

## International Financial Reporting Standards

### Overview

All companies listed on a European Union stock exchange are required to adopt International Financial Reporting Standards (IFRS) as published by the International Accounting Standards Board and endorsed by the European Commission. We are required to adopt IFRS in our next consolidated financial statements, for the financial year commencing on 1 April 2005.

The Group commenced a programme of work in 2003, to enable a smooth transition to IFRS. This involved examining all implementation aspects, including changes to accounting policies, systems impacts, staff training, restatement of comparative periods, assessment of IFRS accounting developments and related business issues arising from the conversion to IFRS. This work is almost completed and remains on course to meet the requirements of the publication of full IFRS financial statements for 2005/06.

### Unaudited impact of adopting IFRS

The adoption of IFRS will have a significant impact on the Group's reported financial results, initially leading to higher reported operating profit, profit before tax, profit for the year and earnings per share together with higher reported net assets. The unaudited tables below show the impact that the adoption of IFRS would have, compared with the equivalent UK GAAP measures of operating profit, profit before tax, profit for the year and earnings per share for 2004/05, together with a reconciliation from UK GAAP to IFRS for net assets as at 31 March 2005. The impact on adjusted operating profit, adjusted profit before tax, adjusted profit for the year and adjusted earnings per share is also shown.

#### Unaudited reconciliation of operating profit from UK GAAP to IFRS

For the year ended 31 March 2005	Adjusted operating profit £m	Goodwill amortisation and exceptional items £m	Operating profit £m
UK GAAP	2,212	(360)	1,852
IFRS adjustments:			
Replacement expenditure	336	–	336
Regulatory assets	269	(60)	209
Pensions and other post-retirement benefits	6	15	21
Goodwill amortisation	–	109	109
Profits on disposal of properties	62	–	62
Reclassification of share of joint ventures	(7)	–	(7)
Other	(12)	–	(12)
<b>IFRS</b>	<b>2,866</b>	<b>(296)</b>	<b>2,570</b>

#### Unaudited reconciliation of profit before tax from UK GAAP to IFRS

For the year ended 31 March 2005	Adjusted profit before tax £m	Goodwill amortisation and exceptional items £m	Profit before tax £m
UK GAAP	1,429	(277)	1,152
IFRS adjustments:			
Replacement expenditure	336	–	336
Regulatory assets	306	(60)	246
Pensions and other post-retirement benefits	42	15	57
Goodwill amortisation	–	109	109
Profits on disposal of properties	62	(62)	–
Reclassification of share of joint ventures	(2)	–	(2)
Other	(18)	–	(18)
<b>IFRS</b>	<b>2,155</b>	<b>(275)</b>	<b>1,880</b>

#### Unaudited reconciliation of profit for the year from UK GAAP to IFRS

For the year ended 31 March 2005	Adjusted profit for the year £m	Goodwill amortisation and exceptional items £m	Profit for the year £m
UK GAAP	1,106	(198)	908
IFRS adjustments:			
Replacement expenditure	236	–	236
Regulatory assets	187	(36)	151
Pensions and other post-retirement benefits	31	10	41
Goodwill amortisation	–	109	109
Deferred taxation	(11)	–	(11)
Profits on disposal of properties	62	(62)	–
Other	(10)	–	(10)
<b>IFRS (net income)</b>	<b>1,601</b>	<b>(177)</b>	<b>1,424</b>

#### Unaudited reconciliation of earnings per share from UK GAAP to IFRS

For the year ended 31 March 2005	Adjusted earnings per share pence	Goodwill amortisation and exceptional items pence	Earnings per share pence
UK GAAP	35.9	(6.4)	29.5
IFRS adjustments:			
Replacement expenditure	7.7	–	7.7
Regulatory assets	6.0	(1.1)	4.9
Pensions and other post-retirement benefits	1.0	0.3	1.3
Goodwill amortisation	–	3.5	3.5
Deferred taxation	(0.4)	–	(0.4)
Profits on disposal of properties	2.0	(2.0)	–
Other	(0.3)	–	(0.3)
<b>IFRS</b>	<b>51.9</b>	<b>(5.7)</b>	<b>46.2</b>

#### Unaudited reconciliation of net assets from UK GAAP to IFRS

As at 31 March 2005	Net assets £m
UK GAAP	1,391
IFRS adjustments:	
Replacement expenditure	4,305
Regulatory assets	(2,663)
Pensions and other post-retirement benefits	(1,741)
Intangible assets other than goodwill	182
Goodwill	18
Deferred taxation	179
Proposed final dividend	469
Non-equity minority interests	(22)
Other	(23)
<b>IFRS</b>	<b>2,095</b>

The adjustments to net assets are measurement adjustments only. This reconciliation is not intended to represent adjustments relating to balance sheet reclassifications that do not affect net assets, but will arise as a result of conversion to IFRS.

