

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

AND

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

AND

IN THE MATTER OF NPS PHARMACEUTICALS, INC.,
NPS HOLDINGS LIMITED AND
NPS ALLELIX LIMITED

MRRS DECISION DOCUMENT

WHEREAS the Canadian securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Prince Edward Island, Nova Scotia and Newfoundland (collectively, the "Jurisdictions") has received an application from NPS Pharmaceuticals, Inc. ("NPS"), NPS Holdings Limited ("Holdings") and NPS Allelix Limited ("Exchangeco") (collectively, the "Filer") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that:

- a. the requirements contained in the Legislation to be registered to trade in a security and to file a preliminary prospectus and a prospectus and receive receipts therefor prior to distributing a security (the "Registration and Prospectus Requirements") shall not apply to certain trades of securities in connection with the proposed merger (the "Merger") of NPS and Allelix Biopharmaceuticals Inc. ("Allelix"), to be effected by way of an arrangement (the "Arrangement") under section 182 of the *Business Corporations Act* (Ontario) (the "OBCA");
- b. the requirements contained in the Legislation to issue a press release and file a report regarding material changes (the "Material Change Reporting Requirements"), to file and deliver interim and annual financial statements (the "Financial Statement Requirements"), and to file an information circular (the "Proxy Requirements") and, where applicable, to file an annual information form (including management's discussion and analysis of the financial condition and results of operation (the "MD and A") of Exchangeco or Allelix, as defined below and deliver the MD and A of Exchangeco or Allelix) (the "AIF Requirements") shall not apply to Exchangeco or Allelix; and
- c. the requirement contained in the Legislation for an insider of a reporting issuer to file reports disclosing the insider's direct or indirect beneficial ownership of, or

control or direction over, securities of the reporting issuer (the "Insider Reporting Requirement") shall not apply to each insider of Exchangeco and its successors or Allelix and its successors;

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 the Filer has represented to the Decision Makers that:

1. NPS was incorporated under the laws of the State of Utah in 1986 and reincorporated in the State of Delaware in 1992, has its head office in the State of Utah, is subject to the reporting requirements of the United States *Securities Exchange Act of 1934*, as amended, and is not a "reporting issuer" in any of the Jurisdictions.
2. The authorized capital of NPS consists of 20,000,000 NPS Common Shares and 5,000,000 preference shares; as of November 8, 1999, there were 12,710,724 NPS Common Shares and no preferred or preference shares issued and outstanding.
3. The common shares of NPS (the "NPS Common Shares") are listed on the NASDAQ Stock Market.
4. Holdings is incorporated under the Nova Scotia *Companies Act* and is not, and does not intend to become a reporting issuer or the equivalent under the Legislation.
5. The authorized capital of Holdings consists of common shares; upon completion of the Arrangement, all of the issued and outstanding common shares of Holdings will be held by NPS. Holdings was incorporated in order to hold all of the common shares of Exchangeco and to hold the various call rights related to the exchangeable non-voting shares of Exchangeco (the "Exchangeable Shares") which are described below.
6. Exchangeco is incorporated under the Nova Scotia *Companies Act* and is not a reporting issuer or the equivalent under the Legislation. Exchangeco's only material asset upon completion of the Arrangement will be the issued and outstanding Allelix Common Shares.
7. At the time of sending the Circular (as defined below), the authorized share capital of Exchangeco will consist of common shares, an unlimited number of Exchangeable Shares and non-voting preferred shares. Upon completion of the Arrangement, all of the outstanding common shares will be held by Holdings and all of the outstanding Exchangeable Shares will be held by certain Allelix Shareholders who receive Exchangeable Shares in exchange for their Allelix Common Shares under the Arrangement.
8. Allelix is incorporated under the *Canada Business Corporations Act* (the "CBCA") has its head office in Mississauga, Ontario, is a reporting issuer or the equivalent under the Legislation and to the best of the Filer's knowledge, is not in default of any requirement of the Legislation.

