

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 interest and tax rates, 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 contained in this material include the ability to integrate Niagara Mohawk and Lattice Group plc successfully within National Grid Transco or to realise synergies from such integrations, the failure for any reason to achieve reductions in costs or to achieve operational efficiencies, the failure to retain key management, unseasonable 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 National Grid Transco's pension schemes and the regulatory treatment of pension costs and the impact of any potential separation and disposal by National Grid Transco of any UK gas distribution network(s). 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). 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 their publication.

Steve Lucas

Group Finance Director

National Grid Transco

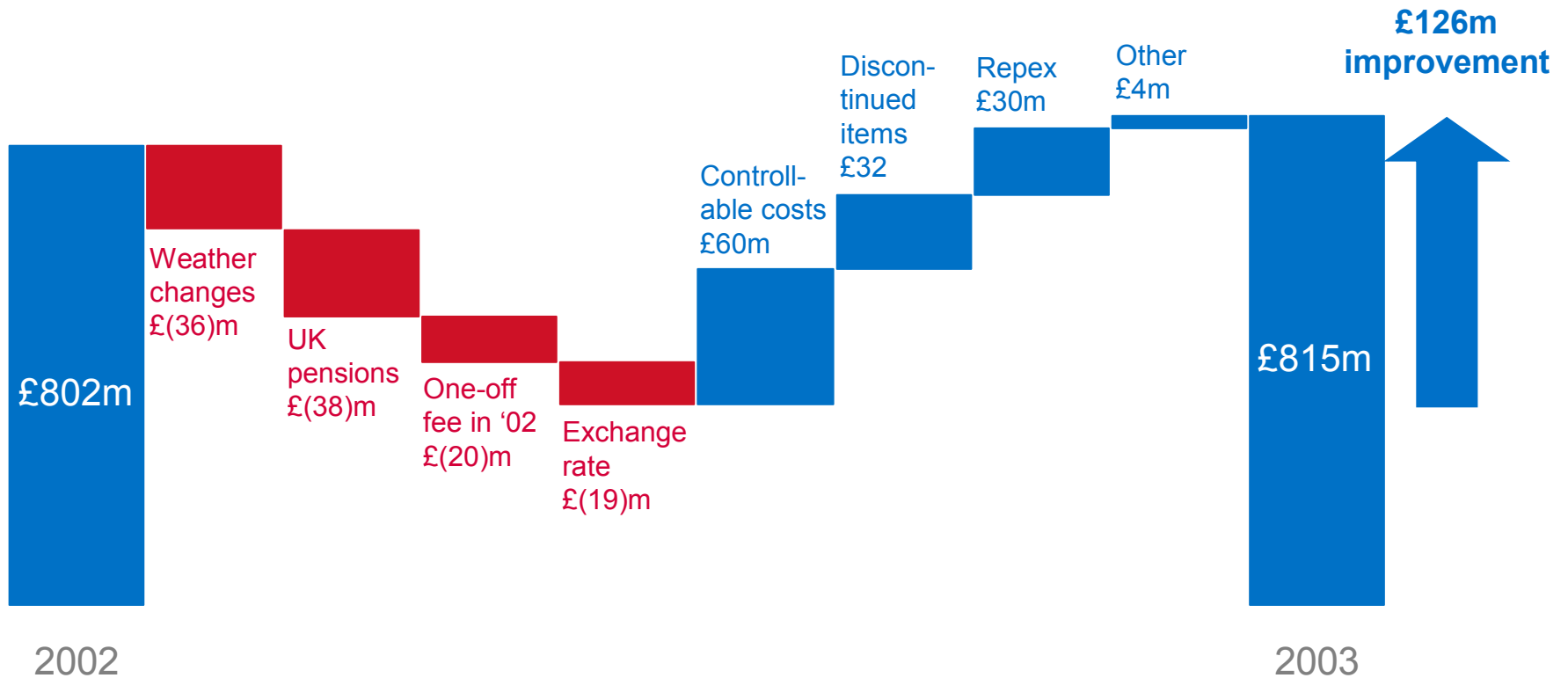
Business results

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

