

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 KPMG CONSULTING, INC.
AND KPMG CONSULTING LP

MRRS DECISION DOCUMENT

1. WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Alberta, British Columbia, Manitoba and Nova Scotia (the "Jurisdictions") has received an application from KPMG Consulting, Inc. ("KPMG") for a decision pursuant to the securities legislation of each of the Jurisdictions (the "Legislation") that the requirements contained in the Legislation to file a preliminary prospectus and a prospectus and to obtain receipts therefor (the "Prospectus Requirement") shall not apply to trades of common stock of KPMG (the "Common Stock") to employees of KPMG Consulting LP (the "Canadian Employees") pursuant to a directed share program ("DSP") to be established in connection with the initial public offering of the Common Stock;

2. AND WHEREAS pursuant to 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 KPMG has represented to the Decision Makers that:

3.1 KPMG is a corporation incorporated under the laws of the State of Delaware and is not a reporting issuer in any of the Jurisdictions;

3.2 the authorized capital of KPMG consists of 1,000,000,000 shares of Common Stock and 10,000,000 shares of preferred stock, of which approximately 381,000,000 shares of Common Stock and 5,000,000 shares preferred stock were issued and outstanding as of January 31, 2000;

3.3 KPMG is currently in the process of conducting an initial public offering of its Common Stock in the United States (the "Offering"), which will only be extended into Canada by way of private placement (if at all);

3.4 in connection with the Offering, KPMG has filed a registration statement (the "Registration Statement") on Form S-1, as amended, with the U.S. Securities and Exchange Commission (the "SEC") and will apply to list its common stock on The Nasdaq Stock Market ("NASDAQ");

3.5 upon the SEC declaring the Registration Statement effective, KPMG will be subject to the reporting requirements under the *Securities Exchange Act*, 1934 in the United States of America;

3.6 KPMG has established the DSP for purposes of allowing its employees and the employees of its affiliated entities, including the Canadian Employees, to participate in the Offering and purchase Common Stock at the initial public offering price;

3.7 the Canadian Employees are employed by KPMG Consulting LP, an Ontario limited partnership ("KPMG Canada");

3.8 KPMG indirectly owns all of the shares of the general partner and each of the limited partners of KPMG Canada;

3.9 KPMG and the Canadian Partnership are not "affiliates" within the meaning of the Legislation in British Columbia, Alberta, Manitoba, Quebec and Nova Scotia;

3.10 participation in the DSP is voluntary and the Canadian Employees will not be induced to participate in the DSP by expectation of employment or continued employment;

3.11 the preliminary prospectus and the final prospectus prepared in accordance with U.S. securities laws will be delivered to each of the employees who chooses to participate in the DSP, including the Canadian Employees;

3.12 the number of Canadian Employees eligible to participate in the Offering under the DSP in each Jurisdiction is as follows; 106 in Alberta, 65 in British Columbia, 10 in Manitoba, 47 Quebec and 5 in Nova Scotia;

3.13 after giving effect to the Offering, the aggregate number of shares of Common Stock held by residents of the Jurisdictions will be less than 10% of the issued and outstanding shares of Common Stock;

3.14 the trades to the Canadian Employees will be effected by Scotia Capital Inc., a registered dealer in each of the Jurisdictions;

3.15 there is not expected to be a market for the Common Stock in the Jurisdictions and it is intended that any resale of the Common Stock acquired by the Canadian Employees under the DSP will be

effected through the facilities of NASDAQ in accordance with its rules and regulations; and

3.16 the annual reports, proxy materials and other materials generally distributed to KPMG stockholders resident in the United States will be provided to the Canadian Employees who acquire Common Stock under the DSP at the same time and in the same manner as the documents would be provided to U.S. resident stockholders;

4. AND WHEREAS pursuant to the System this MRRS Decision Document evidences the decisions of each Decision Maker, as applicable (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 in each of the Jurisdictions pursuant to the Legislation is that the trade of Common Stock under the DSP to a Canadian Employee in any of the Jurisdictions shall not be subject to the Prospectus Requirement;

7. THE FURTHER DECISION of the Decision Makers in each of the Jurisdictions pursuant to the Legislation is that the first trade in shares of Common Stock acquired by a Canadian Employee resident in any of the Jurisdictions pursuant to the DSP shall be a distribution or a primary distribution to the public or shall be subject to the Prospectus Requirement unless such first trade is conducted through the facilities of an exchange or market located outside Canada in accordance with the rules and regulations of such exchange or market.

DATED at Calgary, Alberta this 26th day of October, 2000.

Glenda A. Campbell, Vice-Chair James E. Allard, Member

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - relief from the requirement to file a prospectus to allow a U.S. company to issue shares to employees of a Canadian limited partnership controlled by the U.S. company. The shares are offered to Canadian-resident employees of the limited partnership through a direct share program and in connection with an initial public offering in the U.S..

Applicable Alberta Statutory Provisions

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