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Edison Electric Institute
International Utility Conference
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Cautionary statement

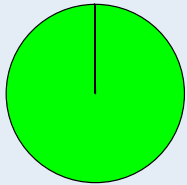
This material contains certain statements that are neither reported financial results nor other historical information. These statements are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Because these forward-looking statements are subject to assumptions, risks and uncertainties, actual future results may differ materially from those expressed in or implied by such statements. Many of these assumptions, risks and uncertainties relate to factors that are beyond National Grid Transco's ability to control or estimate precisely, such as delays in obtaining or adverse conditions contained in regulatory approvals, competition and industry restructuring, changes in economic conditions, currency fluctuations, changes in energy market prices, changes in historical weather patterns, changes in laws, regulations or regulatory policies, developments in legal or public policy doctrines, technological developments, the availability of new acquisition opportunities or the timing and success of future acquisition opportunities. Other factors that could cause actual results to differ materially from those described in this announcement include the ability to integrate Niagara Mohawk and Lattice Group plc successfully within National Grid Transco or to realise synergies from such integration or the failure to retain key management, unseasonal weather impacting on demand for electricity and gas, the behaviour of UK electricity market participants on system balancing, the timing of amendments in prices to shippers in the UK gas market, the performance of the Group's pension schemes and the regulatory treatment of pension costs. For a more detailed description of these assumptions, risks and uncertainties, together with any other risk factors please see National Grid Transco'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 20F). Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this announcement. 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 this announcement.

What's National Grid Transco about?

- Delivering defensive growth and maximising shareholder value
- Progressive transformation of the Group to realise new opportunities
- Focussed on owning and operating energy delivery networks
 - With no trading risk
- Negotiating innovative, performance-based regulatory settlements
- Management strength and depth to deliver against transparent value creation metrics
- Delivering strong cashflows, secure earnings and dividend

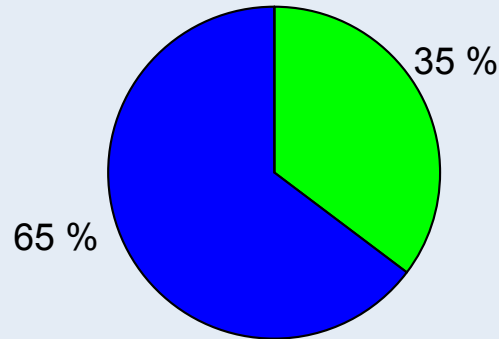
Progressive transformation of the Group

1990



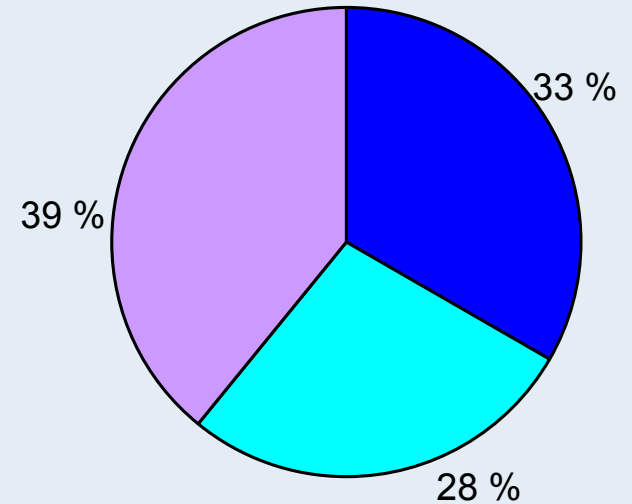
£4.9 Bn

2000-2001







£13.9 Bn

2002



£26.9 Bn

Key

-  UK electricity transmission
-  US electricity & gas
-  UK electricity & gas transmission
-  UK gas distribution

Innovative regulatory settlements

- Stable UK regulation
 - NGC - 5-yr price control (RPI - 1.5% until March 2006)
 - Transco - 5-yr price control (RPI - 2% until March 2007)
- Ground-breaking regulatory settlements in the US
 - 20-year performance-based rate settlements in Massachusetts and Rhode Island (from May 2000)
 - 10-year performance-based rate settlement in New York (from Feb 2002)
 - stable, negotiated rates with stakeholder support
 - opportunities to create further value through outperformance

Delivering value

Driving costs out

- US operation -
 - almost 20% reduction from acquisition to 2002
 - further 20% reduction by 2005
 - on track to exceed first-year integration target
- UK electric transmission operation -
 - > 55% reduction from from 1990 - 2001
 - further 30% reduction by 2006
- Transco on track to meet first year plan targets

National Grid/Lattice merger

- basis for further savings

New savings in excess of £100 million:

- Single corporate centre
- UK business service support and other rationalisations
- Combination of UK electricity and gas transmission
- New UK head office
- Financial synergies through combined debt book

Broadened Skill Base

- a world class set of skills

Management strength & depth across the Group

- UK gas distribution skills
 - sharing with the US gas operation
- US regulatory and integration skills
 - driving outperformance in the US
 - available for other opportunities
- UK electricity transmission skills
 - creating basis for GridAmerica

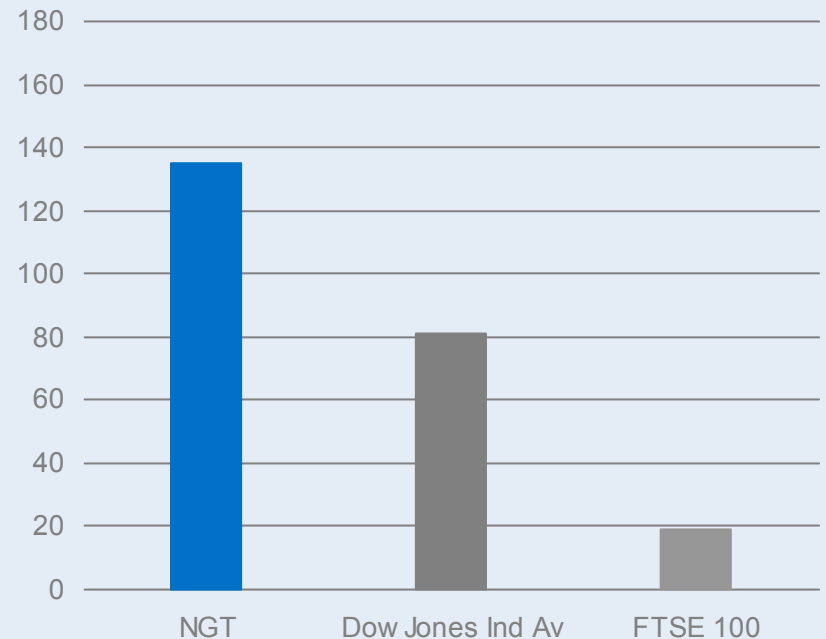
Current market issues

- Pensions -
 - Headline FRS 17 deficits are large, but limited economic impact
 - UK regulation - pension costs allowed at periodic price controls
 - New York regulation - full pass-through of pension costs
 - New England regulation - pension costs in cost of service with sharing over time
- US strategy -
 - strong platform already established
 - a desire to grow through acquisition, but no compulsion
- Getting the right valuation basis -
 - strong cashflows
 - appropriate adjustments for P&L - i.e. repex
- Reviewing UK gas distribution networks' structure and ownership

Clear focused strategy - immediate priorities

- Drive efficiency gains and merger savings
- Exploit breadth of Group and its portfolio
- Flexible and value-driven approach to the allocation of capital
 - Current buy back programme
- Progressive dividend policy

Total shareholder returns November 95 - January 03 (%)



Source: Bloomberg

National Grid Transco