### Basis of preparation

IFRS is subject to interpretation by the International Financial Reporting Interpretations Committee. Further standards may be issued that need to be adopted for financial years beginning on or after 1 April 2005. Also, the number of new and revised standards within IFRS means that there is not yet a significant established practice from which to draw conclusions on the application and interpretation of IFRS.

In addition, at 31 March 2005, the planned sales of four of our gas distribution networks did not meet the criteria to be treated as discontinued operations under IFRS. As a consequence, the results of those networks are included within IFRS operating profit, profit before tax, profit for the year (net income) and earnings per share without being separately identified as discontinued.

When the Group's results for the year ending 31 March 2006 are published, the comparatives (for the year ended 31 March 2005) will need to be re-presented on the basis that the operations of the networks that are to be sold will by then have become discontinued. As a consequence, the Group's results and financial position as at 31 March 2005, reported next year, will differ from the unaudited IFRS results and financial position shown in the tables on page 80.

The following notes explain the primary adjustments arising from the conversion to IFRS.

#### Replacement expenditure (repex)

This represents the cost of planned maintenance on gas mains and services assets, the vast majority of which relate to the Group's UK Gas Distribution business. Under UK GAAP, repex is written off to the profit and loss account as incurred. Under IFRS, it is capitalised and depreciated over its useful life.

#### Regulatory assets

These assets arise when a US-based public utility, authorised by its regulator, defers to its balance sheet certain costs or revenues which would otherwise be charged or credited to the income statement. These assets are currently recognised in the balance sheet under UK GAAP. Under IFRS, regulatory assets are not permitted to be recognised in the balance sheet. Instead, costs are charged to the income statement when incurred and recoveries from customers are recognised when receivable.

#### Pensions and other post-retirement benefits

Under UK GAAP, the Group's pensions and post-retirement benefits are accounted for under SSAP 24. Under IFRS, these benefits are accounted for under IAS 19. This results in the Group recognising all of its net pension and other post-retirement benefit obligations in the balance sheet at 1 April 2004 with a corresponding adjustment to opening reserves. There are also differences in the measurement of the annual pension expense under IAS 19 compared with SSAP 24.

#### Intangible assets other than goodwill

In a business combination IFRS requires fair values to be attributed to intangible assets that are not recognised under UK GAAP together with associated deferred tax balances. A corresponding reduction in goodwill arises as a consequence. The acquisition of the UK operations of Crown Castle International Corp. in 2004/05 resulted in the recognition under IFRS of certain intangibles, amounting to £188 million at the date of acquisition, which are being amortised on a straight-line basis on periods ranging from 10 to 25 years. In accordance with IFRS 1, the Group has not restated any business combinations that occurred prior to 31 March 2004.

#### Goodwill

The goodwill recorded in the accounts as at 31 March 2005 primarily arose from the acquisition of our US businesses and from the acquisition of the UK operations of Crown Castle International Corp. Under UK GAAP, goodwill is amortised over 20 years. Under IFRS, we are no longer required to amortise goodwill, however, it must be reviewed for impairment on an annual basis. This adjustment affects operating profit, profit before tax, profit for the year and earnings per share, but does not affect adjusted operating profit, adjusted profit before tax, adjusted profit for the year or adjusted earnings per share as goodwill amortisation is excluded from adjusted profit measures under UK GAAP.

#### Profit on disposal of properties

Under UK GAAP, certain items must be shown below operating profit within exceptional items on the face of the profit and loss account, in particular material gains and losses on the disposal of fixed assets. Gains and losses on disposal of properties held by SecondSite Property, our property management business, will be included within both adjusted operating profit and operating profit under IFRS, as these are considered to be part of the normal recurring operating activities of the Group.

#### Deferred taxation

Most of the IFRS adjustments give rise to temporary differences (differences between the tax base and the book value of assets and liabilities). Deferred taxation is provided in respect of these temporary differences in accordance with IAS 12. This is different to the timing differences method used under UK GAAP.

