and its affiliates) pursuant to a Voting and Exchange Trust Agreement to be entered into between Shire, ExchangeCo and the Trustee contemporaneously with the closing of the Transaction. All voting rights attached to the Special Voting Shares must be voted by the Trustee pursuant to the instructions of the holder of the related Exchangeable Shares. 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 a holder's Exchangeable Shares for Shire Ordinary Shares listed on the LSE or Shire ADSs quoted on NASDAQ, as the case may be, all rights of such holder of Exchangeable Shares to instruct the Trustee to exercise votes attached to the related Special Voting Shares will cease.

31. Under the Voting and Exchange Trust Agreement, Shire 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 Shire 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 Shire under the Exchange Right will be an amount equal to the current market price of a Shire Ordinary Share on the LSE on the last business day prior to the day of closing the purchase and sale of such Exchangeable Share under the Exchange Right multiplied by three, to be satisfied by the delivery to the Trustee, on behalf of the holder, of three Shire Ordinary Shares listed on the LSE or one Shire ADS quoted on NASDAQ (at the option of the holder), 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.

32. Under the Voting and Exchange Trust Agreement, upon the liquidation, dissolution or winding up of Shire, Shire 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 Shire Ordinary Share on the LSE on the fifth business day prior to the effective date of the liquidation, multiplied by three, dissolution or winding up of Shire to be satisfied by the delivery to the Trustee, on behalf of the holder, of three Shire Ordinary Shares, 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.

33. Contemporaneously with the closing of the Transaction, Shire, ExchangeCo and Calco will enter into the Exchangeable Share Support Agreement which will provide that, *inter alia*:
(a) Shire will not declare or pay any dividends on the Shire Ordinary Shares 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, provided that in the case of a stock dividend declaration on Shire Ordinary Shares, ExchangeCo will be able to subdivide and subdivides each issued and unissued Exchangeable Share in the manner described in paragraph 22 above in lieu of declaring a corresponding stock dividend on the Exchangeable Shares; and (b) Shire will ensure that ExchangeCo and Calco will be able to honour the redemption and retraction rights

under the Exchangeable Share Provisions and the related redemption, retraction and liquidation call rights described above.

34. The Exchangeable Share Support Agreement and the Exchangeable Share Provisions will provide that, without the prior approval of ExchangeCo and the holders of the Exchangeable Shares, Shire will not issue or distribute additional Shire Ordinary Shares, securities exchangeable for or convertible into or carrying rights to acquire Shire Ordinary Shares, rights, options or warrants to subscribe therefor, evidences of indebtedness or other assets, to all or substantially all holders of Shire Ordinary Shares, nor shall Shire change Shire Ordinary Shares, unless the same or an economically equivalent distribution on or change to the Exchangeable Shares (or in the rights of the holders thereof) is made simultaneously.

35. The BioChem Circular contains the following financial statements of Shire prepared in US generally accepted accounting principles ("GAAP"), and reconciled with Canadian GAAP, in accordance with the Legislation:

- audited annual consolidated financial statements of Shire as at and for the years ended December 31, 2000, 1999 and 1998;

- pro forma consolidated balance sheet and pro forma consolidated statement of earnings as at December 31, 2000 and for the year then ended, giving effect to the merger with BioChem.

36. 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, Shire Ordinary Shares or Shire ADSs pursuant to the Transaction, or the issuance of Shire Ordinary Shares or Shire ADSs in exchange for Exchangeable Shares from time to time following the closing of the Transaction. The trades and possible trades in securities to which the Transaction gives rise include the following:

- a. the issuance and intragroup transfers of Shire Ordinary Shares or Shire ADSs and related issuances of shares of Shire affiliates in consideration therefor, all by and between Shire and its affiliates, to enable ExchangeCo to deliver or cause to be delivered Shire Ordinary Shares or Shire ADSs 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 Shire Ordinary Shares or Shire ADSs by ExchangeCo to holders of BioChem Common Shares and the transfer of BioChem Common Shares by holders to ExchangeCo, as part of the Arrangement;

- c. the issuance of Exchangeable Shares by ExchangeCo to holders of BioChem Common Shares and the transfer of BioChem Common Shares by holders to ExchangeCo, as part of the Arrangement;

