



Company Number
184343

GKN U.S. INVESTMENTS LIMITED

REPORT OF THE DIRECTORS

The Company has not traded during the year ended 31 December 2004 and there has been no income or expenditure.

The Directors of the Company are Mrs J.M. Felton, Mr R.A. Ogilvie Smals and Mr D.L. Rood. As required to be disclosed by the Companies Act 1985, interests in shares and debentures of GKN plc and its subsidiaries of persons who were Directors of the Company on 31 December 2004 (including investment shares held under the GKN bonus co-investment plan – see footnote) were as set out below.

| | <u>Type of security</u> | <u>Holdings including family interests at</u> | | <u>Employees' Share Option Schemes</u> | |
|-------------------|-------------------------|---|-----------------|--|----------------------------------|
| | | <u>01.01.04</u> | <u>31.12.04</u> | <u>Options granted in 2004</u> | <u>Options exercised in 2004</u> |
| J M Felton | 50p ordinary shares | 46,878 | 49,499 | 19,645 | Nil |
| R A Ogilvie Smals | 50p ordinary shares | 11,014 | 11,014 | 27,286 | Nil |
| D L Rood | 50p ordinary shares | 21,178 | 21,178 | 15,716 | Nil |

Conditional and deferred rights to acquire GKN plc 50p ordinary shares held by Directors under the GKN long term incentive plans were as follows:

| <u>Name</u> | <u>Awards held at 01.01.04</u> | | <u>Awards held at 31.12.04</u> | | <u>Conditional awards made in 2004</u> | <u>Converted to deferred awards in 2004</u> | <u>Deferred awards released in 2004</u> |
|-------------------|--------------------------------|-----------------|--------------------------------|-----------------|--|---|---|
| | <u>Conditional</u> | <u>Deferred</u> | <u>Conditional</u> | <u>Deferred</u> | | | |
| J M Felton | 36,950 | Nil | 37,084 | Nil | 10,134 | Nil | Nil |
| R A Ogilvie Smals | 58,600 | Nil | 60,848 | Nil | 18,098 | Nil | Nil |
| D L Rood | 36,950 | Nil | 37,084 | Nil | 10,134 | Nil | Nil |

Interests in GKN plc 50p ordinary shares held by Directors through Company-matched shares under the GKN bonus co-investment plan were as follows:

| <u>Name</u> | <u>Interests held at 1.1.04</u> | | <u>Interests held at 31.12.04</u> | |
|-------------------|---------------------------------|--------------------|-----------------------------------|--------------------|
| | <u>Beneficial</u> | <u>Conditional</u> | <u>Beneficial</u> | <u>Conditional</u> |
| J M Felton | Nil | Nil | 6,842 | Nil |
| R A Ogilvie Smals | Nil | Nil | Nil | Nil |
| D L Rood | Nil | Nil | Nil | Nil |

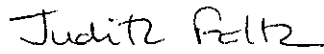
As potential beneficiaries, the Directors are deemed to have an interest in the 50p ordinary shares of GKN plc held from time to time by the discretionary trust established to facilitate the operation of the GKN long term incentive arrangements. At 31 December 2004 these trusts held 706,924 50p ordinary shares (2003 – 1,219,238 50p ordinary shares).

Footnote

Under the GKN bonus co-investment plan, in 2004 participants could elect to invest up to 10% of their maximum gross bonus opportunity for 2003 in GKN plc 50p ordinary shares ('investment shares'). GKN plc granted matching shares on a 2 for 1 basis (ie two matching shares for every one investment share) which will be released to the participant after three years provided that the participant continues to hold the investment shares and remains an employee of the GKN Group during that period. Certain participants have a beneficial interest in their matching shares during the three-year forfeiture period. Other participants have a conditional right to matching shares.

The GKN long term incentive plans are described in the accounts of GKN plc, the Company's ultimate parent company.

On behalf of the Board



J.M. Felton

Secretary

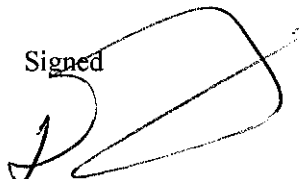
4 October 2005



Balance sheet at 31 December 2004 and 31 December 2003

| | |
|--|---------|
| | £'000 |
| CURRENT ASSETS | |
| Debtors | 913,097 |
| | <hr/> |
| CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR | |
| Creditors | |
| NET CURRENT ASSETS | 913,097 |
| | <hr/> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | 913,097 |
| | <hr/> |
| CAPITAL AND RESERVES | |
| Called up share capital | 10,377 |
| Share premium account | 888,669 |
| Profit and loss account | 14,051 |
| | <hr/> |
| Equity interest | 913,097 |
| | <hr/> |
| CAPITAL EMPLOYED IN FINANCING | |
| TOTAL ASSETS LESS CURRENT LIABILITIES | 913,097 |
| | <hr/> |

Under Section 249AA(1) of the Companies Act 1985 (the 'Act'), the Company was entitled to exemption from the provisions of Part VII of the Act relating to the audit of accounts in respect of the year ended 31 December 2004. No member or members have requested an audit pursuant to Section 249B(2) of the Act. The Directors acknowledge their responsibility for ensuring that the Company keeps accounting records which comply with Section 221 of the Act and for preparing accounts which give a true and fair view of the state of affairs of the Company as at the end of the financial year in accordance with the requirements of Section 226 of the Act and which otherwise comply with the requirements of the Act relating to accounts.

Signed 
D.L. Rood
Director
4 October 2005

GKN plc and GKN Industries Limited, are the ultimate and immediate parent companies respectively.