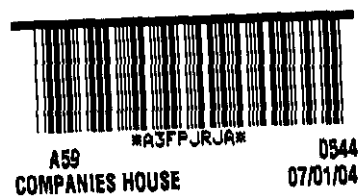


LATTICE GROUP EMPLOYEE BENEFIT TRUST LIMITED

DIRECTORS' REPORT AND ACCOUNTS

PERIOD ENDED 31 MARCH 2003



Company Registered Number: 4045072

LATTICE GROUP EMPLOYEE BENEFIT TRUST LIMITED

REPORT AND ACCOUNTS FOR THE PERIOD ENDED 31 MARCH 2003

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LATTICE GROUP EMPLOYEE BENEFIT TRUST LIMITED

Company number
4045072

REPORT OF THE DIRECTORS

The Directors submit their report and the financial statements of the Company for the period ended 31 March 2003.

Principal Activities

During the period under review, and for the immediate future, the principal activity of the Company was the provision of trustee services to certain subsidiary companies of Lattice Group plc, in accordance with the terms of the Trust Deed dated 31 August 2001 of the Lattice Group Employee Benefit Trust.

Dividend

The Directors do not propose to declare a dividend for the period ended 31 March 2003 (2002: nil).

Directors and their interests

The directors who held office during the period are given below:-

Ms P Fulker	
Ms M Singleterry	
Mr A B Chapman	(appointed 11 November 2002)
Mr D Bowers	(resigned 18 October 2002)
Mr P J Hicks	(resigned 20 January 2003)

Directors' Interests:-

No director had an interest in any contract to which the Company was a party. No director had any beneficial interest in the shares of the Company or any other company within the National Grid Transco Group except for their beneficial interests in the shares of the ultimate parent Company, National Grid Transco plc, at the end of the period under review as follows:-

Beneficial Holdings

In this report, interests in shares in the Ultimate Parent as at 1 April 2002 were held in Lattice Group plc. Following the merger between National Grid Group and Lattice Group (the "Merger") on 21 October 2002, interests were held in National Grid Transco plc with effect from that date and at the year-end.

Beneficial interest in ordinary shares

	1 April 2002 (Or on appointment)	31 March 2003 (Ordinary shares in National Grid Transco plc)
Ms P Fulker	4,605*	19,736
Ms M Singleterry	4,052*	2,756
Mr A B Chapman	9,104**	9,104

* Interests in the ordinary shares of Lattice Group plc.

** On appointment – interests in the ordinary shares of National Grid Transco plc

Holdings of interests in Lattice Group plc shares include shares acquired pursuant to the Lattice All Employee Share Ownership Plan. Holdings of interests in shares in Lattice Group plc were converted, at the date of the Merger, at the rate of .375 National Grid Transco shares for each Lattice share.

Share Options

	Options over shares in Lattice Group plc			Options over shares in National Grid Transco plc	
	Options as at 1 April 2002	Options exercised during the period	Options lapsed during the period	Options granted during the period	Options as at 31 March 2003
Ms P Fulker	7,509	-	7,509	29,993	29,993
Ms M Singleterry	8,209	-	8,209	3,078	3,078
Mr A B Chapman	-	-	-	91,420*	91,420

*On appointment

All options were given under the relevant ultimate parent company's Savings Related Share Option Schemes and Executive Share Option Schemes, details of which are given in the relevant company's annual report and accounts.

On his appointment Mr A B Chapman also held interests in shares pursuant to the National Grid Share Matching Plan, he had purchased 579 shares and 1,176 shares at £5.795 and £4.7825 per share respectively and received matching options over 965 and 1,960 respectively, at an option price of £1 per matching option. Under the terms of the Plan, he may exercise his share matching option between three and ten years following the said purchase. Details of the Share Matching Plan are given in the Annual Report and Accounts of National Grid Transco plc.

