



National Grid plc

(incorporated with limited liability in England and Wales on 11 July 2000 under registered number 4031152)

National Grid Electricity Transmission plc

(incorporated with limited liability in England and Wales on 1 April 1989 under registered number 2366977)

Euro 15,000,000,000

Euro Medium Term Note Programme

This supplement (the “**Supplement**”) to the prospectus dated 7 August 2020 (as supplemented by the first supplement to the prospectus dated 9 September 2020, the second supplement to the prospectus dated 12 November 2020 and the third supplement to the prospectus dated 16 December 2020 (together, the “**Prospectus**”), which comprises a base prospectus for each of National Grid plc (“**National Grid**”) and National Grid Electricity Transmission plc (“**NGET**” and, together with National Grid, the “**Issuers**”), constitutes a supplementary prospectus for the purposes of the UK Prospectus Regulation and supplementary listing particulars for the purposes of Section 81 of FSMA. This Supplement is prepared in connection with the Euro 15,000,000,000 Euro Medium Term Note Programme established by the Issuers. Terms defined in the Prospectus have the same meaning when used in this Supplement. When used in this Supplement, “**UK Prospectus Regulation**” means Regulation (EU) 2017/1129 as it forms part of United Kingdom domestic law by virtue of the European Union (Withdrawal) Act 2018.

This Supplement is supplemental to, and should be read in conjunction with, the Prospectus and any other supplements to the Prospectus issued by the Issuers.

Each of the Issuers accepts responsibility for the information contained in this Supplement. To the best of the knowledge of each Issuer the information contained in this Supplement is in accordance with the facts and this Supplement makes no omission likely to affect its import.

To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference into the Prospectus by this Supplement and (b) any other statement in, or incorporated by reference in, the Prospectus, the statements in this Supplement will prevail.

The Prospectus, this Supplement and the documents incorporated by reference in the Prospectus can be viewed on the website of the Regulatory News Service operated by the London Stock Exchange plc at www.londonstockexchange.com/exchange/news/market-news/market-news-home.html. If documents which are incorporated by reference themselves incorporate any information or other documents therein, such information or other documents will not form part of this Supplement for the purposes of the UK Prospectus Regulation and the Listing Rules except where such information or other documents are stated within this Supplement as being specifically incorporated by reference into this Supplement.

Purpose of this Supplement

The purpose of this Supplement is to (i) incorporate by reference the preliminary unaudited annual results of National Grid for the financial year ended 31 March 2021 (the “**Preliminary Results**”) in the Prospectus; (ii) update the Prospectus to reflect certain recent developments; (iii) update the credit ratings in respect

of the Instruments issued under the Programme; (iv) amend the Form of Final Terms and Form of Pricing Supplement to be completed in respect of Instruments issued under the Programme; and (v) amend the no significant change statement in paragraph 10 of the “*General Information*” section of the Prospectus.

Incorporation of the Preliminary Results for the year ended 31 March 2021

On 20 May 2021, National Grid published its Preliminary Results for the year ended 31 March 2021 (<https://www.nationalgrid.com/document/141786/download>).

A copy of the Preliminary Results has been filed with the Financial Conduct Authority and, by virtue of this Supplement, the parts of the Preliminary Results denoted by these page number references are incorporated by reference herein:

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The financial information contained in the Preliminary Results has been properly prepared on the basis stated therein and in a manner consistent with the accounting policies of National Grid and, except as disclosed in Note 1 of the Notes to the Consolidated Financial Statements in the Preliminary Results, on a basis comparable with the historical financial information of National Grid.

Recent Developments

Recent Developments relating to National Grid

Decision on Ofgem’s RIIO-2 Final Determination

On 2 March, following a detailed analysis of Ofgem’s RIIO-2 Final Determination (the “**Final Determination**”), National Grid accepted the overall package for the Electricity System Operator and most of the package for the electricity and gas transmission businesses. National Grid intends to submit a technical appeal to the Competition and Markets Authority (“**CMA**”) regarding Ofgem’s proposed cost of equity and outperformance wedge.

The Final Determination, published on 8 December 2020, reflected an increase in allowances for the RIIO-2 price control as compared to the Draft Determination. This package will allow the critical investment required to maintain the resilience and reliability of National Grid’s networks and will provide greater flexibility in the mechanisms that will enable further investment required to deliver the energy transition.

However, whilst Ofgem has increased the overall returns in the Final Determination for the transmission owners as well as addressing other issues with the Draft Determination, National Grid has decided on a technical appeal to the CMA focused on the cost of equity and outperformance wedge.

National Grid maintains that the methodology Ofgem used to set the cost of equity ignores evidence for higher total market return and risk-free rate levels. National Grid also maintains the view that the outperformance wedge, a downward adjustment to allowed returns in expectation of future outperformance, is conceptually and practically flawed.