Operating profits

Efficiencies overcome adverse movements



Excludes exceptional items and goodwill amortisation

Segmental operating profits

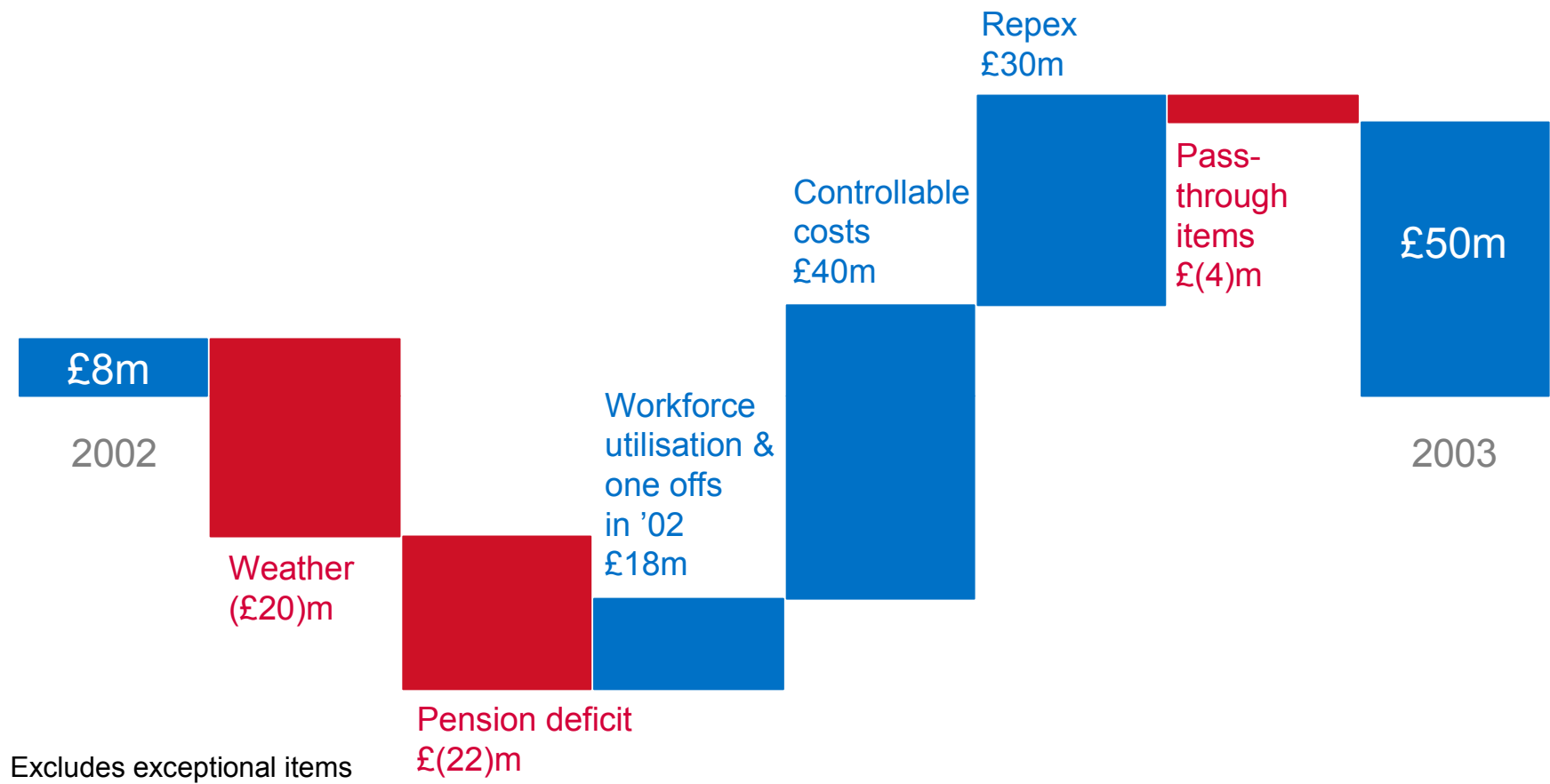
For the 6 months ended 30 September (£m)	2003	2002
UK gas distribution	50	8
UK electricity and gas transmission	387	396
US electricity transmission	70	74
US electricity distribution (including stranded costs)	214	261
US gas	7	8
Other activities	82	80
Joint ventures (continuing)	5	7
Discontinued operations (inc JVs)	-	(32)
Total	815	802

Excludes exceptional items and goodwill amortisation

Repex accounting

- NGT accounts
 - 100% allocated to operating costs
 - £405m in full year 02/03, £186m in 1H 03/04
 - Full tax deduction in current year
- Regulated income (Ofgem treatment) assumes
 - 50% allowed in operating costs
 - 50% treated as capex (providing return over 45-65 year asset life)
- Earnings impact
 - Exclusion of 50% of repex from costs, increases after tax half year earnings by 2.1p

