

FILE COPY



**CERTIFICATE OF INCORPORATION
OF A PRIVATE UNLIMITED COMPANY**

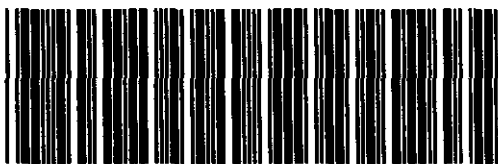
Company No. 3867114

The Registrar of Companies for England and Wales hereby certifies that

NATIONAL GRID (US) INVESTMENTS 3

is this day incorporated under the Companies Act 1985 as a private company and that the company is unlimited.

Given at Companies House, Cardiff, the 22nd October 1999



N03867114H

A handwritten signature in black ink, appearing to read 'J Jenkins'.

MRS J JENKINS

For The Registrar Of Companies



C O M P A N I E S H O U S E

Package: 'Laserform'
by Laserform International Ltd.

12

Please complete in typescript,
or in bold black capitals.

Declaration on application for registration

Company Name in full

NATIONAL GRID (US) INVESTMENTS 3



* F 0 1 2 0 F 1 0 *

I, JESSICA MARIA KING

of MITRE HOUSE, 160 ALDERSGATE STREET, LONDON, EC1A 4DD

† Please delete as appropriate.

do solemnly and sincerely declare that I am a ~~/Solicitor~~ engaged in the formation of the company ~~/person named as director or secretary of the company in the statement delivered to the Registrar under section 10 of the Companies Act 1985~~† and that all the requirements of the Companies Act 1985 in respect of the registration of the above company and of matters precedent and incidental to it have been complied with.

And I make this solemn Declaration conscientiously believing the same to be true and by virtue of the Statutory Declarations Act 1835.

Declarant's signature

Declared at

the

One thousand nine hundred and ninety

NINE

● Please print name.

before me●

Signed

Date

21.10.99

A Commissioner for Oaths or Notary Public or Justice of the Peace or Solicitor

Please give the name, address, telephone number and, if available, a DX number and Exchange of the person Companies House should contact if there is any query.

CMS Cameron McKenna

Mitre House, 160 Aldersgate Street, London EC1A 4DD
(51098223.01)

LQC/037459.00459

Tel 0171 367 3000

DX number DX 135316

DX exchange BARBICAN 2

When you have completed and signed the form please send it to the Registrar of Companies at:

Companies House, Crown Way, Cardiff, CF4 3UZ DX 33050 Cardiff
for companies registered in England and Wales

or

Companies House, 37 Castle Terrace, Edinburgh, EH1 2EB

for companies registered in Scotland

DX 235 Edinburgh



PUB *PHLYPKSQ* 7
COMPANIES HOUSE 22/10/99

Package: 'Laserform'
by Laserform International Ltd.

1.0

Please complete in typescript,
or in bold black capitals.

Notes on completion appear on final page

First directors and secretary and intended situation of registered office

Company Name in full

NATIONAL GRID (US) INVESTMENTS 3



* F 0 1 0 0 F 1 0 *

Proposed Registered Office

(PO Box numbers only, are not acceptable)

185 PARK STREET

Post town LONDON

County / Region

Postcode SE1 9DY

If the memorandum is delivered by
an agent for the subscriber(s) of
the memorandum mark the box opposite
and give the agent's name and address.

Agent's Name

CMS CAMERON MCKENNA

Address

MITRE HOUSE, 160 ALDERSGATE STREET

Post town LONDON

County / Region

Postcode EC1A 4DD

Number of continuation sheets attached

1

Please give the name, address,
telephone number and, if available,
a DX number and Exchange of
the person Companies House should
contact if there is any query.

CMS Cameron McKenna

Mitre House, 160 Aldersgate Street, London, , EC1A 4DD

LQC/037459.00459

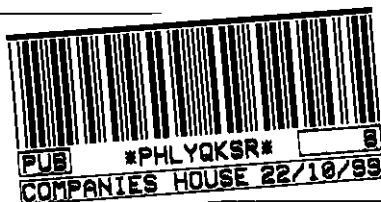
Doc. No.51117851.01

Tel 0171 367 3000

DX numberDX 135316 DX exchange BARBICAN 2

0171 3673000

Bill Warner



PUB *PHLYQKSR* 8
COMPANIES HOUSE 22/10/99

Laserform International 1/97

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for companies registered in England and Wales

or

Companies House, 37 Castle Terrace, Edinburgh, EH1 2EB

for companies registered in Scotland

DX 235 Edinburgh

Company Secretary (see notes 1-5)

Company name NATIONAL GRID (US) INVESTMENTS 3

NAME *Style / Title

MR

*Honours etc

Forename(s)

DAVID CHARLES

Surname

FORWARD

Previous forename(s)

Previous surname(s)

Address

ROBIN DOWN, FIRLE CLOSE

Usual residential address

For a corporation, give the registered or principal office address.

