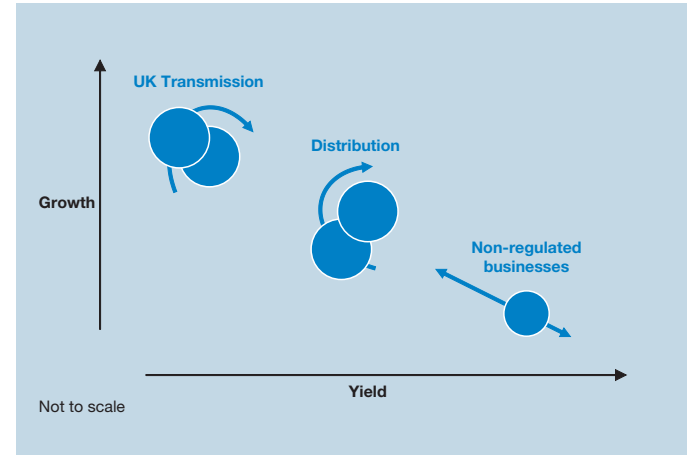


Developing the business

National Grid is a portfolio of distinct regulated businesses in the UK and the US and some unregulated businesses, primarily in the UK. This includes a mixture of cash generative developed assets with minimal investment requirements (such as our existing interconnectors and National Grid Metering business), businesses with low to medium levels of growth and positive cash generation (such as our US and UK distribution businesses) and businesses with high levels of investment and growth (such as our UK electricity transmission business and potential new unregulated investments).

Portfolio evolution



Strategic priorities 2011/12

- Deliver new operating model**
 - Complete the transition to the new operating model by July
 - Hit the \$200m saving run rate by March 2012
- Deliver core investment programme**
 - ~£3.6bn investment in 2011/12
 - Progress RIIO framework
- Deliver cost reductions**
 - Reductions across the Group
 - Realign UK Gas Distribution costs with frontier networks

Performance and returns

Focus on operating performance

- Managing our cost base
- Maximising incentives
- Generating strong cash flows
- Delivering on commitments

Underperforming 11%

- NMPC Electric
- NMPC Gas
- Narragansett Electric Distribution
- Narragansett Gas

Outperforming 82%

- UK Transmission
- UK Distribution
- KEDNY
- KEDLI
- New England Power
- Canadian Interconnector
- Narragansett Electric Transmission
- Long Island Generation

On track 7%

- Massachusetts Gas*
- Massachusetts Electric

* On a pro-forma basis

Generating returns

- Managing portfolio and investments
- Setting appropriately high hurdle rates
- Agreeing suitable rate plans
- Maintaining an efficient balance sheet

	Regulators		Equity investors	
	Allowed	Achieved	Shareholder value	
United Kingdom	Electricity Transmission	5.05%	6.4%	Metric TBA
	Gas Transmission	5.05%	7.2%	Metric TBA
	Gas Distribution	4.94%	5.5%	
United States	Total US	10.3%	8.2%	Metric TBA

Important notice
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 National Grid's financial condition, its results of operations and businesses, strategy, plans and objectives. Words such as 'anticipates', 'expects', 'intends', 'plans', 'believes', 'seeks', 'estimates', 'targets', 'may', 'will', 'continue', 'project' and similar expressions, as well as statements in the future tense, identify forward-looking statements. Furthermore, this document, which is provided for information only, does not constitute summary financial statements and does not contain sufficient information to allow for as full an understanding of the results and state of affairs of National Grid, including the principal risks and uncertainties facing National Grid, as would be provided by the full Annual Report and Accounts, including in particular the 'Risk factors' and 'Operating and Financial Review' sections thereof. Copies of the most recent Annual Report and Accounts are available online at www.nationalgrid.com or from Capita Registrars. Except as may be required by law or regulation, National Grid undertakes no obligation to update any of its forward-looking statements, which speak only as of the date of this document. The content of any website references herein do not form part of this document.

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National Grid Today

August 2011

nationalgrid

- One of the world's largest public owned utilities focused on transmission and distribution activities in electricity and gas in both the United Kingdom and the United States
- 2011 regulated asset base of £30bn generating operating profit of £3.6bn with a strong dividend
- Strong growth opportunities in well regulated utility markets, particularly in the UK

Our investment proposition

A low risk business focused on generating shareholder value through both dividends and asset/equity growth by investing in essential assets under predominantly regulated market conditions to service long-term sustainable consumer led demands

Low risk

Balance of activities	Regulated income growth	Macro-economic protection	Commodity and volume protection
<ul style="list-style-type: none"> UK and US Electricity and gas Transmission and distribution Local expertise and global functions 	<ul style="list-style-type: none"> RPI linked UK revenues Asset growth leading to increased revenues Updated rate cases 	<ul style="list-style-type: none"> Bad debt trackers and credit protection UK inflation linked revenues and assets Price control "re-openers" 	<ul style="list-style-type: none"> Revenue decoupling Energy commodity pass through