UK gas distribution operating profit



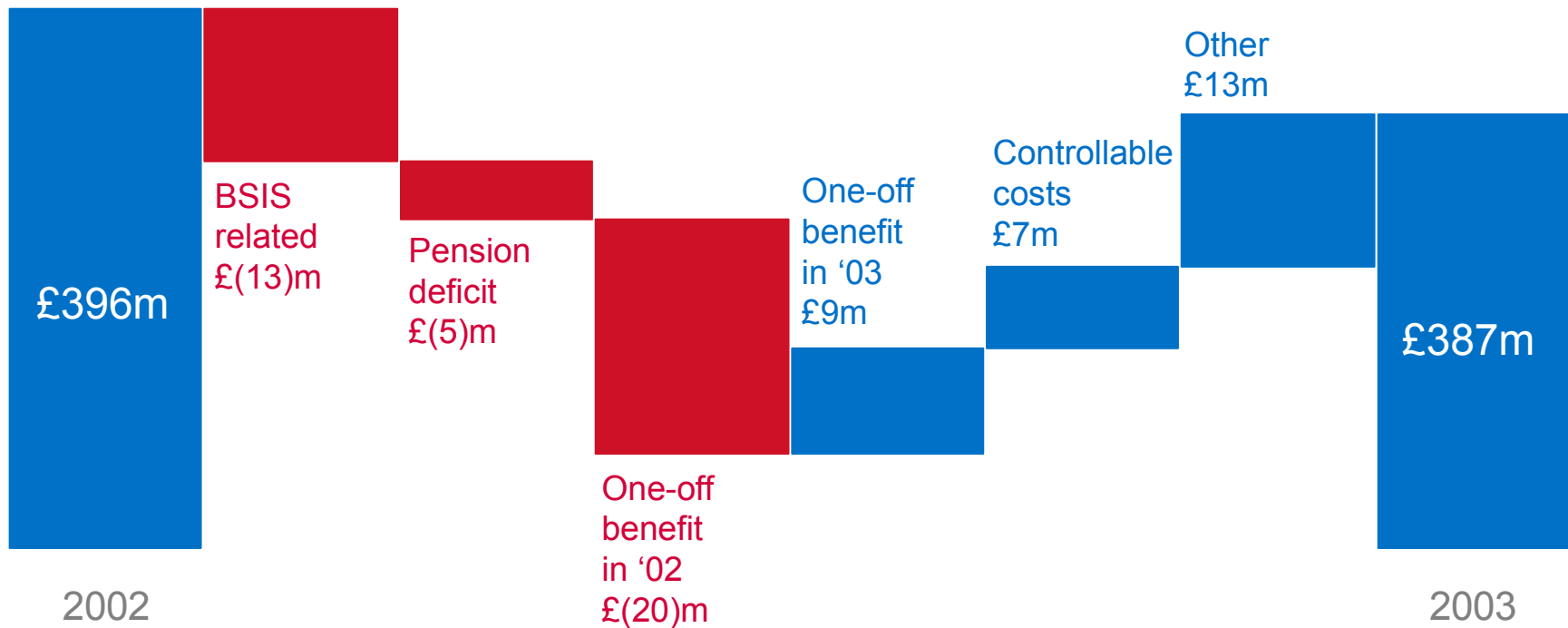
UK gas distribution

For the 6 months ended 30 September (£m)	2003	2002
External turnover	726	737
Replacement expenditure	(186)	(216)
Controllable opex	(314)	(354)
Depreciation / releases of capital contributions	(83)	(82)
Other operating costs*	(93)	(77)
Operating profit	50	8