9. The authorized capital of Allelix consists of an unlimited number of Allelix Common Shares and an unlimited number of preferred shares issuable in series; there are currently 20,126,232 Allelix Common Shares and 1,000 preferred share series 1 shares (the "Allelix Preferred Shares") issued and outstanding.
10. Allelix has debt outstanding (the "Existing Debt") which is not held by the public and will not issue debt to the public.
11. The Allelix Common Shares are listed and posted for trading on The Toronto Stock Exchange.
12. At the special meeting of shareholders of Allelix at which the Merger will be considered the holders of the Allelix Common Shares and the Allelix Preferred Shares will be asked to approve a resolution authorizing the continuance of Allelix under the OBCA.
13. NPS, Allelix and Exchangeco have entered into an arrangement agreement made as of September 27, 1999 and amended on October 28, 1999 (the "Arrangement Agreement"). The Merger will be effected by way of the Arrangement pursuant to which NPS, through Exchangeco and Holdings, will own all of the issued and outstanding Allelix Common Shares.
14. Upon completion of the Arrangement, Exchangeco will become a reporting issuer or the equivalent thereof in each Jurisdiction by virtue of the provisions of the Legislation.
15. The required approval of the holders of the Allelix Common Shares and the Allelix Preferred Shares (collectively, the "Allelix Shareholders") to the Arrangement will be obtained at a meeting of the Allelix Shareholders (the "Meeting") in accordance with the provisions of the interim order (the "Interim Order") of the Superior Court of Justice (Ontario) (the "Court") issued on November 2, 1999. Each holder of Allelix Common Shares will be entitled to one vote for each Allelix Common Share held and each holder of the Allelix Preferred Shares will be entitled to one vote for each Allelix Preferred Share held.
16. In accordance with the terms of outstanding options to purchase Allelix Common Shares (the "Allelix Options") held by directors, officers and employees of Allelix, pursuant to the Arrangement, a holder of the Allelix Options shall be entitled, upon the exercise of such options, to receive in lieu of the number of Allelix Common Shares to which such holder was theretofore entitled to receive upon such exercise, that aggregate number of Exchangeable Shares or NPS Common Shares, as applicable, that such holder would have been entitled to receive under the Arrangement if such holder had been the registered holder of that number of Allelix Common Shares that such holder was theretofore entitled to receive if all such holder's Allelix Options had been exercised immediately prior to the Arrangement.
17. In accordance with the terms of outstanding warrants to purchase Allelix Common Shares (the "Allelix Warrants") pursuant to the Arrangement, a holder of the Allelix Warrants shall be entitled, upon the exercise of such Warrants, to receive in lieu of the number of Allelix Common Shares to which such holder was theretofore entitled to receive upon such exercise, that aggregate number of Exchangeable Shares or NPS Common Shares, as applicable, that such

holder would have been entitled to receive under the Arrangement if such holder had been the registered holder of that number of Allelix Common Shares that such holder was theretofore entitled to receive if all such holder's Allelix Warrants had been exercised immediately prior to the Arrangement.

18. In connection with the Meeting, Allelix sent to the holders of the Allelix Common Shares and Allelix Preferred Shares a management proxy circular (the "Circular"). The Circular contains prospectus-level disclosure of the business and affairs of each of NPS and Allelix and a detailed description of the Arrangement, the Circular was prepared in conformity with the provisions of the CBCA, the Interim Order and the Legislation.

19. Under the Arrangement, each registered holder of Allelix Common Shares ("Allelix Registered Shareholders") who is a resident of Canada (other than a holder that exercises its right of dissent and NPS and its affiliates) will be entitled to elect to receive, at its option, 0.3238 of an Exchangeable Share or 0.3238 of a NPS Common Share for each Allelix Common Share. Each Allelix Registered Shareholder who is not a resident of Canada (other than (i) a holder who exercises its right of dissent and (ii) NPS and its affiliates) will not be entitled to elect to receive Exchangeable Shares and will receive 0.3238 NPS Common Shares for each Allelix Common Share held. Shareholders entitled to receive a fraction of a share will receive a certificate evidencing that number of shares to which such holder would otherwise have been entitled rounded up to the next highest whole number.