#### Proposed final dividend

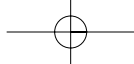
Under UK GAAP, final ordinary dividends are recorded as a liability in the year in respect of which they are proposed by the Board of Directors for approval by the shareholders. Under IFRS, dividends are not provided until declared.

#### Non-equity minority interests

Under UK GAAP, non-equity minority interests are shown separately from shareholders' equity within capital and reserves. Under IFRS this amount is included within liabilities, resulting in lower net assets.

#### Financial instruments

The unaudited adjustments reconciling UK GAAP and IFRS as at 31 March 2005 shown on page 80 do not reflect the impact of IAS 39, which is being adopted by the Group with effect from 1 April 2005.



## Independent Verifier's Report on Operating Responsibly

### Assurance statement

URS Verification Ltd (URSVL) has been commissioned by National Grid Transco to provide independent assurance of the corporate responsibility elements of its Annual Report & Accounts and Annual Review 2004/05 ('the reports') and the website ([www.ngtgroup.com/responsibility](http://www.ngtgroup.com/responsibility)). This statement covers the reports; a further statement that covers the information on the website will be provided when the website is updated.

### Responsibilities of Directors and Verifier

The information contained in the reports is the sole responsibility of the Directors of National Grid Transco. This assurance statement represents the independent opinion of URSVL in relation to the reports. URSVL has not been involved in the development of the reports or associated systems. URSVL receives approximately 10% of its income from National Grid Transco.

URSVL has carried out its services by checking samples of information and documents that have been made available to URSVL by National Grid Transco. Accordingly, URSVL has not checked or reviewed all of National Grid Transco's information and documents. This assurance statement is not intended to be used as advice or as the basis for any decisions, including, without limitation, financial or investment decisions.

### Method

URSVL has performed this assurance process following the principles of the AA1000 assurance standard. URSVL auditors also apply the general principles of auditing and audit procedures as contained within international standard, ISO 19011. We also consider ISO/IEC Guide 66 and International Accreditation Forum (IAF) Guidance to this document (IAF GD 6:2003), frameworks for bodies operating independent assessment and certification of management systems.

The assurance process included:

- interviews with 38 key National Grid Transco personnel at both Group level and within the most significant business operations in the UK and US;
- interviews with two of the non-regulated businesses, Crown Castle UK and Basslink; and
- review of the changes in data processes with particular focus on accidents and environmental incidents.

### Opinion

We continue to be impressed with the level of engagement of all members of the executive and senior management team. National Grid Transco has achieved a significant improvement in safety performance, which reflects the top priority that safety is given throughout the Group. Governance has further improved through enhancements in the operation of the Risk & Responsibility Committee and by the formation of a Social Policy Committee to develop the Group's community investment policy and framework. An Inclusion and Diversity strategy has been developed and a Health strategy is planned, the results of which, when rolled out, should improve workplace performance.

In relation to recommendations made by URSVL last year, the Group has:

- developed further its systems and procedures; these now need to be implemented in all areas including business development and supply chain management;
- improved internal communication; as the Group continues to develop, harmonising corporate cultures remains important;

- planned how to manage and communicate its response to stakeholders on issues;
- communicated trends in its performance against previous years, which demonstrates continual improvement; and
- included in the reports the key challenges faced by the Group during the year.

### Materiality

National Grid Transco has an established process to identify and manage risks, and continues to integrate this process into the business. There is evidence that the process is providing benefits at an operational level. In URSVL's opinion, the report covers the material risks and issues to the business for the reporting year. However, there is no formal process to identify issues that are not material but should be disclosed.

### Completeness

Information within the reports is generally accurate and representative of performance. Data collection processes and systems continue to be reviewed and improved across the organisation.

URSVL considers that the reports provide a fair and balanced account of National Grid Transco's activities and performance for the reporting year. Reporting on objectives, targets and future challenges would help to communicate the Group's current position, against which its progress could be assessed.

### Responsiveness

The Group engages with a range of stakeholders. However there is not a coordinated approach to identifying and engaging with the Group's various stakeholder groups and ensuring the Group responds appropriately. URSVL was encouraged by National Grid Transco's response to the employees' survey feedback, its recognition of issues raised and the implementation of actions to address these.

