

East Midlands Electricity Generation (Corby) Limited

Company Number: 2452735

Report and Financial Statements

31 December 1999

Page

CONTENTS

DIRECTOR'S REPORT	1 ~ 2
AUDITORS' REPORT	3
PROFIT AND LOSS ACCOUNT	4
BALANCE SHEET	5
NOTES TO THE ACCOUNTS	6 ~ 8



East Midlands Electricity Generation (Corby) Limited

DIRECTORS' REPORT

The Directors present their report and audited financial statements for the year ended 31 December 1999.

Principal Activities, Business Review and Future Prospects

The principal activity of the company is to act as an intermediate holding company. The company's sole investment is an 80% investment in Corby Power Ltd. Corby Power Ltd owns and operates a 350MW gas fired power station in Corby.

The results for the year are shown in the Profit and Loss Account on page 4. The directors consider that the activities of the company will continue for the foreseeable future.

Results and Dividends

The results of the company for the year ended 31 December 1999 are shown in the attached financial statements. Both the level of business and the financial position at 31 December 1999 were satisfactory and the directors expect the present level of activity will be sustained for the foreseeable future.

The Directors recommend a dividend of £6.4m be paid out of profits for the year (1998: £6.4m), leaving nil to be transferred to reserves (1998: £3.9m).

Directors and Their Interests

The following Directors served during the period:

T E Capps
T F Farrell II
E M Roach, Jr.
J L Trueheart

At the beginning and close of the year, none of the Directors had a beneficial interest in the share capital of the Company or any other member of the DR Group Holdings group.

Year 2000 Compliance

Following their initial review, the directors continue to be alert to the potential risks and uncertainties surrounding the year 2000 issue. As at the date of this report, the directors are not aware of any significant factors which have arisen, or that may arise, which will affect the activities of the business; however, the situation is still being monitored. Any future costs associated with this issue cannot be quantified but are not expected to be significant.

Auditors

Elective resolutions as provided under Section 379A of the Companies Act 1989 were proposed at an earlier General Meeting so that the Company dispensed with both obligations of holding Annual General Meetings for subsequent years and appointing auditors annually.

East Midlands Electricity Generation (Corby) Limited

Statement of Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group as at the end of the financial year and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the group's system of internal financial controls, for safeguarding assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the Board

Approved by the Directors
and signed on their behalf by:



James L. Trueheart
Director

23 March 2000

Auditors' report to the members of East Midlands Electricity Generation (Corby) Limited

We have audited the financial statements on pages 4 to 8 which have been prepared under the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 2, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

Deloitte & Touche
Chartered Accountants and
Registered Auditors

St John's House
East Street
Leicester LE1 6NG

23 March 2000

East Midlands Electricity Generation (Corby) Limited

PROFIT AND LOSS ACCOUNT

Year to 31 December 1999

Note		Year to 31 December 1999 £'000	Year to 31 December 1998 £'000
	Administrative expenses	-	64
3	Forgiveness of balance payable to group company	-	3,880
	OPERATING PROFIT	-	3,944
5	Income from share in group undertaking	6,400	6,400
	PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION AND FOR THE FINANCIAL YEAR	6,400	10,344
6	Dividend proposed	(6,400)	(6,400)
12	PROFIT RETAINED	-	3,944

All figures relate to continuing operations.

There were no recognised gains or losses other than the profit in either period.

East Midlands Electricity Generation (Corby) Limited

BALANCE SHEET

As at 31 December 1999

Note		31 December 1999 £'000	31 December 1998 £'000
	FIXED ASSETS		
8	Investments	38,967	38,967
		<hr/>	<hr/>
		38,967	38,967
	CURRENT ASSETS		
9	Debtors	6,400	6,400
10	CREDITORS: amounts falling due within one year	(39,300)	(39,300)
		<hr/>	<hr/>
	NET CURRENT LIABILITIES	(32,900)	(32,900)
		<hr/>	<hr/>
	TOTAL ASSETS LESS CURRENT LIABILITIES	6,067	6,067
		<hr/>	<hr/>
	NET ASSETS	6,067	6,067
		<hr/>	<hr/>
	CAPITAL AND RESERVES		
11	Called up share capital	1	1
12	Profit and loss account	6,066	6,066
		<hr/>	<hr/>
	EQUITY SHAREHOLDERS' FUNDS	6,067	6,067
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 23 March 2000 and were signed on its behalf by



James L. Trueheart
Director

East Midlands Electricity Generation (Corby) Limited

NOTES TO THE ACCOUNTS

Year ended 31 December 1999

1. Parent undertaking and ultimate parent undertaking

The parent company of East Midlands Electricity Generation (Corby) Limited is DR Corby Limited, a company registered in England and Wales. Dominion Resources, Inc., which is incorporated in the Commonwealth of Virginia and listed on the New York Stock Exchange, is considered by the directors to be the company's ultimate parent undertaking.