- d. the sale by the depositary of the accumulated fractional share interests in Exchangeable Shares, Shire Ordinary Shares or Shire ADSs, and the distribution of the cash proceeds thereof to former holders of BioChem Common Shares;
- e. BioChem Options or BioChem Warrants becoming Replacement Rights as part of the Arrangement and the issuance and delivery of Shire Ordinary Shares by Shire to a holder of a Replacement Right upon the exercise thereof;
- f. the grant by Shire 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 Shares;
- g. the creation of the call rights in favour of Callco referred to in paragraphs 23, 24 and 25 above;
- h. the creation of the Shire Call Right;
- i. the issuance by Shire, pursuant to the Voting and Exchange Trust Agreement, of the Special Voting Shares to the Trustee for the benefit of the holders of the Exchangeable Shares;
- j. the issuance and intragroup transfers of Shire Ordinary Shares or Shire ADSs and related issuances of shares of Shire affiliates in consideration therefor, all by and between Shire and its affiliates, from time to time to enable ExchangeCo to deliver or cause to be delivered Shire Ordinary Shares or Shire ADSs 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 referred to in paragraph 23 above;
- k. the transfer of Exchangeable Shares by the holder to ExchangeCo upon the holder's retraction of Exchangeable Shares;
- l. the issuance and intragroup transfers of Shire Ordinary Shares or Shire ADSs and related issuances of shares of Shire affiliates in consideration therefor, all by and between Shire and its affiliates, from time to time to enable Callco to deliver or cause to be delivered Shire Ordinary Shares or Shire ADSs to a holder of Exchangeable Shares in connection with Callco's exercise of its overriding retraction call right referred to in paragraph 23 above, and the subsequent delivery thereof by Callco upon the exercise of such overriding retraction call right;
- m. the transfer of Exchangeable Shares by the holder to Callco upon Callco exercising its overriding retraction call right;
- n. the issuance and intragroup transfers of Shire Ordinary Shares or Shire ADSs and related issuances of shares of Shire affiliates in consideration therefor, all by

and between Shire and its affiliates, to enable ExchangeCo to deliver or cause to be delivered Shire Ordinary Shares or Shire ADSs to holders of Exchangeable Shares upon the redemption of the Exchangeable Shares, and the subsequent delivery thereof by ExchangeCo upon such redemption referred to in paragraph 24 above;

o. the transfer of Exchangeable Shares by holders to ExchangeCo upon the redemption of Exchangeable Shares;

p. the issuance and intragroup transfers of Shire Ordinary Shares or Shire ADSs and related issuances of shares of Shire affiliates in consideration therefor, all by and between Shire and its affiliates, to enable Callco to deliver or cause to be delivered Shire Ordinary Shares or Shire ADSs to holders of Exchangeable Shares in connection with Callco's exercise of its overriding redemption call right referred to in paragraph 24 above, and the subsequent delivery thereof by Callco upon the exercise of such overriding redemption call right;

q. the transfer of Exchangeable Shares by holders to Callco upon Callco exercising its overriding redemption call right;

r. the issuance and intragroup transfers of Shire Ordinary Shares or Shire ADSs and related issuances of shares of Shire affiliates in consideration therefor, all by and between Shire and its affiliates, to enable ExchangeCo to deliver or cause to be delivered Shire Ordinary Shares or Shire ADSs 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 referred to in paragraph 25 above;

s. the transfer of Exchangeable Shares by holders to ExchangeCo on the liquidation, dissolution or winding up of ExchangeCo;

t. the issuance and intragroup transfers of Shire Ordinary Shares or Shire ADSs and related issuances of shares of Shire affiliates in consideration therefor, all by and between Shire and its affiliates, to enable Callco to deliver or cause to be delivered Shire Ordinary Shares or Shire ADSs to holders of Exchangeable Shares in connection with Callco's exercise of its overriding liquidation call right referred to in paragraph 25 above, and the subsequent delivery thereof by Callco upon the exercise of such overriding liquidation call right;

u. the transfer of Exchangeable Shares by holders to Callco upon Callco exercising its overriding liquidation call right;

v. the issuance and intragroup transfers of Shire Ordinary Shares or Shire ADSs and related issuances of shares of Shire affiliates in consideration therefor, all by and between Shire and its affiliates, to enable Shire to deliver or cause to be delivered or Callco to deliver or cause to be delivered Shire Ordinary Shares or

