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Edison Electric Institute
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National Grid Transco

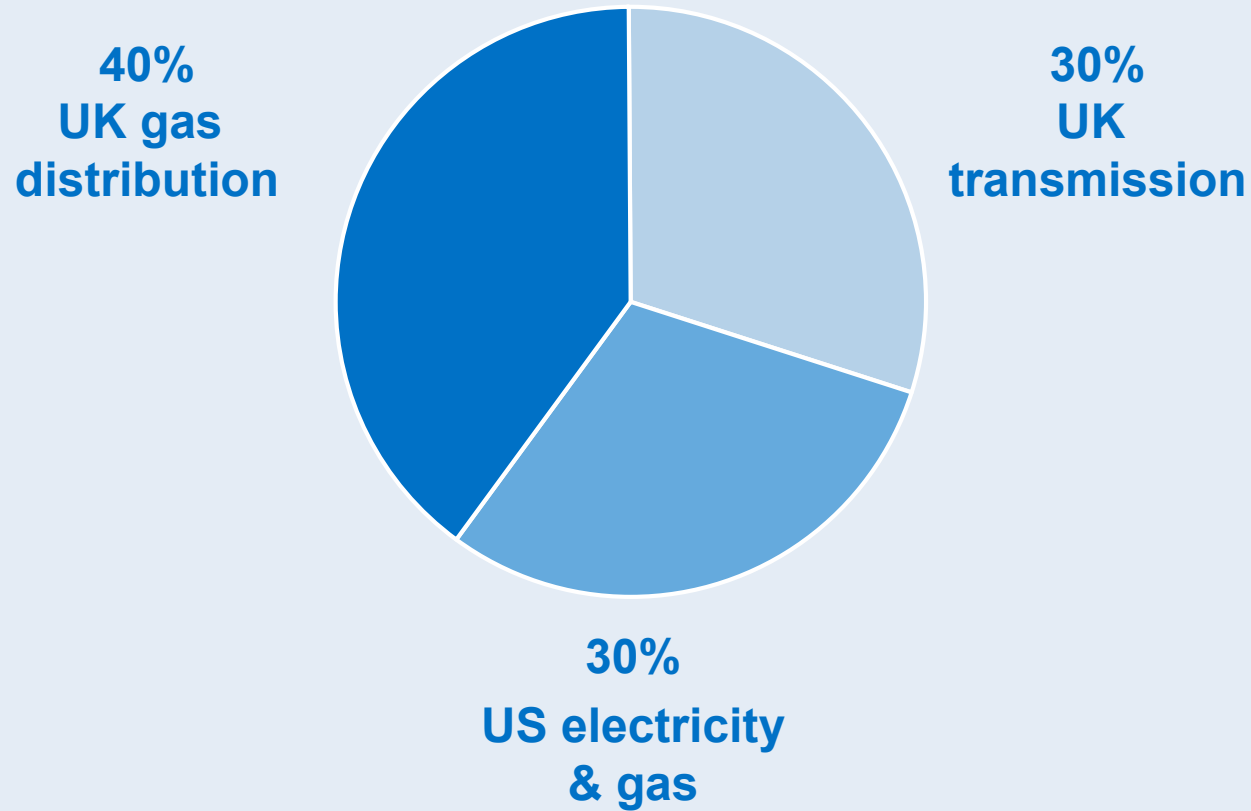
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National Grid Transco – distinctive utility group

- Aiming to deliver superior total shareholder returns
- Defensive, but with growth opportunities
- Focused on infrastructure management
 - no generation or trading
 - owning and operating energy delivery networks
 - innovative, performance-based regulatory settlements
 - world class cost and performance standards
- Actively managing the asset portfolio

Shape of the Group



EV of regulated businesses in excess of £25bn

Quality of earnings – supports progressive dividend

- Regulatory Stability - UK
- Regulatory Stability - US
- Earnings Growth
 - cost cutting in all businesses
 - UK RAB growing steadily
 - US residential delivery volumes continue to grow

15% nominal dividend increase recommended for 03/04
7% nominal increases targeted annually until 07/08

UK electricity & gas transmission

Stable regulation

- electricity price control extended by 1 year
- 5-year rolling retention of savings & extension of price control periods
- clear Ofgem statement of principles on pension deficit recovery

Integration of gas and electric businesses well advanced

- single management structure
- delivering synergies and operational benefits

Incentive schemes

- electricity and gas market management

Delivering premium returns

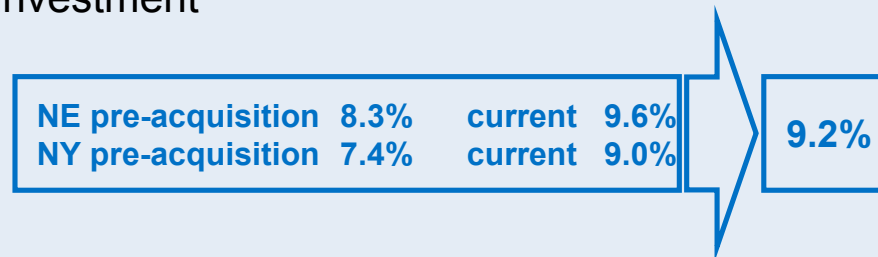
US transmission & distribution

Operations and Regulation

- ground-breaking, long-term (10 and 20 year) regulatory settlements
- most cost efficient utility in region
- integration savings on track to deliver 20% cost reduction by March 05
- new labour agreement in New England

Financials

- financing benefits - almost \$150m annualised to date
- improved return on investment