Long Term Incentive Scheme

The directors' interests in shares notionally allocated as part of the Lattice Long Term Incentive Scheme are shown below:

	At 1 April 2002	Lapsed on Merger	Transferred on Merger	At 31 March 2003
Ms P Fulker	51,796	20,720	31,074	-
Ms M Singleterry	4,029	1,614	2,415	-
Mr A B Chapman	-	-	-	-

Under the terms of the merger of National Grid Group and Lattice Group, allocations made under the Lattice Long Term Incentive Scheme were transferred to participants net of tax at the time of the Merger.

Statement of directors' responsibilities

The Directors are required by the Companies Act 1985 to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company as at the end of the financial period and of its income or loss for the financial period.

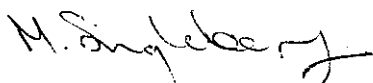
The Directors consider that in preparing the financial statements on pages 4 to 6 the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates and that all accounting standards which they consider to be applicable have been followed.

The Directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The Directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Ultimate parent company

The ultimate parent company is National Grid Transco plc, which is registered in England and consolidates the accounts of the Company. Copies of the consolidated accounts of National Grid Transco may be obtained from 1-3 Strand, London WC2N 5EH.



By order of the Board
Secretary

Registered office
1-3 Strand
London WC2N 5EH

Lattice Group Employee Benefit Trust Limited

Company No: 4045072

6th January 2004

LATTICE GROUP EMPLOYEE BENEFIT TRUST LIMITED

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31 MARCH 2003

The Company has not traded during the period ended 31 March 2003 and has received no income and incurred no expenditure (2002:nil). Consequently, during the period the Company has made neither a profit nor a loss nor were there any recognised gains and losses during the period (2002:nil).

The notes on page 6 form part of these accounts.

LATTICE GROUP EMPLOYEE BENEFIT TRUST LIMITED

BALANCE SHEET AS AT 31 MARCH 2003

	<u>Notes</u>	<u>31 March 2003</u> £	<u>31 March 2002</u> £
CURRENT ASSETS			
Debtors (amount falling due within one year)	4	2	2
CAPITAL AND RESERVES			
Called up share capital	5	2	2

The company was dormant throughout the accounting period ending on the date of this balance sheet and is entitled to exemption from audit of its accounts pursuant to Section S249AA(1) of the Companies Act 1985.

No members have required the Company to obtain an audit of its accounts for the period in question in accordance with section 249B (2).

The directors acknowledge their responsibility for:-

- (i) ensuring the Company keeps accounting records which comply with section 221; and
- (ii) preparing accounts which give a true and fair view of the state of affairs of the Company as at the end of the period under review and of its profit and loss for the financial period in accordance with section 226 and which otherwise comply with the requirements of the Companies Act relating to accounts so far as applicable to the Company.

Approved by the Board on 6th January 2004

Director 

Dated: 6/1/04

The notes on page 6 form part of these accounts.

LATTICE GROUP EMPLOYEE BENEFIT TRUST LIMITED

NOTES TO THE ACCOUNTS – 31 MARCH 2003

1. OWNERSHIP

Lattice Group Employee Benefit Trust Limited is an indirect wholly owned subsidiary undertaking of National Grid Transco plc which is registered in England. National Grid Transco plc is the only company to consolidate the accounts of this Company. Copies of the parent company's report and accounts can be obtained from National Grid Transco plc, 1 – 3 Strand London WC2N 5EH.

2. BASIS OF ACCOUNTING

The accounts have been prepared under the historical cost accounting convention and in accordance with applicable accounting standards.

3. DIRECTORS' EMOLUMENTS AND EMPLOYEES

No director received emoluments in respect of his services to the Company during the period (2002:nil). The Company had no employees during the period (2002:nil).

4. DEBTORS (amounts falling due within one year).

	<u>31 March 2003</u>	<u>31 March 2002</u>
	£	£
Amounts owed by group undertakings	2	2

5. SHARE CAPITAL

	<u>31 March 2003</u>		<u>31 March 2002</u>	
	£	£	£	£
Authorised:				
ordinary shares of £1 each	1,000		1,000	
Allotted, issued and fully paid ordinary shares of £1 each		2		2