Investing in essential assets

Remaining investment expected by March 2015	UK RAV	US Rate Base	Net Debt
£18bn	£20.8bn	\$14.7bn	£18.7bn
<p>Capex spend 2010-15</p>	<p>Annual Asset Growth Rate 2010-15¹</p> <ul style="list-style-type: none"> UK Electricity Transmission ~13% UK Gas Transmission ~7% UK Gas Distribution ~4% <p>~£14bn Capex over 4 years</p>	<p>Annual Asset Growth Rate 2010-15²</p> <ul style="list-style-type: none"> US Regulated Business ~4% <p>~£5bn Capex over 4 years</p>	<ul style="list-style-type: none"> £3.2bn rights issue in 2010 Capacity to fund whilst remaining within current rating metric guidelines until at least 2015 Low single A credit ratings for UK operating companies

Sustainable consumer-led demands

<p>Low carbon economy and long term growth in demand</p>	<p>Replacing ageing assets</p>	<p>Security of supply = system resilience</p>
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1 UK RAV estimated using depreciation methodology, regulatory asset lives and treatment of mains repex as per price controls starting in 2007 and 2008 and assuming inflation of 3.7% p.a. in 2010/11 & 2011/12 & 3% p.a. thereafter
2 US rate base estimated using methodology as stipulated under current regulatory agreements

UK key facts and figures

Electricity transmission owner (England and Wales)

- Over 7,000km of high voltage overhead line
- Over 700km of underground cable
- 338 substations located at 242 sites

GB electricity system operator

- Continuous real-time matching of demand and generation output, ensuring the stability and security of the power system and the maintenance of satisfactory voltage and frequency
- Designated as system operator for the new offshore electricity transmission regime

GB gas transmission owner

- Over 7,500km of high pressure pipe
- 23 compressor stations connecting to 8 distribution networks and to third party independent systems for onward transportation of gas to end consumers

GB gas system operator

- 24 hour balancing of supply and demand

Gas distribution

- 132,000km of gas distribution pipeline used to transport gas from the national transmission system to around 10.8 million consumers on behalf of 26 active gas shippers

French interconnector

- Own and operate the UK assets, and a portion of the subsea cables, that comprise the electricity interconnector between England and France

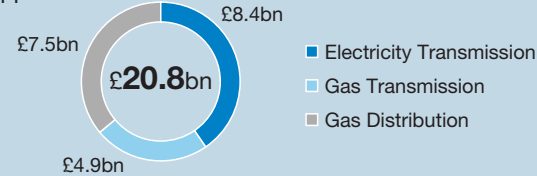
LNG storage

- Own and operate three liquefied natural gas (LNG) storage facilities

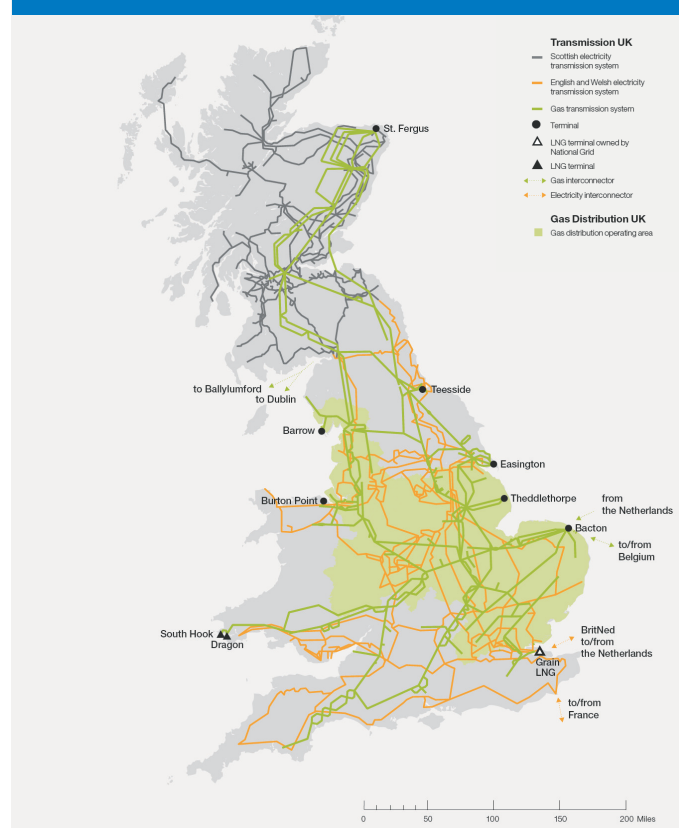
Regulation

- Ofgem currently provide the UK regulatory frameworks for our gas and electricity businesses