Delivering premium returns

UK gas distribution

- Opex outperformance and major share of merger savings
- Cost savings to be retained for 5 years
- Proposal to extend price control to 2008
- Organisational review - WayAhead programme

Delivering premium returns

WayAhead - objectives

- Even greater focus on performance
- Greater field force flexibility
- Fewer levels of management
- Consistent and rapid national deployment
- Ability to implement new technology fast

Way Ahead - benefits

- economies of scale
- eliminating duplicated functions
- release of property
- exploiting Quarterback

- organisational focus
- 'National' view of investment programme
- new contracting approach
- new IS & decision support tools

- single consistent operating model
- best practices
- 'National' view of asset base
- independent SHE & QA

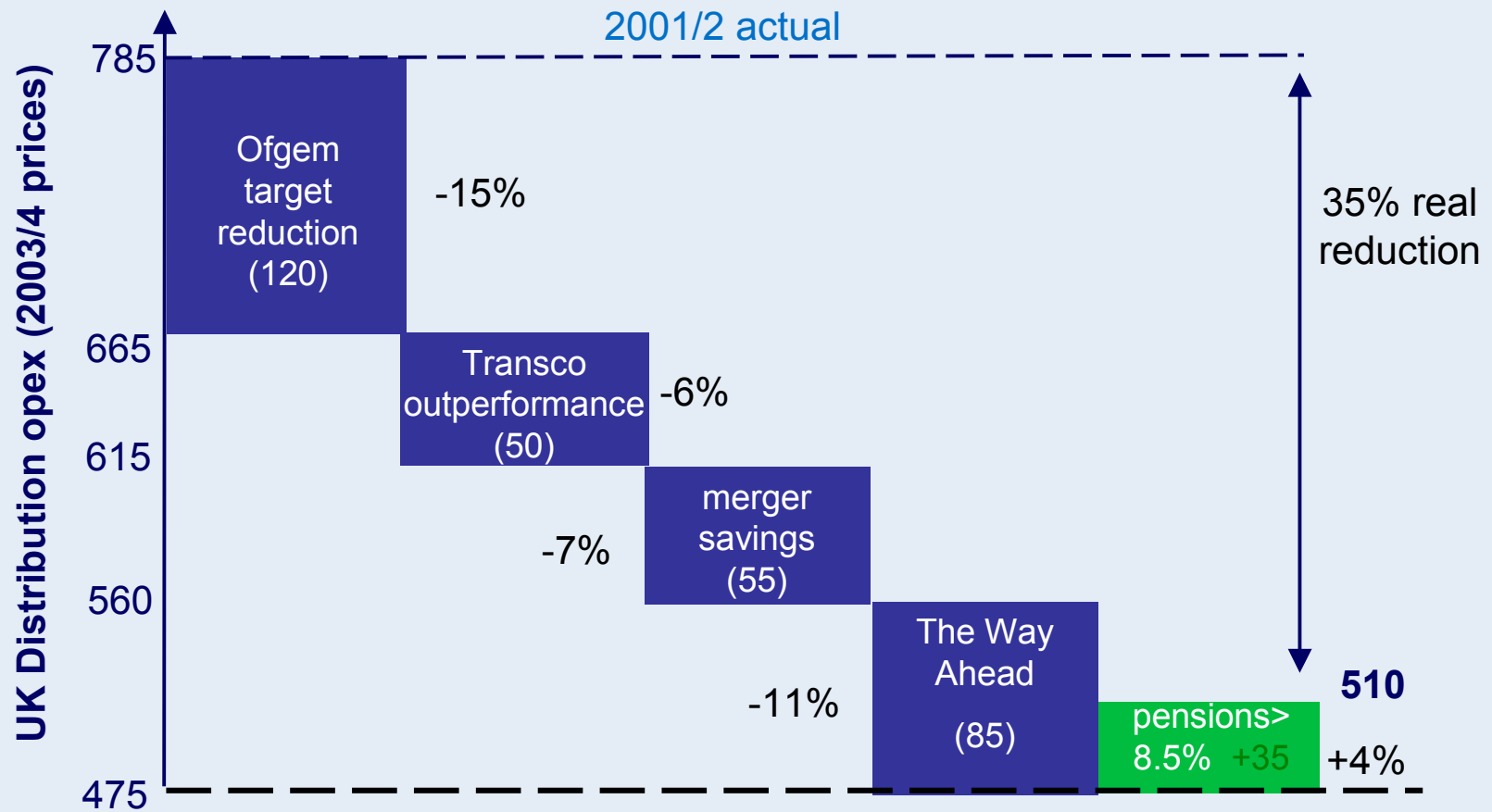
**reduced
controllable
opex**

**capex & repex
efficiencies**

**enhanced
operational
performance**

Delivering World Class Performance

35% opex reduction over price control



Potential disposal of gas networks

UK gas distribution a core business

- NGT intends to remain the UK's largest gas distributor
- hold values for networks not identical but all exceed RV

Indicative offers for five networks

- will not sell all five
- will only be sold if shareholder value maximised

Sales process

- sales announcement mid 2004
- completion end 2004



NGT Financial performance

Strong half year results

- PBT up 19%
- EPS up 23%

For the 6 months ended 30 September (£m)	2003	2002	change
Operating profit *	815	802	2%
Profit before tax *	405	339	19%
Earnings per share *	9.7p	7.9p	23%
Dividend per share	7.91p	6.86p	15%

* Excludes exceptional items and goodwill amortisation

Summary

- Significant earnings growth expected for full year
- Continued growth in existing portfolio
- Progressive dividend policy
- Focused on shareholder value

National Grid Transco