

Embargoed until 7:00am 29 March 2007

**National Grid close period trading update for  
the twelve months ending 31 March 2007**

**Continued growth**

National Grid plc is today issuing its close period trading update ahead of announcing its preliminary results on Thursday 17 May 2007.

We expect operating profit\* to be ahead of last year (on a constant currency basis) with growth in earnings per share.\*

We anticipate higher revenues, principally driven by higher allowed revenues in electricity transmission in the UK and recovery from the New York deferral account. These benefits are expected to be partially offset by the impacts of timing, including an under-recovery of revenue in UK transmission, under-recovery of revenue in UK gas distribution due to the warm winter, and higher storm costs in the US. Weather in the US is closer to the seasonal norm this year and so is expected to result in lower electricity distribution revenue. We also anticipate higher controllable operating costs mainly driven by increased workload in the UK and US.

With lower financing costs and an expected effective tax rate of around 32%, we anticipate earnings to be ahead of last year.\*

We have completed our share buy back programme relating to this year's US stranded assets cash flows. The weighted average number of shares for the year will be around 2,719 million.

We forecast capital expenditure of around £2.3billion\*\* for the year and expect closing net debt of around £11.8 billion, excluding certain mark-to-market effects.

At our preliminary results on 17 May, we will report against our new lines of business for Transmission, Gas Distribution, Electricity Distribution, and Non-regulated businesses and other. Presented below are National Grid's 2005/06 results in accordance with the new lines of business.

<b>Lines of Business</b>	<b>Operating profit* (£m) 2005/06</b>
Transmission	971
Gas Distribution	530
Electricity Distribution - excluding US stranded costs	317
Non-regulated businesses and other*	150
<b>Total operating profit – excluding US stranded costs</b>	<b>1,968</b>
US stranded cost recoveries	489
<b>Total operating profit</b>	<b>2,457</b>

\* Results are measured on a Business Performance basis. Business Performance results are the primary financial performance measures that we use, being the results for continuing operations before exceptional items and remeasurements. Remeasurements are non-cash movements in the carrying value of financial instruments and of certain commodity contracts that arise from changes in mark-to-market values or in exchange rates and are reflected in the income statement to the extent that hedge accounting is not achieved

or is not fully effective. Following our announcement on 16 November 2006 of our intent to exit our Wireless Infrastructure and Basslink businesses we have, for the purposes of this statement, excluded these businesses from business performance

\*\*Excluding investment in Wireless and Basslink

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## Cautionary statement

This document 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. These statements include information with respect to our financial condition, our results of operations and businesses, strategy, plans and objectives. Words such as "anticipates", "expects", "intends", "plans", "believes", "seeks", "estimates", "may", "will", "continue", "project" and similar expressions, as well as statements in the future tense, identify forward-looking statements. These forward-looking statements are not guarantees of our future performance and are subject to assumptions, risks and uncertainties that could cause actual future results to differ materially from those expressed in or implied by such forward-looking statements. Many of these assumptions, risks and uncertainties relate to factors that are beyond our ability to control or estimate precisely, such as delays in obtaining, or adverse conditions contained in, regulatory approvals and contractual consents, including those required to complete the proposed acquisition of KeySpan when or as planned, unseasonable weather affecting the demand for electricity and gas, 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, the impact of changes to accounting standards and technological developments. Other factors that could cause actual results to differ materially from those described in this announcement include the ability to integrate the businesses relating to announced acquisitions with our existing business to realise the expected synergies from such integration, the availability of new acquisition opportunities and the timing and success of future acquisition opportunities, the timing and success or other impact of any sale or exit by us from a business or sector, the failure for any reason to achieve reductions in costs or to achieve operational efficiencies, the failure to retain key management, 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 our pension schemes and the regulatory treatment of pension costs, and any adverse consequences arising from outages on or otherwise affecting energy networks, including gas pipelines, which we own or operate. For a more detailed description of some of these assumptions, risks and uncertainties, together with any other risk factors, please see our filings with and submissions to the US Securities and Exchange Commission (the "SEC") (and in particular the "Risk Factors" and "Operating and Financial Review" sections in our most recent Annual Report on Form 20-F). Except as may be required by law or regulation, National Grid undertakes no obligation to update any of its forward-looking statements. The effects of these factors are difficult to predict. New factors emerge from time to time and we cannot assess the potential impact of any such factor on its activities or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement.