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Full Year Results

2018/19

16 May 2019

Cautionary statement

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This presentation 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 'aims', 'anticipates', 'expects', 'should', 'intends', 'plans', 'believes', 'outlook', 'seeks', 'estimates', 'targets', 'may', 'will', 'continue', 'project' and similar expressions, as well as statements in the future tense, identify forward-looking statements. These forward-looking statements are not guarantees of National Grid's future performance and are subject to assumptions, risks and uncertainties that could cause actual future results to differ materially from those expressed in or implied by such forward-looking statements. Many of these assumptions, risks and uncertainties relate to factors that are beyond National Grid's ability to control or estimate precisely, such as changes in laws or regulations, including any arising as a result of the United Kingdom's exit from the European Union; announcements from and decisions by governmental bodies or regulators, including proposals relating to the RIIO-T2 price controls as well as increased political and economic uncertainty;; the timing of construction and delivery by third parties of new generation projects requiring connection; breaches of, or changes in, environmental, climate change and health and safety laws or regulations, including breaches or other incidents arising from the potentially harmful nature of its activities; network failure or interruption, the inability to carry out critical non network operations and damage to infrastructure, due to adverse weather conditions including the impact of major storms as well as the results of climate change, due to counterparties being unable to deliver physical commodities, or due to the failure of or unauthorised access to or deliberate breaches of National Grid's IT systems and supporting technology; failure to adequately forecast and respond to disruptions in energy supplies; performance against regulatory targets and standards and against National Grid's peers with the aim of delivering stakeholder expectations regarding costs and efficiency savings, including those related to investment programmes and remediation plans; and customers and counterparties (including financial institutions) failing to perform their obligations to the Company. 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For further details regarding these and other assumptions, risks and uncertainties that may impact National Grid, please read the Strategic Report section and the 'Risk factors' on pages 193 to 196 of National Grid's most recent Annual Report and Accounts, as updated by National Grid's unaudited half-year financial information for the six months ended 30 September 2018 published on 8 November 2018. In addition, new factors emerge from time to time and National Grid cannot assess the potential impact of any such factor on its activities or the extent to which any factor, or combination of factors, may cause actual future results to differ materially from those contained in any forward-looking statement. Except as may be required by law or regulation, the Company undertakes no obligation to update any of its forward-looking statements, which speak only as of the date of this presentation.

Agenda

Highlights
John Pettigrew

Financial review
Andy Agg

Priorities and outlook
John Pettigrew

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Highlights

John Pettigrew
Chief Executive

Financial performance highlights

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Underlying operating profit

£3,427m ⬇4%

FY18: **£3,560m**

Underlying EPS

58.9p ⬆5%

FY18: **56.2p**

Return on Equity

11.8% ⬇50bps

FY18: **12.3%**

Asset growth increased

7.2% ⬆130bps

FY18: **5.9%**

Dividend growth in line with policy

47.34p ⬆3.1%

FY18: **45.93p**

Underlying results from continuing operations, excluding exceptional items, remeasurements, timing and major storm costs. Exceptional items totalled £624m in 2018/19

Operating profit calculated at constant currency

Safety, reliability and customer performance

- Continued strong safety performance
  - IFR of 0.1*
- Strong reliability maintained across our networks
- Good response to increased storm frequency
- Improved customer satisfaction scores across the Group

* Combined IFR is the number of injuries per 100,000 hours worked in a 12 month period for employees and contractors

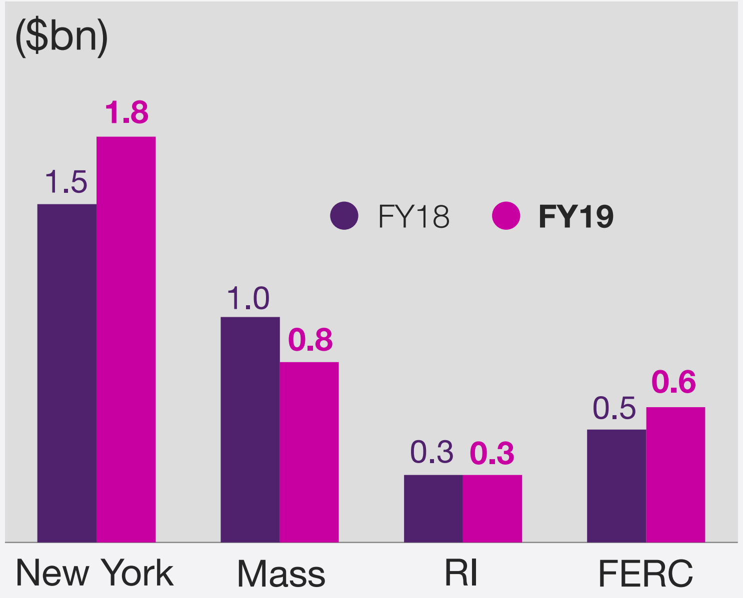
Strong strategic progress in 2018/19

- Delivered strong organic growth in 18/19
  - £4.5bn of capital invested delivering asset growth of 7.2%
- Sale of Cadent to complete with £2bn in proceeds expected in June
- Good US regulatory progress, with all distribution companies under refreshed rates
- Launched new cost efficiency programmes in both UK and US
- Significant progress on interconnector portfolio
- Major milestone achieved for Property business with sale of Fulham site to St William

US operational performance

- Achieved 8.8% RoE, 93% of allowed
- Asset growth of 9.2%
- US cost efficiency programme launched
  - will deliver cost savings of $30m in 19/20 and $50m in 20/21
- Massachusetts Gas union agreement reached
  - higher costs of labour dispute due to additional spend during peak winter period
  - minimise bill increases for customers
  - exceptional charge of £283m
  - agreement with two further unions reached since January

$3.5bn
invested driving asset growth of 9.2%



Continued regulatory progress

- First cycle of refreshing rate plans successfully complete
- Rhode Island and Massachusetts Gas filings completed in 18/19
- Enabling New York's clean energy goals
  - $650m capital request for smart meters (AMIs) in NiMo
- New rates filed for Massachusetts Electric and KEDNY/KEDLI

Rhode Island rate plan

Summary

- 3 year settlement from September 2018
- RoE of 9.3%
- $240m annual capex

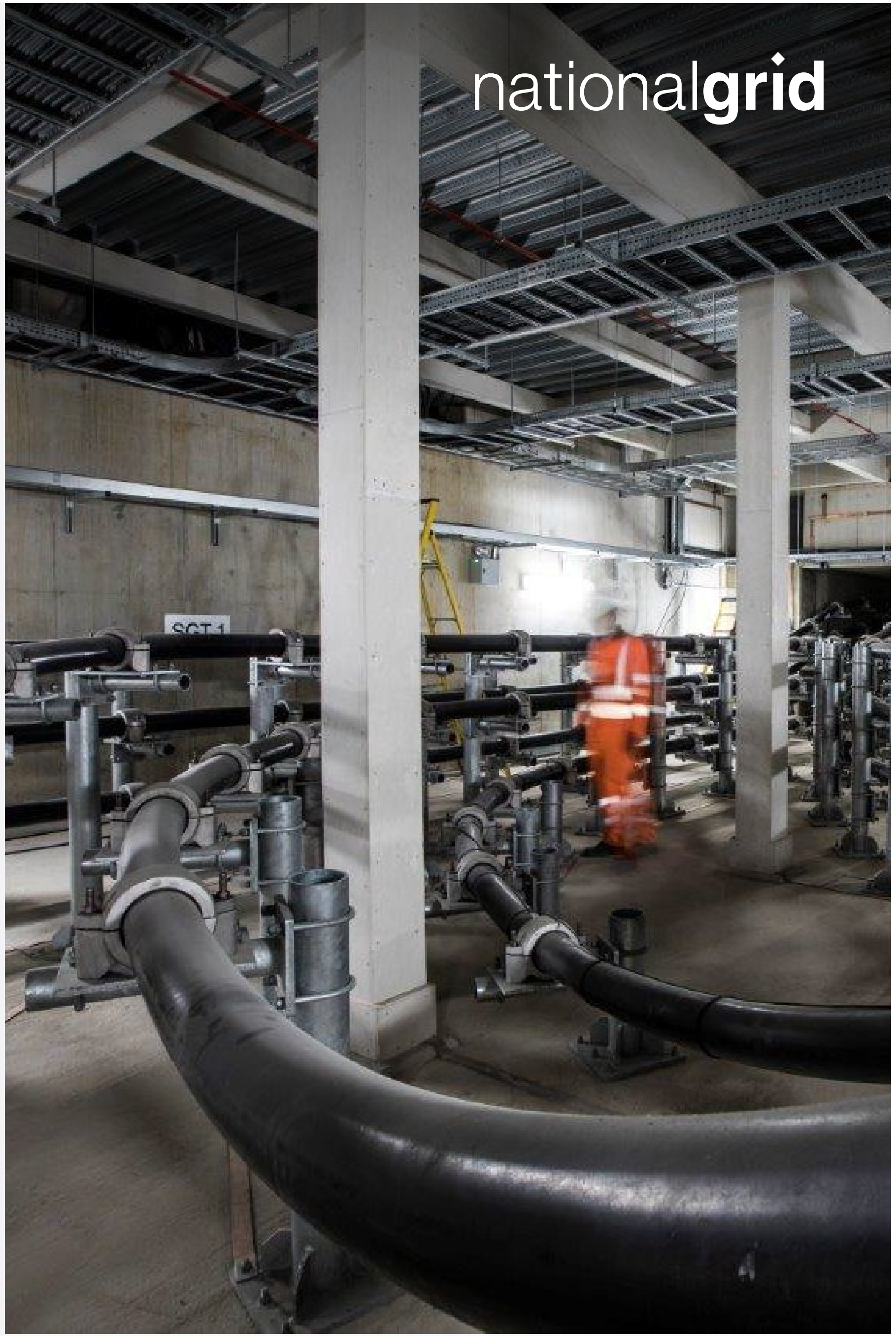
Massachusetts Gas rate plan

Summary

- New rates effective from October 2018
- RoE of 9.5%
- $413m annual capex allowance