FIRLE ROAD

Post town

SEAFORD

County / Region

EAST SUSSEX

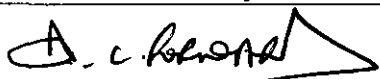
Postcode

BN25 2HL

Country

ENGLAND

I consent to act as secretary of the company named on page 1

Consent signature**Date**

21.10.99

Directors (see notes 1-5)

Please list directors in alphabetical order

NAME *Style / Title

MR

*Honours etc

Forename(s)

MARTIN

Surname

O' DONOVAN

Previous forename(s)

N/A

Previous surname(s)

N/A

Address9 WOODFIELD ~~LANE~~ ^{MS7}**Usual residential address**

For a corporation, give the registered or principal office address.

Post town

ASHTED

County / Region

SURREY

Postcode

KT21 2BQ

Country

ENGLAND

Date of birth

Day Month Year

14

11

1954

Nationality

BRITISH

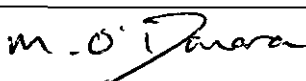
Business occupation

CORPORATE TREASURER

Other directorships

N/A

I consent to act as director of the company named on page 1

Consent signature**Date**

21.10.99

Directors

(continued)

(see notes 1-5)

| | | | | | | | | | | |
|---|---|--|---------------------|----------------------|------|----------------------|----------------------|----------------------|--------------------|----------------------|
| NAME | *Style / Title | <input type="text"/> | *Honours etc | <input type="text"/> | | | | | | |
| | Forename(s) | <input type="text"/> | | | | | | | | |
| | Surname | <input type="text"/> | | | | | | | | |
| <small>* Voluntary details</small> | Previous forename(s) | <input type="text"/> | | | | | | | | |
| | Previous surname(s) | <input type="text"/> | | | | | | | | |
| | Address | <input type="text"/> | | | | | | | | |
| Usual residential address | | <input type="text"/> | | | | | | | | |
| For a corporation, give the registered or principal office address. | Post town | <input type="text"/> | | | | | | | | |
| | County / Region | <input type="text"/> | Postcode | <input type="text"/> | | | | | | |
| | Country | <input type="text"/> | | | | | | | | |
| | Date of birth | <table border="1"><tr><td>Day</td><td>Month</td><td>Year</td></tr><tr><td><input type="text"/></td><td><input type="text"/></td><td><input type="text"/></td></tr></table> | Day | Month | Year | <input type="text"/> | <input type="text"/> | <input type="text"/> | Nationality | <input type="text"/> |
| Day | Month | Year | | | | | | | | |
| <input type="text"/> | <input type="text"/> | <input type="text"/> | | | | | | | | |
| | Business occupation | <input type="text"/> | | | | | | | | |
| | Other directorships | <input type="text"/> | | | | | | | | |
| | | <input type="text"/> | | | | | | | | |
| | I consent to act as director of the company named on page 1 | | | | | | | | | |
| | Consent signature | <input type="text"/> | Date | <input type="text"/> | | | | | | |

This section must be signed by*Either***an agent on behalf
of all subscribers****Signed****Date****Or the subscribers***(i.e those who signed
as members on the
memorandum of
association).***Signed****Date****Signed****Date****Signed****Date****Signed****Date****Signed****Date****Signed****Date**

The Companies Act 1985

An Unlimited Company having a Share Capital

MEMORANDUM OF ASSOCIATION
of
NATIONAL GRID (US) INVESTMENTS 3

1. The Company's name is "NATIONAL GRID (US) INVESTMENTS 3".
2. The Company's registered office is to be situated in England and Wales.
3. The Company's objects are:
 - 3.1.1 to carry on the business of an investment and holding company and to invest and deal in shares, stocks, debentures and securities of any kind issued or guaranteed by any body of whatever nature and wheresoever constituted or carrying on business;
 - 3.1.2 to carry on all or any of the following businesses: representatives, agents, factors, distributors, importers, exporters, manufacturers and wholesale and retail dealers for or on behalf of any company or as principals in and about every kind of marketable product, process, materials and services of whatever description, and for these purposes to negotiate and handle contracts and agreements of all kinds, to act as representatives and agents of and for any individual, company, firm, association, authority, organisation or other body in any part of the world and for any purpose whatever, to tender for and to place contracts, investments and other rights, to act for and to provide all kinds of services, agencies and consultancies to all or any parties or prospective parties to any contract or other agreement, and to carry on business as advertising and publicity agents, sales promoters, marketing and market research specialists, direct selling and mail order specialists, exhibition and display contractors and promoters, merchandising agents, warehousemen, storers, packers, customs house brokers, shipping and forwarding agents, clearing agents, wharfingers, insurance brokers, carriers, hauliers and providers of all kinds of facilities in connection with or ancillary to any of the above businesses;
- 3.2 to employ the funds of the Company in the development and expansion of the business of the Company and all or any of its subsidiary or associated companies and in any other company whether now existing or hereafter to be formed and engaged in any like business of the Company or any of its subsidiary or associated companies or in any other industry ancillary thereto or in any business which can conveniently be carried on in connection therewith;

- 3.3 to co-ordinate the administration, policies, management, supervising, control, research, development, planning, manufacture, trading and any and all other activities of, and to act as financial advisers and consultants to, any company or companies or group of companies now or hereafter formed or incorporated or acquired which may be or may become related or associated in any way with the Company or with any company related or associated therewith and either without remuneration or on such terms as to remuneration as may be agreed;
- 3.4 to advance and lend money with or without security and to guarantee the performance of the contracts or obligations or the repayment of capital, principal, dividends, interest or premiums payable on any stock, shares, securities or debentures of, or other investments in, any company or person and in particular (but without limiting the generality of the foregoing) of any company which is for the time being the Company's holding company (as defined by section 736 Companies Act 1985) or another subsidiary (as defined by that section) of the Company's holding company and to give all kinds of indemnities;
- 3.5 to organise, incorporate, reorganise, finance, aid and assist, financially or otherwise, companies, corporations, syndicates, partnerships, associations and firms of all kinds and to underwrite or guarantee the subscription of, shares, stocks, debentures, debenture stock, bonds, loans, obligations, securities or notes of any kind, and to make and carry into effect arrangements for the issue, underwriting, resale, exchange or distribution thereof;
- 3.6 to carry on the business of land and property developers of every and any description and to acquire by purchase, lease, concession, grant, licence or otherwise such lands, buildings, leases, underleases, rights, privileges, stocks, shares and debentures in public or private companies, corporate or unincorporate, policies of insurance and other such property as the Company may deem fit and shall acquire the same for the purposes of investment and development and with a view to receiving the income therefrom; and to enter into any contracts and other arrangements of all kinds with persons having dealings with the Company on such terms and for such periods of time as the Company may from time to time determine, on a commission or fee basis or otherwise, and to carry on any other trade or business, whatever, of a like and similar nature;
- 3.7 to carry on all kinds of promotion business and, in particular, to form, constitute, float, lend money to, assist, manage and control any companies, associations or undertakings whatsoever and to market, advertise or promote goods, services, material (tangible or intangible) or any other thing whatsoever;
- 3.8 to vary the investments and holdings of the Company as may from time to time be deemed desirable;
- 3.9 to act as trustee of any kind including trustee of any deeds constituting or securing any debentures, debenture stock or other securities or obligations and to undertake and execute any trust or trust business (including the business of acting as trustee under wills and settlements), and to do anything that may be necessary or assist in the obtaining of any benefit under the estate of an individual, and also to undertake the office of executor, administrator, secretary, treasurer or registrar or to become manager of any business, and to keep any register or undertake any registration duties, whether in relation to securities or otherwise;

- 3.10 to provide technical, cultural, artistic, educational, entertainment or business material, facilities, information or services and to carry on any business involving any such provision;
- 3.11 to carry on the business of commission agents, factors, general merchants and dealers in every description of goods, exporters and importers, concessionaires, wholesale and retail traders, carriers, warehousemen, designers, advertising contractors or agents, or trustees, brokers or agents for any company;
- 3.12 to manufacture, develop, process, refine, repair, purchase, sell, export, import, deal in or let on hire all kinds of goods, substances, articles, services and material (tangible or intangible) of any kind which may be advantageous to the Company or which any of the customers or other companies having dealings with the Company may from time to time require;
- 3.13 to provide services of any kind including the carrying on of advisory, consultancy, brokerage and agency business of any kind;
- 3.14 to acquire and carry on any business carried on by a subsidiary or a holding company of the Company or another subsidiary of a holding company of the Company;
- 3.15 to enter into any arrangements with any government or authority or person and to obtain from any such government or authority or person any legislation, orders, rights, privileges, franchises and concessions and to carry out, exercise and comply with the same;
- 3.16 to purchase, take on lease or in exchange, hire, renew, or otherwise acquire and hold for any estate or interest, and to sell, let, grant licences, easements, options and other rights over or otherwise deal with or dispose of, in whole or in part, any lands, buildings, machinery, rights, stock-in-trade, business concerns, chooses in action, and any other real and personal property of any kind including all of the assets of the Company and to perform any services or render any consideration and to construct, equip, alter and maintain any buildings, works and machinery necessary or convenient for the Company's business and in each case for any consideration (including in particular but without detracting from the generality of the foregoing for any securities or for a share of profit or a royalty or other periodical or deferred payment);
- 3.17 to enter into partnership or any other arrangement for sharing profits or joint venture or cooperation with any company carrying on, engaged in or about to carry on or engage in any business or transaction capable of being conducted so as directly or indirectly to benefit the Company, and to subsidise or otherwise assist any such company;
- 3.18 to invest money of the Company (or any of its subsidiaries) in any investments and to hold, sell or otherwise deal with investments or currencies or other financial assets and to carry on the business of an investment company;
- 3.19 to lend or advance money or otherwise give credit or provide financial accommodation to any company with or without security and to deposit money with any company and to carry on the business of a banking, finance or insurance company;
- 3.20 for any reason whatsoever to mortgage, charge, pledge or otherwise secure, either with or without the Company receiving any consideration or advantage, all or any part of the undertaking, property, assets, rights and revenues present and future and uncalled capital of

the Company and to guarantee, indemnify or otherwise support or secure, either with or without the Company receiving any consideration or advantage and whether by personal covenant or by mortgaging, charging, pledging or otherwise securing all or any part of the undertaking, property, assets, rights and revenues present and future and uncalled capital of the Company or by any or all such methods or by any other means whatsoever, the liabilities and obligations of any person, firm or company including but not limited to any company which is for the time being the holding company or a subsidiary undertaking (both as defined in the Companies Act 1985 as amended) of the Company or of the Company's holding company as so defined;

