

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN, MANITOBA, ONTARIO, QUEBEC,
NOVA SCOTIA AND NEWFOUNDLAND

AND

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

AND

IN THE MATTER OF
NATIONAL POWER PLC AND INNOGY HOLDINGS PLC

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Nova Scotia and Newfoundland (the "Jurisdictions") has received an application from National Power PLC ("National Power") on behalf of itself and Innogy Holdings plc ("Innogy Holdings") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation"):

(a) that the prospectus and registration requirements as defined in National Instrument 14-101 *Definitions*, contained in the Legislation (respectively, the "Prospectus Requirements" and the "Registration Requirements") shall not apply to the proposed issuance of securities of Innogy Holdings to Canadian holders of NP Shares and NP Shares evidenced by NP ADRs (as each is defined below) provided that the first trade in Innogy Holdings Shares or Innogy Holdings Shares evidenced by Innogy ADRs (as each is defined below) is deemed to be a distribution under the Legislation, subject to certain conditions; and

(b) that National Power and the Depositary (as defined below) are not subject to the Registration Requirements in relation to acts in furtherance of trades of the Innogy Holdings Shares and Innogy Holdings Shares evidenced by Innogy Holdings ADRs (as defined below).

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 it has been represented by National Power to the Decision Makers that:

1. National Power is a company registered under the laws of England and Wales as a public company limited by shares with authorized capital of 1,700,000,000 ordinary shares of 50 pence

each (the "NP Shares") and one special rights redeemable preference share of 1; as of July 20, 2000, 1,116,693,403 NP Shares were issued and outstanding.

2. The NP Shares are listed on the London Stock Exchange Limited (the "LSE").

3. Of the issued and outstanding NP Shares, 97,984,304 NP Shares (approximately 8.8% of the issued NP Shares) have been lodged with The Bank of New York (the "Depository"), as depository under a sponsored American Depositary Share program (as so lodged, a "NP ADS") and American Depositary Receipts ("NP ADRs") issued in respect thereof, each NP ADR representing 4 NP ADSs; the NP ADRs are listed on the New York Stock Exchange (the "NYSE").

4. National Power is not, and has no current intention of becoming, a reporting issuer in any jurisdiction in Canada.

5. Innogy Holdings is not, and has no current intention of becoming, a reporting issuer in any jurisdiction in Canada.

6. So far as National Power can determine after due inquiry, less than 10% of the NP Shares are held by residents of Canada and less than 10% of the holders of NP Shares are residents of Canada.

7. National Power proposes to demerge its UK business, in order to separate its two distinct business areas: (i) its international business involved in the development of power projects worldwide and; (ii) its UK business involved in the generation and supply of electricity and gas within the UK; its international business will thereafter be conducted through National Power (to be renamed International Power plc); its UK business will thereafter be conducted through a new public company limited by shares, Innogy Holdings.

8. Innogy Holdings is incorporated under the laws of England and Wales as a public company limited by shares (the "Innogy Holdings Shares").

9. This demerger will take effect through a reorganization (the "Reorganization") as follows:

9.1 National Power, Innogy Holdings and Innogy plc (a wholly-owned subsidiary of National Power which holds most of National Power's UK assets and holds shares in UK companies carrying out the UK business of National Power ("Innogy")), will enter into a demerger agreement under English law (the "Demerger Agreement").

9.2 National Power will declare a dividend in specie on the NP Shares equal to the book value of National Power's shareholding in Innogy, payable to the holders of NP Shares (the "Dividend"); the resolution declaring the Dividend will specify that the Dividend will be satisfied by the steps referred to in paragraph 9.3 below.

9.3 Pursuant to the Demerger Agreement, the whole of the issued share capital of Innogy held directly by National Power will be transferred to Innogy Holdings; in return, Innogy Holdings will issue new fully paid Innogy Holdings Shares to National Power shareholders on a one-for-one basis; holders of NP ADRs will receive Innogy Holdings ADRs (as defined below) or, if an election is provided, Innogy Holdings Shares.

