

*“We have made good progress this year against our priorities and delivered good financial performance despite some challenging headwinds. Continued investment in our key regulated markets and sustained focus on improving returns have delivered benefits. During the year we invested a record £3.6bn of new capital and at the same time maintained tight management of controllable operating costs.”*

## Highlights

### Solid performance in 2010/11

- ◆ Pre-tax profit<sup>1</sup> up 25% and earnings per share<sup>1</sup> up 4%<sup>2</sup>
  - Good financial and operating performance
    - continued strong UK returns
    - US return up 130bps to 8.2% with actions underway for further improvement
  - Benefits from timing in year contributed approximately 5p/share
- ◆ Operating cash flow<sup>3</sup> up 12% at £4.7bn

### Investing in growth and improving long-term returns

- ◆ Strong balance sheet capacity for planned investment
  - Net debt of £18.7bn after £3.2bn rights issue in June 2010
  - Record capital investment<sup>4</sup> in 2010/11 of £3.6bn, up £265m
  - Expected investment of around £19bn in four years to end March 2015

### Positive outlook for 2011/12 – focus on improving returns and efficiency

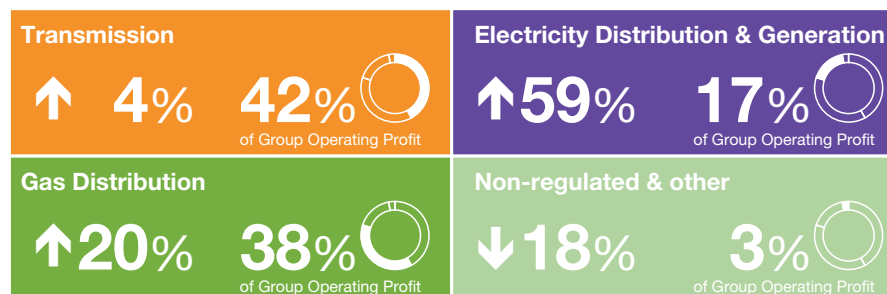
- ◆ Benefits from US restructuring, rate case reviews and investment
- ◆ Delivering value from increased investment in UK regulated assets

## Group Financial Summary

(£m, at actual exchange rate)

Business Performance <sup>1</sup>	Year ended 31 March	
	2011	2010
Operating profit	3,600	3,121
Operating cash flow	4,658	4,146
Pre-tax profit	2,473	1,974
Earnings	1,747	1,418
Earnings per share	51.7p	49.5p <sup>2</sup>
Dividend per share	36.37p	33.68p <sup>2</sup>

## Operating Profit Performance



*“Positive outlook for 2011/12 – expect to deliver another year of good operating performance – comparative performance will be impacted by the timing differences that benefited 2010/11.”* Steve Holliday, Chief Executive

### Notes

- 1 Results for continuing operations before exceptional items, remeasurements and stranded cost recoveries
- 2 Prior year DPS and EPS adjusted to reflect rights issue bonus element and, in the case of EPS, scrip dividends
- 3 Operating cash flows from continuing operations before exceptional items, remeasurements, stranded cost recoveries and taxation
- 4 Capital investment including investment in joint ventures

### 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](http://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.

## Business Review

### A challenging year...

#### ...with strong positive outcomes

- ◆ On time, on budget delivery of Isle of Grain III & BritNed
- ◆ New Hampshire sale agreed
- ◆ Massachusetts Gas outcome
- ◆ US restructuring progressing well
- ◆ Coped well with extreme weather in both UK and US
- ◆ Real reductions in regulated controllable operating costs
- ◆ Revenue decoupling and cost trackers implemented in the majority of businesses