20. Each holder of Allelix Common Shares who receives NPS Common Shares or Exchangeable Shares pursuant to the Arrangement will receive such shares from Exchangeco in exchange for Allelix Common Shares. As a result of the foregoing, upon completion of the Arrangement, all of the issued and outstanding Allelix Common Shares will be held by NPS and its affiliates.

21. The Exchangeable Shares, together with the Voting and Exchange Trust Agreement (the "Voting and Exchange Trust Agreement") to be entered into by NPS, Exchangeco and a trustee (the "Trustee") contemporaneously with the closing of the Arrangement, the Support Agreement and the Exchangeable Share Provisions (each as defined below) will provide holders thereof with a security of a Canadian issuer having economic and voting rights which are equivalent, in all material respects, to those of a NPS Common Share. The Exchangeable Shares will be exchangeable by a holder thereof for NPS Common Shares on a share-for-share basis at any time at the option of such holder and will be required to be exchanged upon the occurrence of certain events, as more fully described below.

22. The provisions attaching to the Exchangeable Shares (the "Exchangeable Share Provisions") will provide that each Exchangeable Share will entitle the holder to dividends from Exchangeco payable at the same time as, and equivalent to, each dividend paid by NPS on an NPS Common Share.

23. The Exchangeable Shares will be non-voting (except as required by the Exchangeable Share Provisions or by applicable law) and will be retractable at the option of the holder at any time. Subject to the overriding call right of Holdings referred to below, upon retraction the holder will be entitled to receive from Exchangeco for each Exchangeable Share retracted an amount equal

to the current market price of a NPS Common Share, to be satisfied by delivery of one NPS Common Share, together with, on the designated payment date therefor and to the extent not already paid by Exchangeco on a dividend payment date, all declared and unpaid dividends on each such retracted Exchangeable Share (such aggregate amount, the "Retraction Price"). Upon being notified by Exchangeco of a proposed retraction of Exchangeable Shares, Holdings will have an overriding call right (the "Retraction Call Right") to purchase from the holder all of the Exchangeable Shares that are the subject of the retraction notice for a price per share equal to the Retraction Price.

24. Subject to the overriding call right of Holdings, Exchangeco shall redeem all the Exchangeable Shares then outstanding on December 31, 2004 (the "Redemption Date"); in certain circumstances the board of directors may accelerate the Redemption Date; upon such redemption, a holder will be entitled to receive from Exchangeco for each Exchangeable Share redeemed, an amount equal to the current market price of a NPS Common Share, to be satisfied by the delivery of one NPS Common Share, together with, to the extent not already paid by Exchangeco on a dividend payment date, all declared and unpaid dividends on each such redeemed Exchangeable Share (such aggregate amount, the "Redemption Price") upon being notified by Exchangeco, of a proposed redemption of Exchangeable Shares, Holdings will have an overriding call right (the "Redemption Call Right") to purchase from the holders all of the outstanding Exchangeable Shares (other than NPS or its affiliates) for a price per share equal to the Redemption Price.

25. Subject to the overriding call right of Holdings, on the liquidation, dissolution or winding-up of Exchangeco, a holder of Exchangeable Shares will be entitled to receive from Exchangeco for each Exchangeable Share held an amount equal to the current market price of an NPS Common Share, to be satisfied by delivery of one NPS Common Share (the "Liquidation Price"). Upon a proposed liquidation, dissolution or winding-up of Exchangeco, Holdings will have an overriding call right (the "Liquidation Call Right") to purchase all of the outstanding Exchangeable Shares from the holders thereof (other than NPS or its affiliates) for a price per share equal to the Liquidation Price.

