

Shaping the future

- Welcome from Sir John Parker and Steve Holliday
- How we performed
- Our business
- Shaping the future
- Shareholder information



nationalgrid

The power of action.™

Welcome

We are confident that our focused strategy remains the right one to bring long-term benefits to all our stakeholders.

Reduction in our employee lost time injury frequency rate

40%

Planned investment in 2010/11

£3.9bn

We are pleased to report another strong set of results for 2009/10. Our priorities arising from the Board's strategy are now well embedded and driving performance across the Company. Over the last year, we have stepped up our participation in the debate on shaping the energy future – ensuring that, while we continue to deliver strongly today, we are also planning for tomorrow.

Financials

We are again recommending a dividend increase of 8% for 2009/10, giving a final dividend of 24.84 pence per share, with a total for the year of 38.49 pence per share. Cash generated from operations was over £4.3 billion, revenue was nearly £14 billion while adjusted operating profit and adjusted earnings per share were higher by 7% and 14% respectively.

We maintain a disciplined approach to our capital investment and efficient management of our balance sheet. Since the merger of National Grid and Lattice in 2002, this has enabled us to return almost £10 billion of capital to shareholders, which includes more than doubling our dividend in the process. National Grid plays a vital role in delivering essential UK energy infrastructure and we are entering an era of significantly higher capital investment. We are, therefore, announcing a £3.2 billion rights issue, which we believe will enable us to continue to deliver our growth strategy in the UK and maintain our single A credit ratings in our UK operating companies.

Investing for Growth

This year we invested £3.3 billion, a new record rate, to satisfy the needs of our customers. These investments are necessary to create the electricity and gas networks of the future, as well as replacing end of life assets.

We are seeking to ensure that, when we invest, we either lock in regulatory returns or underpin with

long-term contracts. In the US, our focus continues to be on restoring baseline business performance principally by filing new rate plans, which we have done in 65% of our businesses. In the UK, we continue to feed in to Ofgem's RPI-X@20 regulatory reform effort, which seeks to determine if the traditional UK approach to network regulation is fit to incentivise the investments required for the future.

People

We are taking firm action to ensure we have a robust pool of employees with the right skills and capabilities and in the right roles to achieve our mutual ambitions.

Safety

Safety is paramount in all our undertakings. We believe that everyone in, and who does work with, National Grid, has a part to play to achieve it. We are delighted to report a 40% improvement in our safety performance across the Company this year.

Outlook

We remain focused on identifying further improvements in safety, reliability and efficiency, while being a valued partner to our customers and the communities in which we operate. As we look towards the future, we are seeing a number of exciting UK investment opportunities that range from reinforcing our assets to investing in non-regulated opportunities that will allow us to earn acceptable returns. We are confident that our focused strategy remains the right one to bring long-term benefits to all our stakeholders and in the following pages of this Performance Summary we outline some of the projects that are critical to shaping our future.

Sir John Parker
Chairman

Steve Holliday
Chief Executive



How we performed

Revenue *

£13,988m

2008/09: £15,624m (↓10%)

Cash generated from operations *

£4,372m

2008/09: £3,564m (↑23%)

Ordinary dividends

38.49p

2008/09: 35.64p (↑8%)

Interest cover

3.9x

2008/09: 3.1x

Adjusted operating profit *†

£3,121m

2008/09: £2,915m (↑7%)

Adjusted earnings per share *†

57.4p

2008/09: 50.2p (↑14%) (i)

Capital expenditure

£3,252m

2008/09: £3,242m (↑0.3%)

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

(i) Comparative earnings per share data has been restated for the impact of the scrip dividend issues.

Operating profit *

£3,293m

2008/09: £2,623m (↑26%)

Earnings per share *

56.1p

2008/09: 36.9p (↑52%) (i)

Return on equity † (3 year average)

11.3%

2008/09: 10.8%

→ **Safety** is critical both to business performance and to defining the culture of our Company for our employees. 2009/10 saw a 40% reduction in lost time injury frequency rate to 0.15 compared with 0.25 in 2008/09.

→ We continue to make progress in the **representation of women and ethnic minorities in our workforce**, increasing both this year. We are also creating **targeted solutions** to help employees **maximise their performance**.

→ We are committed to our customers and to providing outstanding **customer service**. Improvements made during this year include, implementation of a web based outage communication tool and energy efficiency campaigns.

→ We continue to believe that our **45% by 2020 and 80% by 2050 greenhouse gas emissions reduction targets** (against our 1990 baseline) are industry leading within the UK and US.

→ Our future organic growth is dependent on the delivery of our **capital investment** programme. In 2009/10, we invested £3.3 billion and our planned investment for 2010/11 is £3.9 billion.

