

Company Number: 3784527

THE COMPANIES ACT 1985 (AS AMENDED)

UNLIMITED COMPANY

ORDINARY AND SPECIAL RESOLUTIONS

of

NATIONAL GRID (US) INVESTMENTS

(passed on 4 February 2000)

By a Written Resolution of National Grid (US) Investments signed on 4 February 2000 the following Resolutions were duly passed as Ordinary and Special Resolutions:

ORDINARY RESOLUTIONS

1. THAT the authorised share capital of the Company be increased from £1,000 to £226,000 by the creation of 225,000 'A' Redeemable Preference Shares of £1 each (the "**A' Redeemable Preference Shares** "). The 'A' Redeemable Preference Shares shall carry the rights and entitlements as more particularly described in the proposed amendments to the Articles of Association referred to in Resolution 3;
2. THAT pursuant to and in accordance with Section 80 of the Companies Act 1985 (the "**Act**") the Board be and is hereby generally and unconditionally authorised to exercise all powers of the Company to allot relevant securities (within the meaning of Section 80 of the Act) up to an aggregate nominal amount of £225,900;

SPECIAL RESOLUTION

3. THAT the Articles of Association shall be altered as follows:
 - (A) the following clause shall be inserted as a new Article 3 (in place of the existing Article 3) (prior to any renumbering pursuant to any other section of this resolution) and the existing Articles shall, if necessary, be re-numbered accordingly:

"3. Share Capital

The share capital of the Company as at the date of the latest amendment to these Articles of Association is £226,000 divided into 1,000 ordinary shares of £1 each and 225,000 'A' Redeemable Preference Shares of £1 each.

The rights attributable to the 'A' Redeemable Preference Shares and the limitations and restrictions to which they are subject are as follows:



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The rights attributable to the 'A' Redeemable Preference Shares and the limitations and restrictions to which they are subject are as follows:

Income

- (a) The 'A' Redeemable Preference Shares shall confer upon the holders thereof as a separate class the right in priority to any payment by way of dividend of the Company to receive a preferential dividend (the "**Preferential Dividend**") calculated in accordance with Article 3(b).
- (b) The Preferential Dividend shall in respect of each 'A' Redeemable Preference Share from time to time in issue be at an annual rate of 1.83% on the Yen Equivalent Amount (as defined below) exclusive of any imputed tax credit available to shareholders, in respect (as to the first such dividend) of the period commencing on the date of issue of the relevant 'A' Redeemable Preference Share and ending on 10 December 2000, (as to the second such dividend) of the period commencing on 11 December 2000 and ending on 20 July 2001, (as to the third such dividend) of the period commencing on 21 July 2001 and ending on 10 December 2001 and thereafter in respect of each period of 6 months ended on each 10 June and 10 December, until redemption of the relevant 'A' Redeemable Preference Share, and proportionately for any part of a period from the date of issue.
- (c) The "Yen Equivalent Amount" means the Sterling amount of the share capital and share premium paid up on subscription, as translated into Yen at the exchange rate prevailing on the date of issue.
- (d) Subject to the provisions of the Companies Act 1985 (the "**Act**") the Preferential Dividend shall:
 - (i) be paid in Yen on 10 December 2000, 20 July 2001 and thereafter on 10 December and 10 June in each year; and
 - (ii) without any resolution of the Directors of the Company in general meeting (and notwithstanding anything contained in Regulations 102 to 108 (inclusive) of Table A) accrue from day to day and on 10 December 2000, 20 July 2001 and thereafter on 10 December and 10 June in each year become a debt due from and immediately payable by the Company to the holders of the 'A' Redeemable Preference Shares pro rata according to the number of 'A' Redeemable Preference Shares held by each such shareholder, as the case may be.

Redemption

- (e) Subject to the Act the 'A' Redeemable Preference Shares shall be redeemed by the Company as follows:
 - (i) upon the Company giving prior notice in writing to the holder of the relevant 'A' Redeemable Preference Shares at any time on or after 20 July 2001 but not later than 10 December 2004; or
 - (ii) without notice, on 10 December 2004.
- (f) Where 'A' Redeemable Preference Shares are to be redeemed by prior written notice given by the Company the notice to be given (the "**Redemption Notice**") shall specify the particular 'A' Redeemable Preference Shares the subject of the notice and the date (which shall be in accordance with the provisions of the Act) fixed for their redemption.
- (g) Where the Company has given a Redemption Notice, the Company shall be entitled to withdraw it upon giving a further notice to that effect to the relevant holder of the 'A' Redeemable Preference Shares at any time before the redemption takes place.
- (h) Where a Redemption Notice has been duly given and has not been withdrawn, or where 'A' Redeemable Preference Shares are to be redeemed in accordance with 3(e)(ii) above, the Company shall be obliged, subject to having sufficient available profits or other monies which may be lawfully applied for such redemption, to redeem in full the relevant number of 'A' Redeemable Preference Shares on the date fixed for their redemption and to pay to the relevant holder of the relevant 'A' Redeemable Preference Shares an amount in Yen equal to the Yen Equivalent Amount (as defined above), and where the amount of Sterling capital and premium paid up exceeds the Yen Equivalent Amount translated into Sterling at the exchange rate prevailing at the date the redemption monies are due the shareholder shall have no right to be paid the excess, and where the Yen Equivalent Amount translated into Sterling at the exchange rate prevailing at the date the redemption monies are due exceeds the total amount of Sterling capital and premium paid up, that excess shall be a premium on redemption of the shares over and above the return of capital and premium and all such redemption monies shall, subject to the Company having available profits or other monies which may be lawfully applied for such redemption, at that time become a debt due from and immediately payable by the Company to the holders of such 'A' Redeemable Preference Shares. If and to the extent that the debt so constituted is not paid in full on the due date, the unpaid amount shall carry interest at an annual rate calculated as 2%

