

Annual Review 2008/09

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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. For a description of factors that could affect future results, reference should be made to the full Cautionary Statement on the back cover.

The Company highlights

We have had another year of strong financial performance. Cash generated from operations was more than £3.5 billion, revenue was more than £15.6 billion, while adjusted operating profit and adjusted earnings per share were higher by 12% and 6% respectively.

Revenue* <hr/> £15,624m 2007/08: £11,423m +37%	Cash generated from operations* <hr/> £3,564m 2007/08: £3,265m +9%	Ordinary dividends <hr/> 35.64p 2007/08: 33.00p +8%
Adjusted operating profit*†† <hr/> £2,915m 2007/08: £2,595m +12%	Adjusted earnings per share*†† <hr/> 50.9p 2007/08: 47.8p +6%	Capital expenditure <hr/> £3,242m 2007/08: £3,054m +6%
Operating profit* <hr/> £2,623m 2007/08: £2,964m -12%	Earnings per share* <hr/> 37.4p 2007/08: 60.3p -38%	Return on equity†† (three year average) <hr/> 10.8% 2007/08: 11.8%

+ National Grid uses adjusted profit measures as key financial indicators to assess our business performance

* for continuing operations
 † excludes the impact of exceptional items, remeasurements and stranded cost recoveries

New debt issuances

During 2008/09, despite adverse conditions in the credit markets, we issued £4.9 billion of new long-term debt.

Employee engagement index

70%

2007/08: 60%

Employee survey response rate

91.8%

2007/08: 86.4%

Climate change

During 2009/10, we will implement carbon budgets setting a maximum level of greenhouse gas emissions per business per financial year. We are targeting a 45% reduction in emissions by 2020 on the way to our goal of an 80% reduction by 2050.

Percentage of ethnic minority employees

13.2%

2007/08: 12.3%

Percentage of female employees

22.6%

2007/08: 22.5%

BITC platinum member

We continue to enjoy external recognition of our responsible business approach. For the seventh consecutive year, we are a 'platinum' company in the Business in the Community corporate responsibility index.

Lost time injury frequency rate [^]

0.25

2007/08: 0.30

For more information visit:
www.nationalgrid.com



[^] on a like-for-like basis, including KeySpan employees in both years