Delivering savings through outperformance in the UK

- Significant investment made so far under RIIO-1, maintaining world class network reliability
  - 1,049km overhead lines replaced; 678 circuit breakers replaced
  - critical asset health investment in gas network
- Invested £10bn so far in RIIO-1
  - generating almost £640m savings for customers
  - demonstrates benefit of a regulatory framework that incentivises both efficient delivery and innovation
- £1.2bn invested in 18/19
  - completed Canterbury – Richborough overhead line
  - Feeder 9 tunnelling 75% complete



UK operational performance

- UK Return on Equity of 12.4%, consistently delivering outperformance in the 200-300bps range
- Cost efficiency programme progressing
  - one-off costs of £136m in 18/19
  - expect to deliver at least £50m opex savings in 19/20 and £100m from 20/21
- RIIO-T1 reopeners funding agreed
- Electricity System Operator now legally separate
- Limited economic impact of cancellation of NuGen and Horizon nuclear projects
  - one-off charge of £137m

Strong progress for NG Ventures

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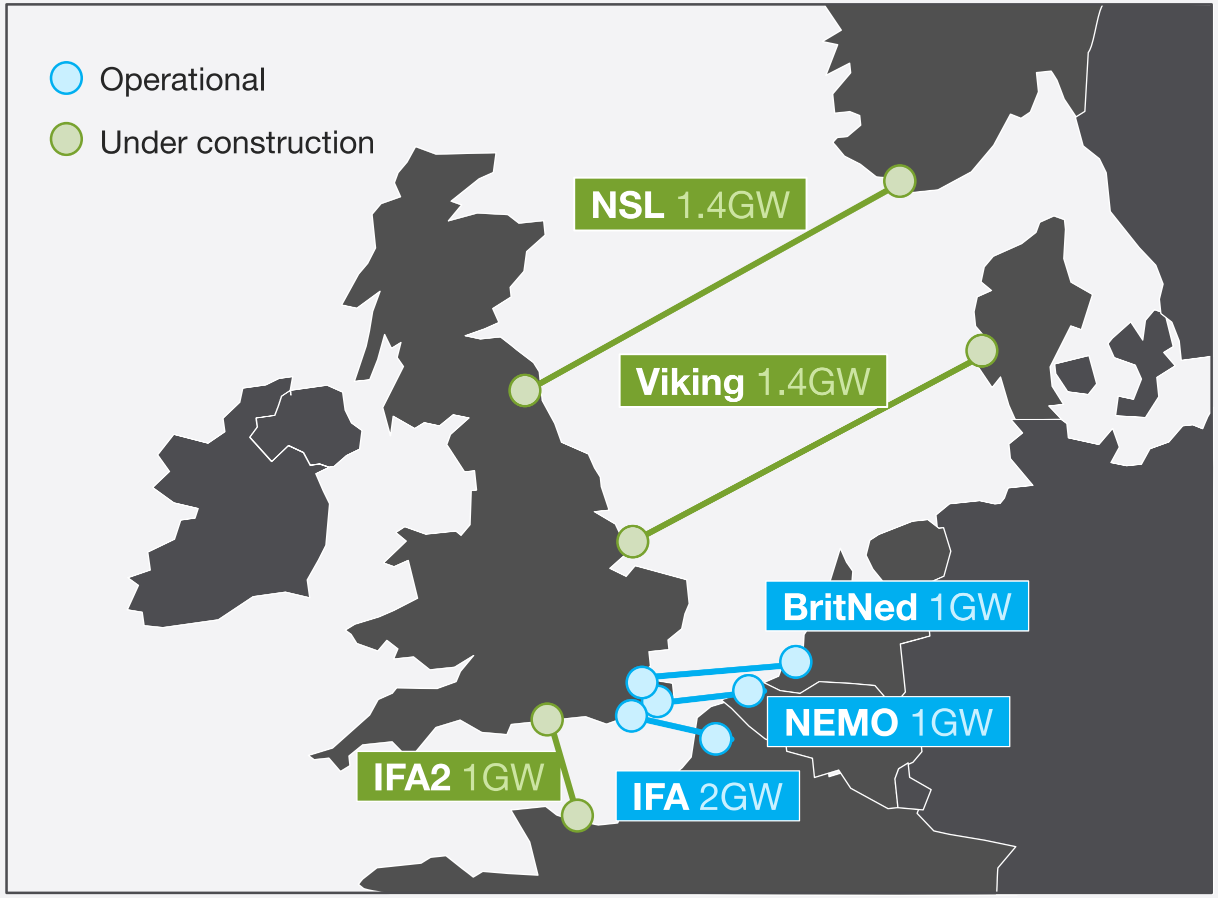
- 1GW, 140km Nemo Link to Belgium successfully commissioned in January
- Construction of IFA2 and NSL on track
- Final investment decision taken on Viking Link
  - all planning and land rights obtained
- Geronimo acquisition enables further growth in US renewables, 6GW potential pipeline
  - expected to complete in June



Milestone achievement for Property JV

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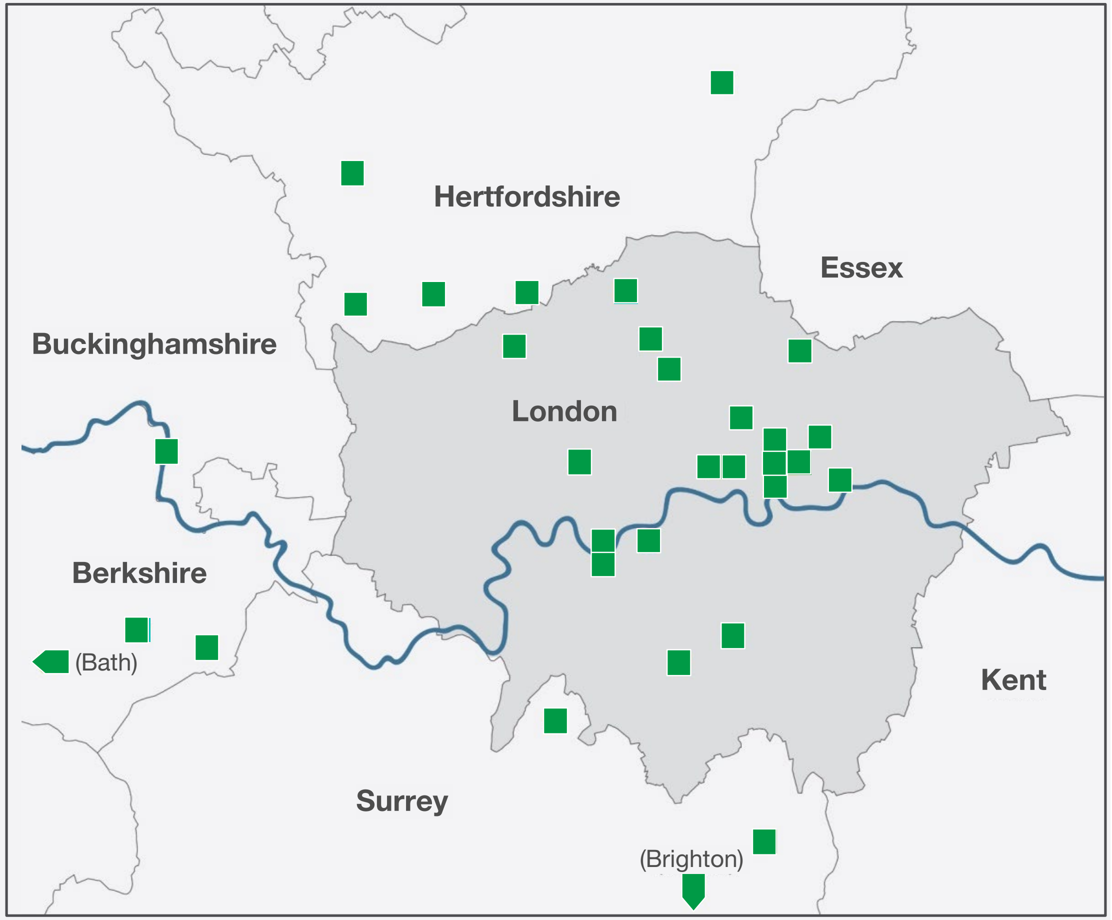
- 17 acre Fulham site sold to St William JV
  - 1,843 apartments, 646 of them affordable
- Site development starts this year
- Pipeline of future sites across London and the South East
  - potential for up to 20,000 new homes