## Strategic Priorities and Outlook for 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

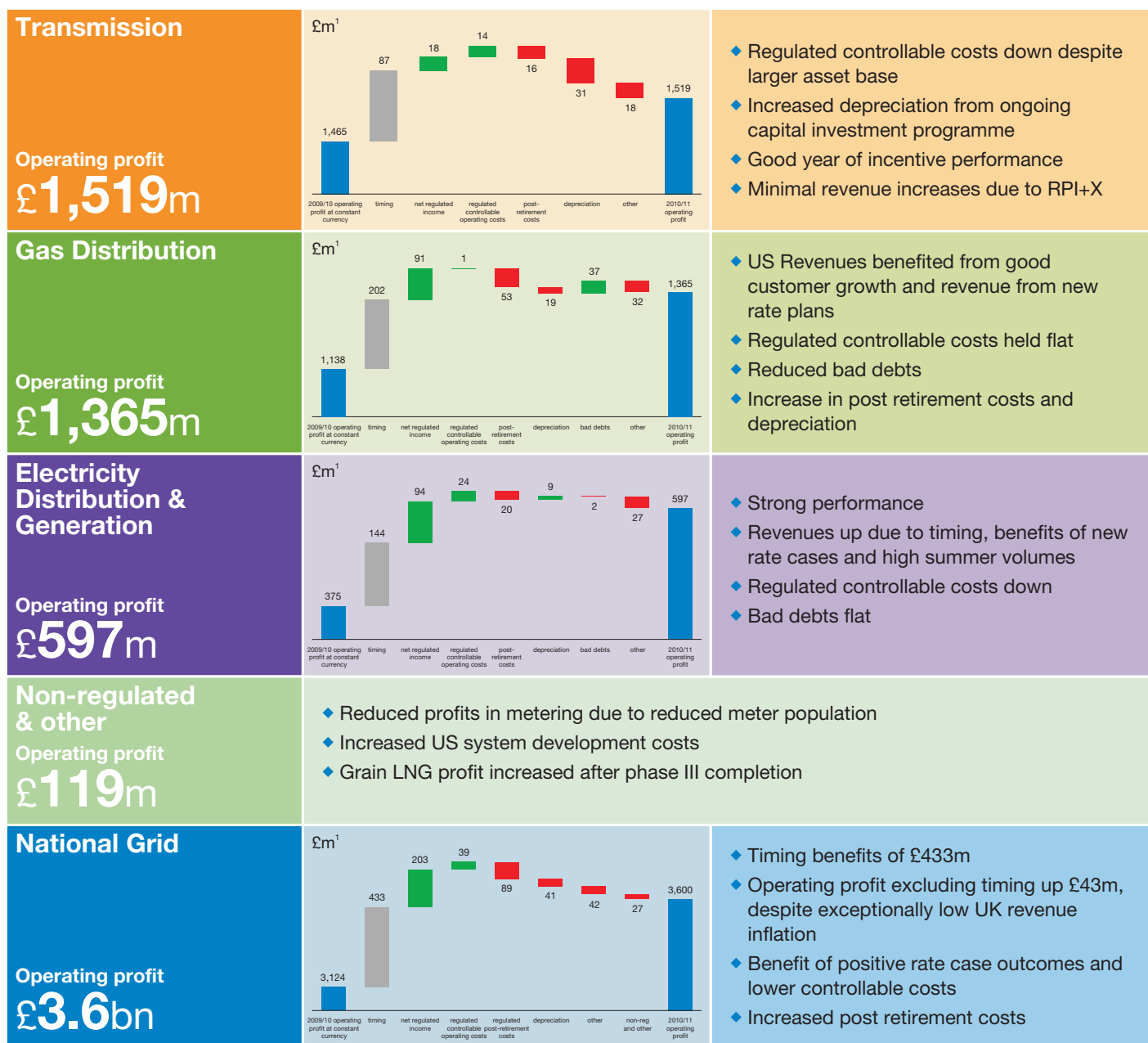
### Deliver core investment programme

- ◆ ~£3.6bn investment in 2011/12
- ◆ Progress RIIO framework

### Deliver cost reductions

- ◆ Reductions across the Group
- ◆ Realign UK Gas Distribution costs with frontier networks

## Business performance in detail



<sup>1</sup> Visual representation only – not to scale. Business performance, excluding exceptional items, remeasurements and stranded cost recoveries for continuing operations. Constant currency figures calculated by applying the average 2011 rate (\$1.57 to £1.00) to 2010 results (when the average rate was \$1.58 to £1.00). Post retirement costs represent pensions and other post employment benefits.

## Balance Sheet and Investment



## Further information

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