- 3.21 to borrow and raise money and accept money on deposit and to secure or discharge any debt or obligation of or binding on the Company or any other company and in particular by mortgaging or charging all or any part of the undertaking, property and assets (present or future) and the uncalled capital of the Company, or by the creation and issue, on such terms as may be thought expedient, of securities of any description;
- 3.22 to undertake interest rate and currency swaps, options, swap option contracts, forward exchange contracts, forward rate agreements, futures contracts or other financial instruments including hedging agreements and derivatives of any kind and all or any of which may be on a fixed and/or floating rate basis and/or in respect of Sterling, any other currencies (including but not limited to the Euro), basket of currencies or commodities of any kind and in the case of such swaps, options, swap option contracts, forward exchange contracts, forward rate agreements, futures contracts or other financial instruments including hedging agreements and derivatives of any kind that may be undertaken by the Company on a speculative basis or otherwise;
- 3.23 to undertake any transaction which is a rate swap transaction, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap, equity or equity index option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option or any other similar transaction (including any option with respect to any of these transactions) or combination of these transactions and whether for the purposes of risk management, on a speculative basis or otherwise;
- 3.24 to draw, make, accept, endorse, discount, execute, issue, negotiate and deal in promissory notes, bills of exchange, shipping documents and other instruments and securities (whether negotiable, transferable or otherwise) and to buy, sell and deal in foreign currencies;
- 3.25 to buy, sell, export, manufacture and deal in all kinds of goods, stores and equipment whether in connection with any of the above activities or otherwise and to act as agents for all purposes;
- 3.26 to apply for, purchase or otherwise acquire any patents, licences, concessions, privileges and like rights, conferring a non-exclusive or exclusive or limited right to use, or any secret or other information as to any invention which is capable of being used for any of the purposes of the Company, or the acquisition of which may seem calculated directly or indirectly to benefit the Company and to use, exercise, develop, grant licences in respect of, or otherwise turn to account, the rights and information so acquired;

- 3.27 to apply for and take out, purchase or otherwise acquire, sell, licence, transfer, deal or trade in any way in trade marks and names, service marks and names, designs, patents, patent rights, inventions, secret processes, know-how and information and any form of intellectual property and to carry on the business of an inventor, designer or research organisation;
- 3.28 to sell, improve, manage, develop, lease, mortgage, let, charge, dispose of, turn to account, or otherwise deal with all or any part of the undertaking or property or rights of the Company, and to sell the undertaking of the Company, or any part thereof for such consideration as the Company may think fit, and in particular for cash, shares, debentures or debenture stock or other obligations, whether fully paid or otherwise, of any other company;
- 3.29 to issue and allot securities of the Company for cash or in payment or part payment for any real or personal property purchased or otherwise acquired by the Company or any services rendered to the Company or as security for any obligation or amount (even if less than the nominal amount of such securities) or for any other purpose;
- 3.30 to give any remuneration or other compensation or reward for services rendered or to be rendered in placing or procuring subscriptions of, or otherwise assisting in the issue of, any securities of the Company or in or about the formation of the Company or the conduct or course of its business, and to establish or promote, or concur or participate in establishing or promoting, any company, fund or trust and to subscribe for, underwrite, purchase or otherwise acquire securities of any company, fund or trust and to carry on the business of company, fund, trust or business promoters or managers and of underwriters or dealers in securities, and to act as director of, and as secretary, manager, registrar or transfer agent for, any other company;
- 3.31 to grant or procure the grant of donations, gratuities, pensions, annuities, allowances, or other benefits, including benefits on death, to any directors, officers or employees or former directors, officers or employees of the Company or any company which at any time is or was a subsidiary or a holding company of the Company or another subsidiary of a holding company of the Company or otherwise associated with the Company or of any predecessor in business of any of them, and to the relations, connections or dependants of any such persons, and to other persons whose service or services have directly or indirectly been of benefit to the Company or whom the board of directors of the Company considers have any moral claim on the Company or to their relations, connections or dependants, and to establish or support any funds, trusts, insurances or schemes (including in particular but without detracting from the generality of the foregoing any trust or scheme relating to the grant of any option over, or other interest in, any share in the capital of the Company or of any other company, or in any debenture or security of any corporation or company, including the Company) or any associations, institutions, clubs or schools, or to do any other thing likely to benefit any such persons or otherwise to advance the interests of such persons or the Company or its members, and to subscribe, guarantee or pay money for any purpose likely, directly or indirectly, to further the interests of such persons or the Company or its members or for any national, charitable, benevolent, educational, social, public, general or useful object;
- 3.32 to promote or assist in promoting any company or companies in any part of the world and to subscribe shares therein or other securities thereof for the purpose of carrying on any

business which the Company is authorised to carry on, or for any other purpose which may seem directly or indirectly calculated to benefit the Company;

