

# Glossary of Terms

## Term used in Annual Report

Accounts  
 Acquisition accounting  
 Allotted  
 Borrowings  
 Called up share capital  
 Capital allowances  
 Trade payables  
 Trade receivables  
 Finance lease  
 Financial year  
 Freehold  
 Freehold land  
 Group financial statements  
 Joint venture  
 Merger accounting  
 Net asset value  
 Operating profit  
 Pension scheme  
 Profit  
 Profit for the year  
 Provision for doubtful debts  
 Provisions  
 Reconciliation of movements in total equity  
 Equity reserves  
 Share capital  
 Share premium account

## US equivalent or brief description

Financial statements  
 Purchase accounting  
 Issued  
 Debt  
 Common stock issued and fully paid  
 Tax depreciation allowances  
 Accounts payable  
 Accounts receivable  
 Capital lease  
 Fiscal year  
 Ownership with absolute rights in perpetuity  
 Land owned  
 Consolidated financial statements  
 Equity investment  
 Pooling of interests  
 Book value  
 Net operating income  
 Pension plan  
 Income (or 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)

# Definitions

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

## **American Depositary Shares or ADSs**

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

## **B shares**

Non-cumulative preference shares of 10 pence nominal value each.

## **Combined Code**

The Combined Code on Corporate Governance, as issued by the Financial Reporting Council.

## **Corporate Centre**

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

## **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.

## **IAS**

International Accounting Standard.

## **IFRS**

International Financial Reporting Standard.

## **KPI**

Key performance indicator.

## **kV**

Kilovolt,  $10^3$  volts.

## **kW**

Kilowatt,  $10^3$  watts.

## **kWh**

Kilowatt hours.

## **Lifetime Allowance**

The lifetime allowance is an overall ceiling on the amount of tax privileged pension savings that any one individual can draw.

## **LNG**

Liquefied natural gas.

## **Lost time injury or LTI**

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**

National Grid plc, formerly National Grid Transco plc, or as the context requires, the holding or main operating company of the Group at the time.

## **National Grid Electricity Transmission**

National Grid Electricity Transmission plc, formerly National Grid Company plc.

## **National Grid Gas**

National Grid Gas plc, formerly Transco plc.

## **National Grid Wireless**

National Grid Wireless Limited, formerly Crown Castle UK Limited.

## **Ofcom**

The Office of Communications.

## **Ofgem**

The Office of Gas and Electricity Markets.

## **Ordinary shares**

Ordinary shares of 11<sup>17</sup>/<sub>43</sub> pence nominal value each.

## **Personal Lifetime Allowance**

The Lifetime Allowance applicable to individuals who have registered their pre 6 April 2006 pension benefits for protection.

## **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 for the five financial years ended 31 March 2006. It should be read in conjunction with the Group accounts and related notes, together with the Operating and Financial Review. The information presented below for the years ended 31 March 2005 and 2006 has been prepared under IFRS as adopted by the EU, while the information for the years ended 31 March 2005, 2004, 2003 and 2002 has been presented under UK GAAP, as no IFRS information has been prepared prior to the date of adoption of IFRS (1 April 2004).