RAV 2010/11



UK profile

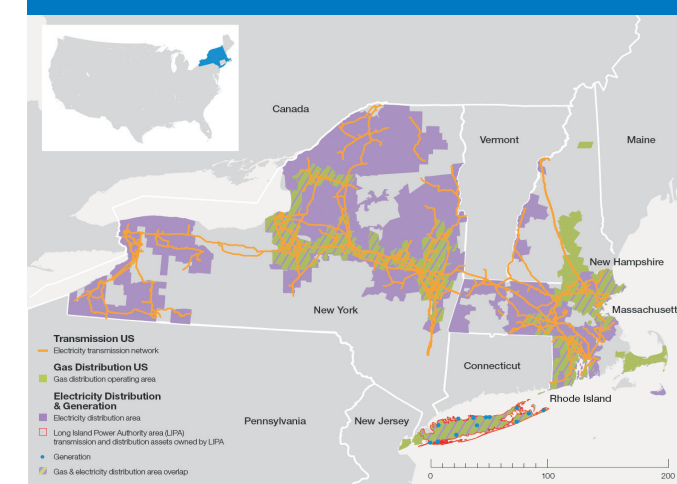


National Grid is an international electricity and gas company based in the UK and northeastern US. We play a vital role in connecting millions of people to the energy they use, safely, reliably and efficiently.

In the UK we own the electricity transmission system in England and Wales, and operate the system in Great Britain. We also own and operate the gas transmission system in Great Britain as well as four of the eight gas distribution networks.

In the US our electricity and gas distribution business provide services to customers in New York, Massachusetts and Rhode Island. We also own and operate an electricity transmission network spanning upstate New York, Massachusetts, Rhode Island, New Hampshire and Vermont.

US profile



US key facts and figures

Electricity transmission owner

- Own and operate electricity transmission networks in upstate New York, Massachusetts, Rhode Island and Vermont with voltages ranging from 69kV to 345kV
- Largest electricity transmission service provider in New England and New York by reference to the length of these high voltage transmission lines

Canadian interconnector

- Own and operate a 224km direct current transmission line rated at 450kV that is a key section of an interconnector between New England and Canada

Electricity distribution

- Own and operate electricity distribution networks in upstate New York, Massachusetts and Rhode Island
- Approximately 3.4 million electricity consumers in New England and upstate New York
- Maintain and operate the electricity transmission and distribution system on Long Island owned by the Long Island Power Authority (LIPA)

Electricity generation

- 57 electricity generation units on Long Island that together provide 4.1GW of power under contract to LIPA
- Our plants consist of oil and gas fired steam turbine, gas turbine and diesel driven generating units ranging from 2MW to 385MW

Gas distribution owner

- Over 3 million consumers across upstate New York, New York City, Long Island, Massachusetts and Rhode Island
- Approximately 58,000km of gas pipeline in an area 26,400km²
- 42,000 new gas heating customers added in 2010/11

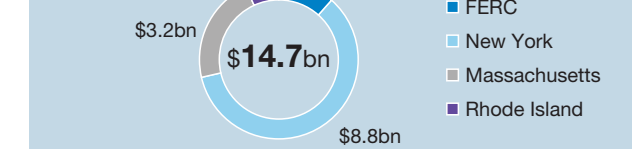
Gas storage

- During cold weather we have 19 facilities which supplement gas from the interstate pipeline system with LNG and propane

Regulation

- We currently have 1 federal and 3 state regulators who provide frameworks for our 12 US businesses

Rate Base 2010



UK regulation

Timetable

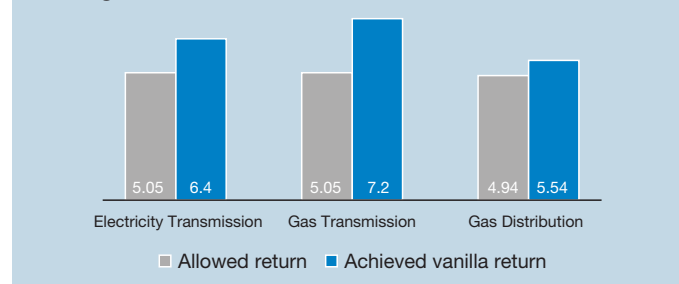
RIIO (Return = Innovation + Incentives + Outputs)

Embraces all our regulated activities	July 2011	UK Transmission business plans submitted
8 years (2013-2021)	Oct 2011	Ofgem initial assessment of UK Transmission business plans
Review of asset depreciation	Nov 2011	UK Gas Distribution business plans submitted
	Feb 2012	Ofgem initial assessment of UK Gas Distribution business plans
	July 2012	Ofgem publishes initial proposals
	Dec 2012	Ofgem publishes final proposals

