

**Headnote**

MRRS – Registration and prospectus relief for issuance of securities by foreign issuer to Canadian employees and related trades under stock ownership plans - Issuer bid relief for foreign issuer in connection with acquisition of shares under stock ownership plans - Issuer with de minimis Canadian presence.

**Applicable Ontario Statutory Provisions**

Securities Act, R.S.O. 1990, c.S.5, as am., ss. 25, 53, 74(1), 104(2)(c).

**Applicable Ontario Rules**

Rule 45-503 – Trades to Employees, Executives and Consultants.

**Applicable Instrument**

Multilateral Instrument 45-102 – Resale of Securities – s. 2.14.

**IN THE MATTER OF THE SECURITIES LEGISLATION OF  
ONTARIO, BRITISH COLUMBIA, ALBERTA AND SASKATCHEWAN**

**AND**

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

**AND**

**IN THE MATTER OF  
HEWITT ASSOCIATES, INC.**

**MRRS DECISION DOCUMENT**

**WHEREAS** the local securities regulatory authority or regulator (the “Decision Maker”) in each of Ontario, British Columbia, Alberta and Saskatchewan (the “Jurisdictions”) has received an application from Hewitt Associates, Inc. (“Hewitt” or the “Company”) for a decision pursuant to the securities legislation of the Jurisdictions (the “Legislation”) that (i) the requirement contained in the Legislation to be registered to trade in a security (the “Registration Requirements”) will not apply to certain trades in securities of Hewitt made in connection with The Global Stock and Incentive Compensation Plan (the “Plan”) of Hewitt; (ii) the Registration Requirements will not apply to first trades of Shares (as defined below) acquired under the Plan and the Directed Share Program (the “Program”) of Hewitt executed on an exchange or market outside of Canada; and (iii) the requirements contained in the Legislation relating to the delivery of an offer and issuer bid circular and any notices of change or variation thereto, minimum deposit periods and withdrawal rights, take-up and payment for securities tendered to an issuer bid, disclosure, restrictions upon purchases of securities, financing, identical consideration, collateral benefits, together with the requirement to file a reporting form within ten days of an exempt issuer bid and pay a related fee (the “Issuer Bid Requirements”) will not apply to certain acquisitions by the Company of Shares pursuant to the Plan in each of the Jurisdictions;

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

**AND WHEREAS** Hewitt has represented to the Decision Makers as follows:

1. Hewitt is presently a corporation in good standing incorporated under the laws of the State of Delaware; the head office of Hewitt is located in Lincolnshire, Illinois.

2. Hewitt and affiliates of Hewitt (the "**Hewitt Affiliates**") (Hewitt and the Hewitt Affiliates are, collectively, the "**Hewitt Companies**") provide global outsourcing and consulting services and deliver a complete range of human capital management services to other companies.
3. Pursuant to a registration statement filed with the United States Securities and Exchange Commission (the "**SEC**") on March 12, 2002 as amended on May 17, 2002, June 4, 2002, June 10, 2002, and June 27, 2002 11,150,000 Class A shares of Hewitt common stock ("**Shares**") have been registered and issued in connection with the Company's initial public offering (the "**IPO**") which was completed on June 27, 2002. This number excludes Shares issuable upon exercise of the Options granted to Employees (as defined below) immediately following the IPO, and 1,672,500 Shares, representing the underwriters' over-allotment option. The over-allotment was exercised by the underwriters on July 12, 2002. Hewitt granted Awards (as defined below) under the Plan and offered Shares under the Program simultaneously with the IPO.
4. Hewitt is registered with the SEC in the U.S. under the U.S. Securities Exchange Act of 1934 (the "**Exchange Act**") and is not exempt from the reporting requirements of the Exchange Act pursuant to Rule 12g 3-2.
5. The authorized share capital of Hewitt consists of: 750,000,000 Shares, 200,000,000 shares of class B common stock, 50,000,000 shares of class C common stock, 1,400,000 shares of series A preferred stock, and 8,600,000 shares of undesignated preferred stock. As of July 2002, there are 18,612,408 Shares (excluding Shares representing Options issued immediately after the IPO) , 70,819,520 shares of class B common stock, 0 shares of class C common stock, 1,400,000 shares of series A preferred stock and 0 shares of undesignated preferred stock issued and outstanding.
6. On June 5, 2002, Hewitt acquired the benefits consulting business of Bacon & Woodrow, a leading retirement and financial management consulting firm in the United Kingdom. In connection with the acquisition, the former partners and employees of Bacon & Woodrow received an aggregate of 1.4 million shares of Hewitt series A preferred stock, which may be exchanged for common stock of Hewitt valued at £140 million (US\$210 million). Hewitt also assumed approximately £16.5 million (US\$25 million) of liabilities in excess of assets of the benefits consulting business of Bacon & Woodrow. Upon exchange of the Hewitt series A preferred stock, the former partners of Bacon & Woodrow will receive shares of Hewitt class B common stock and Hewitt class C common stock, while the non-partner employees of Bacon & Woodrow will receive the Shares. Hewitt has reserved 1,105,263 Shares for issuance to the non-partner employees of Bacon & Woodrow and 3,409,561 shares of Hewitt class B common stock and 6,537,808 shares of Hewitt class C common stock for issuance to the former partners of Bacon & Woodrow, in