Shire ADSs to holders of Exchangeable Shares in connection with the exercise of the Shire Call Right, and the subsequent delivery thereof by Shire or Callco, as the case may be, upon such Shire Call Right;

w. the transfer of Exchangeable Shares by holders to Shire or Callco, as the case may be, upon the exercise of the Shire Call Right;

x. the issuance and delivery of Shire Ordinary Shares or Shire ADSs by Shire to a holder of Exchangeable Shares upon the exercise of the Exchange Right by such holder referred to in paragraph 31 above;

y. the transfer of Exchangeable Shares by holders to Shire upon the exercise of the Exchange Right by such holder;

z. the issuance and delivery of Shire Ordinary Shares by Shire to holders of Exchangeable Shares pursuant to the Automatic Exchange Right referred to in paragraph 32 above;

aa. the transfer to ExchangeCo of Exchangeable Shares received by Callco as a result of the exercise of the Retraction Call Right, Shire Call Right, Redemption Call Right or Liquidation Call Right and the transfer by Shire, directly or indirectly through intragroup transfers, to ExchangeCo of Exchangeable Shares received by Shire upon the exercise of the Exchange Right, Shire Call Right and the Automatic Exchange Right and the issuance and delivery by ExchangeCo of common shares in exchange for such Exchangeable Shares; and

bb. the transfer of Exchangeable Shares by a holder to Shire pursuant to the Automatic Exchange Right;

(Collectively the "Trades")

37. The fundamental investment decision to be made by a holder of BioChem Common Shares is made at the time when such holder votes in respect of the Arrangement. As a result of this decision, a holder (other than a dissenting holder) will ultimately receive, at his option, Exchangeable Shares, Shire Ordinary Shares or Shire ADSs, or any combination thereof, in exchange for the BioChem 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 Shire Ordinary Shares, and as such all subsequent exchanges of Exchangeable Shares are in furtherance of the holder's initial investment decision. As mentioned above, that investment decision will be made on the basis of the BioChem Circular, which contains prospectus level disclosure of the business and affairs of Shire and a detailed description of the Transaction and the Arrangement.

38. If not for income tax considerations, Canadian holders of BioChem Common Shares could have received Shire Ordinary Shares or Shire ADSs without the option of receiving Exchangeable Shares. The option in favour of certain holders of BioChem Common Shares to

ultimately receive Exchangeable Shares under the Arrangement will enable certain holders of BioChem 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 ITA.

39. As a result of the economic and voting equivalency between the Exchangeable Shares and Shire Ordinary Shares, holders of Exchangeable Shares will have a participating interest determined by reference to Shire, rather than ExchangeCo. Accordingly, it is the information relating to Shire, not ExchangeCo, that will be relevant to holders of Shire Ordinary Shares, Shire ADSs and the Exchangeable Shares.

40. Shire will send concurrently to all holders of Shire Ordinary Shares or Shire ADSs resident in Canada all disclosure material furnished to holders of shares of Shire Ordinary Shares or Shire ADSs resident in the United States including, without limitation, copies of its annual financial statements and all proxy solicitation materials.

41. The BioChem Circular discloses that, in connection with the Arrangement, applications have been made for prospectus and registration exemptions and exemptions from disclosure and insider reporting obligations. The BioChem Circular specifies the disclosure requirements from which ExchangeCo and Shire have 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 "Decision");

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 registration and prospectus requirements shall not apply to any of the Trades;
2. the first trade in Exchangeable Shares acquired pursuant to this Decision in a Jurisdiction shall be deemed a distribution or a primary distribution to the public under the Legislation of such Jurisdiction (the "Applicable Legislation") unless :
 - (i) at the time of the first trade, ExchangeCo is a reporting issuer or the equivalent under the Applicable Legislation or, where the Applicable Legislation does not recognize the concept of a reporting issuer, Shire complies with the filing requirements of paragraph 5 below;
 - (ii) if the seller of the securities is an insider or officer of ExchangeCo, the seller has no reasonable grounds to believe that ExchangeCo is 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 the trade; and