	IFRS		As previously measured under UK GAAP			
	31 March 2006 £m	31 March 2005 £m	31 March 2005 £m	31 March 2004 £m	31 March 2003 £m	31 March 2002 £m
<b>Summary income statement</b>						
Group revenue	9,193	7,382	8,521	9,033	9,400	7,554
Operating profit						
Before exceptional items, remeasurements and goodwill amortisation	2,527	2,443	2,212	2,213	2,148	1,764
Exceptional items and remeasurements	(88)	(301)	(251)	(277)	(350)	(1,327)
Goodwill amortisation	n/a	n/a	(109)	(99)	(102)	(97)
	2,439	2,142	1,852	1,837	1,696	340
Profit before tax						
Before exceptional items, remeasurements and goodwill amortisation	1,924	1,740	1,429	1,391	1,209	1,107
Exceptional items and remeasurements	(145)	(301)	(168)	45	(480)	(1,313)
Goodwill amortisation	n/a	n/a	(109)	(99)	(102)	(97)
	1,779	1,439	1,152	1,337	627	(303)
Profit for the year attributable to equity shareholders						
Before exceptional items, remeasurements and goodwill amortisation	1,368	1,655	1,106	1,039	833	854
Exceptional items and remeasurements	2,480	(231)	(89)	134	(380)	(1,097)
Goodwill amortisation	n/a	n/a	(109)	(99)	(102)	(97)
	3,848	1,424	908	1,074	351	(340)
<b>Summary statement of net assets</b>						
Non-current assets	22,106	25,596	19,897	18,394	18,954	19,582
Current assets	3,818	1,964	4,814	5,003	5,950	6,568
Total assets	25,924	27,560	24,711	23,397	24,904	26,150
Current liabilities	(5,683)	(5,974)	(5,679)	(4,147)	(4,729)	(4,530)
Non-current liabilities	(16,748)	(19,465)	(17,172)	(17,613)	(18,653)	(19,523)
Total liabilities	(22,431)	(25,439)	(22,851)	(21,760)	(23,382)	(24,053)
Net assets	3,493	2,121	1,860	1,637	1,522	2,097
<b>Summary cash flow statement</b>						
Cash generated from operations						
Continuing operations	3,131	2,911	2,909	2,810	2,826	2,291
Discontinued operations	(20)	547	n/a	n/a	n/a	n/a
	3,111	3,458	2,909	2,810	2,826	2,291
Tax paid	(140)	(150)	(150)	(18)	(112)	(212)
Net cash inflow from operations	2,971	3,308	2,759	2,792	2,714	2,079
Net cash inflows from/(used in) investing activities	3,922	(2,975)	n/a	n/a	n/a	n/a
Dividends received from joint ventures	n/a	n/a	5	8	11	13
Net cash outflow for capital expenditure and financial investment	n/a	n/a	(1,262)	(1,254)	(1,407)	(1,483)
Net cash (outflow)/inflow for acquisitions and disposals	n/a	n/a	(1,130)	7	163	(969)
Net cash (outflow)/inflow for the management of liquid resources	n/a	n/a	(54)	(48)	(138)	347
Net cash flows from financing activities	(5,712)	(325)	n/a	n/a	n/a	n/a
Net cash outflow for returns on investments and servicing of finance	n/a	n/a	(758)	(692)	(912)	(705)
Equity dividends paid	n/a	n/a	(628)	(560)	(571)	(478)
Net cash inflow/(outflow) from financing activities	n/a	n/a	1,081	(240)	174	1,218
Net increase in cash and cash equivalents (UK GAAP – cash only)	1,181	8	13	13	34	22
<b>Amounts in accordance with US GAAP</b>						
	31 March 2006 £m	31 March 2005 £m	31 March 2004 £m	31 March 2003 £m	31 March 2002 £m	
Group revenues	9,216	7,424	7,761	6,741	4,004	
Net income/(loss)	1,307	1,304	998	751	(167)	
Earnings/(loss) per ADS						
Basic	241.0p	241.0p	185.2p	181.8p	(62.1)p	
Diluted	240.0p	239.5p	184.6p	177.2p	(49.6)p	
Total assets	32,287	37,274	35,347	36,947	17,727	
Net assets employed/total shareholders' funds	9,788	10,629	9,875	9,515	3,862	
Equity shareholders' funds	9,747	10,591	9,821	9,426	3,759	

# Shareholder Information

## Duplicate accounts

If you received two or more copies of the Annual Report and Accounts and multiple cheques for each dividend payment, you will have more than one shareholder account.

To receive just one Annual Report and Accounts and one cheque for each dividend payment, please contact Capita Registrars and ask to amalgamate your accounts.

## Dividends

National Grid normally pays dividends twice each year: an interim dividend in January and a final dividend in August.

Choosing to have dividends paid directly into your chosen bank or building society account means that: money will be available on the day of payment; there will be no delay paying cheques into your account; cheques cannot be lost; and a tax voucher is still provided for your records.

Over 530,000 National Grid shareholders already choose to have dividends paid to them directly. To request direct payment of your dividends, please contact Capita Registrars.

## Dividend reinvestment plan

A dividend reinvestment plan (DRIP) has now been introduced that will allow participating shareholders to use dividend payments to purchase additional shares in National Grid. The DRIP will begin operation from the payment of the 2005/06 final dividend payment in August 2006. Shareholders wishing to participate should contact Capita Registrars.

## Electronic communication

Instead of receiving bulky paper documents through the post, you can choose to receive an email notifying you of the electronic availability of National Grid's Annual Report and Accounts.

All shareholders choosing the electronic Annual Report and Accounts will receive a certificate, recognising their support of National Grid's Climate Saver programme managed by The CarbonNeutral Company.

To apply for electronic documents and to see details of the Climate Saver programme, please visit the Group website at [www.nationalgrid.com](http://www.nationalgrid.com).

## Share dealing

A low-cost share dealing service is available from Capita Registrars, allowing you to buy and sell National Grid shares by telephone and online. Trading by telephone or online allows you to know the price of the shares at the time you deal.

For more information, please 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 postal 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 independent financial adviser authorised pursuant to the Financial Services and Markets Act 2000.

