

“We have started the year well, with a good underlying performance and steady progress toward our strategic goals.”

Highlights

Good underlying performance in first 6 months of 2011/12

- ◆ Profit before tax¹ up 2%, up 19% excluding impact of timing and Hurricane Irene
- ◆ Operating profit¹ up 7% at constant currency excluding impact of timing and Hurricane Irene
- ◆ Earnings per share¹ down² 2% at 19.6p, up 14% excluding impact of timing and Hurricane Irene
- ◆ Interim dividend increased by 8% to 13.93p, in line with policy

Good strategic progress

- ◆ Delivering our core investment programme to drive growth in our asset base
- ◆ Submitted RIIO Transmission business plans, including £25bn of forecast capital investment
- ◆ Transition to new US operating model completed
- ◆ \$200m cost reduction programme on track
- ◆ Over £350m of cash generated through disposals of non-core assets from our portfolio in October

Outlook and priorities unchanged

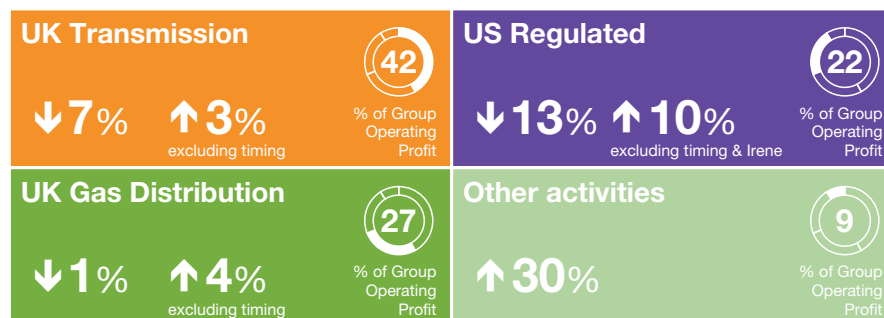
- ◆ Focus on improving returns and efficiency
- ◆ New RoCE metric introduced to increase clarity of portfolio performance

Group Financial Summary

(£m, at actual exchange rate)

| Business Performance ¹ | Half year ended 30 September | | |
|-----------------------------------|------------------------------|-------|----------|
| | 2011 | 2010 | % change |
| Operating profit | 1,420 | 1,509 | (6) |
| Pre-tax profit | 953 | 938 | 2 |
| Earnings | 697 | 656 | 6 |
| Earnings per share | 19.6p | 19.9p | (2) |

Operating Profit Performance



Business Review

- ◆ Positive feedback on RIIO Transmission business plans
- ◆ Continued investment in engineering teams and processes, preparing for step up in capital investment
- ◆ Delivered new US operating model on time, significantly reducing headcount and embedding new regional structure
- ◆ Preparation underway for further US rate filings in 2012
- ◆ Sale of US Seneca Upshur and UK Onstream Metering businesses increases focus on core regulated assets

Progress toward our strategic goals 2011/12

Deliver new operating model

- ◆ Completed the transition to the new operating model
- ◆ On track towards the \$200m saving run rate by March 2012

Deliver core investment programme

- ◆ Forecast to deliver £3.2 - 3.3bn investment in 2011/12
- ◆ Investing in our people and processes

Deliver cost reductions

- ◆ Controllable costs down in real terms, further progress expected
- ◆ Gas Distribution front office roll out in progress

“...well positioned to deliver another good year, notwithstanding the exceptional US weather – comparative progress will be impacted by the timing differences that benefited 2010/11.”