### Recommendations

To build further on the progress made in developing and integrating its strategy, systems and reporting, National Grid Transco should consider:

- monitoring its progress on health, inclusion and diversity, and community investment policy, as these strategies and initiatives are rolled out;
- continuing to improve sharing of information and developments through internal communication;
- developing a more formal process for determining which risks and issues are disclosed;
- discussing how the Group's activities translate into impacts on the environment and society, to assist stakeholders' understanding of its performance; and
- communicating objectives, targets and future challenges to increase transparency of the Group's performance achievements and expectations.

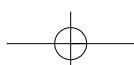
### Belinda Howell

Director

For and on behalf of URS Verification Ltd

London

May 2005



## Glossary of Terms

### Term used in Annual Report

Accounts  
 Acquisition accounting  
 Allotted  
 Associate  
 Borrowings  
 Called up share capital  
 Capital allowances  
 Creditors  
 Debtors  
 Equity shareholders' funds  
 Finance lease  
 Financial year  
 Fixed asset investments  
 Freehold  
 Freehold land  
 Group accounts  
 Interest payable  
 Interest receivable  
 Joint venture  
 Merger accounting  
 Net asset value  
 Operating profit  
 Pension scheme  
 Profit  
 Profit and loss account  
 Profit and loss account reserve  
 Profit for the year  
 Provision for doubtful debts  
 Provisions  
 Reconciliation of movements in shareholders' funds  
 Reserves  
 Share capital  
 Share premium account

Stocks  
 Tangible fixed assets  
 Turnover

### US equivalent or brief description

Financial statements  
 Purchase accounting  
 Issued  
 Equity investment  
 Debt  
 Common stock issued and fully paid  
 Tax depreciation allowances  
 Accounts payable  
 Accounts receivable  
 Shareholders' equity  
 Capital lease  
 Fiscal year  
 Non-current investments  
 Ownership with absolute rights in perpetuity  
 Land owned  
 Consolidated financial statements  
 Interest expense  
 Interest income  
 Equity investment  
 Pooling of interests  
 Book value  
 Net operating income  
 Pension plan  
 Income (or earnings)  
 Income statement  
 Retained earnings  
 Net income  
 Allowance for bad and doubtful accounts receivable  
 Long-term liabilities other than debt and specific accounts payable  
 Statement of changes in stockholders' equity  
 Stockholders' equity other than common stock  
 Ordinary shares, capital stock or common stock issued and fully paid  
 Additional paid-in capital relating to proceeds of sale of stock in excess of par value or paid-in surplus (not distributable)  
 Inventories  
 Property, plant and equipment  
 Revenues

## Definitions

References in the Annual Report and Accounts to the 'Company', the 'Group', 'we', 'our' and 'us' refer to National Grid Transco and its subsidiaries.

### American Depository Shares, or ADSs

Securities of National Grid Transco listed on the New York Stock Exchange, each of which represents the right to receive five ordinary shares.

### Corporate Centre

Core Group functions operating from the Group's head office.

### Crown Castle UK

The Group's UK wireless infrastructure business.

### EMFs

The electric and magnetic fields produced by all electrical equipment and appliances.

### FAS

US Financial Accounting Standard.

### FERC

US Federal Energy Regulatory Commission.

### FRS

UK Financial Reporting Standard.

### GAAP

Generally accepted accounting principles.

### GW

Gigawatt,  $10^9$  watts.

### GWh

Gigawatt hours.

### HSE

Health and Safety Executive.

### kV

Kilovolt,  $10^3$  volts.

### kW

Kilowatt,  $10^3$  watts.

### kWh

Kilowatt hours.

### LTI

Lost Time Injury. A work-related injury that causes a person to be away from work for at least one normal shift after the shift on which the injury occurs, because the person is unfit to perform his or her duties.

### mcm

Million cubic metres.

### Merger

The merger of Lattice Group plc and National Grid Group plc which became effective on 21 October 2002.

### MW

Megawatt,  $10^6$  watts.

### MWh

Megawatt hours.

### National Grid Transco

National Grid Transco plc.

### Niagara Mohawk

Niagara Mohawk Power Corporation.

### NTS or National Transmission System

The gas national transmission system owned and operated by the Group.

### Ofcom

The Office of Communications.

### Ofgem

The Office of Gas and Electricity Markets.

### ordinary shares

Ordinary shares of 10 pence each in the capital of National Grid Transco.

### SEC

US Securities and Exchange Commission.

### tonnes CO<sub>2</sub> equivalent

Measure of greenhouse gas emissions in relation to the impact of carbon dioxide.

### TW

Terawatt,  $10^{12}$  watts.

### TWh

Terawatt hours.