above the one month LIBOR rate for Yen as taken from the British Banker Association 11.00am fixings and reset on a daily basis in respect of the period from and including the due date down to and including the date of actual payment.

- (i) If the Company is unable, because of having insufficient available profits or other monies which may be lawfully applied for such redemption, to redeem in full the relevant number of 'A' Redeemable Preference Shares on the date fixed for redemption, the Company shall redeem as many of such 'A' Redeemable Preference Shares as can lawfully and properly be redeemed and (unless the Redemption Notice is first withdrawn in respect of the remaining 'A' Redeemable Preference Shares) the Company shall redeem the balance as soon as it is lawfully and properly able to do so.
- (j) On the date fixed for redemption, each of the holders of 'A' Redeemable Preference Shares falling to be redeemed shall be bound to deliver to the Company, at the Company's registered office, the certificate(s) for such 'A' Redeemable Preference Shares (or an indemnity, in a form reasonably satisfactory to the Board, in respect of any lost certificate(s)) in order that the same may be cancelled. Upon such delivery, the Company shall pay to the holder (or, in the case of any joint holders, to the holder whose name stands first in the Company's register of members in respect of such 'A' Redeemable Preference Shares) the amount due to it in respect of such redemption against delivery of a proper receipt for the redemption monies.

Capital

- (k) On a return of capital on winding-up or capital reduction or otherwise, the holders of the 'A' Redeemable Preference Shares shall be entitled, in priority to any payment to the holders of any other class of shares, to the repayment in Yen of a sum equal to the Yen Equivalent Amount, together with a sum equal to all arrears or accruals (if any) of the Preferential Dividend irrespective of whether or not such dividend has been declared or earned or become due and payable, to be calculated down to and including the date of commencement of the winding-up (in the case of a winding-up) or the return of capital (in any other case). The holders of the 'A' Redeemable Preference Shares shall not be entitled to any further right of participation in the assets of the Company.

General Meeting

- (l) The holders of the 'A' Redeemable Preference Shares shall, by virtue of and in respect of their holdings of 'A' Redeemable Preference Shares, have the right to receive notice of, attend, speak and vote at a General Meeting of the Company only if a

resolution is to be proposed abrogating, varying or modifying any of the rights or privileges of the holders of the 'A' Redeemable Preference Shares (in which case they shall only be entitled to vote on such resolution).

- (m) Except in the circumstances set out above, the holders of the 'A' Redeemable Preference Shares shall not have the right to receive notice of, attend, speak or vote at any General Meeting of the Company.

Voting

- (n) Whenever the holders of the 'A' Redeemable Preference Shares are entitled to vote on a resolution at a General Meeting of the Company, on a show of hands, every such holder who is present in person or (being a corporation) by a representative shall have one vote and, on a poll, every such holder who is present in person or by proxy shall have one vote in each case in respect of each fully-paid 'A' Redeemable Preference Share registered in the name of such holder."
- (B) The following clause shall be inserted as a new Article 6 (prior to any renumbering pursuant to any other section of this resolution) and the existing Articles 6 et seq shall be re-numbered accordingly:

"6. Class Rights

Whenever the capital of the Company is divided into different classes of shares the special rights attached to any class may be varied or abrogated either whilst the Company is a going concern or during or in contemplation of a winding up, only with the consent in writing of the holder of 75 per cent of the issued shares of that class. Without prejudice to the generality of this clause, the special rights attached to the 'A' Redeemable Preference Shares shall be deemed to be varied:

- (a) by the Company or the Company's board of directors, as appropriate:
 - (i) varying in any way (whether directly or indirectly) the rights attached to any of the shares in the capital of the Company; or
 - (ii) applying by way of capitalisation any sum in or towards paying up any share or loan capital of the Company; or
 - (iii) entering into a contract to purchase any of its own shares; or
 - (iv) redeeming any of its shares; or

(b) by the Company or any of its subsidiaries for the time being:

- (i) altering, increasing, reducing, sub-dividing or consolidating its authorised or issued share capital; or
- (ii) granting any option or other right to subscribe for shares; or
- (iii) disposing of or acquiring any interest in any share in the capital of any company; or
- (iv) calling a meeting to effect or approve any matter which would by virtue of this clause by a variation of the class rights of the 'A' Redeemable Preference Shares."

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Director/Company Secretary
of National Grid (US) Investments

Dated: 4 February 2000