→ In line with our objective to deliver strong, sustainable regulatory and long-term contracts with good returns, we have made **significant progress in filing US rate cases**.

The headlines...

24.84p

Final dividend

8%

Increase in dividend

18 Aug 2010

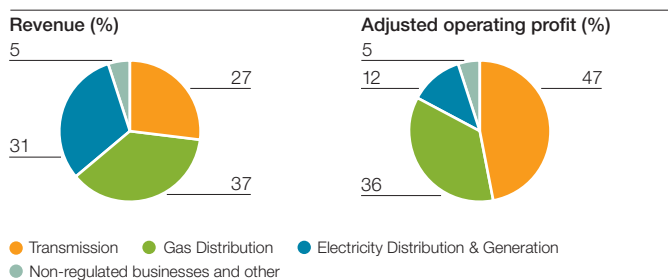
Payment date

Our business

Transmission	Gas Distribution	Electricity Distribution & Generation	Non-regulated businesses and other
			
<p>Our Transmission business operates in both the UK and the northeastern US – operating circuit length of over 27,800 km of overhead electrical line and over 7,600 km of gas pipeline.</p> <p>Highlights 2009/10</p> <ul style="list-style-type: none"> → Currently upgrading transmission capacity connecting Scotland and England → Started construction of Wormington to Sapperton 44 km pipeline to meet gas demand in southwest UK → Significant expenditure on asset replacement to increase system reliability in the US 	<p>Our Gas Distribution business operates in both the UK and the northeastern US – serving over 14 million consumers and operating around 190,000 km of gas pipeline.</p> <p>Highlights 2009/10</p> <ul style="list-style-type: none"> → Exceeded Health and Safety Executive mains replacement target for fourth consecutive year in the UK → PAS 55 certified in UK and US in recognition of optimal management of our infrastructure assets → 46% reduction in lost time injury frequency rate 	<p>Our Electricity Distribution & Generation business operates in the northeastern US – serving approximately 3.4 million electricity customers.</p> <p>Highlights 2009/10</p> <ul style="list-style-type: none"> → Met all our regulatory reliability targets in 2009 and achieved internal targets moving us towards top quartile reliability performance → 41% reduction in lost time injury frequency rate → \$614 million planned investment in our networks in 2010/11 	<p>Other services related to our main operations principally in the UK, including electricity interconnectors, metering services, liquefied natural gas (LNG) facilities and property.</p> <p>Highlights 2009/10</p> <ul style="list-style-type: none"> → 627,000 increase in the portfolio of OnStream, our competitive metering business → 3.4 million tonnes of LNG imported to the UK through the Isle of Grain → £307 million capital investment in our non-regulated businesses and other activities

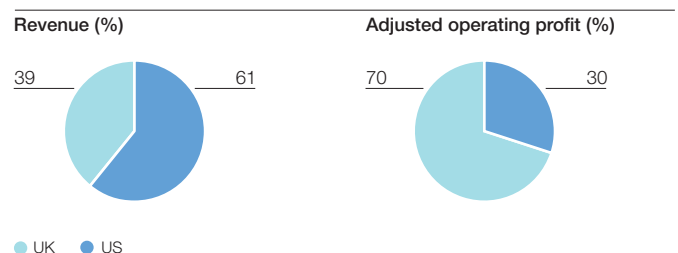
Business analysis 2009/10

Continuing operations



Geographical analysis 2009/10

Continuing operations



Shaping the future

A complex combination of energy sources, technologies and industry frameworks needs to be managed effectively if we are to maintain security of energy supply while moving to a low carbon economy. To achieve this, we need visionary leadership, a supportive regulatory regime and a higher profile for engineering to provide the necessary skills and innovation. National Grid is committed to taking a leading role in shaping this future energy landscape, seeking to ensure efficiency and affordability go hand in hand with responsibility, sustainability and continued security of supply.

Energy efficiency



We have been offering energy efficiency programmes and initiatives to help customers lower their energy bills and help the environment for more than 20 years in the US. A significant initiative in 2009 was our 3% Less challenge, which asks our customers to commit to using 3% less energy a year for the next 10 years. Our website allows customers to take part in free energy evaluations, learn ways to reduce their energy use and sign a pledge. We have also introduced a home energy programme, where participating customers receive a monthly energy report that compares their actual energy use to that of their neighbours.

In the UK, we have established Affordable Warmth Solutions, an independent community interest company that builds on the expertise and reputation of our former affordable warmth programme. The company brings together funding partners, local authorities and communities to provide efficient gas connections and new gas heating systems for the fuel poor. It has already delivered many schemes with more planned for 2010/11.