## Summary Group Financial Information

### Financial summary (unaudited)

The financial summary set out below has been derived from the audited consolidated accounts of National Grid Transco for the five financial years ended 31 March 2005. It should be read in conjunction with the Group accounts and related notes, together with the Operating and Financial Review. The profit and loss accounts and balance sheets for 2001 to 2004 have been restated for the impact of FRS 20. At 31 March 2002, net income for US GAAP includes the FAS 133 transitional adjustment of £14m.

	31 March 2005 £m	31 March 2004 (restated) £m	31 March 2003 (restated) £m	31 March 2002 (restated) £m	31 March 2001 (restated) £m
<b>Summary profit and loss account</b>					
<b>Group turnover</b>	<b>8,521</b>	9,033	9,400	7,554	6,891
Operating costs	<b>(6,676)</b>	(7,203)	(7,828)	(6,513)	(5,184)
Operating profit of Group undertakings	<b>1,845</b>	1,830	1,572	1,041	1,707
Share of joint ventures' and associate's operating profit/(loss)	<b>7</b>	7	124	(701)	(105)
<b>Operating profit</b>	<b>1,852</b>	1,837	1,696	340	1,602
– Before exceptional items and goodwill amortisation	<b>2,212</b>	2,213	2,148	1,764	1,775
– Exceptional items	<b>(251)</b>	(277)	(350)	(1,327)	(88)
– Goodwill amortisation	<b>(109)</b>	(99)	(102)	(97)	(85)
Non-operating exceptional items	<b>83</b>	322	(99)	156	306
Net interest	<b>(783)</b>	(822)	(939)	(657)	(635)
– Excluding exceptional items	<b>–</b>	–	(31)	(142)	–
– Exceptional items	<b>–</b>	–	(31)	(142)	–
<b>Profit/(loss) on ordinary activities before taxation</b>	<b>1,152</b>	1,337	627	(303)	1,273
Tax on profit on ordinary activities – excluding exceptional items	<b>(324)</b>	(350)	(373)	(251)	(390)
Tax on profit on ordinary activities – exceptional items	<b>79</b>	89	128	166	243
<b>Profit/(loss) on ordinary activities after taxation</b>	<b>907</b>	1,076	382	(388)	1,126
Minority interests including exceptional items	<b>1</b>	(2)	(31)	48	(7)
<b>Profit/(loss) for the year</b>	<b>908</b>	1,074	351	(340)	1,119
<b>Summary statement of net assets</b>					
Fixed assets	<b>19,897</b>	18,394	18,954	19,582	15,670
Current assets	<b>4,814</b>	5,003	5,950	6,568	2,960
Creditors: amounts falling due within one year	<b>(6,148)</b>	(4,513)	(5,046)	(4,888)	(4,034)
Net current (liabilities)/assets	<b>(1,334)</b>	490	904	1,680	(1,074)
Total assets less current liabilities	<b>18,563</b>	18,884	19,858	21,262	14,596
Creditors: amounts falling due after more than one year	<b>(12,800)</b>	(13,464)	(14,255)	(14,868)	(9,793)
Provisions for liabilities and charges	<b>(4,372)</b>	(4,149)	(4,398)	(4,655)	(3,426)
<b>Net assets</b>	<b>1,391</b>	1,271	1,205	1,739	1,377
<b>Summary cash flow statement</b>					
Net cash inflow from operating activities before exceptional items	<b>3,103</b>	3,058	3,154	2,394	2,482
Expenditure relating to exceptional items	<b>(194)</b>	(248)	(328)	(103)	(129)
<b>Net cash inflow from operating activities</b>	<b>2,909</b>	2,810	2,826	2,291	2,353
Dividends from joint ventures	<b>5</b>	8	11	13	20
Net cash outflow for returns on investments and servicing of finance	<b>(758)</b>	(692)	(912)	(705)	(691)
Net cash outflow for taxation	<b>(150)</b>	(18)	(112)	(212)	(350)
Net cash outflow for capital expenditure and financial investment	<b>(1,262)</b>	(1,254)	(1,407)	(1,483)	(1,179)
Net cash (outflow)/inflow for acquisitions and disposals	<b>(1,130)</b>	7	163	(969)	(587)
Equity dividends paid	<b>(628)</b>	(560)	(571)	(478)	(336)
<b>Net cash (outflow)/inflow before the management of liquid resources and financing activities</b>	<b>(1,014)</b>	301	(2)	(1,543)	(770)
Net cash (outflow)/inflow for the management of liquid resources	<b>(54)</b>	(48)	(138)	347	696
<b>Net cash (outflow)/inflow before financing activities</b>	<b>(1,068)</b>	253	(140)	(1,196)	(74)
Net cash inflow/(outflow) from financing activities	<b>1,081</b>	(240)	174	1,218	59
<b>Net increase/(decrease) in cash in the year</b>	<b>13</b>	13	34	22	(15)
<b>Amounts in accordance with US GAAP</b>					
Group turnover	<b>8,534</b>	8,866	7,401	4,004	3,583
Net income/(loss)	<b>1,304</b>	998	751	(167)	810
Earnings/(loss) per ADS					
– Basic	<b>211.5p</b>	162.5p	159.5p	(54.5)p	274.5p
– Diluted	<b>210.5p</b>	162.0p	156.5p	(44.0)p	260.0p
Total assets	<b>37,274</b>	35,347	36,947	17,727	10,392
Net assets employed/total shareholders' funds	<b>10,629</b>	9,875	9,515	3,862	2,962
Equity shareholders' funds	<b>10,591</b>	9,821	9,426	3,759	2,920

