

IN THE MATTER OF
THE SECURITIES LEGISLATION
OF BRITISH COLUMBIA, ALBERTA,
MANITOBA, ONTARIO AND NEW BRUNSWICK

AND

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

AND

IN THE MATTER OF
GKN PLC

MRRS DECISION DOCUMENT

WHEREAS the Canadian securities regulatory authority or regulator (a "Decision Maker") in each of the provinces of Ontario, British Columbia, Alberta, Manitoba and New Brunswick (the "Jurisdiction") has received an application from GKN plc ("GKN") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that certain trades in ordinary shares ("Shares") of GKN represented by American Depositary Receipts (such Shares represented by American Depositary Receipts being referred to herein as "ADRs") to be made in connection with, or as a consequence of, an employee ADR purchase plan (the "Plan") of GKN, shall not be subject to the requirement (the "Registration Requirement") contained in the Legislation to be registered to trade in a security;

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

AND WHEREAS GKN has represented to the Decision Makers that:

1. GKN is a global industrial company with operations in more than 40 countries focussed on the automotive, industrial service and aerospace sectors. The head office of GKN is in Redditch, England.
2. GKN is a corporation incorporated under the laws of England and Wales, is not a reporting issuer (or the equivalent) under the Legislation of any Jurisdiction, and has no present intention of becoming a reporting issuer (or equivalent) under the Legislation of any Jurisdiction.
3. As of October 26, 2000, approximately 722 million Shares were issued and outstanding. The Shares are listed on the U.K. Listing Authority and traded on the London Stock Exchange (the "LSE").

4. The ADRs will trade over-the-counter in the United States of America (the "U.S.A."). The ADRs will be issued in the U.S.A by The Bank of New York (the "Agent") pursuant to an agreement with GKN. Each ADR will represent one Share acquired on the LSE.

5. The Shares are not registered under the United States *Securities Act of 1933* but GKN is required under securities legislation in the U.S.A. to furnish to the Securities and Exchange Commission (the "SEC") any information that GKN: (i) has made or is required to make public pursuant to the laws of its home country; (ii) has filed or is required to file with a stock exchange on which its securities are traded and which is made public by that exchange; or (iii) distributes or is required to distribute to its security holders.

6. As of October 26, 2000, the books of GKN showed that: (i) the number of Shares held by holders of record with addresses in any of the Jurisdictions represented less than 1 per cent of the total number of Shares that were issued and outstanding; and (ii) the aggregate number of holders of Shares with addresses of record in Canada represented less than 1 per cent of the total number of holders of record of all outstanding Shares.

7. The Plan has been established to provide a convenient and economic way for participating North American employees ("Participants") of GKN and affiliated entities, including certain joint ventures of GKN, to acquire ADRs. In Canada, it is proposed that participation in the Plan be offered to the following persons ("Canadian. Participants"):

(a) employees of the following subsidiaries of GKN that operate in Canada:

(i) GKN Walterscheid Canada Inc., a corporation incorporated under the laws of Canada that manufactures agritechnical driveline systems and agricultural driveshafts;

(ii) GKN Sinter Metals-St Thomas Ltd., a corporation incorporated under the laws of Canada that manufactures powdered metal automotive parts;

(c) other, as yet unidentified, subsidiaries of GKN that may operate in Canada;
and

(d) employees of CHEP Canada Inc. ("CHEP"), a corporation in which GKN has a 50 percent ownership interest with Brambles Industries Limited ("Brambles");

8. CHEP is part of the worldwide joint venture between GKN and Brambles which provides pooling services for pallets, automotive crates and containers. In accordance with the agreement between the shareholders of CHEP, the board of directors of CHEP consists of the President and Chief Executive Officer of CHEP USA (a general partnership formed under New York Law in which GKN and Brambles are equal partners) and two resident Canadians, one of whom is nominated by GKN and one by Brambles. Certain matters must be referred to CHEP USA (acting on behalf of the shareholders) for decision. In effect, GKN and Brambles each has a negative veto over important matters concerning CHEP.

9. The Agent acts as the depository and custodian under the Plan on behalf of and for the benefit of the Participants. The Agent is a corporation incorporated pursuant to the laws of the United States and is licensed in the State of New York as a banking corporation. The Agent is a registered transfer agent under Section 17A of the United States *Securities Exchange Act of 1934* and is not required to be registered as a dealer or adviser under applicable securities legislation in the U.S.A to perform its functions under the Plan. The Agent is not registered as a dealer or adviser under the Legislation.

10. Under the Plan, Participants are able to make regular purchases of ADRs using payroll deductions in an amount specified by the Participant. ADRs that are acquired by Participants under the Plan are held by the Agent on behalf of the Participant in an account for the Participant. Administrative costs of purchase and account maintenance costs are paid for by the employer of the Participant and dividends on the ADRs are automatically reinvested in additional ADRs. Participants can sell some or all of their ADRs at any time at their own cost. Sales of ADRs held on behalf of a Participant under the Plan are effected on behalf of Participant by the Agent on the open market.