Site either already transferred or under consideration for St William JV

Financial Performance

Andy Agg
Chief Financial Officer

Financial performance highlights

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Underlying operating profit
£3,427m ⬇4%

FY18: **£3,560m**

Underlying EPS
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FY18: **56.2p**

Return on Equity
11.8% ⬇50bps

FY18: **12.3%**

Value added per share
61.2p ⬆6%

FY18: **57.9p**

Asset growth increased
7.2% ⬆130bps

FY18: **5.9%**

Dividend growth in line with policy
47.34p ⬆3.1%

FY18: **45.93p**

Underlying results from continuing operations, excluding exceptional items, remeasurements, timing and major storm costs. Exceptional items totalled £624m in 2018/19

Operating profit calculated at constant currency

UK Electricity Transmission

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Return on equity

10.2%
Base return

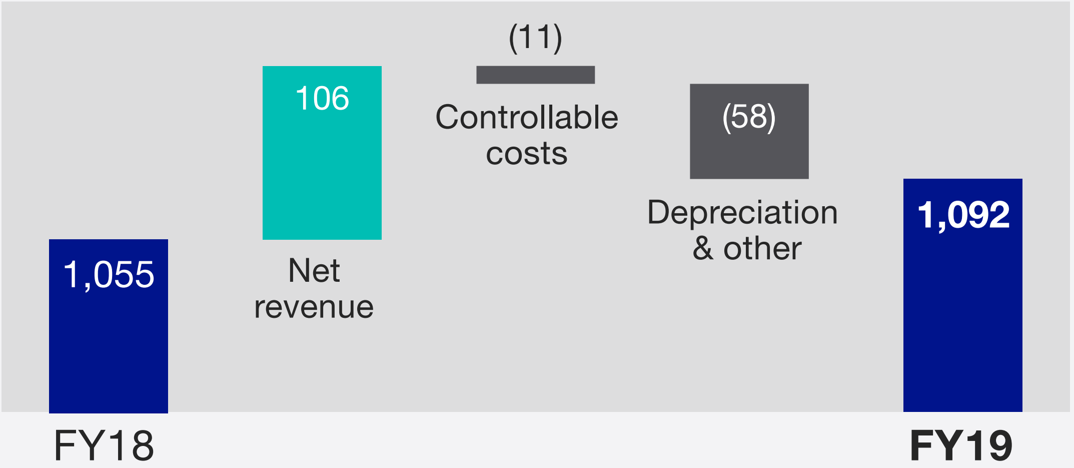
230bps
Totex incentive

50bps
Other incentives

70bps
Additional allowances

Achieved return
13.7%
FY18: **13.1%**

Underlying operating profit (£m)



Capital investment
£925m
FY18: **£999m**

Regulated asset value
£13.5bn
FY18: **£13.0bn**

- RoE benefits from reopener filings
- 3.8% RAV growth
- Operating profit excludes exceptional charges:
  - £137m nuclear charge
  - £100m of efficiency programme costs

Underlying results, excluding timing, exceptional items, remeasurements and major storm costs

UK Gas Transmission

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Return on equity

10.0%
Base return

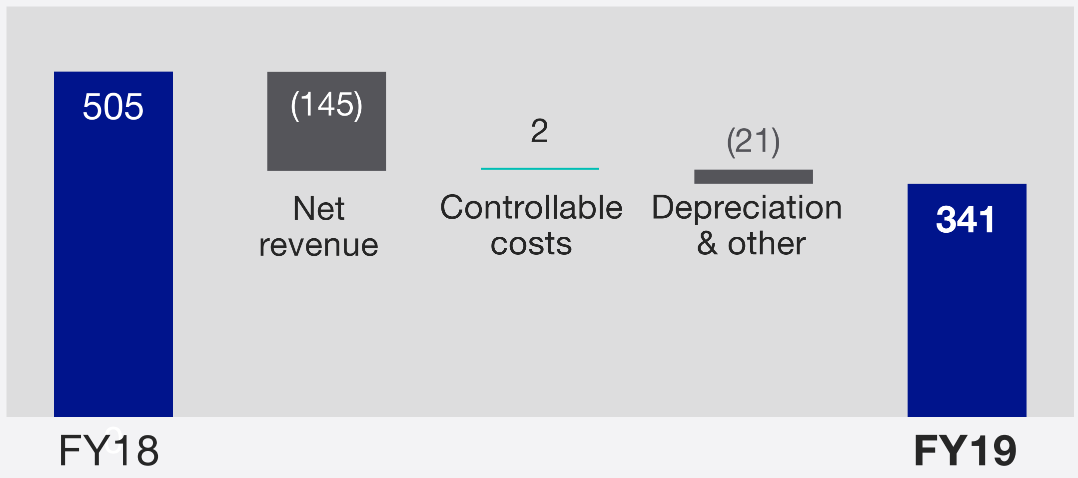
(110)bps
Totex incentive

120bps
Other incentives

(60)bps
Additional allowances

Achieved return
9.5%
FY18: **10.0%**

Underlying operating profit (£m)



Capital investment
£308m
FY18: **£310m**

Regulated asset value
£6.2bn
FY18: **£6.0bn**

- RoE includes impact of reopener filings and asset health spend
- Operating profit reflects expected return of Avonmouth revenues
- 3.3% RAV growth
- Operating profit excludes £36m of efficiency programme costs

Underlying results, excluding timing, exceptional items, remeasurements and major storm costs

US Regulated

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Return on equity

8.6%
New York

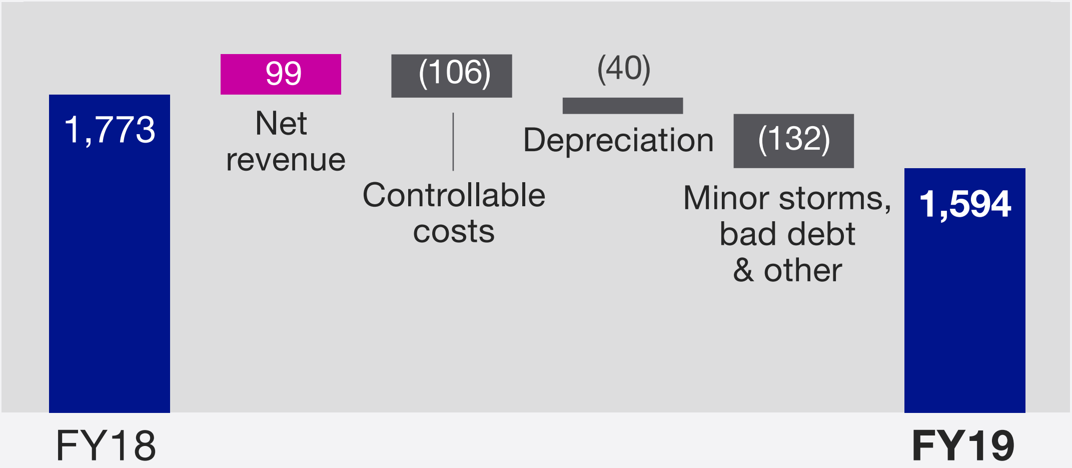
7.6%
Massachusetts

7.7%
Rhode Island

11.5%
FERC

Achieved return
8.8%
FY18: **8.9%**

Underlying operating profit (£m)



Capital investment
$3,458m
FY18: **$3,290m**

Rate base
$22.9bn
FY18: **$20.9bn**

Assets outside rate base
$2.5bn
FY18: **$2.5bn**

- Achieved 93% of the allowed return
- 9.2% rate base growth
- £80m of increased costs not expected to recur in 19/20
- Operating profit excludes exceptional charges:
  - $370m Mass. Gas labour dispute costs
  - $88m efficiency programme costs

Underlying results, excluding timing, exceptional items, remeasurements and major storm costs at constant currency

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Reporting our US performance
US GAAP vs IFRS

