

National Grid Transco

**Roger Urwin,
Chief Executive Officer**

**EEI Conference, 22 October 2002
Palm Desert, California**

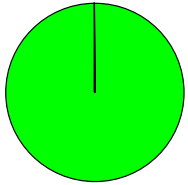
NATIONAL GRID TRANSCO plc

Cautionary statement

This material contains certain statements that are neither reported financial results nor other historical information. These statements are forward-looking statements within the meaning of the safe-harbour provisions of the federal securities laws of the United States. These forward-looking statements rely on a number of assumptions and are subject to a number of risks and uncertainties, many of which are outside the control of National Grid Transco plc (“National Grid Transco”), that could cause actual results to differ materially from those expressed in or implied by such statements, such as future market conditions, currency fluctuations, the behaviour of other market participants and the actions of governmental and state regulators. Other factors that could cause actual results to differ from those described in this material include the ability to integrate Lattice Group plc and National Grid Transco successfully or to realise all of the synergies from such integration or the failure to retain key management. For a more detailed description of these assumptions, risks and uncertainties, please see National Grid’s filings with the United States Securities and Exchange Commission (and, in particular, the “Risk Factors” and “Operating and Financial Review” sections in its most recent annual report on Form 20F). Recipients are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of publication of this material. National Grid Transco does not undertake any obligation to publicly release any revisions to these forward-looking statements to reflect events or circumstances after the date of publication of this material.

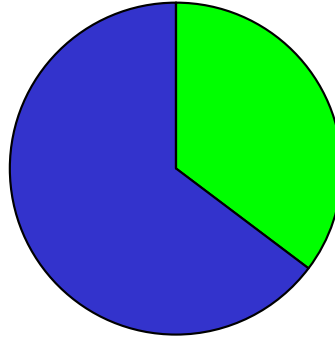
Transformation of the Group

1990



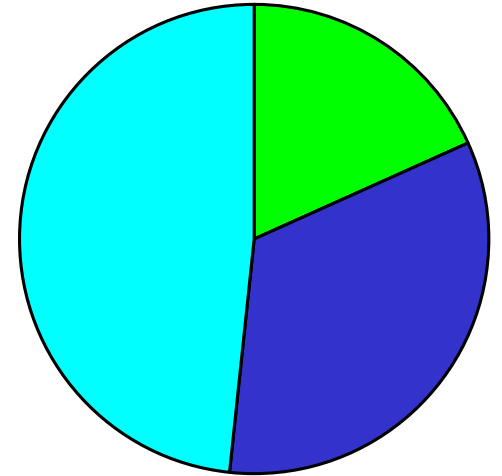
EV = \$7 Bn

2000-2001






EV = \$21 Bn

2002



EV = \$40 Bn

Key

-  UK electricity transmission
-  National Grid USA
-  Lattice

Benefits of the Transformation

- ◆ Ability to focus
- ◆ Improved customer service
- ◆ Value for shareholders through performance based regulation
- ◆ No commodity or trading risk

National Grid + Lattice = National Grid Transco

Merger completed
October 21, 2002

A focused, distinctive strategy

- Own and operate energy networks

A record of high achievement

- International leader in energy delivery
- Ground-breaking performance-based rates
- World class service and efficiency

Continuing to drive ahead

- Clear cost and service targets
- New cost savings from mergers

Managing the Transformation

UK gas
distribution

UK gas &
electricity
transmission

US gas &
electricity
distribution

UK Business
Services

Infrastructure
Services

US electricity
transmission

Key



Lattice activities



National Grid activities



Activities from both companies

UK transmission

Key features

- Stable, cash generative businesses
- Expertise in operating within incentivised regulation framework

Electricity Transmission

- Regulated asset value of \$7 billion
- NGC - 5-yr. price control (RPI-1.5% until March 2006)
- Aiming to cut controllable costs by 30% during period, outperforming regulatory target by 10%

Gas Transmission

- Regulated asset value of \$3 billion
- Transco - 5 yr. price control (RPI-2% until March 2007)
- Expecting to achieve 4% outperformance of regulatory targets