26. Upon the exchange of an Exchangeable Share for a NPS Common Share, the holder of the Exchangeable Share will no longer be a beneficiary of the trust created by the Voting and Exchange Trust Agreement that holds the NPS Special Voting Share.

27. Under the Voting and Exchange Trust Agreement, a NPS Special Voting Share will be issued to and held by the Trustee for the benefit of the holders of the Exchangeable Shares outstanding from time to time (other than NPS and its affiliates). The NPS Special Voting Share will carry a number of voting rights, exercisable at any meeting of the holders of NPS Common Shares, equal to the number of Exchangeable Shares outstanding from time to time that are not owned by NPS and its affiliates. The holders of the NPS Common Shares and the holder of the NPS Special Voting Share will vote together as a single class on all matters. Holders of Exchangeable Shares will exercise the voting rights attached to the NPS Special Voting Share through the mechanism of the Voting and Exchange Trust Agreement. Each voting right attached to the NPS Special Voting Share must be voted by the Trustee pursuant to the instructions of the holder of the related Exchangeable Share. In the absence of any such instructions from a holder, the

Trustee will not be entitled to exercise any voting rights. Upon the exchange of an Exchangeable Share for a NPS Common Share, the holder of the Exchangeable Share becomes a holder of a NPS Common Share and the right of such holder to exercise votes attached to the NPS Special Voting Share terminates. The NPS Special Voting Share will neither be entitled to dividends from NPS nor to participate on the dissolution of NPS. At such time as the NPS Special Voting Share has no votes attached to it because there are no Exchangeable Shares outstanding not owned by NPS or any affiliate, the NPS Special Voting Share will be cancelled.

28. Under the Voting and Exchange Trust Agreement, NPS will grant to the Trustee for the benefit of the holders of the Exchangeable Shares a put right (the "Exchange Right"), exercisable upon the insolvency of Exchangeco, to require NPS to purchase from a holder of Exchangeable Shares all or any part of its Exchangeable Shares. The purchase price for each Exchangeable Share purchased by NPS will be an amount equal to the current market price of a NPS Common Share, to be satisfied by the delivery to the Trustee, on behalf of the holder, of one NPS Common Share, together with an additional amount equivalent to the full amount of all declared and unpaid dividends on such Exchangeable Share.

29. Under the Voting and Exchange Trust Agreement, upon the liquidation, dissolution or winding-up of NPS, NPS will be required to purchase each outstanding Exchangeable Share, and each holder will be required to sell all of its Exchangeable Shares (such purchase and sale obligations are hereafter referred to as the "Automatic Exchange Right"), for a purchase price per share equal to the current market price of a NPS Common Share, to be satisfied by the delivery to the Trustee, on behalf of the holder, of one NPS Common Share, together with an additional amount equivalent to the full amount of all declared and unpaid dividends on each such Exchangeable Share.

30. Contemporaneously with the closing of the Arrangement, NPS, Exchangeco and Holdings will enter into a Support Agreement (the "Support Agreement") which will provide that NPS will not declare or pay any dividend on the NPS Common Shares unless Exchangeco simultaneously declares and pays an equivalent dividend on the Exchangeable Shares, and that NPS will ensure that Exchangeco and Holdings will be able to honour the redemption and retraction rights and dissolution entitlements that are attributes of the Exchangeable Shares under the Exchangeable Share Provisions and the related redemption, retraction and liquidation call rights described above.

31. The Support Agreement will also provide that, without the prior approval of the holders of the Exchangeable Shares, actions such as distributions of stock dividends, options, rights and warrants for the purchase of securities or other assets, subdivisions, reclassifications, reorganizations and other changes cannot be taken in respect of the NPS Common Shares generally without the same or an economically equivalent action being taken in respect of the Exchangeable Shares.