- Additional US GAAP disclosure to aid comparison to US utilities
  - US GAAP closer to regulatory accounting
- Largest differences relate to environmental and storm costs
  - other differences include depreciation and asset decommissioning costs
- Adjustments to US GAAP for levelisation
  - defers agreed regulatory revenues to future periods
  - to phase in bill increases for customers

$m	Year ended **31 March 2019**
Underlying IFRS op profit[1]	**2,081**
Environmental reserves	(117)
Storms and other	(51)
US GAAP op profit[2]	**1,913**
Levelisation and other	(49)
EBIT	**1,864**

1 Underlying IFRS operating profit in USD, translated from £1,594m at a rate of $1.31 to £1

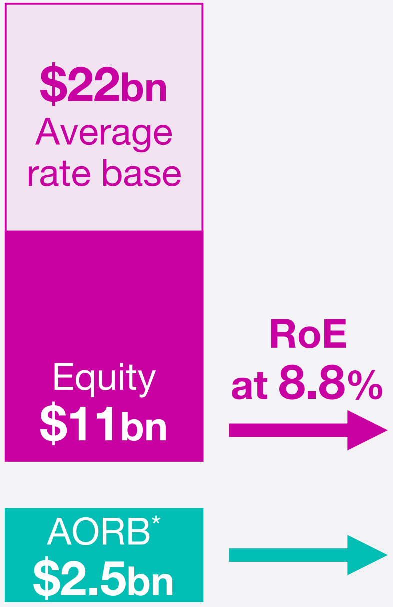
2 Excludes charges related to the Massachusetts Gas labour dispute

Reporting our US performance
Adjusted US GAAP earnings

- Adjusted US GAAP earnings, better measure of performance against rate plans and rate base growth

To aid comparison with other US utilities, include:

- Assets outside rate base which earn a non-cash post-tax return of ~$75m
- Group gearing of 65%, which would increase interest charge by ~$100m



$m	Year ended 31 March 2019
EBIT	**1,864**
Pension interest	(95)
Interest	(457)
Tax	(345)
Earnings	**967**

Earnings (incl. AORB)	**~$1,040m**

1 Underlying IFRS operating profit in USD, translated from £1,594m at a rate of $1.31 to £1
2 Excludes charges related to the Massachusetts Gas labour dispute

* Assets outside rate base

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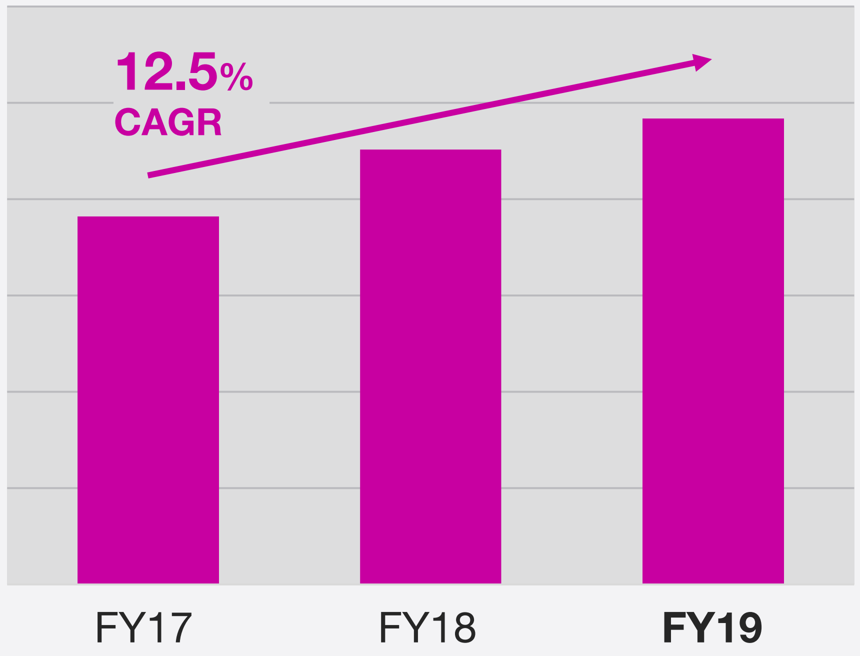
US GAAP earnings reflect regulatory progress

- Achieved adjusted US GAAP earnings CAGR of 12.5% between 16/17 and 18/19
  - reflect average asset growth of 8%
- Sustainable future earnings growth driven by
  - continued asset growth
  - earning returns close to the allowed levels

Adjusted US GAAP Earnings

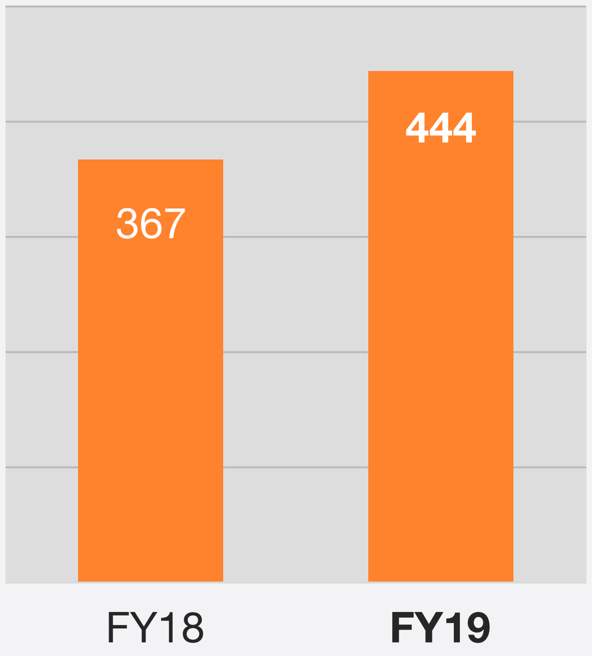


NG Ventures

Operating profit (£m)	Year ended **31 March 2019**	31 March 2018
Metering	153	155
Grain LNG	74	76
Interconnectors	64	65
Other	(28)	(64)
	263	**232**

Post tax share of JVs (£m)		
Interconnectors*	29	35
Millennium	18	14
Other	6	5
	53	**54**
Total NGV	**316**	**286**

Capital investment (£m)



- Increased investment in interconnectors
- Interconnectors to contribute around £250m of EBITDA by 24/25

* Includes Britned and Nemo

Operating profit, share of joint venture profit after tax and investment calculated at constant currency

Underlying results, excluding timing, exceptional items, remeasurements and major storm costs

Other activities

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Operating profit (£m)	Year ended 31 March 2019	31 March 2018
Property	181	84
Corporate centre & other	(44)	(89)
	137	**(5)**

Post tax share of JVs (£m)		
St William	(17)	(9)
Other	4	-
	(13)	**(9)**

Total Other activities	**124**	**(14)**

- Operating profit increases
  - Fulham transaction completed at the end of the year
  - legal settlements of £95m, partially offset by one-off pension charges

Total investment[1]

£179m

FY18: **£160m**

- Increased capital investment, driven by NG Partners

1 Excludes investment in St. William joint venture

Operating profit, share of joint venture profit after tax and investment calculated at constant currency

Underlying results, excluding timing, exceptional items, remeasurements and major storm costs

Interest, tax and earnings

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Finance costs
£993m

1% lower than FY18

- Lower RPI
- Effective interest rate of 4.3%

Underlying effective tax rate[1]
19.6%

at **£(476)m**

- Tax rate 420bps lower than 17/18, due to tax reform
- Underlying tax charge £117m lower than 17/18

Underlying earnings[2]
£1,995m

FY18: **£1,944m**

- 3,386m weighted average shares
- 58.9p/share

1 Excluding joint ventures and associates

2 Underlying results attributable to equity shareholders

Underlying results, excluding timing, exceptional items, remeasurements and major storm costs

Cash flow and net debt

£m	Year ended **31 March 2019**
Underlying operating profit	3,427
Depreciation & amortisation	1,588
Exceptional items	(400)
Working capital & other	(151)
Net operating cash flow	**4,464**
Net debt	**(26,529)**