- 3.33 to amalgamate with any other company in any manner whatsoever (whether with or without a liquidation of the Company);
- 3.34 to procure the Company to be registered or recognised in any country or place in any part of the world;
- 3.35 to cease carrying on or wind-up any business or activity of the Company, and to cancel any registration of and to wind-up or procure the dissolution of the Company in any state or territory;
- 3.36 to compensate for loss of office any directors or other officers of the Company and to make payments to any persons whose office, employment or duties may be terminated by virtue of any transaction in which the Company is engaged;
- 3.37 to pay out of the funds of the Company the costs, charges and expenses of and incidental to the formation and registration of the Company, and any company promoted by the Company, and the issue of the capital of the Company and any such other company and of and incidental to the negotiations between the promoters preliminary to the formation of the Company, and also all costs and expenses of and incidental to the acquisition by the Company of any property or assets and of and incidental to the accomplishment of all or any formalities which the Company may think necessary or proper in connection with any of the matters aforesaid;
- 3.38 to effect insurances against losses, damages, risks and liabilities of all kinds which may affect the Company or any subsidiary of it or company associated with it or in which it is or may be interested;
- 3.39 to purchase and maintain insurance for or for the benefit of any persons who are or were at any time directors, officers, employees or auditors of the Company, or of any other company which is its holding company or in which the Company or such holding company has any interest whether direct or indirect or which is in any way allied to or associated with the Company or of any subsidiary undertaking of the Company or of any such other company, or who are or were at any time trustees of any pension fund in which any employees of the Company or of any such other company or subsidiary undertaking are interested, including (without prejudice to the generality of the foregoing) insurance against any liability incurred by such persons in respect of any act or omission in the actual or purported execution and/or discharge of their powers and/or otherwise in relation to their duties, powers or offices in relation to the Company or any such other company, subsidiary undertaking or pension fund and to such extent as may be permitted by law otherwise to indemnify or to exempt any such person against or from any such liability. For the purposes of this clause "holding company" and "subsidiary undertaking" shall have the same meanings as in the Companies Act 1985 (as amended);
- 3.40 to act as directors or managers of or to appoint directors or managers of any subsidiary company or of any other company in which the Company is or may be interested;

- 3.41 to contribute by donation, subscription, guarantee or otherwise to any public, general, charitable, political or useful object whatsoever;
- 3.42 to distribute among the members in cash, specie or kind any property of the Company, or any proceeds of sale or disposal of any property of the Company, but so that no distribution amounting to a reduction of capital shall be made except with the sanction (if any) for the time being required by law;
- 3.43 to do all or any of the above things in any part of the world, and either as principals, agents, trustees, contractors or otherwise and either alone or in conjunction with others, and either by or through agents, sub-contractors, trustees, subsidiaries or otherwise;
- 3.44 to carry on any other activity and do anything of any nature which in the opinion of the board of directors of the Company is or may be capable of being conveniently carried on or done by the Company in connection with the above, or may seem to the Company calculated directly or indirectly to enhance the value of or render more profitable all or any part of the Company's undertaking, property or assets or otherwise to advance the interests of the Company or any of its members; and
- 3.45 to do all such things as in the opinion of the board of directors of the Company are or may be incidental or conducive to the above objects or any of them.

And it is hereby declared that for the purposes of this clause:-

- 3.45.1 the word "company" shall (except where referring to this Company) be deemed to include any person or partnership or other body of persons, whether incorporated or not incorporated, and whether formed, incorporated, resident or domiciled in the United Kingdom or elsewhere;
- 3.45.2 "associated companies" shall mean any two or more companies if one has control of the other or others, or any person has control of both or all of them;
- 3.45.3 "securities" shall include any fully, partly or nil paid or no par value share, stock, unit, debenture or loan stock, deposit receipt, bill, note, warrant, coupon, right to subscribe or convert, or similar right or obligation;
- 3.45.4 "and" and "or" shall mean "and/or";
- 3.45.5 "other" and "otherwise" shall not be construed ejusdem generis where a wider construction is possible; and
- 3.45.6 the objects specified in each paragraph of this clause shall, except if at all where otherwise expressed, be in no way limited or restricted by reference to or inference from the terms of any other paragraph or the name of the Company or the nature of any business carried on by the Company or the order in which such objects are stated, but may be carried out in as full and ample a manner and shall be construed in as wide a sense as if each of the said paragraphs defined the objects of a separate, distinct and independent company.

The persons whose names and addresses are subscribed wish to form a Company pursuant to this Memorandum of Association, and agree to take the number of shares in the capital of the Company set opposite their names.

NAME, ADDRESS AND NUMBER OF SHARES TAKEN BY SUBSCRIBER

M. O. Donora

One

National Grid (US) Holdings Limited
185 Park Street
London, SE1 9DY
United Kingdom

A. Charles

One

NGC Nominees Limited
185 Park Street
London, SE1 9DY
United Kingdom

Dated this *21* day of *October* 1999.

Witness to the above signatures:

P. D. Money

Company Secretarial Assistant

185 Park Street
London, SE1 9DY
United Kingdom

P. D. Money

The Companies Act 1985
An Unlimited Company having a Share Capital

ARTICLES OF ASSOCIATION
of
NATIONAL GRID (US) INVESTMENTS 3

DEFINITIONS AND INTERPRETATION

1. In these articles the following words and expressions have the meanings set opposite them:

| | |
|------------------|--|
| "board" | the board of directors for the time being of the company or those directors present at a duly convened meeting of the directors at which a quorum is present; |
| "committee" | a committee of the board of directors of the company duly appointed pursuant to these articles; |
| "director" | a director for the time being of the company; |
| "Statutes" | every statute (including any statutory instrument, order, regulation or subordinate legislation made under it) for the time being in force concerning companies and affecting the company; |
| "Table A" | Table A in the Schedule to the Companies (Tables A to F) Regulations 1985 as amended by the Companies (Tables A to F) (Amendment) Regulations 1985; |
| "these articles" | these articles of association (including such regulations in Table A as apply to the company) as originally adopted or as altered from time to time and reference to any numbered article is to the corresponding article in these articles. |

References in regulation 1 of Table A to "these regulations" shall include a reference to these articles. Headings to these articles are inserted for convenience and shall not affect their construction.

TABLE A

2. The regulations contained in Table A (as modified in accordance with these articles) shall apply to the company except in so far as they are excluded by or are inconsistent with these articles. Regulations 3, 8, 24, 30 to 32 (inclusive), 34, 35, 41, 53, 54, 64, 65, 67, 73 to 78 (inclusive), 80, 94 to 100 (inclusive) and 118 of Table A shall not apply to the company.

SHARE CAPITAL

3. The share capital of the company is £100 divided into 100 shares of £1 each ranking pari passu in all respects.
- 4.1 Subject to any direction to the contrary which may be given by the company in general meeting, the board is unconditionally authorised to allot, create, deal with or otherwise dispose of relevant securities (within the meaning of section 80(2) of the Act) to such persons (including any director) on such terms and at such time or times as it thinks fit, provided that no shares shall be issued at a discount.
- 4.2 The maximum nominal amount of share capital which the board may allot or otherwise dispose of in accordance with article 4.1 shall be the nominal amount of unissued share capital at the date of adoption of these articles or such other amount as shall be authorised by the company in general meeting.
- 4.3 The authority conferred on the directors by articles 4.1 and 4.2 shall remain in force for a period of five years from the date of adoption of these articles and may be renewed from time to time by the company in general meeting in accordance with the Statutes.
- 4.4 In accordance with section 91(1) of the Act, the provisions of sections 89(1) and 90(1) to (6) (inclusive) of the Act shall not apply to the share capital of the company (present and future).
5. The rights attached to any existing shares shall not (unless otherwise expressly provided by the terms of issue of such shares) be deemed to be varied by the creation or issue of further shares ranking pari passu with them.

LIEN

- 6.1 The company shall have a first and paramount lien on every share for all monies (whether presently payable or not) called or payable at a fixed time in respect of that share, and the company shall also have a first and paramount lien on all shares registered in the name of any person (whether solely or jointly with others) for all monies owing to the company from him or his estate either alone or jointly with any other person, whether as a member or not and whether such monies are presently payable or not. The board may at any time declare any share to be wholly or partly exempt from the provisions of this article. The company's lien on a share shall extend to any amount payable in respect of it.
- 6.2 Subject to the provisions of the Act and these articles, a forfeited share shall become the property of the company and may be sold, re-allotted or otherwise disposed of on such terms and in such manner as the board determines either to the person who was before the forfeiture the holder or to any other person, and at any time before sale, re-allotment or other disposition, the forfeiture may be cancelled on such terms as the board thinks fit. Where for the purposes of its disposal a forfeited share is to be transferred to any person the board may authorise some person to execute an instrument of transfer of the share to that person.

CALL ON SHARES

7. The board may accept from any member the whole or any part of the amount remaining unpaid on any share held by him notwithstanding that no part of that amount has been called up.

ALTERATION OF SHARE CAPITAL

8. The company may by special resolution:
 - 8.1 increase the share capital by such sum, to be divided into shares of such amount, as the resolution may prescribe;
 - 8.2 consolidate and divide all or any of its share capital into shares of a larger amount than its existing shares;
 - 8.3 sub-divide its shares, or any of them, into shares of a smaller amount than its existing shares;
 - 8.4 cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person; or
 - 8.5 reduce its share capital and any share premium account in any way.

TRANSFER OF SHARES

9. The board may, in its absolute discretion and without giving any reason, decline to register any transfer of any share whether or not it is a fully paid share.
10. An instrument of transfer of a share held by joint holders shall be valid if executed by one such joint holder.

PROCEEDINGS AT GENERAL MEETINGS

11. The words "at least seven clear days' notice" shall be substituted for the words "at least fourteen clear days' notice" in regulation 38 of Table A.
12. If a quorum is not present within half an hour of the time appointed for a general meeting the meeting, if convened on the requisition of members, shall be dissolved; in any other case it shall stand adjourned to such day and at such time and place as the board may determine, and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting the members present shall be a quorum.