each case, in exchange for their shares of Hewitt series A preferred stock. The actual number of shares issued may be higher or lower than the number of shares reserved for issuance. With the completion of the IPO, the securities issued in connection with the acquisition of the benefits consulting business of Bacon & Woodrow represent approximately 11.2% of Hewitt's total outstanding common stock on a fully exchanged basis. For purposes of these calculations, Hewitt has assumed an exchange price for the series A preferred stock equal to the offering price of US\$19.00. and the June 25, 2002 exchange rate of 1.50 U.S. Dollars per British Pound Sterling for all calculations with respect to the acquisition of the benefits consulting business of Bacon & Woodrow and the exchange of Hewitt's series A preferred stock. The actual share price and exchange rate shall be the average share price and exchange rate during the five trading day period following the 25<sup>th</sup> day after the consummation of the IPO. The common stock issued to the former partners and employees of Bacon & Woodrow will be subject to restrictions on transfer.

7. The Shares are listed for trading on the New York Stock Exchange (the "**NYSE**") under the trading symbol "HEW."
8. Hewitt is not a reporting issuer in any of the Jurisdictions and has no present intention of becoming a reporting issuer in any of the Jurisdictions.
9. Under the Program, certain Participants (as defined below) were provided with the opportunity to purchase Shares at the IPO price, on the date of the IPO from Salomon Smith Barney, Inc. ("**Salomon**"), an initial Agent (as defined below) appointed under the Plan and the Program. The Shares purchased under the Program were distributed to Salomon by Hewitt through a group of underwriters appointed under the IPO: Goldman Sachs & Co., Banc of America Securities LLC, J.P. Morgan Securities, Inc., Salomon, UBS Warburg LLC, Wachovia Securities, Inc. and First Union Securities, Inc. (collectively, the "**Underwriters**"). None of the Underwriters is registered to conduct retail trades in securities in the Jurisdictions but each of the Underwriters is registered under applicable U.S. securities or banking legislation.
10. The purpose of the Plan is to promote the long-term interests of the Company and its stockholders by strengthening the Company's ability to attract, motivate, and retain Employees (as defined below) and Directors (as defined below) of the Company upon whose judgment, initiative, and efforts the financial success and growth of the business of the Company largely depend, and to provide an additional incentive for such individuals through stock ownership and other rights that promote and recognize the financial success and growth of the Company and create value for stockholders.