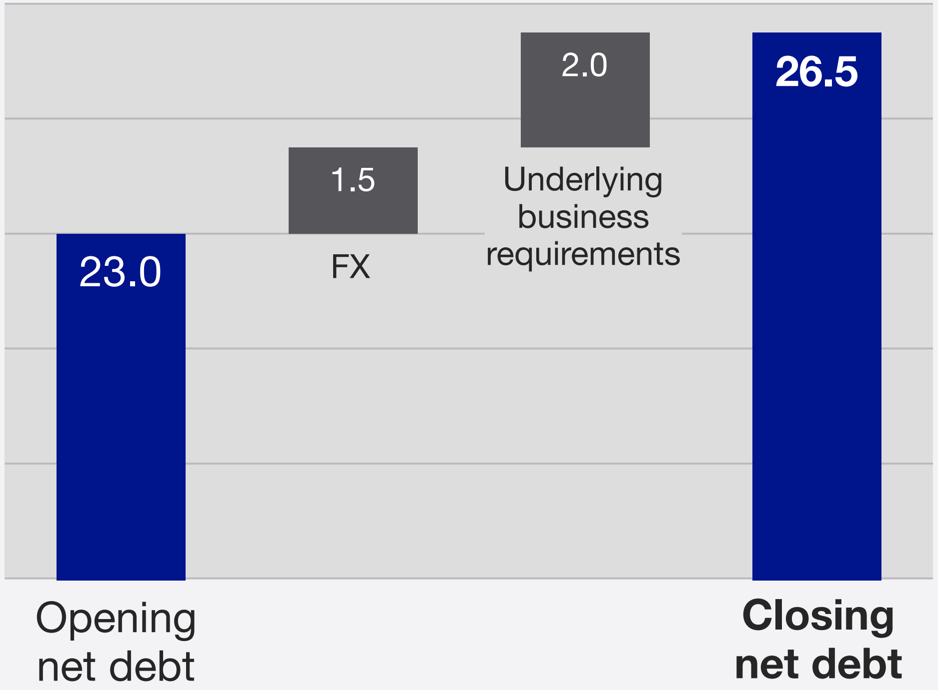
RCF / Net debt **9.4%**

FFO / Net debt **12.6%**

Excluding exceptional items:

10.8% **14.7%**

Net debt (£bn)



Net debt slightly lower than guidance - exceptional costs partially offset by favourable timing

RCF / Net debt based on the Moody's methodology. FFO / Net debt based on the S&P methodology

Capital investment to increase to almost £5bn

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US Regulated investment

- Continued investment to update and modernise the networks
- Supported by recent filings requests for Massachusetts Electric and KEDNY & KEDLI

UK Regulated investment

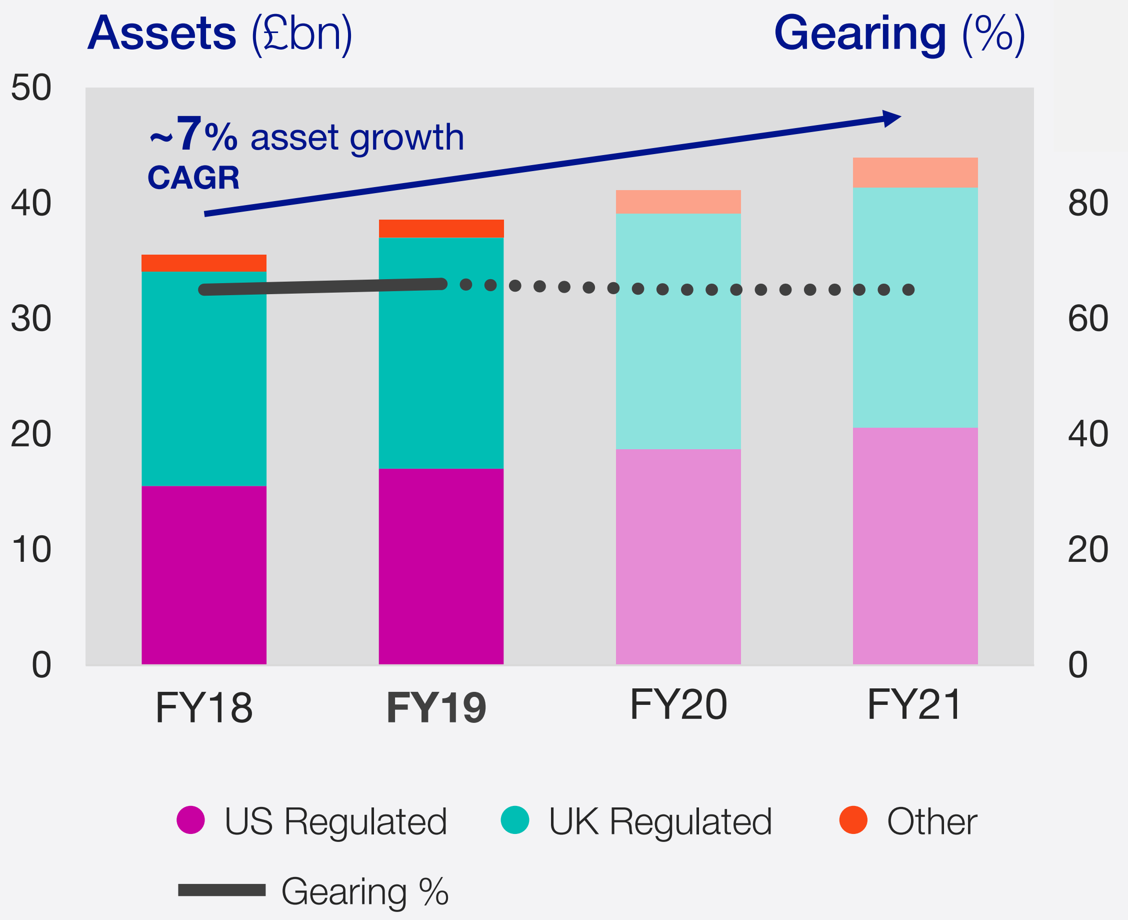
- Two thirds of spend relates to asset health
- Increased spend on undergrounding power lines in Dorset

NGV & Other

- Significant increase in interconnector spend
- Initial investments in large scale renewables

Efficiently funding growth

- Gearing of 66% at March 2019
- Investment expected to increase to around £5bn in 19/20 and 20/21
- Financing growth through
  - new debt issued at attractive rates
  - benefit from Cadent sale proceeds in June
  - internally generated capital, delivered through strong operational performance
  - additional capital generated by the scrip in 19/20 and 20/21
- Gearing to continue to be at the mid-sixty percent level in 19/20 and 20/21



Value Added supporting long-term returns

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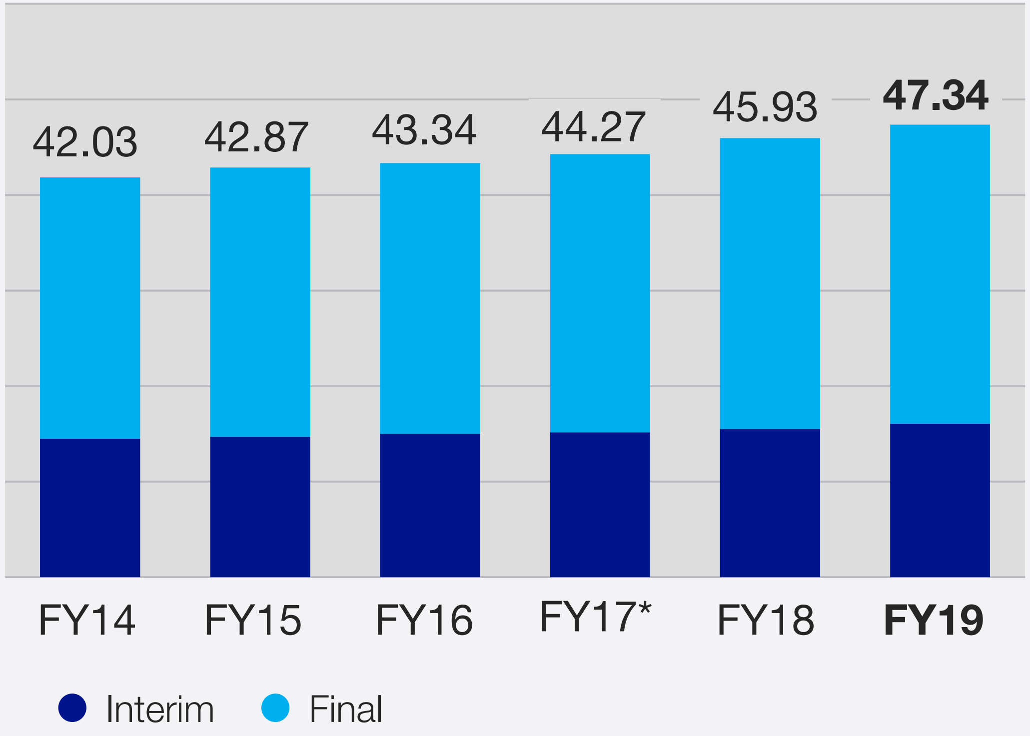
Value added at constant currency

Net asset growth	**£3.0bn**
Dividend paid	**£1.2bn**
Growth in net debt	**£(2.1)bn**
Value added	**£2.1bn**
Value added per share	**61.2p**

Dividend per share (pence)



* Excludes special dividend of 84.375p

FY19/20 technical guidance

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Regulated performance

- UK regulated operations expected to deliver outperformance of 200-300 bps
  - £50m benefit from cost efficiency programme in 19/20
- US RoE expected to improve to at least 95% of the allowed return
  - $30m benefit from US cost efficiency programme in 19/20