Synergies to be gained from bringing the 2 transmission businesses together

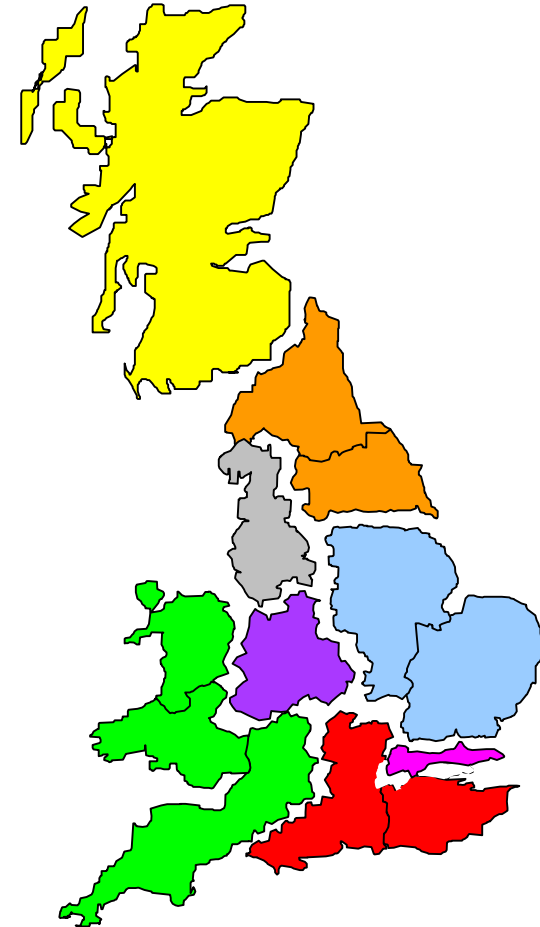
UK distribution

Gas Distribution (LDZ's or Networks)

- Regulated asset value of \$14 billion
- Transco - 5 yr. price control (RPI-2% until March 2007)
- Expecting 4% outperformance of regulatory targets
- Separate price controls being developed
- Financial flexibility

Business Services Synergies

- Procurement
- Fleet management
- Property
- IT

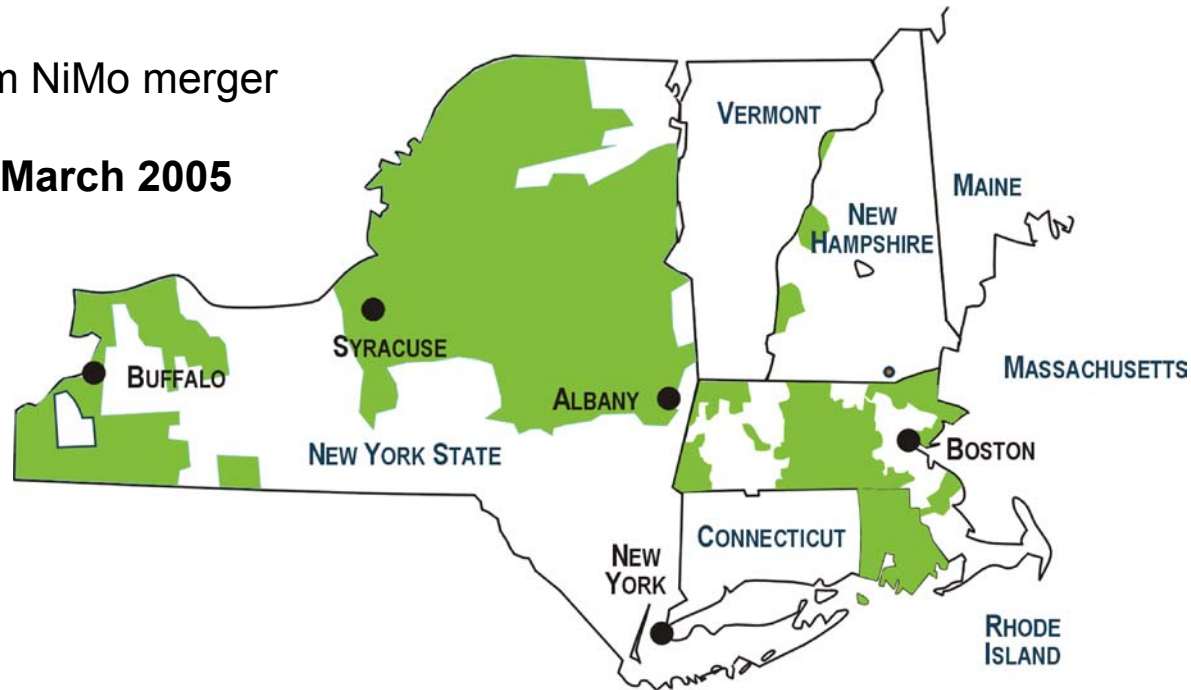


US Northeast Energy Delivery

Focus on energy delivery with...

- Long term incentive-based rate plans
- No commodity risk
- Target to reduce controllable costs by a further 20% by March 2005
- Delivering savings from NiMo merger

...to deliver 10.5% ROI by March 2005



US Transmission

Key features

- Fragmented industry
- Low levels of investment

Opportunities

- GridAmerica managing member
- Chance to replicate in PJM

Existing Assets

- New England & New York
- Facilitate competition through ITC

Total Shareholder Returns

Flotation to merger announcement:

- National Grid (floated Nov 1995) outperformed:
 - FT All-share by 140%
 - DJ Ind Average by 61%
- Lattice (demerged Oct 2000) outperformed:
 - FT All-share by 34%
 - DJ Ind Average by 21%

End April to 15 Oct 2002:

- National Grid / Lattice outperformed:
 - FT All-share by 20%
 - DJ Ind Average by 16%

(Source: Bloomberg)

Looking Ahead

- ◆ Continued management strength
- ◆ Continued cost reductions
- ◆ Solid regulatory frameworks
- ◆ Disciplined M&A approach
- ◆ Strong dividend growth

National Grid Transco