11. A Participant's participation in the Plan automatically terminates upon termination of employment of the Participant or upon the Participant otherwise ceasing to be eligible to participate in the Plan, Participants may instruct the Agent to sell ADRs that are held on their behalf under the Plan. If the Agent has not received sell instructions within 60 days after it is notified that a Participant is no longer an employee or is otherwise not eligible, the Agent will automatically close the Participant's account issue a certificate for the whole ADRs held in the account, and pay by cheque to the Participant the value of any fractional ADRs held in the account.

12. Participation in the Plan is voluntary, and employees will not be induced to participate in the Plan by expectation of employment or continued employment.

13. As of October 26, 2000, there were eligible to participate in the Plan (i) approximately 429 employees resident in Ontario, of which 300 were employed by the subsidiaries of GKN and 129 were employed by CHEP, and (ii) approximately 45 employees in British Columbia, 35 in Alberta, 11 in Manitoba and 15 in New Brunswick all of whom were employed by CHEP.

14. An employee resident in Canada who chooses to participate in the Plan and acquire ADRs under the Plan will, before he or she acquires such ADRs, be provided with a description of the Plan and the ADRs, and the employee will, while he or she holds such ADRs, be provided with all disclosure material prepared by GKN and which is required to be filed with the SBC, according to securities legislation of the United States, including annual reports and proxy materials, upon request, at the same time and in the same manner as the materials are provided to employees participating in the Plan that are resident in the U.S.A.

15. GKN may rely on exemptions from the Registration Requirement that is contained in the Legislation for trades it may make in ADRs with Canadian Participants pursuant to the Plan, where the Canadian Participant is an employee of GKN or an affiliate of GKN, in all of the Jurisdictions, except New Brunswick. The Agent cannot rely on any existing exemptions from

the Registration Requirement contained in the Legislation of all of the Jurisdictions for trades made by the Agent in ADRs with Canadian Participants pursuant to the Plan or the sale of ADRs that are then held by the Agent under the Plan on behalf of a Canadian Participant, a former Canadian Participant or the legal representative of a former Canadian Participant.

16. Neither GKN nor the Agent can rely on any existing exemptions from the Registration Requirement that are contained in the Legislation of any of the Jurisdictions for trades made by them in ADRs with Canadian Participants that are employees of CHEP and not employees of GKN or an affiliate of GKN.

17. Because there is currently in Canada no market for the Shares or ADRs, and none is expected to develop, it is anticipated that any sale of ADRs that were acquired by a Canadian Participant under the Plan will be effected through the facilities of the over-the-counter market in the U.S.A.

18. Canadian Participants are not able to rely on the exemption from the Registration Requirement provided in the Legislation of each of the Jurisdictions for trades made solely through a registered dealer in order to sell ADRs acquired by the Canadian Participant under the Plan where the trade is made through the facilities of the over-the-counter market in the U.S.A. if the sale is made on behalf of the Canadian Participant by the Agent (or another market intermediary in the U.S.A.) and the Agent (or the other market intermediary) is not then appropriately registered as a "dealer" under the Legislation.

AND WHEREAS this MRRS Decision Document confirms 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;

IT IS THE DECISION of the Decision Makers, pursuant to the Legislation, that:

A. the Registration Requirement of the Legislation shall not apply to trades in ADRs made by GKN or the Agent, pursuant to the Plan, with Canadian Participants; and

B. the Registration Requirement of the Legislation shall, not apply to the first trade in any ADRs (or Shares that were represented by ADRs) that were acquired under the Plan by a person (a "Vendor") who was, at the time of the acquisition of the ADRs, a Canadian Participant, or by another person or company that is the legal representative of a Vendor, where the first trade is:

(i) made through the Agent; or

(ii) made by the holder through a person or company that is appropriately licensed to carry on business as a broker/dealer (or the equivalent) under the applicable securities legislations in the jurisdiction where the trade is executed,

provided that, in each case:

1. at the time of the trade, GKN is not a reporting issuer (or the equivalent) under the Legislation of the Jurisdiction;

2. at the time of the acquisition of the ADRs by the Vendor:

(i) persons or companies who last address as shown on the books of GKN, or the books of the Agent in the case of ADRs, was in the Jurisdiction and who held Shares (including ADRs) (A) did not hold Shares representing more than 10 per cent of the outstanding Shares (including ADRs) and (B) did not represent in number more than 10 per cent of the total number of holders of Shares (including ADRs); or

(ii) persons or companies who were in the Jurisdiction and who beneficially owned Shares (including ADRs) (A) did not beneficially own more than 10 per cent of the outstanding Shares (including ADRs) and (B) did not represent in number more than 10 per cent of the total number of holders of Shares (including ADRs); and

3. the trade is executed:

(i) through the facilities of the over-the-counter market in the U.S.A; or

(ii) through the facilities of the L.S.E.

DATED at Toronto this "24th" day of November, 2000.