13. A poll may be demanded by any member present in person or by proxy or (being a corporation) by its duly authorised representative. Regulation 46 in Table A shall be construed accordingly.
14. A resolution in writing of all the members who would have been entitled to vote upon it if it had been proposed at a general meeting at which they were present shall be as effectual as if it had been passed at a general meeting duly convened and held if it consists of either:
- 14.1 an instrument executed by or on behalf of each such member; or
- 14.2 several instruments in substantially similar form each executed by or on behalf of one or more of such members.
- Any such instrument may be accepted notwithstanding that the original is not available at the office provided that a copy of it has been sent (including by any electronic means) by or on behalf of one or more of such members and deposited or received at the office or received by any member of the board or by the secretary.
15. In the case of a share registered in the name of joint holders, the signature of any one of them shall be deemed to be and shall be accepted as the signature of the member or members concerned for all purposes including the signature of any form of proxy, resolution in writing, notice or other document signed or approved pursuant to any provision of these articles.
16. Subject to any rights or restrictions as to voting attached to any shares by the terms on which they were issued or by or in accordance with these articles or otherwise, on a show of hands every member who (being an individual) is present in person or (being a corporation) is present by its duly authorised representative (not being himself a member entitled to vote) shall have one vote, and on a poll every member who is present in person or by proxy or (being a corporation) is present by its duly authorised representative shall have one vote for every share of which he is the holder.
17. An instrument appointing a proxy may, in the case of a corporation, be signed on its behalf by a director of that corporation or its secretary or other officer or by its duly appointed attorney or duly authorised representative. Regulation 60 of Table A shall be construed accordingly. The directors may at their discretion treat a copy of a faxed or machine-made instrument appointing a proxy as an instrument of proxy. Appointment of a proxy may be accepted by the directors at any time prior to the meeting at which the person named in the instrument proposes to vote (or, where a poll is demanded at the meeting, but not taken forthwith, at any time prior to the taking of the poll). An instrument of proxy may be revoked at any time prior to the commencement of the meeting by notice of revocation given by such means as an instrument of proxy may be given under these articles. Regulation 62 of Table A shall be construed accordingly.

NUMBER OF DIRECTORS

18. Unless otherwise determined by ordinary resolution, the number of directors shall not be subject to any maximum and the minimum number of directors shall be one.

ALTERNATE DIRECTORS

19. Any director (other than an alternate director) may appoint any person to be an alternate director and may remove from office an alternate director appointed by him. An alternate director shall cease to be his appointor's alternate director if his appointor ceases to be a director.
20. If his appointor is for the time being unavailable or temporarily unable to act through ill health or disability, the signature of an alternate director to any resolution in writing of the directors shall be as effective as the signature of his appointor.
21. When an alternate director is also a director or acts as an alternate director for more than one director, such alternate director shall have one vote for every director so represented by him who is not present (in addition to his own vote if he is himself a director) and when so acting shall be considered as two directors for the purpose of making a quorum if the quorum exceeds two.

DELEGATION OF POWERS

- 22.1 The following sentences shall be inserted in place of the first sentence of regulation 72 of Table A:

"The directors may delegate any of their powers to any committee consisting of one or more persons. Any committee shall have the power (unless the directors direct otherwise) to co-opt as a member or as members of the committee for any specific purpose any person or persons not being a director or directors of the company".

- 22.2 The power to delegate contained in this article shall be effective in relation to the powers, authorities and discretions of the board generally (none of which shall be deemed incapable of delegation to a committee) and shall not be limited by the fact that in certain articles, but not in others, express reference is made to particular powers, authorities or discretions being exercised by the board or by a committee authorised by the board.

APPOINTMENT AND RETIREMENT OF DIRECTORS

23. The directors shall not be subject to retirement by rotation and accordingly the final two sentences of regulation 79 of Table A shall not apply to the company.
24. The company may by ordinary resolution appoint a person who is willing to act as a director either to fill a vacancy or as an additional director.

25. Any member or members holding a majority in nominal amount of the issued ordinary share capital which confers the right to attend and vote at general meetings may at any time appoint any person to be a director, whether as an additional director or to fill a vacancy, and may remove from office any director howsoever appointed. Any such appointment or removal shall be effected by notice in writing to the company signed by the relevant member or members or (in the case of a corporate member) signed by any of its directors or by any person who appears to the board (acting reasonably and in good faith) to have been duly authorised to do so. Any such appointment or removal shall take effect when the notice is delivered to the office or to the secretary, or is produced at a meeting of the board. Any such removal shall be without prejudice to any claim which a director may have under any contract between him and the company.

DISQUALIFICATION AND REMOVAL OF DIRECTORS

26. Regulation 81 of Table A shall be amended by substituting for paragraphs (c) and (e) the following provisions:

"(c) he becomes, in the opinion of all his co-directors, incapable by reason of mental disorder of discharging his duties as a director; or"

"(e) he is otherwise duly removed from office."

REMUNERATION OF DIRECTORS

27. Regulation 82 of Table A shall be amended by the addition of the following:

"Such remuneration shall be divided between the directors in such proportion and manner as the directors may unanimously determine or in default of such determination equally, except that any director holding office for less than a year or other period for which remuneration is paid shall rank in such division in proportion to the fraction of such year or other period during which he has held office. Any director who, at the request of the board, performs special services or goes or resides abroad for any purpose of the company may receive such extra remuneration by way of salary, commission or participation in profits, or any combination of them, as the board may determine."

DIRECTORS' APPOINTMENTS AND INTERESTS

28. In regulation 84 in Table A there shall be substituted for the words "shall not be subject to retirement by rotation" the words, "shall be subject to the same provisions as to resignation and removal as other directors of the company".

PROCEEDINGS OF DIRECTORS

- 29.1 Regulation 88 of Table A shall be amended by substituting for the sentence:

"It shall not be necessary to give notice of a meeting to a director who is absent from the United Kingdom."

the following sentence:

"Notice of every meeting of directors shall be given to each director or his alternate director, including directors and alternate directors who may for the time being be absent from the United Kingdom and have given the company their address outside the United Kingdom."

The final sentence of regulation 66 of Table A shall accordingly not apply to the company.

- 29.2 In determining whether the quorum requirements fixed by or in accordance with these articles are fulfilled as regards the transaction of business at any meeting of the board or of a committee, all directors participating in the meeting (including by telephone or similar *communicating equipment whereby all persons participating in the meeting can hear each other*) shall be counted in the quorum.
30. If and so long as the minimum number of directors specified under these articles is one, a sole director may exercise all the powers conferred on the directors by these articles, and shall do so by written resolution under his hand and, so long as there is such sole director, regulations 88 to 90 of Table A shall not apply to the Company and article 29 shall have no effect.
31. A resolution in writing such as is referred to in regulation 93 of Table A signed by any relevant director, alternate director or member of a committee may be evidenced by letter, telex, cable, facsimile, any electronic means or by any other means which the directors may approve from time to time.
32. Any director (including an alternate director) or other person may participate in a meeting of the directors or a committee of which he is a member by means of a conference telephone or similar communicating equipment whereby all persons participating in the meeting can hear each other. Resolutions and decisions of the kind normally made or taken at a physical meeting of the directors or a committee in accordance with these articles can accordingly be so made or taken even if no persons so participating are physically present with each other. Such a meeting shall be deemed to take place where the largest group of those participating is assembled or, if there is no such group, where the chairman of the meeting is.
33. Subject to such disclosure as is required by section 317 of the Act, a director (including an alternate director) shall be counted for the purposes of calculating whether there is a quorum and shall be entitled to vote at a meeting of directors or of a committee on any resolution concerning a matter in which he has, directly or indirectly, an interest or duty which is material and which conflicts or may conflict with the interests of the company.

SECRETARY

34. Subject to the provisions of the Act, the secretary shall be appointed by the board for such term, at such remuneration and upon such conditions as it may think fit; and any secretary so appointed may be removed by the board. If thought fit, two or more persons may be appointed as joint secretaries. The board may also appoint from time to time on such terms as it thinks fit one or more assistant or deputy secretaries.

MINUTES

35. The directors shall cause minutes to be made in books kept for the purpose:
- 35.1 of all appointments of officers and alternate directors made by the directors; and
- 35.2 of all proceedings at meetings of the company, of the holders of any class of shares in the company, of the board, and of committees, including the names of the persons present at such meeting.

THE SEAL

- 36.1 If the company has a seal it shall only be used with the authority of the board or of a committee. The board may determine who shall sign any instrument to which the seal is affixed and unless otherwise so determined it shall be signed by a director and by the secretary or a second director. The obligation under regulation 6 of Table A relating to the sealing of share certificates shall apply only if the company has a seal.
- 36.2 Without limiting the board's or any committee's powers pursuant to regulation 101 of Table A, the board or a committee authorised to do so by the board may by telephone, facsimile, or any electronic means authorise the secretary or any director to use the seal and the transmission of such authority shall constitute a determination in such a case that the secretary or the designated director may sign any instrument to which the seal is to be affixed pursuant to that authority.
37. Where the Statutes so permit, any instrument signed by one director and the secretary or by two directors and expressed to be executed by the company shall have the same effect as if executed under the seal, provided that no instrument shall be so signed which makes it clear on its face that it is intended by the person or persons making it to have effect as a deed without the authority of the board or of a committee authorised by the directors in that behalf.
38. In accordance with section 39 of the Act the company may have an official seal for use in any territory, district or place outside the United Kingdom.

NOTICES

39. Any notice required by these articles to be given by the company may be given in any written documentary form including by means of electronic mail, facsimile or other electronic means, and if sent by electronic mail, facsimile or other electronic means shall be deemed to be given at the time it is sent to the person to whom it is addressed. Regulations 111 and 112 of Table A shall be modified accordingly.

INDEMNITY

40. Subject to the provisions of the Act, but without prejudice to any indemnity to which a director may otherwise be entitled, every director, secretary, auditor or other officer of the company shall be entitled to be indemnified by the company against all costs, charges, expenses, losses and liabilities sustained or incurred by him in the actual or purported execution of his duties or in the exercise or purported exercise of his powers or otherwise in connection with his office including, but without prejudice to the generality of the foregoing, any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or which are otherwise disposed of without any finding or admission of any material breach of duty on his part, or in connection with any application in which relief is granted to him by the Court from liability in respect of any act or omission done or alleged to be done by him as an officer or employee of the company.
41. The board shall have power to purchase and maintain for any director, secretary, auditor or other officer of the company insurance against any such liability as is referred to in section 310(1) of the Act.

NAMES AND ADDRESSES OF SUBSCRIBERS

National Grid (US) Holdings Limited
185 Park Street
London
SE1 9DY

M. O'Donovan

NGC Nominees Limited
185 Park Street
London
SE1 9DY

A. Chohan

Dated this 21 day of October 1999

Witness to the above signatures:

P. D. Money

Company Secretarial Assistant

Signature of witness

185 Park Street
London
SE1 9DY