In April, the CMA granted National Grid permission to appeal. Based on timelines for similar processes, provisional findings are expected in August, with Final Determinations in October.

Acquisition of WPD and disposals of NECO and NGG

On 18 March, National Grid (together with its subsidiary undertakings, the "**Group**") announced that it has agreed to acquire PPL WPD Investments Limited (together with its subsidiary undertakings, the ("**WPD Group**")), the holding company of Western Power Distribution ("**WPD**"), the UK's largest electricity distribution business, from PPL WPD Limited, a subsidiary of PPL Corporation ("**PPL**") (the "**WPD Acquisition**") for an equity value of £7.8 billion, and has agreed to sell The Narragansett Electric Company ("**NECO**") to PPL Energy Holdings, LLC, also a subsidiary of PPL, for an equity value of US\$3.8 billion (£2.7 billion) (the "**NECO Sale**", and together with the WPD Acquisition, the "**Transactions**").

In addition, National Grid announced that it will commence a process later this year for the sale of a majority stake in National Grid Gas plc, the owner of the national gas transmission system ("**NGG**").

Completion of the WPD Acquisition, which will be funded by fully committed bridge facilities, is expected to occur by the end of July 2021 and completion of the NECO Sale is expected to occur before the end of the first quarter of 2022. National Grid expects to launch the sale process for NGG in the second half of this year and complete the sale approximately a year later.

The WPD Acquisition is a Class 1 transaction under the Listing Rules and was approved by shareholders at a general meeting on 22 April 2021. In addition, the Transactions are conditional on certain regulatory approvals and the NECO Sale is conditional on completion of the WPD Acquisition occurring.

Recent Developments relating to NGET

On 2 March, following a detailed analysis of the Final Determination, NGET accepted most of the package for the electricity transmission businesses. NGET has submitted a technical appeal to the CMA regarding Ofgem's proposed cost of equity and outperformance wedge.

The Final Determination, published on 8 December 2020, reflected an increase in allowances for the RIIO-2 price control as compared to the Draft Determination. This package will allow the critical investment required to maintain the resilience and reliability of NGET's networks and will provide greater flexibility in the mechanisms that will enable further investment required to deliver the energy transition.

However, whilst Ofgem has increased the overall returns in the Final Determination for the transmission owners as well as addressing other issues with the Draft Determination, NGET has decided on a technical appeal to the CMA focused on the cost of equity and outperformance wedge.

NGET maintains that the methodology Ofgem used to set the cost of equity ignores evidence for higher total market return and risk-free rate levels. NGET also maintains the view that the outperformance wedge, a downward adjustment to allowed returns in expectation of future outperformance, is conceptually and practically flawed.

In April, the CMA granted NGET permission to appeal. Based on timelines for similar processes, provisional findings are expected in August, with Final Determinations in October.

Credit Ratings

The credit ratings expected to be assigned to National Grid's senior unsecured debt obligations, as set out on the cover page and on page 90 of the Prospectus, are updated to BBB by S&P, BBB by Fitch and Baa2 by Moody's.

The credit ratings expected to be assigned to NGET's senior unsecured debt obligations, as set out on the cover page and on page 103 of the Prospectus, are updated to BBB+ by S&P, A- by Fitch and Baa1 by Moody's.

Form of Final Terms and Form of Pricing Supplement

The following additional legends are to be added immediately after the paragraph on pages 119 and 131 of the Prospectus entitled “*MiFID II product governance / Professional investors and ECPs only target market*” in the Form of Final Terms and Form of Pricing Supplement:

[PROHIBITION OF SALES TO UK RETAIL INVESTORS – The Instruments are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (“**UK**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“**EUWA**”); (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA [.] / [; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA]. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the Instruments or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Instruments or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.]

[UK MiFIR product governance / Professional investors and ECPs only target market – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Instruments has led to the conclusion that: (i) the target market for the Instruments is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (“**COBS**”), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (“**UK MiFIR**”); and (ii) all channels for distribution of the Instruments to eligible counterparties and professional clients are appropriate. [*Consider any negative target market*]. Any person subsequently offering, selling or recommending the Instruments (a “**distributor**”) should take into consideration the manufacturer[’s/s’] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the “**UK MiFIR Product Governance Rules**”) is responsible for undertaking its own target market assessment in respect of the Instruments (by either adopting or refining the manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels.]

No Significant Change Statement

As a result of the publication of the Preliminary Results and further to the statement made in paragraph 10 of the section headed “General Information” on page 143 of the Prospectus, there has been no significant change in the financial performance or position of National Grid or the National Grid Group since 31 March 2021.

General Information

Copies of all documents incorporated by reference in the Prospectus will be available on the website of National Grid, as set out in the Prospectus.

Save as disclosed in this Supplement, no significant new factor, material mistake or material inaccuracy relating to information included in the Prospectus has arisen or been noted, as the case may be, in relation to either of the Issuers since the publication of the Prospectus.