11. Subject to adjustment as described in the Plan and increases made in accordance with U.S. law, the maximum number of Shares that may be issued pursuant to the Plan is twenty-five million (25,000,000).
12. All necessary securities filings have been made in the U.S. in order to offer the Plan and the Program to Participants resident in the U.S.
13. The Plan permits grants of: options on Shares ("**Options**"); stock appreciation rights ("**SARs**"), restricted stock ("**Restricted Stock**"), restricted stock units ("**Restricted Stock Units**"), performance units ("**Performance Units**"), performance shares ("**Performance Shares**"), cash-based awards ("**Cash-Based Awards**"), annual management incentive awards ("**Annual Management Incentive Awards**") and dividend equivalents ("**Dividend Equivalents**") (Shares, Options, SARs, Restricted Stock, Restricted Stock Units, Performance Shares, Performance Units, Cash-Based Awards, Annual Management Incentive Awards and Dividend Equivalents are collectively, "**Awards**") to employees ("**Employees**") and directors ("**Directors**") of the Hewitt Companies ("**Participants**").
14. As of June 13, 2002 there were approximately 417 persons in Canada eligible to receive Awards under or participate in the Plan and the Program: 70 persons resident in British Columbia, 13 persons resident in Alberta, 9 persons resident in Saskatchewan, 320 persons resident in Ontario; and 5 persons resident in Quebec. A separate application was filed with the Commission des valeurs mobilières du Québec (the "CVMQ") in connection with the Plan and the Program as the timing and the nature of the relief required in Quebec differs materially from that required in the Jurisdictions. The decisions providing the requisite exemptive relief in connection with trades involving Quebec residents under the Plan and the Program were granted by the CVMQ on June 14, 2002.
15. Hewitt intends to use the services of one or more agents/brokers in connection with the Plan and the Program (each an "**Agent**"). Salomon has been appointed as an initial Agent under the Plan and the Program. Salomon is not registered to conduct retail trades in securities in any of the Jurisdictions. Salomon is registered under applicable U.S. securities or banking legislation and any other Agent appointed to take on a broker type role in connection with the Plan and the Program, in addition to or in replacement of Salomon, will be a registrant in the Jurisdictions or a corporation registered under applicable U.S. securities or banking legislation and will be authorized by Hewitt to provide services as an Agent under the Plan and the Program.

16. The role of the Agent may include: (a) disseminating information and materials to Participants in connection with the Plan and the Program; (b) assisting with the administration of and general record keeping for the Plan and the Program; (c) holding Shares acquired under the Plan or the Program on behalf of Participants, Former Participants (as defined below) and Permitted Transferees (as defined below) in limited purpose brokerage accounts; (d) facilitating Award exercises (including cashless exercises and Stock Swap Exercises (as defined below)) under the Plan; (e) facilitating the payment of withholding taxes, if any, by cash or the tendering or withholding of Shares; (f) facilitating the reacquisition of Awards under the terms of the Plan and the Program; and (g) facilitating the resale of Shares issued in connection with the Plan and the Program.
17. Employees of the Hewitt Companies who participate in the Plan and the Program will not be induced to purchase Shares or to exercise Awards by expectation of employment or continued employment.
18. Officers of the Hewitt Companies who participate in the Plan and the Program will not be induced to purchase Shares or to exercise Awards by expectation of appointment or employment or continued appointment or employment as an officer.
19. The Plan and the Program are administered by the board of directors (the "**Board**") of Hewitt or a committee appointed by the Board (the "**Committee**").
20. Except as otherwise provided in a Participant's Award Agreement (as such term is defined in the Plan), Awards may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, other than by will or by the laws of intestacy. Shares issued under the Program will be subject to a lock-up for a period of 90 days.
21. Following the termination of a Participant's relationship with the Hewitt Companies for reasons of disability, retirement, termination, change of control or any other reason (such Participants being "**Former Participants**"), and on the death of a Participant where Awards have been transferred by will or pursuant to a beneficiary designation or the laws of intestacy or otherwise as permitted under the Plan (such beneficiaries being "**Permitted Transferees**"), the Former Participants and Permitted Transferees will continue to have rights in respect of the Plan ("**Post-Termination Rights**").
22. Post-Termination Rights may include, among other things: (a) the right to exercise Awards for a period determined in accordance with the Plan and the Award; and (b) the right to sell Shares acquired under the Plan and the Program through the Agent.