We believe that increased awareness and responsibility among energy users, together with a more collective and collaborative approach to meeting shared energy and environmental goals, marks a growing trend in the energy industry.

Skills for today and the future



Innovative learning

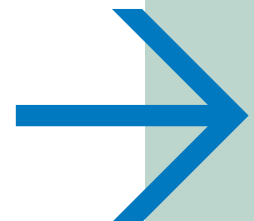
As we strive to create the future of learning, we are exploring new and innovative ways to impart knowledge and skills. Our 3D virtual learning facilities are already enhancing the learning experience of our employees allowing them to step into a real world environment by interacting virtually with our network, plant and components. Through showcasing this technology, we are generating interest and increasing the potential pool of new talent to the Company.



Leadership

As National Grid continues to grow and evolve, it is critical that we have a talented and diverse population of leaders. These leaders will play an important role in leading the change required to deliver the low carbon and energy security requirements of the future.

In order to provide our leaders with the support they need to be effective, we launched a global development programme in May 2009 – foundations of leadership. Approximately 740 employees have already started on the course. The 15 month programme focuses on providing participants with business fundamentals and leadership skills.



Shaping the future continued

Shaping the regulatory and operating structure



Building trust through continued reliability

Reliability is a priority for National Grid, not only to deliver all our current obligations, but also to ensure we continue to be recognised and trusted by governments and regulators.

This means delivering a reliable service not just when the weather is making headlines – as it did in the UK and US over the winter of 2009/10 – but all the time. To achieve this, we have been investing in our infrastructure over recent years and are proud that our Transmission and Electricity Distribution & Generation businesses successfully met all of their regulatory reliability targets for the relevant regulatory period this year.

Common operating model

If we are to meet the demands of the future, including ensuring appropriate regulatory funding for our operations, we must have in place a suitable and efficient operating model. As we work to create value through our complementary businesses, we have been seeking to increasingly align our processes and operate to common principles, standards and policies.

In Gas Distribution, through collaborative events involving people from across emergency, maintenance, repair and construction, we have developed a plan that will drive operational performance improvements through redesigning our processes and replacing our ageing computer technology.

In Transmission, our common operating model project is developing a plan to prepare us for the challenges and opportunities between now and 2020.

Customer service advances

By delivering high standards of service and working in partnership with our customers we can build strong relationships with them and, at the same time, foster goodwill with other stakeholders including regulators and governments.

In 2009, one of our actions to improve customer service and meet customer expectations more effectively involved setting up two new departments in the US. Customer energy solutions provides integrated energy solutions to enable our customers to manage their energy choices better. Customer service operations covers end-to-end customer processes to give our customers an improved experience of dealing with us.



Engineering our Future

National Grid's Engineering our Future report was commissioned to provide an assessment of attitudes towards engineering among young people and identify how we can encourage the next generation of engineers. Key findings included that young people often struggle to visualise what professional engineers do, and teachers are often unable to explain engineering.

As a result, in the UK, we have bolstered our existing employee volunteering in local schools through Imagineering and School Power – a new programme of activities to enrich the teaching of energy, forces and materials. We are also working

with the Royal Academy of Engineering to create a new residential work experience offering and programmes for engagement with teachers and career advisers.

In the US, we have launched Engineering Pipeline – a six year development programme that creates a recruitment pathway to inspire promising students to pursue an education and career in engineering. We are also maintaining our school engagement programmes through our partnership with Junior Achievement where we have approximately 150 employees volunteering each year to teach business courses, leadership development programmes and introduce students to engineering.

Renewable gas

Renewable gas has the potential to make a significant contribution to renewable energy targets, while also helping to provide diversity and security of supply. National Grid is working to facilitate this important innovation through the development of three renewable gas projects.

Newtown Creek in the US, situated at a wastewater treatment plant, is expected to be operational in 2011, subject to regulatory approval. Our two UK projects, in Suffolk and Manchester, are expected to be operational in 2010 and 2011 respectively.

Such projects are designed to facilitate the injection of gas from sustainable sources into our existing gas distribution networks, allowing it to be delivered to customers to heat their homes and businesses.



Image source: © New York City Department of Environmental Protection Archives

647,000 households

have to date benefited from energy efficiency measures as a result of our affordable warmth programme in the UK.

Innovation

The role of research and development is vital as we strive to be an innovative leader. In 2009, a new National Grid power systems research centre opened at the University of Manchester. The two new laboratories are designed to support research into the reduction of electricity consumption and the development of renewables, energy storage and clean technology. The University is already home to the National Grid High Voltage Research Centre, which is the largest university-based facility of its type in the UK.