NG Ventures and Other activities

- Non-repeat of Fulham transaction and legal settlements
- First year of Nemo and St William joint venture profits

Interest and tax charge

- Interest charge to increase, including growth in average net debt and absence of one-off benefits in 18/19
- Effective tax rate on profits generated in the year of around 21%

Net debt

- ~£1bn increase in net debt, including receipt of Cadent proceeds and £0.4bn impact of IFRS16

Summary

- Efficiently delivered £4.5bn capital programme
- Maintained good returns performance
- Financial position remains strong
  - funding growth of around 7% in the near-term
  - underpinning progressive dividend policy

Priorities & Outlook

John Pettigrew
Chief Executive

National Grid's role in enabling the energy transition

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Power and heat networks are at the heart of the energy system

We create value for our **customers**	By delivering world class **networks**	And driving **decarbonisation**
		
• Affordable energy • Maximising efficiency • Meet changing customer needs	• Safe • Reliable • Resilient • Smart	• Enabling renewables • Whole system approach • Facilitating growth in EVs • Decarbonising heat

Creating long term value for shareholders

US priorities & outlook
Delivering for our customers

- Three key focus areas:
  - improving customer experience
  - efficient and safe service delivery
  - fair and progressive regulatory settlements
- Invest in customer e-billing portal
  - ambition of universal paperless billing
- Upgrade our gas business IT systems, providing
  - more efficient workforce management
  - more responsive customer service
  - further cost efficiencies

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US priorities & outlook
Evolving regulatory frameworks

- Regulatory strategy to move to forward-looking incentive-based multi-year agreements
  – greater benefits for customers
  – higher returns for shareholders

Massachusetts
Electric rates

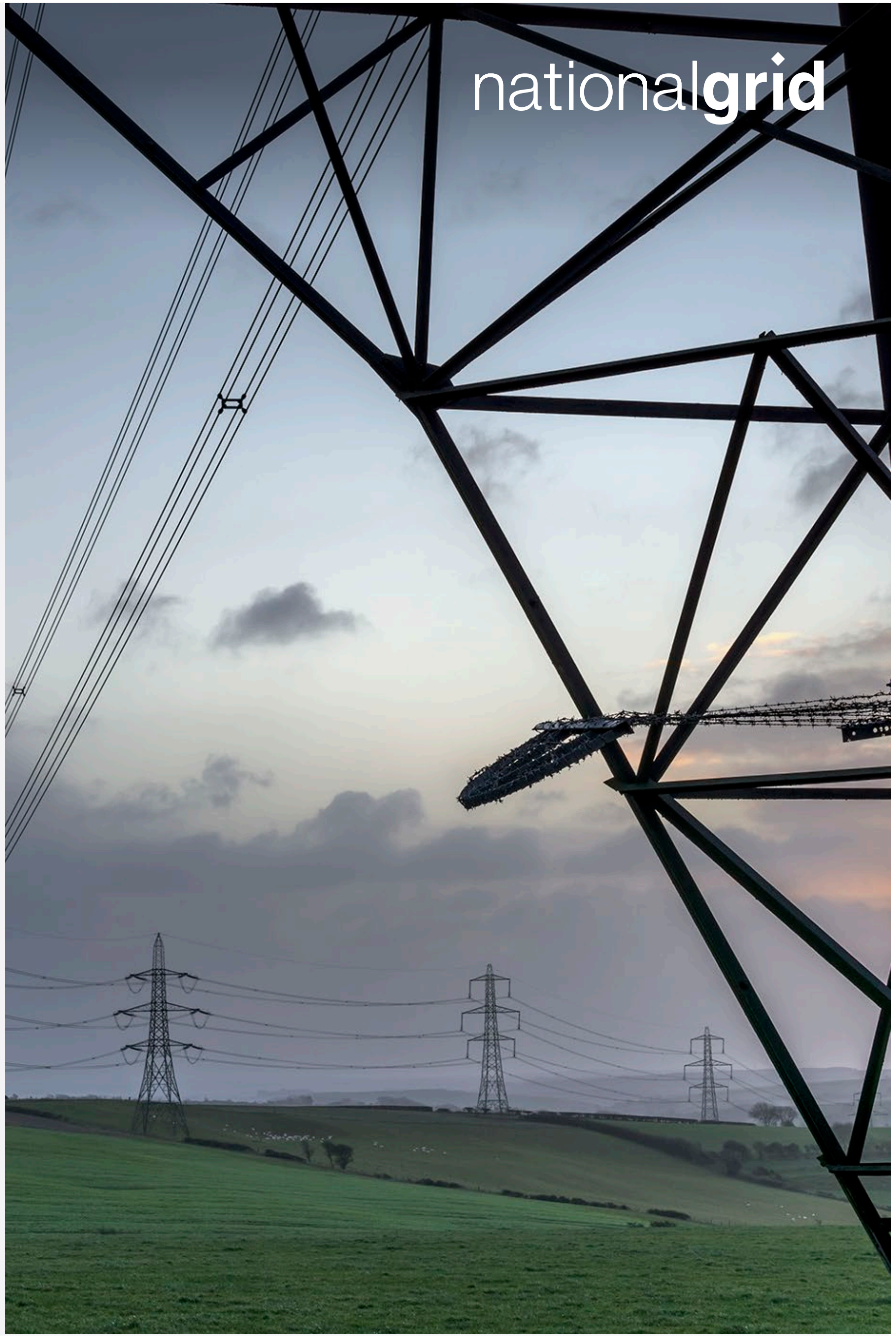
Summary of proposal
- 5 year rate plan from October 2019
- RoE of 10.5%
- $300m annual capex allowance

KEDNY / KEDLI
Gas rates

Summary of proposal
- 4 year rate plan from April 2020
- Year 1 RoE of 9.65%
- $962m annual capex allowance KEDNY
- $586m annual capex allowance KEDLI

UK priorities & outlook
Embedding cost efficiencies

- Three key focus areas:
  - embed customer cost efficiency programme
  - deliver capital investment efficiently
  - continue regulatory development
- Go-live with new IT systems
- Complete Feeder 9 tunnelling
- Start undergrounding work on Dorset VIP project



UK priorities & outlook

Achieving a fair regulatory outcome

- Ofgem's RIIO-2 proposals a step in the right direction, however:
  - current proposals won't bring change consumers need
  - require a fair risk/return balance for both consumers and investors
- Next step – submit draft business plans for stakeholder comment
- Consultation on final licence modifications for Hinkley-Seabank expected in the summer

CY2019 | **2020** | **2021**

CY2019:
- Sector specific decision
- Draft business plans submitted
- Formal business plan submission
- Stakeholder group report to Ofgem

2020:
- Draft determination
- Final determination
- Statutory licence consultation

2021:
- **RIIO-T2 starts**

NGV priorities & outlook
Interconnectors driving strong growth

- Interconnectors provide cost-effective source of energy to meet UK demand
  - 7.8GW importing ~90% low carbon energy by 2025
- Continue to successfully deliver interconnector projects
- Geronimo acquisition to complete in June

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Our contribution
At the forefront of the energy transition

- Environmental and sustainability goals integral part of our business priorities
- Significant progress on decarbonisation targets
  - already achieved 68% reduction in emissions and reviewing 2050 target
- Focus on eight UN Sustainable Development Goals
  - enhancing the natural environment value of sites across UK
  - supporting the Government's Inclusive Economy Partnership, reporting on disability, mental health and wellbeing in the workplace

Strong outlook for growth maintained

- Investment of nearly £5bn in both 19/20 and 20/21
- Vast majority of investment covered by regulatory arrangements

Targeting asset growth of
5-7% per annum
assuming 3% inflation

At constant currency

~£10bn
of investment over the next two years

Summary

- Delivered strong organic growth and strategic progress
  - underpinning our total return proposition
  - delivering significant customer benefits
- Contributing to the evolution of regulatory frameworks in US and UK
- Strong balance sheet supporting long term growth and dividends

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Q&A

John Pettigrew
Chief Executive

Andy Agg
Chief Financial Officer

Appendices

Appendix 1

UK Electricity Transmission operating profit

For the year ended 31 March (£m)	**2019**	2018
Revenue	**3,351**	4,154
Pass through costs	**(1,397)**	(2,243)
Net revenue	**1,954**	1,911
Depreciation & amortisation	**(493)**	(475)
Regulated controllable costs	**(332)**	(321)
Pensions	**(49)**	(50)
Other costs	**(65)**	(24)
Total UK Electricity Transmission operating profit	**1,015**	1,041