## Shareholder Information

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### Annual Report and Accounts

National Grid Transco shareholders will automatically be sent an Annual Review each year, unless they have opted to receive the Annual Report and Accounts. If you wish to receive the Annual Report and Accounts, a larger document containing more detailed information, or wish to stop receiving the larger document and instead receive the shorter Annual Review, you should contact Capita Registrars (details on page 148).

For the assistance of visually impaired shareholders, audio tape, braille and large print versions of the Annual Review are available. If you wish to receive any of these documents please contact Capita Registrars (details on page 148).

### Electronic communication

As an alternative to receiving the Annual Review or Annual Report and Accounts through the post, you can choose to receive an email notifying you of their availability and retrieve them electronically.

For more information and to register please visit [www.ngtgroup.com/shareholders](http://www.ngtgroup.com/shareholders).

For each shareholder choosing to receive annual documents electronically, National Grid Transco sponsors Climate Saver Projects. These projects are managed by Future Forests Ltd as part of its CarbonNeutral® programme and aim to reduce CO<sub>2</sub> emissions or absorb CO<sub>2</sub>. For more information on Climate Saver Projects please visit the Group website [www.ngtgroup.com](http://www.ngtgroup.com).

### Share dealing

A low-cost share dealing service is available from Capita Registrars allowing you to buy or sell National Grid Transco shares by telephone or on-line. These methods allow you to know the price of the trade at the time of dealing.

For more information call 0870 458 4577 (8am – 4.30pm) or visit [www.capitadeal.com](http://www.capitadeal.com).

A postal dealing service is also available, for a dealing form please call 0870 162 3116.

These details are provided for information only and any action you take is at your own risk. If you have any doubt as to the action you should take, you are recommended to seek your own financial advice from your stockbroker, bank manager, accountant or other financial adviser authorised pursuant to the Financial Services and Markets Act 2000.

### Individual Savings Accounts

Individual Savings Accounts (ISAs) for National Grid Transco are available.

Options include:

- National Grid Transco Maxi stocks and shares ISA (£7,000 for tax year 2005/06);
- National Grid Transco Mini stocks and shares ISA (£4,000 for tax year 2005/06).

National Grid Transco cannot advise you on what action you should take.

Further information may be obtained from the Account Manager:  
National Grid Transco, Stocktrade, 81 George Street, Edinburgh EH2 3ES  
Telephone 0131 240 0443  
website [www.stocktrade.co.uk/NGT\\_Sharedealing/sharedealing\\_main.htm](http://www.stocktrade.co.uk/NGT_Sharedealing/sharedealing_main.htm)

### ShareGift

If you hold only a few shares and feel that it would be uneconomical or simply not worthwhile to sell them then you could consider donating your shares to charity via ShareGift.

ShareGift, a registered charity no. 1052686, specialises in accepting donations of small numbers of shares. Since its launch in 1996, ShareGift has given millions of pounds to hundreds of different UK charities. Without ShareGift, this money would remain locked up in unwanted shares and would never otherwise reach charities.

To find out more visit [www.sharegift.org](http://www.sharegift.org) or call 020 7337 0501. Alternatively contact Capita Registrars (details on page 148) who can help arrange the transfer of your shares.