Steve Holliday, Chief Executive

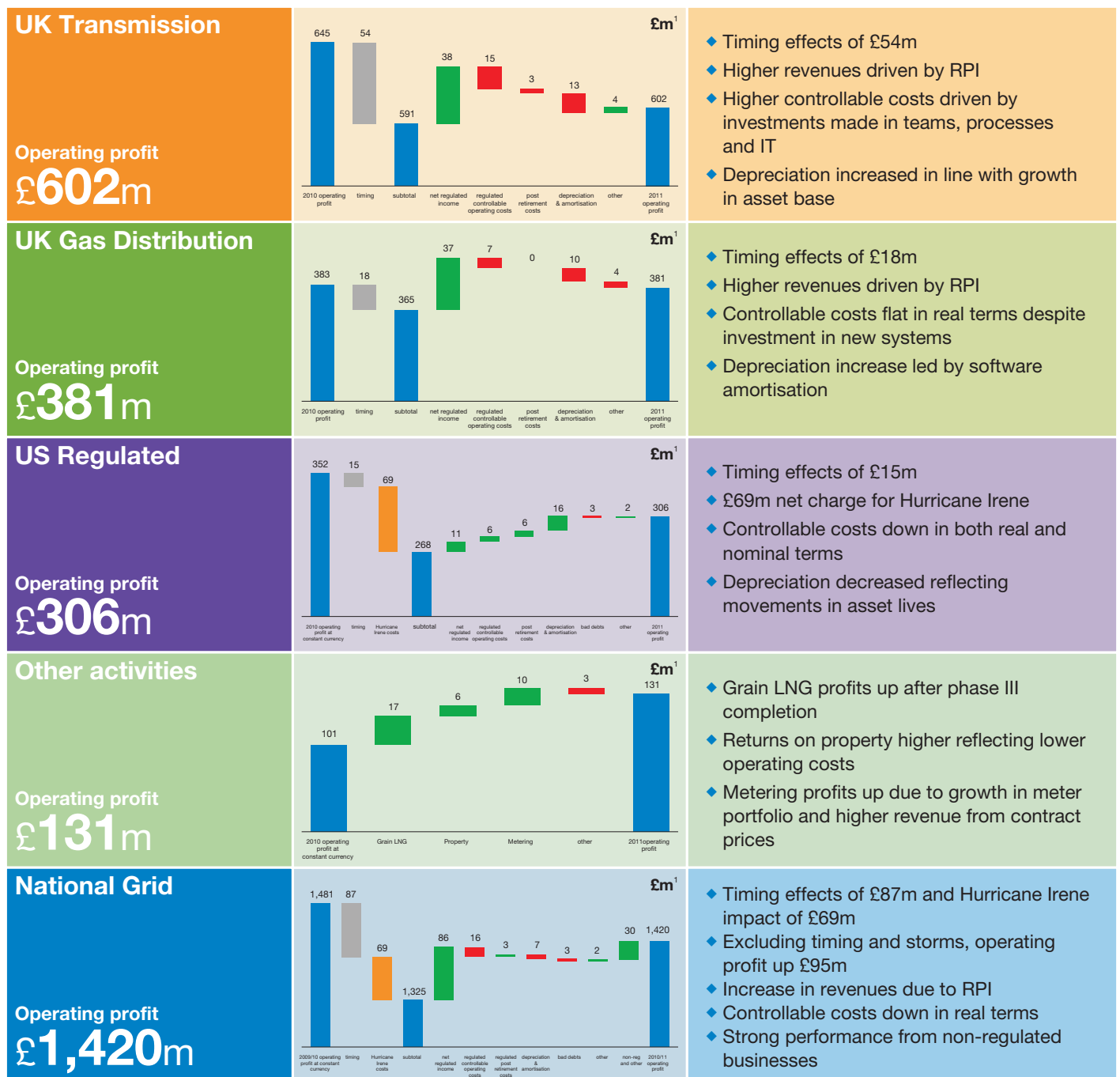
Notes

- 1 Excluding the impact of exceptional items, remeasurements and stranded cost recoveries
- 2 Prior year EPS adjusted to reflect the additional shares issues as scrip dividends

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, as updated by National Grid's unaudited half year report from the six months ended 30 September 2011 published on 17 November 2011. Copies of the most recent Annual Report and Accounts are available online at 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 performance in detail



- ◆ Timing effects of £54m
- ◆ Higher revenues driven by RPI
- ◆ Higher controllable costs driven by investments made in teams, processes and IT
- ◆ Depreciation increased in line with growth in asset base

- ◆ Timing effects of £18m
- ◆ Higher revenues driven by RPI
- ◆ Controllable costs flat in real terms despite investment in new systems
- ◆ Depreciation increase led by software amortisation

- ◆ Timing effects of £15m
- ◆ £69m net charge for Hurricane Irene
- ◆ Controllable costs down in both real and nominal terms
- ◆ Depreciation decreased reflecting movements in asset lives

- ◆ Grain LNG profits up after phase III completion
- ◆ Returns on property higher reflecting lower operating costs
- ◆ Metering profits up due to growth in meter portfolio and higher revenue from contract prices

- ◆ Timing effects of £87m and Hurricane Irene impact of £69m
- ◆ Excluding timing and storms, operating profit up £95m
- ◆ Increase in revenues due to RPI
- ◆ Controllable costs down in real terms
- ◆ Strong performance from non-regulated businesses

¹ 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 (\$1.64 to £1.00) to 2010 results (when the average rate was \$1.52 to £1.00). Post retirement costs represent pensions and other post employment benefits.

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