

IN THE MATTER OF THE SECURITIES LEGISLATION OF
ALBERTA AND MANITOBA

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

AND IN THE MATTER OF PEREGRINE SYSTEMS, INC.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Alberta and Manitoba (the "Jurisdictions") has received an application from Peregrine Systems, Inc. ("Peregrine" or the "Company") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that: (a) trades to, by, with or on behalf of employees (the "Employees") of Peregrine or its affiliates (collectively, the "Peregrine Companies") resident in the Jurisdictions (the "Canadian Employees") in shares of common stock of Peregrine (the "Common Shares") in connection with the Peregrine 1997 Employee Stock Purchase Plan (the "ESPP"); (b) trades to, by, with or on behalf of Canadian Employees in options on Common Shares ("Options") and Common Shares in connection with the Peregrine 1994 Stock Option Plan ("1994 SOP") and the Peregrine 1999 Stock Option Plan ("1999 SOP") (the ESPP, 1994 SOP and 1999 SOP, collectively, the "Plans"); (c) trades to, by, with or on behalf of the registered retirement savings plans ("RRSPs"), registered retirement income funds ("RRIFs") or other similar accounts established under provincial legislation for the purpose of accumulating retirement funds on a tax deferred basis (collectively, "Retirement Plans") established by or on behalf of Canadian Employees; and (d) first trades in Common Shares acquired pursuant to the Plans, shall not be subject to 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 (the "Prospectus Requirements") (collectively, the "Registration and Prospectus Requirements").

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

AND WHEREAS Peregrine has represented to the Decision Makers as follows:

1. Peregrine is a corporation incorporated under the laws of the state of Delaware, is not a reporting issuer or its equivalent under the Legislation and has no present intention of becoming a reporting issuer or its equivalent under the Legislation. The majority of the directors and senior officers of Peregrine reside outside of Canada.
2. Peregrine currently has a number of direct and indirect subsidiaries in Canada, including Peregrine Systems of Canada, Inc., Peregrine Nova Scotia Company, Telco Research Corporation Limited and Harbinger Canada Corporation. None of these subsidiaries is a reporting issuer or its equivalent in any of the Jurisdictions nor has any present intention of becoming a reporting issuer or its equivalent.

3. The authorized share capital of Peregrine consists of 200,000,000 Common Shares, par value US\$0.001 per share, and 5,000,000 shares of preferred stock ("Preferred Shares") par value US\$0.001 per share. As of June 30, 2000, there were 139,886,874 Common Shares and no Preferred Shares issued and outstanding.
4. Peregrine is subject to the requirements of the Securities Exchange Act of 1934, as amended, of the United States, and the Common Shares are quoted for trading on the Nasdaq Stock Market.
5. Common Shares offered under the Plans are registered with the Securities and Exchange Commission (the "SEC") under the Securities Act of 1933.
6. Peregrine proposes to use the services of an agent (the "Agent") in connection with the Plans. The current Agent under the Plans is Salomon Smith Barney, Inc. ("SSB"). The current Agent is, and, if replaced, will be, a corporation registered under applicable U.S. securities or banking legislation and has been or will be authorized by Peregrine to provide services under the Plans. SSB is not a registrant in any of the Jurisdictions and, if replaced, the Agent is not expected to be a registrant in any of the Jurisdictions.
7. The Agent's role in the Plans may include: (i) assisting Employees with the exercise of Options, including cashless exercises; (ii) holding, on behalf of Canadian Employees or their Retirement Plans, as the case may be, Shares issued by Peregrine upon the exercise of Options or otherwise; and (iii) facilitating the resale of Shares acquired by Employees or their Retirement Plans outside of Canada.
8. As of June 30, 2000, there were 59 employees in Canada eligible to participate in the Plans.
9. The purpose of the ESPP is to provide employees of the Peregrine Companies with an opportunity to purchase Common Shares at a discount through accumulated payroll deductions.
10. Participation in the ESPP by eligible Employees (the "ESPP Eligible Employees") is voluntary and such employees are not induced to participate in the ESPP by expectation of employment or continued employment with the Peregrine Companies.
11. ESPP Eligible Employees may purchase through accumulated payroll deductions Common Shares at a discount to the market price, to a maximum of 15% of their Compensation, as defined in the ESPP. Subject to the discretion granted under the ESPP to the Board of Directors of Peregrine, Common Shares will be issued by Peregrine to the Agent on a semi-annual basis, based on the level of accumulated payroll deductions of each participating ESPP Eligible Employee, but subject to limits set forth in the ESPP. All purchased Common Shares will be held by the Agent in a separate investment account for each such employee and will be subject to a one year hold period under the ESPP from the date of purchase.
12. The purpose of the 1994 SOP and the 1999 SOP (collectively, the "SOPs") is to aid the Peregrine Companies in attracting, retaining and motivating management employees, including

senior employees who are directors and officers (the "SOP Eligible Employees"), by granting Options to acquire Common Shares under the SOPs.

13. Participation in the SOPs by SOP Eligible Employees is voluntary and SOP Eligible Employees are not induced to participate in the SOPs or to exercise their Options by expectation of employment or continued employment with the Peregrine Companies. Unless otherwise determined by the Administrator (as defined in the SOPs), Options are not transferable otherwise than by will or the laws of descent and distribution.

14. The consideration to be paid for Common Shares issued upon the exercise of Options granted under the SOPs may consist of: (a) cash, (b) check, (c) promissory note, (d) other Common Shares, and/or (e) consideration received by the Company under a cashless exercise program implemented by the Company in connection with the SOPs. The administrator under the SOPs may also offer to buy out or exchange Options previously granted for cash, Common Shares or other Options.

15. The Peregrine Companies will also provide Canadian Employees with the option of transferring Common Shares obtained under the Plans or Common Shares which they may otherwise be entitled to receive under the ESPP to a Retirement Plan.

16. All disclosure material that Peregrine is required to file with the SEC will be provided or made available upon request to all ESPP Eligible Employees and to all SOP Eligible Employees who are granted Options, at the same time and in the same manner as such materials are provided or made available upon request to employees who are resident in the United States.

17. An exemption from the Prospectus and Registration Requirements is not available in all of the Jurisdictions for trades in Options and Common Shares acquired under the Plans to, by, with or on behalf of the Agent or Retirement Plans, as the case may be; further, exemptions from the Registration and Prospectus Requirements are not available in all of the Jurisdictions for first trades in Common Shares acquired under the Plans made through the Agent on a market or exchange outside of Canada (collectively, the "Trades").

18. Because there is no market for the Common Shares in Canada and none is expected to develop, any resale of the Common Shares acquired under 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 Common Shares may be listed or quoted for trading.

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 that:

(a) the Registration and Prospectus Requirements shall not apply to the Trades, provided that the first trade in Common Shares acquired under the Plans shall be a distribution or a primary distribution to the public unless:

(i) at the time of the acquisition of Options under either of the SOPs or Common Shares under the ESPP, as the case may be, persons or companies whose last address is shown on the books of the Company in the applicable Jurisdiction do not hold more than 10% of the outstanding Common Shares and do not represent in number more than 10% of the total number of holders of Common Shares;

(ii) at the time of the acquisition of Options under either of the SOPs or Common Shares under the ESPP, as the case may be, Peregrine is not a reporting issuer or its equivalent in the applicable Jurisdiction; or

(iii) such first trade is effected through the facilities of, and in accordance with the rules and laws applicable to, a stock exchange outside of Canada on which the Common Shares may be listed or quoted for trading or on the Nasdaq Stock Market.

DATED AT Winnipeg, Manitoba this 27th day of December, 2000.