## Individual Savings Accounts (ISAs)

ISAs for National Grid shares are available from Stocktrade. Options include: National Grid Maxi stocks and shares ISA; and National Grid Mini stocks and shares ISA. Further information may be obtained from the Account Manager:

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)

You may also consolidate other PEPs and ISAs by transferring them to your National Grid account.

National Grid cannot advise you on what action, if any, you should take.

## ShareGift

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

ShareGift is an independent registered charity (no. 1052686) that provides a free service for shareholders wishing to give small holdings of shares to benefit charitable causes. There are no capital gains tax implications (ie no gain or loss) on gifts of shares to charity and it is also possible to obtain income tax relief. Since its launch in 1996, ShareGift has been able to give millions of pounds to hundreds of different UK charities.

Further information can be obtained at [www.ShareGift.org](http://www.ShareGift.org) or from Capita Registrars.

## Shareholder Networking

National Grid continues to operate its Shareholder Networking Programme allowing shareholders to learn more about the business by visiting operational sites and meeting Directors, senior managers and staff.

These visits allow us to explain the business to shareholders in person and for shareholders to ask any questions about the Group. This year's visit is planned for early December.

If you would like to take part in this visit, please write to:

Shareholder Networking Organiser,  
National Grid 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.

### Queries – ordinary shareholders

Any queries from holders of ordinary shares should be directed to Capita Registrars:

National Grid 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: nationalgrid@capitaregistrars.com  
Website: www.nationalgrid.com/shareholders

### Queries – American Depositary Shares

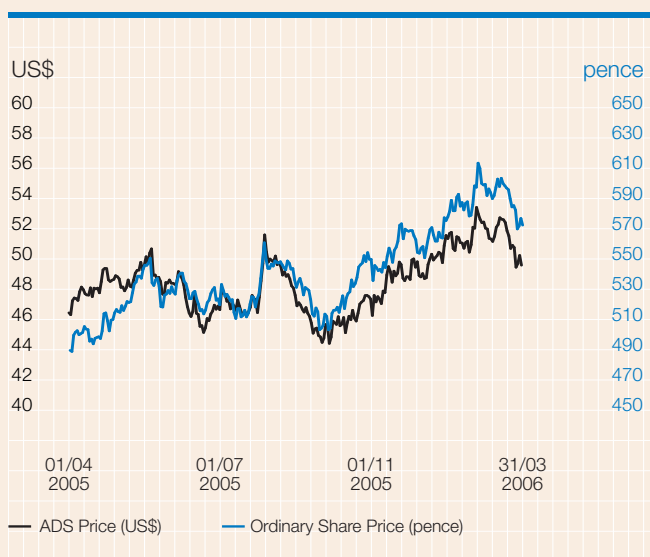
Any queries from holders of American Depositary Shares should be directed to The Bank of New York:

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

Telephone: 1-800-466-7215  
(for international calls +1-212-815-3700)  
Email: shareowners@bankofny.com  
Website: www.adrbny.com

### Share price

The following graph shows the movement of National Grid's share prices during the 2005/06 financial year:



### Financial calendar

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

<b>7 June 2006</b>	Ordinary shares ex-dividend
<b>9 June 2006</b>	Ordinary share 2005/06 final dividend record date
<b>12 July 2006</b>	DRIP application deadline 2005/06 final dividend
<b>31 July 2006</b>	2006 Annual General Meeting
<b>7 Aug 2006</b>	B share continuing dividend payment date
<b>8 Aug 2006</b>	Further repurchase of B shares as elected
<b>23 Aug 2006</b>	Ordinary share 2005/06 final dividend payment date
<b>16 Nov 2006</b>	2006/07 interim results
<b>29 Nov 2006</b>	Ordinary shares ex-dividend
<b>1 Dec 2006</b>	Ordinary share 2006/07 interim dividend record date
<b>8 Dec 2006</b>	DRIP application deadline 2006/07 interim dividend
<b>24 Jan 2007</b>	Ordinary share 2006/07 interim dividend payment date
<b>May 2007</b>	2006/07 preliminary results
<b>June 2007</b>	Ordinary shares ex-dividend
<b>June 2007</b>	Ordinary share 2006/07 final dividend record date
<b>July 2007</b>	DRIP application deadline 2006/07 final dividend
<b>July 2007</b>	2007 Annual General Meeting
<b>Aug 2007</b>	B share continuing dividend payment date
<b>Aug 2007</b>	Final repurchase of B shares as elected
<b>Aug 2007</b>	Conversion of remaining B shares
<b>Aug 2007</b>	Ordinary shares 2006/07 final dividend payment date

### Website

More information about National Grid is available on the Group website at [www.nationalgrid.com](http://www.nationalgrid.com), and includes: current and historical share price information; previous Annual Reports and Accounts; and information about each of the Group businesses.