

National Grid (US) Investments 3

REPORT OF THE DIRECTORS

AND BALANCE SHEET

FOR THE YEAR ENDED 31 MARCH 2005

Registered Number: 3867114



National Grid (US) Investments 3

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 MARCH 2005

1. The Directors present their report, and the financial statement comprised solely of the balance sheet of the Company, at 31 March 2005.

ACTIVITIES

2. The Company has been dormant within the meaning of Section 249A of the Companies Act 1985 throughout the year. The Directors anticipate that the Company will remain dormant for the foreseeable future.

DIRECTORS

3. The Directors of the Company during the period and subsequently were:

DC Forward
R F Pettifer

DIRECTORS' INTERESTS IN SHARES

4. The interests of R F Pettifer at 31 March 2005 in Group companies are disclosed in the financial statements of the intermediate parent undertaking, National Grid Holdings One plc. The interests of the other Director, shown in the register maintained by the Company in accordance with Section 325 of the Companies Act 1985, were as follows:

Ordinary shares in National Grid plc ("NG")

Employee Sharesave options

	1 April 2004	Granted	Exercised/ lapsed	31 March 2005
DC Forward	5,000	-	-	5,000

Beneficial interests in shares

	1 April 2004	31 March 2005
DC Forward	8,560	9,176

The Directors had no direct or indirect interests at 31 March 2005 in the shares of the Company or Group, other than their interests in Ordinary shares in National Grid plc, the ultimate parent company.

TRANSACTIONS WITH DIRECTORS

5. None of the Directors had a material interest in any contract of significance to which the Company was a party or made any transaction, arrangement or agreement within the provisions of Schedule 6 to the Companies Act 1985, during the year.

DIRECTORS' RESPONSIBILITIES

6. The Directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss of the Company for the financial year.

The Directors are responsible for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the company and which enable them to ensure that the financial statements comply with the Companies Act 1985. They also have general responsibility for taking reasonable steps to safeguard the assets of the company and for taking reasonable steps to prevent and detect fraud and other irregularities.

The Directors consider that in preparing the financial statements, suitable accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, have been used and that applicable accounting and financial reporting standards have been followed.

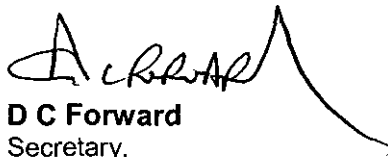
AUDITORS

7. The Company currently qualifies as a dormant company under the provisions of the Companies Act 1985 and accordingly is not required to appoint auditors as otherwise required by that Act.

FOR THE BOARD

REGISTERED OFFICE

1-3 STRAND, LONDON, WC2N 5EH



D C Forward

Secretary,

31 October 2005

National Grid (US) Investments 3

BALANCE SHEET AT 31 MARCH 2005

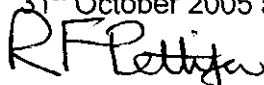
	2005	2004
CURRENT ASSETS		
DEBTOR		
- Amount due from parent undertaking	£2	£2
EQUITY SHARE CAPITAL:		
Ordinary shares of £1 each (Authorised £100)		
Allotted and called up	£2	£2

Throughout the period ending on the date to which this balance sheet has been prepared the Company was dormant; being entitled to exemption under section 249AA(1) of the Companies Act 1985 from the provisions of Part VII of that Act relating to the audit of accounts, and no member has required the Company to obtain an audit of its accounts for that period in accordance with sub-section 249B(2) of that Act.

The Directors acknowledge their responsibility for:

- a) Ensuring the company keeps accounting records which comply with section 221;
- b) Preparing accounts which give a true and fair view of the state of affairs of the company as at the end of its financial year, and of its profit and loss for the financial year in accordance with section 226, and which otherwise comply with the requirements of the Companies Act relating to accounts, so far as applicable to the company.

The Balance Sheet was approved by the Board of Directors on
31st October 2005 and signed on its behalf by:



R F Pettifer
Director

NOTES TO THE BALANCE SHEET

1 ACCOUNTING POLICIES- Basis of Accounting

The financial statement has been prepared under the historical cost convention and in accordance with applicable Accounting and Financial Reporting Standards in the United Kingdom. No profit and loss account or cash flow statement is presented as the Company has not traded during the reporting period.

2 ULTIMATE HOLDING COMPANY

The Company is exempt from disclosing transactions with those group companies within the National Grid plc Group of companies where all of the voting rights are held within the group. There were no transactions with companies where not all of the voting rights are held within the group.

The ultimate parent and controlling company is National Grid plc (formerly National Grid Transco plc), and the immediate company for which consolidated financial statements are prepared, is National Grid Holdings Limited, both companies being registered in England and Wales. Copies of their consolidated financial statements can be obtained from their company secretary at the registered office, 1-3 Strand, London, WC2N 5EH.