Changing our energy landscape



Operating the system in 2020

As the UK energy industry works to ensure continued security of supply we will face new challenges in operating an electricity transmission system with intermittent renewable generation, new larger nuclear power stations and greater interconnection. We expect that: day-to-day operation of the transmission networks will become more complex; the way we operate and the way the electricity market operates are likely to change; and the way that consumers interact with the market may also change.

We have been working with other energy companies, the UK government and Ofgem to produce a vision of the network reinforcements, market and framework changes required to meet these challenges. In 2009, we published a document describing the likely issues relating to operating the electricity transmission networks in 2020, including the challenges we will face in our role as system operator and an indication of the services we are likely to require going forward. We believe we can address these challenges by building on our expertise in operating transmission networks and by seeking out innovative solutions, which allow more parties to play a role in securing energy supply in the UK.

...and in numbers

44,000

new gas heating customers in the US

97%

response rate to our 2010 employee survey

£3.3bn

capital investment in 2009/10

Share price



Information on our Directors can be found online at www.nationalgrid.com



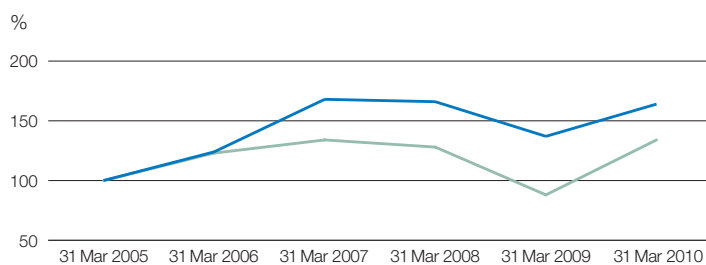
Further information on the share price and interactive tools can be found online at www.nationalgrid.com

Performance graph

The graph below represents the comparative TSR performance of the Company from 31 March 2005 to 31 March 2010.

National Grid plc

TSR v FTSE 100



● National Grid plc ● FTSE 100

Source: Datastream

Share price

The following graph represents the movement of National Grid's share price during 2009/10.

Share price



● Ordinary share price

Financial calendar

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

2 June 2010	Ordinary shares go ex-dividend for 2009/10
4 June 2010	Record date for 2009/10 final dividend
9 June 2010	Script reference price announced
21 July 2010	Script election date
26 July 2010	2010 Annual General Meeting and interim management statement
18 August 2010	2009/10 final dividend paid to qualifying ordinary shareholders
18 November 2010	2010/11 half year results
1 December 2010	Ordinary shares go ex-dividend
3 December 2010	Record date for 2010/11 interim dividend
19 January 2011	2010/11 interim dividend paid to qualifying ordinary shareholders
January/February 2011	Interim management statement
May 2011	2010/11 preliminary results

Shareholder Networking

National Grid operates a Shareholder Networking programme, the aim of which is to allow UK resident shareholders to gain a better understanding of the Company. The programme, which is normally run twice a year in June and during early December over two days, includes visits to UK operational sites and presentations by senior managers and employees. Participants also have the opportunity to meet and question Directors. The costs of the programme (including shareholder travel to and from the event) are paid for by National Grid.

If you would like to take part, please write to:

Shareholder Networking Organiser
National Grid House
Warwick Technology Park
Gallows Hill, Warwick CV34 6DA

Participants will be selected by ballot from those applying, with priority given to those who have not recently attended.

Rights issue

The securities offered pursuant to the rights issue have not been and will not be registered under the US Securities Act of 1933 and may not be offered or sold in the United States unless in a transaction that is registered thereunder or exempt from the registration requirements thereof. No public offer has been or will be made in or into the United States.

For queries about ordinary shares contact:

Capita Registrars



0871 664 0500*
 (from outside UK: +44 20 7098 1198)
 (textphone: 18001 0870 242 2379)

*Calls are charged at 10p per minute plus network extras



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 Capita Registrars, Northern House
 Woodsome Park, Fenay Bridge
 Huddersfield HD8 0GA

For queries about American Depositary Shares (ADS or ADR) contact:

The Bank of New York Mellon



1-800-466-7215
 (from outside the US: +1-212-815-3700)



shrrelations@mellon.com
www.bnymellon.com/shareowner



The Bank of New York Mellon
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 15252-8516

This Performance Summary is extracted from, and should be read in conjunction with, National Grid plc's Annual Report and Accounts 2009/10 (ARA). This Performance Summary is provided for information only, contains forward looking statements, and is not intended to be a substitute for reading the ARA. In particular, this Performance Summary 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 the Company, and the principal risks and uncertainties facing National Grid, as would be provided by the full ARA. Copies of the full Annual Report and Accounts 2009/10 are available via the National Grid website and Capita Registrars — telephone 0871 664 0500.