(iv) the first trade is not from the holdings of a person or company or a combination of persons or companies holding a sufficient number of any securities of Shire or ExchangeCo so as to affect materially the control of Shire or more than 20% of the outstanding voting securities of Shire, except where there is evidence showing that the holding of those securities does not affect materially the control of Shire, and for this purpose, Shire Ordinary Shares, Shire ADSs and Exchangeable Shares are to be considered to be of the same class;

3. in those Jurisdictions in which Shire will become a reporting issuer or the equivalent pursuant to the Applicable Legislation upon completion of the Transaction, the first trade in Shire Ordinary Shares or Shire ADSs acquired pursuant to this Decision in a Jurisdiction shall be deemed a distribution or a primary distribution to the public under the Applicable Legislation unless :

(i) at the time of the first trade, Shire is a reporting issuer or the equivalent under the Applicable Legislation;

(ii) if the seller of the securities is an insider or officer of Shire, the seller has no reasonable grounds to believe that Shire is 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 Shire Ordinary Shares or Shire ADSs, and no extraordinary commission or consideration is paid in respect of the trade; and

(iv) the first trade is not from the holdings of a person or company or a combination of persons or companies holding a sufficient number of any securities of Shire or ExchangeCo so as to affect materially the control of Shire or more than 20% of the outstanding voting securities of Shire, except where there is evidence showing that the holding of those securities does not affect materially the control of Shire, and for this purpose, Shire Ordinary Shares, Shire ADSs and Exchangeable Shares are to be considered to be of the same class;

4. in those Jurisdictions in which Shire will not become a reporting issuer or the equivalent pursuant to the Applicable Legislation upon completion of the Transaction, the first trade in Shire Ordinary Shares or Shire ADSs acquired pursuant to this Decision in a Jurisdiction shall be deemed a distribution or a primary distribution to the public under the Applicable Legislation unless such trade is executed through the facilities of a stock exchange or market outside of Canada; and

5. that the Continuous Disclosure Requirements and the insider reporting requirements of the Legislation shall not apply to ExchangeCo or Shire or any insider of ExchangeCo, so long as, at the time that any such requirements would otherwise apply:

(i) Shire sends to all holders of Exchangeable Shares resident in Canada all disclosure material furnished to holders of Shire Ordinary Shares or Shire ADSs resident in the United States, including, without limitation, copies of its annual financial statements and all proxy solicitation materials;

(ii) Shire 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 Shire shareholders meetings;

(iii) Shire 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 Shire;

(iv) prior to or coincident with the distribution of the Exchangeable Shares, Shire provides or causes ExchangeCo to provide to each recipient or proposed recipient of Exchangeable Shares, Shire Ordinary Shares or Shire ADSs, as the case may be, resident in Canada a statement that, as a consequence of this Decision, Shire, ExchangeCo and ExchangeCo's insiders will be exempt from certain disclosure requirements in Canada applicable to reporting issuers or equivalents and their insiders and specifying those requirements Shire, ExchangeCo and its insiders have been exempted from and substitution therefor (which may be satisfied by the inclusion of such a statement in the BioChem 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 Shire Ordinary Shares or Shire ADSs;

(vi) Shire 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 Shire and not in relation to ExchangeCo, such statement to include a reference to the economic equivalency between the Exchangeable Shares and Shire Ordinary Shares and Shire ADSs and the right to direct voting at Shire meetings pursuant to the Voting and Exchange Trust Agreement;

(vii) Shire remains the direct or indirect beneficial owner of all the issued and outstanding voting securities of ExchangeCo and until no Exchangeable Share is outstanding (except those held by Shire or affiliates of Shire); and

(viii) ExchangeCo does not issue any securities to the public other than the Exchangeable Shares;

and with respect to relief from complying with insider reporting requirements, so long as:

(ix) such insider of ExchangeCo does not receive, in the ordinary course, information as to material facts or material changes concerning Shire 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 at Montréal on March 29, 2001

(signed) Jacques Labelle

Jacques Labelle, Directeur général et chef de exploitation