Adjusted results, excluding exceptional items and remeasurements

Appendix 2

UK Gas Transmission operating profit

For the year ended 31 March (£m)	**2019**	2018
Revenue	**896**	1,091
Pass through costs	**(227)**	(257)
Net revenue	**669**	834
Depreciation & amortisation	**(181)**	(194)
Regulated controllable costs	**(144)**	(146)
Pensions	**(27)**	(18)
Other costs	**(14)**	11
Total UK Gas Transmission operating profit	**303**	487

Adjusted results, excluding exceptional items and remeasurements

Appendix 3

US Regulated operating profit

For the year ended 31 March (£m)	**2019**	2018
Revenue	**9,846**	9,644
Pass through costs	**(3,978)**	(3,957)
Net revenue	**5,868**	5,687
Depreciation & amortisation	**(700)**	(660)
Regulated controllable costs	**(1,895)**	(1,789)
Pensions & OPEBs	**(94)**	(100)
Bad debts	**(146)**	(104)
Other costs	**(1,309)**	(1,268)
Total US Regulated operating profit	**1,724**	1,766

At constant currency

Adjusted results, excluding exceptional items and remeasurements

OPEBs = other post employment benefits

Appendix 4

Metering, Grain LNG, French interconnector and Property operating profit

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For the year ended 31 March (£m)	**2019**	2018
Revenue	**268**	279
Depreciation & amortisation	**(40)**	(60)
Operating costs	**(75)**	(64)
Metering operating profit	**153**	155
Revenue	**222**	209
Depreciation & amortisation	**(68)**	(66)
Operating costs	**(80)**	(67)
Grain LNG operating profit	**74**	76
Revenue	**85**	84
Depreciation & amortisation	**(5)**	(5)
Operating costs	**(16)**	(14)
French interconnector operating profit	**64**	65
Revenue	**183**	90
Depreciation & amortisation	**(2)**	(1)
Operating costs	**-**	(5)
Property operating profit	**181**	84

Adjusted results, excluding exceptional items and remeasurements

Metering including Smart Metering

Appendix 5

Exchange rates

For the year ended 31 March (£m)	**2019**	2018
Closing $ / £ rate	**1.30**	1.40
Average $ / £ rate for the period	**1.31**	1.36

For the year ended 31 March (£m)	2018
Impact on operating profit[1]	64
Impact on interest[1]	(27)
Impact on tax, JVs and minority interests[1]	(14)
Net impact on earnings[1]	**23**
Impact on closing net debt[2]	1,462
Impact on book value of assets[2]	347

[1] Currency impact calculated by applying the average 2018/19 rate to 2017/18 results
[2] Currency impact calculated by applying the closing March 2019 rate to March 2018 balances
Adjusted results, excluding exceptional items and remeasurements

Appendix 6

Pensions & other post employment benefit obligations (IAS 19 data)

	UK		US		
At 31 March 2019 (£m)	**ESPS**	**NGUK PS**	**Pensions**	**OPEBs**[1]	**Total**
Fair value of assets	3,189	12,318	6,646	2,640	**24,793**
Present value of liabilities	(3,115)	(11,161)	(7,155)	(3,580)	**(25,011)**
Net (liability) / asset	74	1,157	(509)	(940)	**(218)**
Taxation	(13)	(197)	133	246	**170**
Net (liability) / asset net of taxation	**61**	**960**	**(376)**	**(694)**	**(48)**
Discount rates	2.4%	2.4%	3.95%	3.95%	

[1] OPEBs = other post employment benefits

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Timing impacts

£m	UK Electricity Transmission	UK Gas Transmission	US Regulated	Total
2018/19 Opening balance	(44)	93	247	**296**
2018/19 Opening balance restatement adjustment	3	4	(6)	**1**
2018/19 over / (under) recovery	(77)	(38)	223	**108**
2018/19 Closing balance	**(118)**	**59**	**464**	**405**
2017/18 Opening balance	(30)	111	106	**187**
2017/18 over / (under) recovery	(14)	(18)	141	**109**
2017/18 Closing balance	(44)	93	247	**296**
Year on year timing variance	(63)	(20)	82	**(1)**

2017/18 opening balance restatement reflects finalisation of timing balances

All USD balances stated using the average 18/19 rate of $1.3054 to £1

2018/19 closing timing balance as at 31 March 2019 at closing rate ($1.302 to £1): £407m

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UK Transmission
Regulated asset values ('RAV') and returns

	UK Electricity Transmission	UK Gas Transmission
Regulator	Ofgem	Ofgem
RAV	£13,537m	£6,155m
Base allowed real return (assumed CoD 2.22%)	4.13% ('vanilla' WACC)	3.94% ('vanilla' WACC)
Allowed RoE (nominal)	10.2%	10.0%
Achieved RoE (nominal)	13.7%	9.5%
Equity / debt (assumed)	40 / 60	37.5 / 62.5
Sharing factors (shareholder retention at RoE)	47% plus incentive schemes	44% plus incentive schemes

CoD = Cost of Debt

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New York jurisdiction
Regulated asset base ('Rate base') and returns

Rate bases are reported by regulatory entity as at 31 March 2019 *Returns are those for the fiscal year ended 31 March 2019*	**Long Island (KEDLI)**	**Downstate New York (KEDNY)**	**Upstate New York (NMPC Gas)**	**Upstate New York (NMPC Electric)**
Regulator	New York PSC	New York PSC	New York PSC	New York PSC
Rate base	\$2,630m	\$3,711m	\$1,266m	\$5,358m
Base allowed return	9.00% (RoE)	9.00% (RoE)	9.00% (RoE)	9.00% (RoE)
Achieved return	9.9%	6.2%	9.8%	9.4%
Equity / debt (assumed)	48 / 52	48 / 52	48 / 52	48 / 52
Sharing factors (shareholder retention at RoE)	100% to 9.5% 50% to 10.0% 25% to 10.5% 10% above 10.5%	100% to 9.5% 50% to 10.0% 25% to 10.5% 10% above 10.5%	100% to 9.5% 50% to 10.0% 25% to 10.5% 10% above 10.5%	100% to 9.5% 50% to 10.0% 25% to 10.5% 10% above 10.5%
Last / next rate case filing	Effective from April 2020	Effective from April 2020	Effective from April 2018	Effective from April 2018

Appendix 10

Massachusetts and Rhode Island jurisdiction
Regulated asset base ('Rate base') and returns

Rate bases are reported by regulatory entity as at 31 March 2019 Returns are those for the fiscal year ended 31 March 2019	**Massachusetts Electric**[1]	**Massachusetts Gas**[2]	**Narragansett Distribution (Electric and Gas)**[3]
Regulator	Massachusetts DPU	Massachusetts DPU	Rhode Island PUC
Rate base	$2,564m	$2,761m	$1,666m
Base allowed return	9.9% (RoE)	9.5% (RoE)	9.3% (RoE)
Achieved return	7.8%	7.4%	7.7%
Equity / debt (assumed)	51 / 49	50 / 50	51 / 49
Sharing factors (shareholder retention at RoE)	100% to 9.9% 50% above 9.9%	100%	100% to 9.5% 50% to 10.5% 25% above 10.5%
Last / next rate case filing	Effective from October 2019	Effective from October 2018	Effective from September 2018

1 Includes Nantucket Electric. The rate base includes transmission assets

2 Massachusetts Gas currently comprises two separate entities: Boston Gas and Colonial Gas. Base allowed and achieved RoE's are weighted averages (using rate base)

3 Narragansett comprises two separate entities: Narragansett Gas and Narragansett Electric. Base allowed and achieved RoE's are weighted averages (using rate base)

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FERC jurisdiction
Regulated asset base ('Rate base') and returns

Rate bases are reported by regulatory entity as at 31 March 2019 Returns are those for the fiscal year ended 31 March 2019	**New England Power**	**Narragansett Electric (Transmission)**	**Other (incl Canadian interconnector)[1]**	**Long Island Generation[2]**
Regulator	FERC	FERC	FERC	FERC
Rate base	$1,630m	$744m	$79m	$454m
Base allowed return	10.6% (RoE)	10.6% (RoE)	13.0% (RoE)	9.9% (RoE)
Achieved return	11.0%	11.3%	13.0%	14.2%
Equity / debt (assumed)	66 / 34	50 / 50	100 / 0	47 / 53
Sharing factors (shareholder retention at RoE)	100%	100%	100%	100%
Last / next rate case filing	Monthly formula rates	Monthly formula rates	Monthly formula rates	Effective from May 2013

[1] National Grid earns a return on its ~54% stake in the Canadian interconnector

[2] Long Island Generation rate base includes both baseload and peaking plant

Appendix 12

Value Added

For the year ended 31 March (£m)	**2019**	2018 (constant currency)	change
UK RAV[1]	**19,692**	19,005	687
US rate base	**17,565**	16,087	1,478
NG Ventures and other business assets	**2,815**	2,300	515
Other balances[1]	**1,462**	1,103	359
Total group regulated assets and other balances	**41,534**	38,495	3,039
Goodwill	**5,869**	5,869	-
Net debt	**(26,529)**	(24,401)	(2,128)
Equity	**20,874**	19,963	911
Share buy-backs			-
Dividend paid during the year			1,160
Value Added			2,071
Value Added per share (pence)			61.2p

