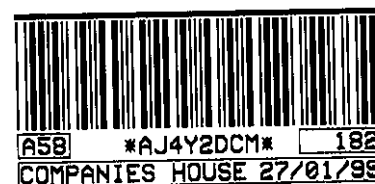


**BRITISH STEEL EMPLOYEE SHARE OWNERSHIP
TRUSTEES LIMITED**

DIRECTORS' REPORT AND ACCOUNTS

FOR THE FINANCIAL YEAR ENDED 28 MARCH 1998



Registered No.272870

British Steel Employee Share Ownership Trustees Limited

Directors

Mr D N Bright
Mr D A Harrison
Sir Brian Moffat
Mr A D G Williams
Mrs C J Price

Secretary

Mrs A L Scandrett

Registered office

15 Marylebone Road
London
NW1 5JD

British Steel Employee Share Ownership Trustees Limited

Directors' report for the year ended 28 March 1998

The directors present herewith their report and balance sheet for the year ended 28 March 1998.

Review of business and main activities

The company has not traded during the year and has therefore made neither profit nor loss. All expenses of the company are borne by British Steel plc.

Directors & directors' interests

The directors of the company during the period are listed on page 1 and have been directors throughout the period.

The interests of the directors at 28 March 1998 in the ordinary shares of British Steel plc, the company's ultimate holding company, were:

	Ordinary Shares		Options	
	28 March 1998 Number	29 March 1997 Number	28 March 1998 Number	29 March 1997 Number
Mr D N Bright	31,045	31,045	78,165	57,659
Mr D A Harrison	Nil	Nil	Nil	Nil
Sir Brian Moffat	229,844	229,844	639,765	465,159
Mr A D G Williams	3,548	3,548	Nil	Nil
Mrs C J Price	Nil	Nil	37,975	36,250

	Options	
	Granted during year Number	Exercised during year Number
Mr D N Bright	20,506	Nil
Mr D A Harrison	Nil	Nil
Sir Brian Moffat	174,606	Nil
Mr A D G Williams	Nil	Nil
Mrs C J Price	1,725	Nil

British Steel Employee Share Ownership Trustees Limited

Directors' report for the year ended 28 March 1998 (cont'd)

The directors had no interest, as defined by the Companies Act 1985, in the shares of any other member of the group during the year covered by these financial statements.

By order of the board

A handwritten signature in cursive script, appearing to read 'A L Seadenett'.

Secretary
26 January 1999

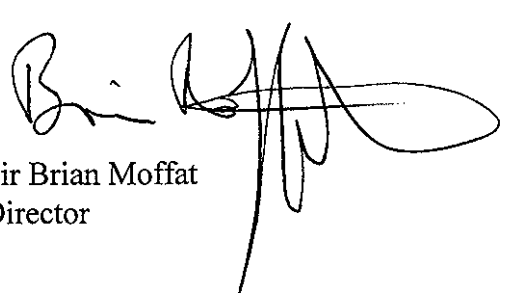
British Steel Employee Share Ownership Trustees Limited

Balance sheet as at 28 March 1998

	Notes	1998 £	1997 £
Net Assets		-	-
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	1	17	17
Profit and loss account		(17)	(17)
		<hr/>	<hr/>
		-	-
		<hr/>	<hr/>

The company was a dormant company within the meaning of Section 250 of the Companies Act 1985 throughout the accounting period ending at the date of this balance sheet.

These accounts were approved by the Board on 26 January 1999.


Sir Brian Moffat
Director

The Notes on page 5 form part of these financial statements.

British Steel Employee Share Ownership Trustees Limited

Notes to the accounts for the year ended 28 March 1998

Share Capital

1.	1998 and 1997	
	Authorised	Allotted called up and fully paid
	£	£
Ordinary shares of £1	100	17
	<hr/>	<hr/>
	100	17
	<hr/>	<hr/>

Directors remuneration

2. No director received any remuneration during the period in respect of his services to the company.

Ultimate holding company

3. The directors regard British Steel plc, a company registered in England and incorporated in England and Wales, as the ultimate holding company. The registered office of British Steel plc is at 15 Marylebone Road, London NW1 5JD.