### Shareholder networking

National Grid Transco continues its innovative programme allowing shareholders to learn more about the business by visiting operational sites and meeting Directors and staff. These visits allow us to explain the business to you in person. This year's visit, planned for 5 and 6 December 2005, will include the National Grid Control Centre (electricity transmission) and the gas holder site at Southall.

If you would like to take part in this visit, please write to: Shareholder Networking Organiser, NGT House, Warwick Technology Park, Gallows Hill, Warwick CV34 6DA.

Participants will be selected from those applying, with priority given to those who have not previously attended.

### Website

Information about the Group is also available on our website at [www.ngtgroup.com](http://www.ngtgroup.com). Share price information, previous Annual Report and Accounts and other shareholder information can be found in the Investors section of the site.

Information relating to capital gains tax base prices for the Group and its predecessors can also be found on the website.

### Analysis of shareholdings

The following analysis of shareholders and shareholdings is at 18 May 2005:

Size of shareholding	Number of holders	% of holders	Number of shares	% of shares
1-50	177,238	12.81	4,777,458	0.15
51-100	468,360	33.84	33,316,101	1.08
101-500	622,155	44.95	129,409,631	4.19
501-1,000	64,072	4.63	44,386,978	1.44
1,001-10,000	49,578	3.58	114,502,857	3.70
10,001-50,000	1,520	0.11	29,987,256	0.97
50,001-100,000	238	0.02	17,284,922	0.56
100,001-500,000	460	0.03	112,344,712	3.64
500,001-1,000,000	147	0.01	103,065,200	3.33
1,000,001 and above	308	0.02	2,501,173,675	80.94
Total	1,384,076	100	3,090,248,790	100

### Queries

With effect from 4 October 2004 Capita Registrars took over the management of National Grid Transco's share register, replacing Lloyds TSB Registrars.

Any queries from ordinary shareholders should be directed to Capita Registrars:

National Grid Transco Share Register,  
Capita Registrars,  
Northern House,  
Woodsome Park,  
Fenay Bridge,  
Huddersfield HD8 0LA

Telephone 0870 242 2379 (from outside the UK +44 20 7098 1198)

Textphone 18001 0870 242 2379

Fax 0870 240 1286 (from outside the UK +44 1484 600 702)

email [ngt@capitaregistrars.com](mailto:ngt@capitaregistrars.com)

website [www.ngtgroup.com/shareholders](http://www.ngtgroup.com/shareholders)

Any queries from holders of American Depositary Shares should be directed to The Bank of New York:

The Bank of New York,  
Shareholders Correspondence,  
PO Box 11258,  
Church Street,  
New York NY 10286-1258

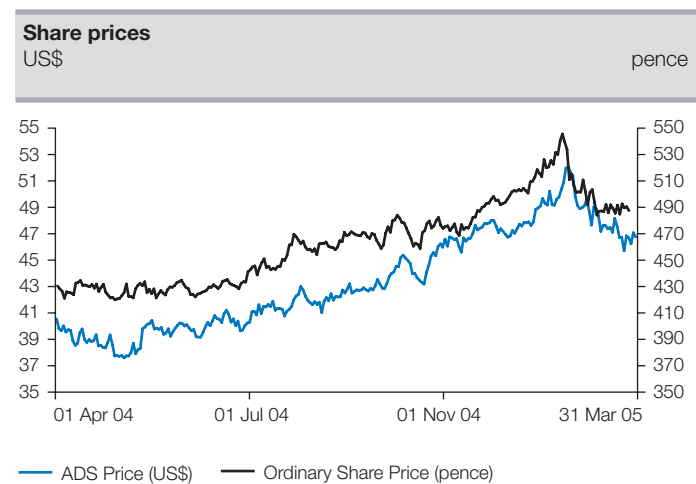
Telephone 1-800-466-7215 (for international calls +1-610-382-7836)

email [shareowners@bankofny.com](mailto:shareowners@bankofny.com)

website [www.adrbny.com](http://www.adrbny.com)

### Share price

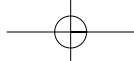
The following graph shows the movement of the Group's share price during the 2004/05 financial year:



### Financial calendar

The following dates have been announced or are indicative of future dates:

8 June 2005	Ordinary shares go ex-dividend
10 June 2005	Record date for 2004/05 final dividend
25 July 2005	Annual General Meeting
24 August 2005	Payment date for 2004/05 final dividend
17 November 2005	2005/06 interim results
30 November 2005	Ordinary shares go ex-dividend
2 December 2005	Record date for 2005/06 interim dividend
25 January 2006	Payment date for 2005/06 interim dividend
June 2006	Ordinary shares go ex-dividend
June 2006	Record date for 2005/06 final dividend
July 2006	Annual General Meeting
August 2006	Payment date for 2005/06 final dividend

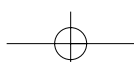


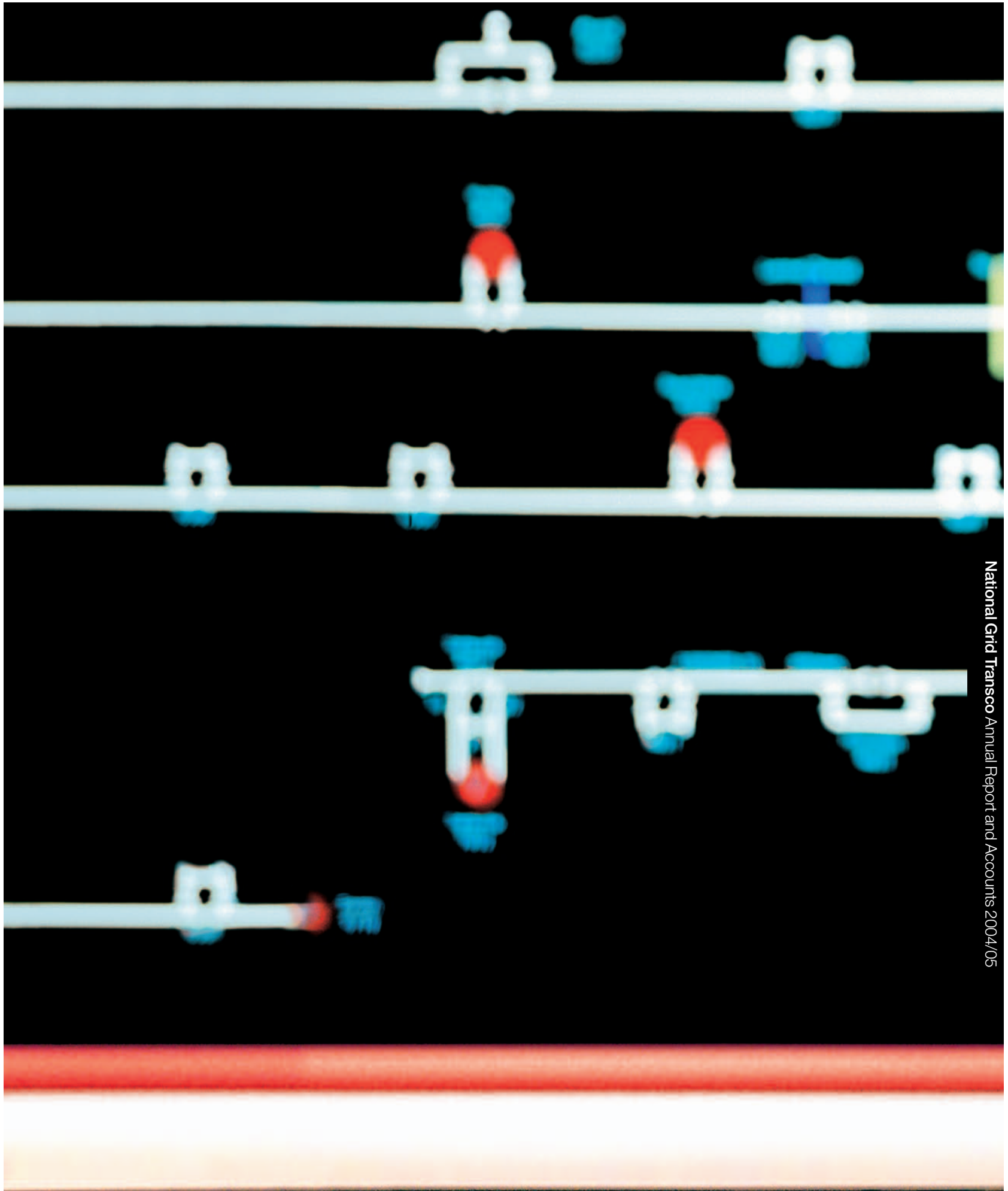
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Designed and produced by Fishburn Hedges  
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Printed by St Ives Westerham Press





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