* Includes rates, License fee

Excludes exceptional items

UK electricity & gas transmission



Excludes exceptional items and goodwill amortisation

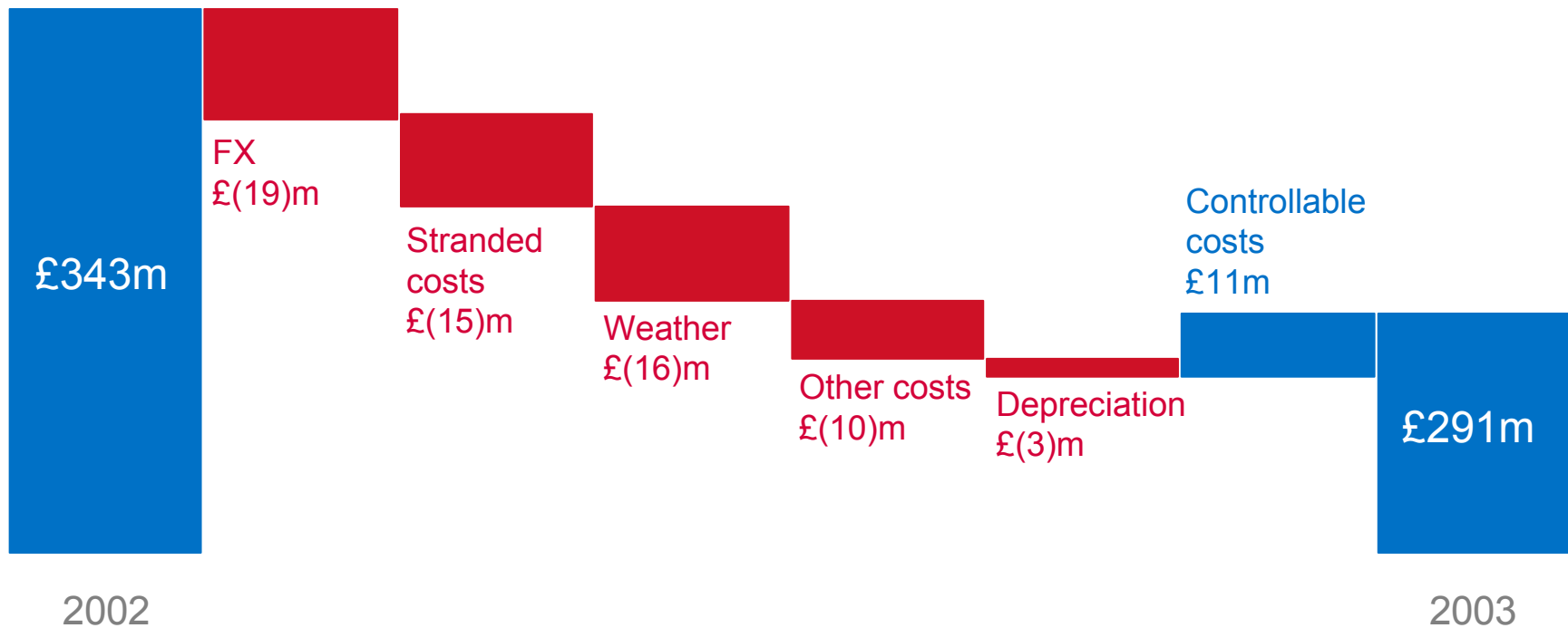
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UK electricity & gas transmission

For the 6 months ended 30 September (£m)	2003	2002
Electricity Transmission Owner	251	254
Electricity System Operator	18	29
Other electricity	(1)	1
Sub-total – UK electricity	268	284
Gas Transmission Owner	79	122
Gas System Operator	40	(10)
Sub-total – UK gas transmission	119	112
Total UK electricity and gas transmission	387	396