9.4 Application has been made to the Financial Services Authority in its capacity as competent authority under the Financial Services Act 1986 (the "UK Listing Authority") for the Innogy Holdings Shares to be admitted to the official list of the UK Listing Authority and to the LSE for the Innogy Holdings Shares to be admitted to trading on the LSE's market for listed securities; in conjunction with and as part of the Reorganization, Innogy Holdings Shares will be lodged with the Depository, as depository under a sponsored American Depositary Share program for Innogy Holdings Shares (as so lodged, the "Innogy Holdings ADSs") and American Depositary Receipts ("Innogy Holdings ADRs") will be issued in respect thereof; the Innogy Holdings ADRs are expected to be approved for listing on the NYSE, subject to official notice of issuance.

9.5 National Power will be renamed International Power plc.

10. There is no market in Canada for the Innogy Holdings Shares or Innogy Holdings ADRs and none is expected to develop.

11. Holders of NP Shares in the UK will receive documentation (the "Meeting Documentation") prepared pursuant to the laws of England and the rules of the UK Listing Authority; the Meeting Documentation will include a circular which explains the Reorganization proposal (and contains notice of the annual general meeting and extraordinary general meeting of National Power) along with normal proxy material, listing particulars relating to the listing of the Innogy Holdings Shares on the LSE and an information document relating to the international business of National Power; residents of the United States and Canada will also be sent the Meeting Documentation; included in the Meeting Documentation will be certain additional disclosure relevant to Canadian shareholders.

12. NP ADR holders are entitled to receive the Meeting Documentation pursuant to and in accordance with the documentation setting up the NP ADRs.

13. The Meeting Documentation will be mailed to holders of NP Shares and NP ADRs on or about August 21, 2000 in connection with the extraordinary general meeting to be held on September 29, 2000.

14. Holders of NP Shares and NP ADRs who are Canadian residents will have the same rights at law, if any, in respect of the Meeting Documentation as the holders of NP Shares and NP ADRs, respectively, who are residents of the United Kingdom.

15. Certain elements of the Reorganization may need to be approved by a special resolution (approval of not less than 75% of the votes cast) of the holders of NP Shares, with other elements of the Reorganization being approved by ordinary resolution (approval of not less than 50% of the votes cast) of the holders of NP Shares.

16. Immediately following the Reorganization, the holders of NP Shares and NP ADRs will hold Innogy Holdings Shares and Innogy Holdings ADRs in the same proportion as their holdings of NP Shares and NP ADRs immediately prior to the Reorganization; each of International Power plc and Innogy Holdings will operate as a separate publicly listed company and no company will retain any beneficial shareholding in the other.

17. Following the Reorganization, holders of Innogy Holdings Shares and Innogy Holdings ADRs with addresses in Canada will receive the same disclosure materials that are sent to holders of Innogy Holdings Shares and Innogy Holdings ADRs in the US.

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 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 distribution (or primary distribution to the public) of the Innogy Holdings Shares and the Innogy Holdings ADRs pursuant to the Reorganization is exempt from the Prospectus Requirements and the Registration Requirements of the Legislation, provided that the first trade in either of the Innogy Holdings Shares or Innogy Holdings ADRs acquired by holders of NP Shares or NP ADRs in Canada pursuant to this Decision is a distribution (or primary distribution to the public) under the Legislation unless:

(i) it is executed through the facilities of a stock exchange or market outside Canada, and

(ii) it is made in accordance with the rules of the stock exchange or market upon which the trade is made and in accordance with the laws applicable to such stock exchange or market; and

(b) the Registration Requirements of the Legislation shall not apply to any trades by National Power and the Depositary in connection with the Reorganization.

DATED at Toronto, Ontario this 16th day of August, 2000.

"J.A. Geller" "R. Stephen Paddon"

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - relief from prospectus and registration requirements for spin off of a business of a publicly traded UK company to investors by issuing shares of spun off entity as dividends - reorganization technically not covered by prescribed reorganization exemptions - technical relief - no policy issues.

Applicable Ontario Statutes

Securities Act, R.S.O. 1990, c.S.5, as am., ss. 25, 35(1)12(ii), 35(1)15, 53, 72(1)(f)(ii), 72(1)(i), 74(1).