

IN THE MATTER OF THE SECURITIES LEGISLATION OF BRITISH COLUMBIA,  
ALBERTA, SASKATCHEWAN, MANITOBA, NOVA SCOTIA, NEW BRUNSWICK,  
PRINCE EDWARD ISLAND, NEWFOUNDLAND, NORTHWEST TERRITORIES,  
NUNAVUT AND YUKON

AND

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

AND

IN THE MATTER OF WARNER-LAMBERT COMPANY

AND

IN THE MATTER OF WARNER-LAMBERT CANADA INC.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Manitoba, Nova Scotia, New Brunswick, Prince Edward Island, Newfoundland, Northwest Territories, Nunavut and Yukon (the "Jurisdictions") has received an application from Warner-Lambert Company ("Warner-Lambert") and Warner-Lambert Canada Inc. for a decision under the securities legislation of the Jurisdictions (the "Legislation") that the requirements 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 a prospectus in respect of such security (the "Prospectus Requirement") shall not apply to the intended trades in securities of Warner-Lambert acquired under the Warner-Lambert 1996 Stock Option Plan (the "Plan");

AND WHEREAS under the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the Executive Director of the British Columbia Securities Commission is the principal regulator for this application;

AND WHEREAS Warner-Lambert has represented to the Decision Makers that:

1. Warner-Lambert is a corporation incorporated under the state laws of New Jersey;
2. Warner-Lambert is not, and has no present intention of becoming, a reporting issuer or the equivalent under the Legislation of any of the Jurisdictions, but is subject to the reporting requirements of the United States *Securities Exchange Act of 1934* (the "1934 Act");
3. the authorized share capital of Warner-Lambert consists of 1.2 billion common shares (the "Common Shares") and 5 million preferred shares, of which 961,981,608 Common Shares and no preferred shares were issued and outstanding as at October 31, 1999;

4. the Common Shares are listed and posted for trading on the New York Stock Exchange (the "NYSE") and the Chicago, London, Pacific and Swiss Stock Exchanges (collectively, the "Exchanges");
5. a subsidiary of Warner-Lambert, Warner-Lambert Canada Inc., maintains an office in British Columbia;
6. Warner-Lambert adopted the Plan effective January 1, 1997 under which eligible employees of Warner-Lambert and its affiliates, including Warner-Lambert Canada Inc. (collectively, the "Employers") may be granted options to purchase Common Shares ("Options"); Warner-Lambert has granted Options under similar employee share purchase plans since January 1, 1997; and a total of 1.6% of the issued and outstanding Common Shares are authorized for issuance under the Plan as of January 1<sup>st</sup> in any given year;
7. as of May 25, 1999, there were 18 employees resident in the Jurisdictions eligible to participate in the Plan;
8. Options granted under the Plan are non-transferable, other than by will or the laws of descent or distribution;
9. participation in the Plan is voluntary and employees are not induced to participate in the Plan by expectation of employment or continued employment; and employees who participate in the Plan ("Participants") may withdraw from the Plan at any time by providing Warner-Lambert with a request for withdrawal in accordance with the Plan;
10. Warner-Lambert has engaged Soloman Smith Barney Inc. as administrator (the "Administrator") to administer the operation of the Plan, including the exercise of Options by Participants and the sale by Participants of Common Shares acquired on the exercise of Options under the Plan;
11. the Administrator is registered as a broker-dealer under the 1934 Act and neither Warner-Lambert nor the Administrator is a registrant under the Legislation;
12. each Option is granted with an exercise price which is equal to the average of the high and low sales prices for the Common Shares as reported on the composite tape for securities listed on the NYSE on the grant date;
13. Participants are provided statements annually which show the number of vested and unvested Options in each Participant's account; transaction details are sent to Participants after each transaction;
14. subject to vesting restrictions which apply in the event of death, termination of employment or change in control of Warner-Lambert, Options granted under the Plan become 100% vested after four years;
15. under the Plan, a Participant may exercise his or her Options in two ways:

(a) by purchasing Common Shares at the Exercise Price in cash and holding the Common Shares until further direction by the Participant; or

(b) by purchasing the Common Shares at the Exercise Price and having Warner-Lambert's U.S. broker sell the Common Shares on the NYSE and pay the proceeds from the sale, net of the Exercise Price, brokerage commission, fees and taxes to the Participant;

16. all sales of Common Shares made on behalf of Participants under the Plan will be made through the facilities of, and in accordance with the rules of, one of the Exchanges and through the Administrator or another entity registered as a broker-dealer under the 1934 Act (collectively, the "U.S. Registrants");

17. Participants in the Jurisdictions will be provided with all disclosure material relating to Warner-Lambert which is provided to holders of its Common Shares resident in the United States, as well as a copy of this Decision Document;

18. a copy of a Plan prospectus which includes a Plan summary has been, and will be, distributed to all Participants in connection with the registration of the Common Shares under the Plan pursuant to the U.S. *Securities Act of 1933* and all Participants will be informed that they may obtain a full copy of the Plan by contacting Warner-Lambert;

19. if at any time the number of Participants in any one Jurisdiction who acquire Common Shares under the Plan exceeds 10% of the total number of holders of Common Shares, or if the Participants in any one Jurisdiction hold, in aggregate, in excess of 10% of the total number of issued and outstanding Common Shares, Warner-Lambert will apply to the relevant Decision Maker for an order with respect to further trades by the Participants in that Jurisdiction in Common Shares acquired under the Plan;

20. there is no market in the Jurisdictions for the Common Shares and none is expected to develop;

21. the Legislation of certain of the Jurisdictions does not contain exemptions from the Prospectus Requirement and/or Registration Requirement for intended trades in Options or Common Shares under the Plan;

22. where a U.S. Registrant sells Common Shares on behalf of a Participant, neither the Participant nor the U.S. Registrant is able to rely on the exemption from the Registration Requirement contained in the Legislation for trades made by a person acting solely through a registered dealer under the Legislation; and

23. the Legislation of certain of the Jurisdictions deems any trade in Common Shares acquired under the Plan to be a distribution unless, among other things, Warner-Lambert is a reporting issuer and has been a reporting issuer for the 12 months immediately preceding the trade;

AND WHEREAS under the System this Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");

AND WHEREAS each Decision Maker 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 under the Legislation is that:

(a) the Registration Requirement and Prospectus Requirement shall not apply to intended trades in Options and Common Shares under the Plan

(b) the Registration Requirement shall not apply to the intended trades by Participants through the U.S. Registrants in Common Shares acquired under the Plan; and

(c) an intended trade in Common Shares acquired by Participants under the Plan is a distribution under the Legislation unless the trade is executed through the facilities of a stock exchange or organized market outside of Canada and in accordance with all the laws and rules applicable to such stock exchange or market.

DATED February 11, 2000.

Margaret Sheehy  
Director

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – relief granted from the registration and prospectus requirements for trades of options, and shares acquired on the exercise of options, under an employee stock option plan involving an administrator that is a registrant in the United States - relief also granted from the registration and, subject to certain conditions, the prospectus requirements for any resale of shares acquired under the plan

Applicable British Columbia Provisions

*Securities Act*, R.S.B.C. 1996, c. 418, ss. 45(2)(10), 45(2)(12)(iii), 48, 74(2)(9), 74(2)(11)(iii), 76