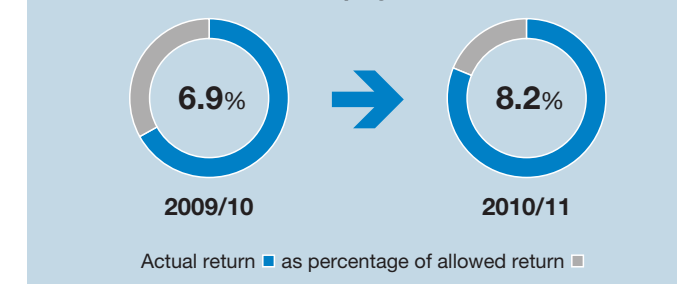
Rollover of TPCR4

Aug 2011	Initial proposals
Nov 2011	Final proposals
Apr 2012	One year price control begins

UK regulated returns 2010/11



US achieved Return on Equity %



UK efficiency: Preparing for RIIO

Gas Distribution front office

- Moving UK Gas Distribution towards the efficiency frontier

UK Transmission

- Reduced controllable costs
- Recruitment and training of engineers for increased investment workload

Non-regulated businesses

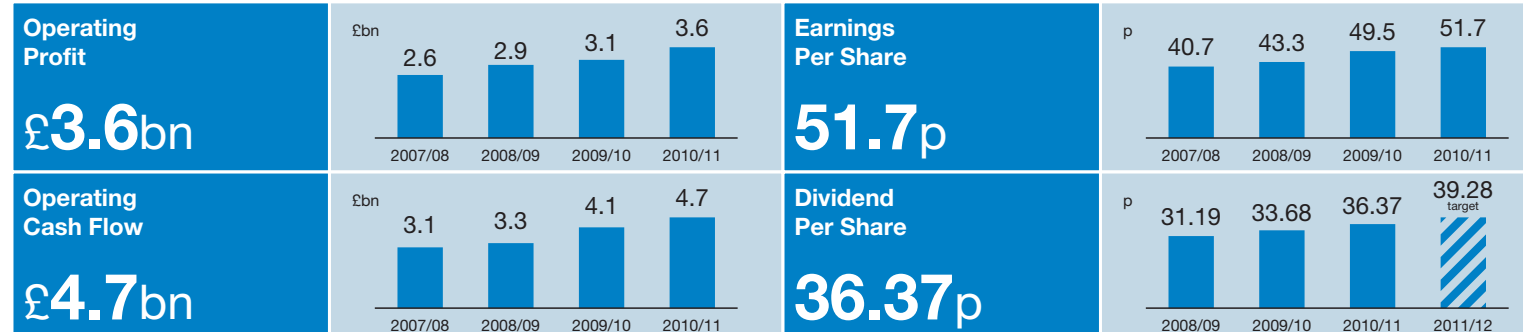
We also own several non-regulated businesses providing services closely linked with our regulated businesses including Grain LNG, metering, interconnectors and property. In 2010/11 their total contribution to Group operating profit was 3%.

- Grain LNG – terminal capacity now up to 20% of UK demand
- BritNed – joint venture with TenneT, to build and operate a 1,000MW 260km subsea electricity link between the UK and the Netherlands
- We have a range of future opportunities including offshore transmission, further interconnectors and carbon capture and storage

Essential qualities for success

Asset management expertise	Systems operation expertise	Regulatory engagement	Financial planning and execution
<ul style="list-style-type: none"> Maximise the use of our existing asset base Maintain reliability and security (99.9999%) Plan and deliver the future system 	<ul style="list-style-type: none"> Balance the ever more complex supply and demand mix Deliver incentive income 	<ul style="list-style-type: none"> Set the right rate plans for customers and investors Agree appropriate incentive schemes 	<ul style="list-style-type: none"> Maintain an efficient balance sheet Drive cost savings and efficiency Fund our growth

Delivering value through growth and shareholder returns



US regulation

In July 2011 we submitted a compliance filing to recover \$236m of costs that were incurred during the last rate plan period but deferred for recovery, including environmental remediation, storm restoration, pension, and other costs.

In 2012 we anticipate filing a new rate case for each of our Niagara Mohawk electric and gas businesses. We also are evaluating the need to file a rate case for our electric and gas businesses in Rhode Island.

US efficiency: Reduce cost of service, focus on the customer

New US organisational model: \$200m p.a. cost reductions

- Significant contribution to improving returns
- Jurisdictional focus

Implementing common systems platform

- Cost savings and rate case filing benefits

Decoupling

- 94% of our rate plans (by asset value) feature decoupling and capital trackers, while 100% have a bad debt commodity tracker or no exposure to bad debts.