Excludes exceptional items

US transmission & distribution



Excludes exceptional items and goodwill amortisation

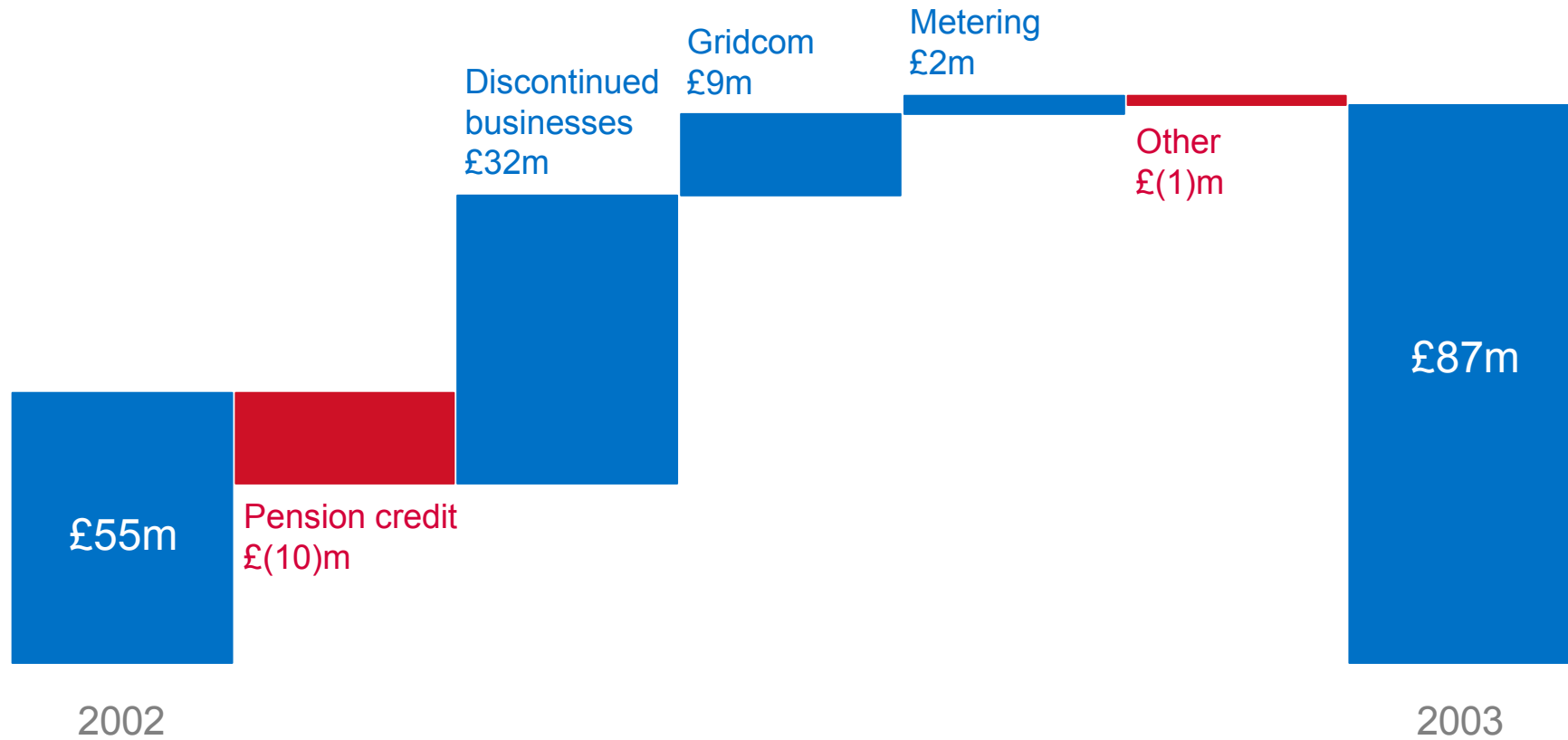
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US transmission & distribution

Operating profit for the 6 months ended 30 September (£m)	2003	2002
Electricity distribution	156	180
Stranded costs and generation	58	81
Sub total – Electricity distribution	214	261
Gas distribution	7	8
Sub total – US distribution businesses	221	269
Transmission	63	66
Interconnectors	7	8
Sub total – US transmission	70	74
Total US transmission & distribution	291	343

Excludes JVs, exceptional items and goodwill amortisation

Other activities



Excludes exceptional items and goodwill amortisation

Other activities

	Operating profit / (loss)	
For the 6 months ended 30 September (£m)	2003	2002
Metering	57	55
Gridcom UK & US	2	(7)
Scottish & French interconnectors	14	10
Other continuing operations including share of JVs	14	19
	87	77
Discontinued operations including share of JVs	-	(32)
Pension credit	-	10
Total	87	55

Excludes exceptional items and goodwill amortisation

Exceptional items

For the 6 months ended 30 September (£m)	2003
Restructuring costs	(150)
Profit on disposal of tangible fixed assets and businesses	20
Redemption of EPIC bond	226
Total gain – pre tax	96
Exceptional tax benefit	54
Total net post tax exceptional gain	150

Capital and replacement expenditure

For the 6 months ended 30 September (£m)

	2003	2002
UK electricity transmission	163	159
UK gas transmission	88	99
UK electricity and gas transmission	251	258
UK gas distribution	153	187
US electricity transmission	23	20
US electricity distribution	104	99
US gas	33	16
Other businesses (includes £57m Basslink, £27m Grain LNG)	159	72
Sub total	723	652
Discontinued (Leasing Group and 186k)	-	100
Total capital expenditure	723	752
UK gas distribution replacement expenditure (Repex)	186	216

Movements in debt

	£m
Net debt at 31 March 2003	(13,878)
Operating profit	815
Depreciation and amortisation (excluding goodwill)	483
Working capital	(254)
Movements in provisions	(107)
Interest & tax	(325)
Capex*	(752)
Cash exceptional charges	(121)
Other	41
Redemption of EPIC bond	243
Dividends	(317)
Impact of movement of US dollar against UK pound	251
Net debt at 30 September 2003	(13,921)

* Difference from balance sheet capex due principally to movements in capital creditors

Interest

For the 6 months ended 30 September	2003	2002
Net interest	£410m	£463m
EBIT interest cover	2.0	1.7
FFO cover	2.9	2.9

Excludes exceptional items and goodwill amortisation

Pensions

Actuarial valuation carried out for Lattice pension scheme

- Funding valuation – cash impact
 - Ongoing cost ~22% of £350m payroll
 - £615m post tax deficit, funded over 12 years
 - Annual reviews agreed
- SSAP 24 calculation – for accounts
 - Ongoing cost ~23% of £350m payroll
 - £365m post tax deficit, spread over 14 years
 - Additional pretax cost for period: £32m, including £15m of interest
- Positive statements from Ofgem on regulatory position

Pensions data – SSAP24 & cash for half year

	NGC £m	Lattice £m	US pensions & benefits £m	NGT total £m
Regular cost	4	41	14	59
Spread of deficit	-	17	7	24
Total operating costs	4	58	21	83
Interest	-	15	13	28
Total	4	73	34	111
Cash contributions	4	15	165*	184

* Includes payment of \$155m under terms of settlement with NYPSC

Pensions data – FRS17 position

	NGC £m	Lattice £m	US £m	NGT total £m
At 31 March 2003				
Market value of assets	967	10,131	1,390	12,488
Present value of liabilities	(1,400)	(11,869)	(2,620)	(15,889)
Deficit (pre tax)	(433)	(1,738)	(1,230)	(3,401)
Deferred tax	130	521	488	1,139
Deficit net of deferred tax	(303)	(1,217)	(742)	(2,262)
Discount rates – March 2003	5.4	5.4	6.3	
At 31 October 2003				
Market value of assets	1,072	10,861	1,625	13,558
Present value of liabilities	(1,431)	(11,845)	(2,572)	(15,848)
Deficit (pre tax)	(359)	(984)	(947)	(2,290)
Deferred tax	108	295	375	778
Deficit net of deferred tax	(251)	(689)	(572)	(1,512)
Discount rates – October 2003	5.5	5.5	6.3	

Tax, earnings & dividend

For the 6 months ended 30 September	2003	2002
Effective tax rate*	25%	27%
EPS		
Basic	13.0p	(2.8)p
Basic, excluding exceptional items and goodwill amortisation	9.7p	7.9p
DPS – ordinary	7.91p	6.86p

* Expressed as a % of pre exceptional and pre goodwill profits

Roger Urwin

Group Chief Executive

National Grid Transco

Our strategy

**To be the world leader in running
energy delivery networks**

Earnings enhanced by cost cutting programmes

- US - 20% real reduction by 2005
- £135 million merger savings
- UK transmission on track
- UK distribution ahead of plan and more savings to come

Quality of earnings enhanced by regulatory stability

- 5-year rolling retention of savings
- Alignment of electricity and gas transmission price controls in 2007
- Proposed rollover of gas distribution price control to 2008
- Clear statement of principles on pension deficit recovery

Earnings growth supports dividend

- Cost cutting in all businesses
- US residential delivery volumes growing at 2%
- UK RAB growing steadily
- Non-regulated profits rising

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

Power outages

- US outage
 - Power restored rapidly in our service territory
 - Equipment and systems operated correctly
 - More dedicated transmission management
- London outage
 - Power restored after 37 minutes
 - Wrongly installed relay - one in 41,000
 - Actions taken to avoid repeat

UK electricity transmission network amongst most reliable in the world

Transmission

UK

- Gas / electricity integration progressing well
- Electricity Network Operations Centre established in Warwick
- Gas Control Centre under construction at Warwick

US

- Northeast RTO - FERC filing submitted
- GridAmerica operational from 1 October 2003
- Energy Bill positive

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US distribution

- 340 early retirements agreed
- Over 500 further offers made in New England
- Mike Jesanis to succeed Rick Sergel

Non-regulated businesses

- Portfolio rationalised
- Gridcom becomes EBIT positive
- Isle of Grain LNG terminal and Basslink deliver profits in 05/06

UK distribution

- Costs close to Ofgem 2007 target
- New cost cutting target of 35% in 5 years to 2007
- RAB increasing

LDZ sales process to commence

- Will only sell to maximise shareholder value
- Welcome Ofgem's commitment
- Strong interest from buyers
- Will retain a large core UK gas distribution business

Our aim

To be the investors' utility of choice