23. Post-Termination Rights are only available if the Awards to which they relate were granted to the Participant while the Participant had a relationship with the Hewitt Companies and no new Awards will be granted to Former Employees or Permitted Transferees.
24. Among other payment methods, the Plan provides that payment for Shares acquired pursuant to the Plan may be made: (a) in cash; (b) by the surrender of Shares owned by the Participant to the Company for cancellation (“**Stock Swap Exercises**”) or to the Agent for resale with the value of such surrendered Shares being determined at the Fair Market Value (defined below) ; (c) in the case of Option exercise, by the retention of a number of Shares by the Company from the total number of Shares into which the Option is exercised; or (d) by a combination of the foregoing; generally, “**Fair Market Value**” means, with respect to a Share as of a given date, the closing price of the Shares on the NYSE on the date in question or, if no sales of Shares were made on said exchange on such date, on the next preceding day on which sales were made on such exchange.
25. The Board may specify in an Award Agreement that the Participant’s rights, payments, and benefits with respect to an Award shall be subject to reduction, cancellation, forfeiture, or recoupment upon the occurrence of certain specified events, in addition to any otherwise applicable vesting or performance conditions of an Award. Such events shall include, but shall not be limited to, termination of employment for cause, breach of non-competition, confidentiality, or other restrictive covenants that may apply to the Participant, or other conduct by the Participant that is detrimental to the business or reputation of the Hewitt Companies, or a merger involving the Hewitt Companies or a sale of assets of the Hewitt Companies, or the dissolution or liquidation of the Hewitt Companies (collectively such forfeitures and cancellation being “**Award Cancellations**”).
26. Hewitt shall have the right to deduct applicable taxes from any payment under the Plan by withholding, at the time of delivery or vesting of cash or Shares under the Plan, an appropriate amount of cash or Shares (“**Share Withholding Exercises**”; collectively, Share Withholding Exercises, Stock Swap Exercises and Award Cancellations are “**Award Acquisitions**”) or a combination thereof for a payment of taxes required by law or to take such other action as may be necessary in the opinion of Hewitt or the Committee to satisfy all obligations for the withholding of such taxes.

27. A prospectus prepared according to U.S. securities laws describing the terms and conditions of the Plan and the Program will be delivered to each Participant who is granted an Award under the Plan or who purchases Shares under the Program. The annual reports, proxy materials and other materials Hewitt is required to file with the SEC will be provided to Canadian Participants at the same time and in the same manner as the documents are provided or made available to U.S. Participants.
28. Canadian shareholders do not own, directly or indirectly, more than 10% of the issued and outstanding Shares and do not represent in number more than 10% of the shareholders of Hewitt. If at any time during the currency of the Plan or the Program Canadian shareholders of Hewitt hold, in aggregate, greater than 10% of the total number of issued and outstanding Shares or if such shareholders constitute more than 10% of all shareholders of Hewitt, Hewitt will apply to the relevant Jurisdiction for an order with respect to further trades to and by Participants, Former Participants and Permitted Transferees in that Jurisdiction in respect of Shares acquired under the Plan.
29. Participants, Former Participants or Permitted Transferees may exercise Awards and sell Shares acquired under the Plan through an Agent.
30. Because there is no market for the Shares in Canada and none is expected to develop, any resale of the Shares acquired under the Plan 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 Shares may be listed or quoted for trading.
31. The Legislation of certain of the Jurisdictions does not contain exemptions from the Registration Requirements for Award exercises by Participants, Former Participants or Permitted Transferees through the Agent where the Agent is not a registrant.
32. Where the Agent sells Shares on behalf of Participants, Former Participants or Permitted Transferees, the Participants, Former Participants, Permitted Transferees or the Agent may not be able to rely on the exemptions from the Registration Requirements contained in the Legislation.
33. The acquisition by Hewitt of Shares pursuant to the Award Acquisitions may be an issuer bid as defined in the Legislation. The exemptions in the Legislation from the Issuer Bid Requirements may not be available for these acquisitions by the Company of its Shares from Participants, Former Participants or Permitted Transferees in accordance with the terms of the Plan, since these acquisitions may occur at a price that is not calculated in accordance with the "market price," as that term is defined in the Legislation and may be made from persons other than Employees or former Employees.



**AND WHEREAS** pursuant to the System, this 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 Requirements shall not apply to any trade or distribution of Shares made upon the exercise of Awards granted under the Plan, including trades or distributions involving Hewitt or the Hewitt Companies, the Agent, Participants, Former Participants or Permitted Transferees, provided that the first trade in Shares acquired under the Plan and the Program pursuant to this Decision shall be deemed to be a distribution to the public under the Legislation unless the conditions in section 2.14(1) of Multilateral Instrument 45-102 *Resale of Securities* are satisfied;
- (b) the first trade by Participants, Former Participants or Permitted Transferees in Shares acquired under the Plan or the Program, including first trades effected through the Agent, shall not be subject to the Registration Requirements, provided such first trade is executed through a stock exchange or market outside of Canada; and
- (c) the Issuer Bid Requirements shall not apply to the acquisition by Hewitt of Shares from Participants, Former Participants or Permitted Transferees in connection with the Plan provided such acquisitions are made in accordance with the provisions of the Plan.

**DATED** August 23rd, 2002.

“Howard I. Wetston”

“Paul M. Moore”