The largest group in which the results of the company are consolidated is that of which Dominion Resources, Inc. is the parent company. The consolidated accounts of Dominion Resources, Inc. can be obtained from:

Corporate Secretary
Dominion Resources, Inc.
P.O.Box 26532
Richmond, Virginia 23261-6532
USA

The smallest such group is that of which the DR Group Holdings is the parent company. Copies of the group accounts of DR Group Holdings can be obtained from:

The Company Secretary and Solicitor
DR Group Holdings
Hackwood Secretaries Limited
One Silk Street
London
EC2Y 8HQ

These financial statements present information about the company as an individual undertaking and not about its group. The company has taken advantage of the exemption, under section 228 of the Companies Act 1985, from the requirement to prepare and deliver group accounts, since it is a wholly owned subsidiary of DR Group Holdings.

2. Accounting policies

These financial statements have been prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below:

Basis of preparation

The financial statements have been prepared under the historical cost convention.

Fixed asset investments

Fixed asset investments are stated at cost, less provisions, if necessary, in respect of any impairment in value.

Cash flow

The company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary of a parent undertaking, registered in England, which prepares a consolidated cash flow statement in accordance with Financial Reporting Standard No. 1(Revised) - Cash Flow Statements.

3. Forgiveness of balance payable to group company

On 27 July 1998, DR Nottingham Investments, a fellow subsidiary, disposed of its interest in DR Investments, the holding company of the group principal trading subsidiary, East Midlands Electricity plc. As part of this disposal, certain balances between group companies and DR Investments and its subsidiaries (including East Midlands Electricity plc) were forgiven.

East Midlands Electricity Generation (Corby) Limited

NOTES TO THE ACCOUNTS (continued)

Year ended 31 December 1999

4. Directors and auditors

The auditors were remunerated by other group companies. The directors did not receive remuneration in respect of their services as directors of East Midlands Electricity Generation (Corby) Limited and it is not practicable to allocate their remuneration for other services rendered.

5. Income from fixed asset investments

This comprises dividends received and receivable from Corby Power Limited in respect of its financial year ended 31 December 1999 as follows:

	<i>Year to 31 December 1999 £'000</i>	<i>Year to 31 December 1998 £'000</i>
Final dividend proposed	6,400	6,400

6 Dividend

Final dividend proposed (£6,400 per share)	6,400	6,400
--	-------	-------

7 Tangible fixed assets

The freehold to the land for the Corby power station is owned by the company and has been let on a long lease to Corby Power Limited, at a peppercorn rent. Within these financial statements the £800,000 purchase cost has been offset against an equivalent lease premium received from Corby Power Limited.

There is no present intention to dispose of the land and in the opinion of the director its market value is minimal.

8 Fixed asset investments

	<i>31 December 1999 £'000</i>	<i>31 December 1998 £'000</i>
Investment in Corby Power Limited at cost	38,967	38,967

The company holds 11,804,720 Ordinary £1 shares, representing 80% of the Ordinary share capital of Corby Power Limited, a company incorporated in the UK. Corby Power Limited owns and operates a 350MW combined cycle gas turbine electricity generating station at Corby in Northamptonshire.

East Midlands Electricity Generation (Corby) Limited

NOTES TO THE ACCOUNTS (continued)

Year ended 31 December 1999

	31 December 1999 £'000	31 December 1998 £'000
9. Debtors		
Amounts falling due within one year:		
Dividends receivable	6,400	6,400

10 Creditors: amounts falling due within one year

Amounts owed to parent undertaking	32,900	32,900
Proposed dividend	6,400	6,400
	39,300	39,300

11. Called up share capital

	31 December 1999 £'000	31 December 1998 £'000
Authorised, allotted and fully paid 1000 ordinary shares of £1	1	1

12. Reconciliation of movements in reserves and equity shareholders' funds

	Profit and Loss Account £'000	Equity Shareholders' Funds £'000
At 1 January 1999	6,066	6,067
Profit for the financial period	6,400	6,400
Dividend proposed	(6,400)	(6,400)
At 31 December 1999	6,066	6,067

13. Related party transactions

The company has taken advantage of the exemption included in Financial Reporting Standard No.8 - Related Party Disclosures, not to separately disclose transactions with other group companies.