[1] Restated for opening balance adjustments following Regulatory Reporting Pack process in 2018

Appendix 13

Group Return on Equity

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For the year ended 31 March (£m)	2019	2018
Regulated financial performance	**3,318**	3,392
IFRS operating profit for non-regulated companies[1]	**424**	255
Share of post tax results of joint ventures	**40**	238
Non-controlling interest	**(3)**	(1)
Treasury managed interest	**(1,037)**	(980)
Group tax charge	**(488)**	(639)
Tax on adjustments	**(34)**	27
Adjusted Group profit after tax for RoE	**2,220**	2,292
Opening rate base/RAV	**35,045**	32,446
Opening share of Cadent RAV	**-**	512
Opening other	**2,298**	1,787
Opening goodwill	**5,852**	5,626
Opening capital employed	**43,195**	40,371
Opening net debt	**(24,345)**	(21,770)
Opening Equity	**18,850**	18,601
Group RoE – nominal (adjusted group profit after tax / group equity value)	**11.8%**	12.3%

[1] Adjusted to remove element of corporate centre costs included in regulated financial performance
Adjusted results, excluding exceptional items and remeasurements

Appendix 14

Weighted average number of shares

For the year ended 31 March	**2019**	2018
Number of shares (millions):		
Current period opening shares	**3,355**	
Scrip dividend shares (weighted issue)	**27**	
Other share movements (weighted from issuance/repurchase)	**4**	
Weighted average number of shares	**3,386**	3,461
Underlying earnings (£m) - continuing operations	**1,995**	1,944
Underlying EPS (restated) - continuing operations	**58.9p**	56.2p

Business performance, excluding exceptional items and remeasurements

Underlying numbers, continuing operations

Appendix 15

Interest cover

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For the year ended 31 March (£m)	**2019**	2018
Interest expense (income statement)	**1,066**	1,128
Hybrid interest reclassified as dividend	**(51)**	(51)
Capitalised interest	**135**	128
Pensions interest adjustment	**(4)**	(49)
Interest on lease rentals adjustment	**11**	16
Unwinding of discounts on provisions	**(74)**	(75)
Other interest adjustments	**1**	12
Adjusted interest expense	**1,084**	1,109
Net cash inflow from operating activities (2018 and 2019 continuing)	**4,389**	4,710
Interest income on financial instruments	**68**	57
Interest paid on financial instruments	**(914)**	(853)
Dividends received	**201**	213
Working capital adjustment	**(40)**	(118)
add back excess employer pension contributions	**260**	211
add back Hybrid interest reclassified as dividend	**51**	51
add back lease rentals	**34**	86
Difference in net interest expense in income statement to cash flow	**(186)**	(178)
Difference in current tax in income statement to cash flow	**(13)**	(206)
add back current tax related to prior years	**(52)**	(22)
Net cash inflow from discontinued operations	**(71)**	(207)
Funds from operations (FFO)	**3,727**	3,744
Interest cover: (Funds from operations + adjusted interest expense) / adjusted interest expense	**4.4x**	4.4x

Appendix 16

RCF:Debt

For the year ended 31 March (£m)	**2019**	2018
Funds from operations (FFO)	**3,727**	3,744
Hybrid interest reclassified as dividend	**(51)**	(51)
Ordinary dividends paid to shareholders	**(1,160)**	(1,316)
Retained cash flow (RCF) (excluding share buybacks)	**2,516**	2,377
Repurchase of shares	**-**	(178)
RCF (net of share buybacks)	**2,516**	2,199
Borrowings	**28,730**	26,625
Less		
50% hybrid debt	**(1,039)**	(1,050)
Cash & cash equivalents	**(252)**	(329)
Restricted cash	**-**	-
Financial and other investments	**(1,311)**	(2,304)
Underfunded pension obligations	**845**	857
Operating leases adjustment	**248**	408
Derivative asset removed from debt	**141**	(479)
Currency swaps	**38**	117
Nuclear decommissioning liabilities reclassified as debt	**18**	5
Collateral - cash received under collateral agreements	**(558)**	(878)
Accrued interest removed from short-term debt	**(223)**	(195)
Adjusted Net Debt (includes pension deficit)	**26,637**	22,777
RCF (excluding share buybacks)/adjusted net debt	**9.4%**	10.4%
RCF (net of share buybacks)/adjusted net debt	**9.4%**	9.7%

Appendix 17

UK Electricity Transmission net revenue

For the year ended 31 March (£m)		**2019**
Revenue		**3,351**
Net timing adjustment		**77**
Pass through costs		
BSIS costs	(1,196)	
Electricity Transmission Owner (ETO) pass through costs	(201)	
		(1,397)
Net revenue adjusted for timing		**2,031**

UK Electricity Transmission operating profit

For the year ended 31 March (£m)		2019
Net Revenue adjusted for timing		
Transmission Owner (ETO) excluding incentives	**1,792**	
ETO incentives	18	
System Operator (ESO) including incentives	**220**	
Other (including legal settlements)	1	
		2,031
Depreciation & Amortisation		
Electricity Transmission Owner	(453)	
Electricity System Operator	(40)	
		(493)
Regulated Controllable costs, pensions and other costs		
Electricity Transmission Owner	(296)	
Electricity System Operator	(150)	
		(446)
Total UK Electricity Transmission operating profit adjusted for timing		
Electricity Transmission Owner	1,061	
Electricity System Operator	30	
Other	1	
Total UK Electricity Transmission operating profit adjusted for timing		**1,092**
Timing adjustment		**(77)**
Total UK Electricity Transmission operating profit: headline		**1,015**

	£m
Ofgem annual iteration TO revenue	1,278
- model non-controllable costs	(88)
+ inflate to actual 17/18 prices	375
Ofgem model net revenue	**1,565**
+ network innovation allowance, contributions, pensions true up and other	9
+ excluded services income	218
TO net revenue excluding timing and incentives	**1,792**

UK Gas Transmission net revenue

For the year ended 31 March (£m)		2019
Revenue		**896**
Net timing adjustment		**38**
Pass through costs		
Gas Transmission Owner (GTO) pass through costs	(144)	
Gas System Operator (GSO) pass through costs	(83)	
Net revenue adjusted for timing		**(227)**
		707

	£m
Incentives (excluding totex), true ups (non-controllable costs, pensions etc.) and revenue over/under recoveries	
Deferred for future recovery/(return):	
Incentives	21
True ups	(51)
Revenue under/(over) recovery	14
(Collection)/return of prior year deferrals	54
Net timing adjustment	**38**

Appendix 20

UK Gas Transmission operating profit

For the year ended 31 March (£m)		2019
Net Revenue adjusted for timing		
Transmission Owner (GTO) excluding incentives	**557**	
GTO incentives	5	
System Operator (GSO) excluding incentives	**96**	
GSO incentives (excluding revenue drivers)	23	
Other including LNG Storage	26	
		707
Depreciation & Amortisation		
Gas Transmission Owner	(157)	
Gas System Operator	(24)	
		(181)
Regulated Controllable costs, pensions and other costs		
Gas Transmission Owner	(128)	
Gas System Operator	(56)	
Other	(1)	
		(185)
Total UK Gas Transmission operating profit adjusted for timing		
Gas Transmission Owner	277	
Gas System Operator	39	
LNG Storage & Other	25	
Total UK Gas Transmission operating profit adjusted for timing		**341**
Timing adjustment		**(38)**
Total UK Gas Transmission operating profit: headline		**303**

	£m
Ofgem annual iteration TO revenue	527
- model non-controllable costs	(110)
+ inflate to actual 17/18 prices	131
Ofgem model net revenue	**548**
+ network innovation allowance, contributions, pensions true up and other	5
+ excluded services income	4
TO net revenue excluding timing and incentives	**557**

	£m
Ofgem annual iteration SO revenue	73
+ inflate to actual 17/18 prices	23
Ofgem model net revenue	**96**
SO net revenue excluding timing and incentives	**96**

Appendix 21

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Reconciliation of adjusted EPS to statutory EPS
(including and excluding timing and major storm costs)

For the year ended 31 March (pence)	**2019**	2018
Underlying EPS from continuing operations	**58.9**	56.2
Timing and major storm costs	0.1	(0.9)
Adjusted EPS from continuing operations	**59.0**	55.3
Exceptional items after tax from continuing operations	(14.2)	44.3
Remeasurements after tax from continuing operations	(0.5)	2.9
EPS from continuing operations	**44.3**	102.5
Statutory EPS from discontinuing operations	0.3	0.1
Statutory EPS	**44.6**	102.6