32. The steps under the Arrangement and the creation and exercise of certain rights provided for in the Exchangeable Share Provisions, the Voting and Exchange Trust Agreement and the Support Agreement involve or may involve a number of trades or possible trades in securities (the "Trades").

33. The fundamental investment decision to be made by an Allelix Shareholder is made at the time of the Arrangement, when such holder votes in respect of the Arrangement; as a result of this decision, a holder (other than a holder who exercises its right of dissent) receives Exchangeable Shares or NPS Common Shares in exchange for its Allelix Common Shares; as the Exchangeable Shares will provide certain Canadian tax benefits to certain Canadian holders but will otherwise be the economic and voting equivalent in all material respects to the NPS Common Shares, all subsequent exchanges of Exchangeable Shares are in furtherance of the holder's initial investment decision.

34. If not for income tax considerations, Canadian holders of Allelix Common Shares could have received NPS Common Shares without the option of receiving Exchangeable Shares; the option in favour of certain holders of Allelix Common Shares to ultimately receive Exchangeable Shares under the Arrangement will enable certain holders of Allelix Common Shares to defer Canadian income tax and, provided the Exchangeable Shares are listed on a prescribed stock exchange in Canada, permit other holders to hold property that is not foreign property under the Canada *Income Tax Act*.

35. As a result of the economic and voting equivalency between the Exchangeable Shares and the NPS Common Shares, holders of Exchangeable Shares will have a participating interest determined by reference to NPS, rather than Exchangeco or its successors; accordingly, it is the information relating to NPS, not Exchangeco or its successors, that will be relevant to holders of both the NPS Common Shares and the Exchangeable Shares. Certain information required to be provided in respect of Exchangeco or its successors as a reporting issuer under the Legislation would not be relevant to the holders of Exchangeable Shares.

36. NPS will send concurrently to all holders of NPS Common Shares resident in Canada all disclosure material furnished to holders of NPS Common Shares resident in the United States including, without limitation, copies of its annual financial statements and all proxy solicitation materials; and

37. The Circular discloses that, in connection with the Arrangement, applications have been made for prospectus, registration and resale exemptions and exemptions from disclosure and insider reporting obligations; the Circular specifies the disclosure requirements from which Exchangeco has applied to be exempted and identifies the disclosure that will be made in substitution therefor if such exemptions are granted.

38. Exchangeco has obtained conditional listing approval from the Toronto Stock Exchange for the listing of the Exchangeable Shares.

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:

1. the Registration and Prospectus Requirements shall not apply to the Trades;
2. the first trade in Exchangeable Shares acquired under the Arrangement other than a trade that is otherwise exempt from the Registration and Prospectus Requirements or in respect of which the Registration and Prospectus Requirements are complied with, shall not be made unless:
 - (a) Exchangeco is a reporting issuer or the equivalent under the legislation of the Jurisdiction in which the trade takes place (the "Applicable Legislation") or where the Applicable Legislation does not recognize the status of a reporting issuer, the requirements described in paragraph 4 below are met;
 - (b) if the seller is an insider of Exchangeco, other than a director or senior officer of Exchangeco, the seller has complied with the Insider Reporting Requirement and filed all personal information forms that are required to be filed under the Applicable Legislation, as modified by this MRRS Decision Document;
 - (c) if the seller is a director or senior officer of Exchangeco, the seller has complied with the Insider Reporting Requirement and filed all personal information forms that are required to be filed under the Applicable Legislation and Exchangeco has filed all records required to be filed under the Material Change Reporting Requirement, Insider Reporting Requirement and Financial Statement Requirements of the Applicable Legislation, as modified by this MRRS Decision Document;
 - (d) no unusual effort is made to prepare the market or to create a demand for the Exchangeable Shares;
 - (e) no extraordinary commission or other consideration is paid in respect of such first trade;
 - (f) disclosure of the exempt trade is made to the Decision Maker(s) (The Decision Makers hereby confirming that the filing of the Circular with the Decision Makers at the time of mailing the Circular to holders of the Allelix Common Shares and Allelix Preferred Shares constitutes disclosure to the Decision Makers of the exempt trade);
 - (g) such first trade is not from the holdings of a person, company or combination of persons or companies holding a sufficient number of any securities of NPS to affect materially the control of NPS, but any holding of a person, company or combination of persons or companies holding more than 20% of the outstanding voting securities of NPS or Exchangeco shall, in the absence of evidence to the contrary, be deemed to affect materially the control of NPS (and for the purposes of this MRRS Decision Document, Exchangeable Shares shall be counted as voting shares of NPS) unless:

i. Exchangeco is a reporting issuer or the equivalent under the Applicable Legislation and is not in default of any requirement thereof;

ii. the seller files with the applicable Decision Maker(s) and any other stock exchange recognized by such Decision Maker(s) for this purpose on which the Exchangeable Shares are listed at least seven days and not more than fourteen days prior to the first trade made to carry out the distribution;

A. a notice of intention to sell in the form prescribed by the Applicable Legislation for control block distributions (the "Control Block Rules") disclosing particulars of the control position known to the seller, the number of Exchangeable Shares to be sold and the method of distribution; and

B. a declaration signed by the seller as at a date not more than twenty-four hours prior to its filing and prepared and executed in accordance with the Control Block Rules and certified as follows:

"the seller for whose account the securities to which this certificate relates are to be sold hereby represents that the seller has no knowledge of any material change which has occurred in the affairs of the issuer of the securities which has not been generally disclosed and reported to the [name of securities regulatory authority in the Jurisdiction where the trade takes place], nor has the seller any knowledge of any other material adverse information in regard to the current and prospective operations of the issuer which have not been generally disclosed",

"provided that the notice required to be filed under section ii." and the declaration required to be filed under section ii.B shall be renewed and filed at the end of sixty days after the original date of filing and thereafter at the end of each twenty-eight day period so long as any of the Exchangeable Shares specified under the original notice have not been sold or until notice has been filed that the Exchangeable Shares so specified or any part thereof are no longer for sale;

iii. the seller files with the applicable Decision Maker(s) within three days after the completion of any such first trade, a report of the trade in the form prescribed by the Applicable Legislation;

iv. no unusual effort is made to prepare the market or to create a demand for the Exchangeable Shares and no extraordinary commission or other consideration is paid in respect of such first trade; and

v. the seller (or an affiliated entity) has held the Exchangeable Shares and/or the Allelix Common Shares in the aggregate for a period of at least one year provided that if:

a. the Applicable Legislation provides that, upon a seller to whom the Control Block Rules apply, acquiring additional securities of a class pursuant to certain prescribed exemptions from prospectus requirements under such legislation, all securities of such class are subject to a hold period commencing the date the last security of the class was acquired under such prescribed exemptions; and

b. the seller acquires Exchangeable Shares pursuant to any such prescribed exemptions,

all Exchangeable Shares held by the seller will be subject to a one year hold commencing on the date any such subsequent Exchangeable Shares are acquired;

3. the first trade in NPS Common Shares acquired under the Arrangement shall be a distribution under the Legislation unless such trade is executed through the facilities of a stock exchange, including the Nasdaq Stock Market, outside of Canada in accordance with all laws and rules applicable to the stock exchange; and

4. the Material Change Reporting Requirements, Financial Statement Requirements and Proxy Requirements shall not apply to Exchangeco and the Insider Reporting Requirements shall not apply to Exchangeco or its successors, or to Allelix or its successors, or any insider of Exchangeco or Allelix, who is not otherwise an insider of NPS, provided that, at the time that any such requirement would otherwise apply:

(a) NPS sends to all holders of Exchangeable Shares resident in Canada all disclosure material furnished to holders of NPS Common Shares resident in the United States, including, without limitation, copies of its annual financial statements and all proxy solicitation materials;

(b) NPS files with the Decision Makers copies of all documents required to be filed by it with the United States Securities and Exchange Commission under the United States *Securities Exchange Act of 1934*, as amended, including, without limitation, copies of any Form 10-K, Form 10-Q, Form 8-K and proxy statements prepared in connection with NPS' shareholders' meetings;

(c) NPS complies with the requirements of the NASDAQ Stock Market in respect of making public disclosure of material information on a timely basis and forthwith issues in Canada and files with the Decision Makers any press release that discloses a material change in NPS' affairs; provided that Exchangeco complies with the requirements of the Legislation in respect of making public disclosure of material information on a timely basis in respect of material changes in the affairs of Exchangeco that would be material to holders of Exchangeable Shares but would not be material to holders of NPS Common Shares;

(d) prior to or coincident with the distribution of the Exchangeable Shares, NPS causes Exchangeco to provide to each recipient or proposed recipient of Exchangeable Shares resident in Canada a statement that, as a consequence of this Decision, Exchangeco and its insiders will be exempt from certain disclosure requirements in Canada applicable to reporting issuers and their insiders and specifying those requirements Exchangeco and its insiders have been exempted from and identifying the disclosure that will be made in substitution therefor (which may be satisfied by the inclusion of such a statement in the Circular);

(e) NPS includes in all future mailings of proxy solicitation materials to holders of Exchangeable Shares a clear and concise statement explaining the reason for the mailed material being solely in relation to NPS and not in relation to Exchangeco, such statement to include a reference to the economic equivalency between the Exchangeable Shares and the NPS Common Shares and the right to direct voting at NPS' stockholders' meetings pursuant to the Voting and Exchange Trust Agreement;

(f) NPS remains the direct or indirect beneficial owner of all the issued and outstanding common shares of Exchangeco;

(g) Exchangeco has not issued any securities to the public other than the Exchangeable Shares; and

(h) Allelix has not issued debt to the public other than the Existing Debt, and the Existing Debt continues not to be publicly held.

DATED at Toronto on this 22nd day of December, 1999.

J.A. Geller J.F. Howard

THE FURTHER DECISION of the Decision Makers in Ontario and Saskatchewan is:

Provided that the conditions set out in Section 4 of the Decision are complied with, Staff of the Decision Makers in Ontario and Saskatchewan will not initiate any regulatory action by reason of Exchangeco not complying with the AIF Requirements.

DATED at Toronto this 22nd day of December, 1999.

Iva Vranic

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - relief from the registration and prospectus requirements in respect of certain trades made in connection with a merger involving reporting Canadian issuer and US company where exemptions not available for technical reasons - reporting issuer history of Canadian issuer considered in calculating restrictions on resale - time period control block holding shares of reporting issuer pre-transaction considered in calculating 12 month hold period for resale from control block - first trade in shares of US issuer shall be a distribution unless executed on a stock exchange outside of Canada.

Continuous Disclosure - reporting issuer exempted from continuous disclosure requirements, subject to certain conditions. Disclosure required to be provided by these provisions would not be meaningful to shareholders.

Insider Reporting - reporting issuer exempted from insider reporting requirements, subject to certain conditions.

Annual Information Form and Management's Discussion and Analysis of Financial Condition and Results of Operations - Waiver granted to reporting Canadian issuer from requirement to deliver AIF and MD&A.

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c.S.5, as am., ss. 25, 53, 72(5), 74(1), 75, 77, 78, 79, 80(b)(iii), 81, 85, 86, 88(2), 107, 108, 109 and 121(2).

Applicable Ontario Rules

Rule 45-501 - *Exempt Distribution*

Applicable Ontario Policy

Policy 5.10 - *Annual Information Form and Management's Discussion and Analysis of Financial Condition and Results of Operations*