

# Definitions and glossary of terms

Our aim is to use plain English in this Annual Report and Accounts. However, where necessary, we do use a number of technical terms and/or abbreviations and we summarise the principal ones below, together with an explanation of their meanings. The descriptions below are not formal legal definitions.

## A

**accounts** A set of financial statements, including all the associated notes.

**American Depositary Shares (ADSs)** Securities of National Grid listed on the New York Stock Exchange, each of which represents five ordinary shares.

## B

**B shares** Non-cumulative preference shares of 10 pence nominal value each that were issued in 2004 in connection with a £2 billion return of capital to shareholders. The last remaining B shares were converted into ordinary shares in September 2007.

**BETTA** The British Electricity Trading and Transmission Arrangements, being the regulations that govern our role as operator of the electricity networks in Great Britain, together with those of other market participants.

**Board** The Board of Directors of the Company (for more information see pages 12 and 13).

**BSIS** The Balancing Services Incentive Scheme, an incentive arrangement applicable to our UK electricity transmission operations.

## C

**consolidated financial statements** Financial statements that include the results and financial position of the Company and its subsidiaries together as if they are a single entity.

**called up share capital** Shares (common stock) that have been issued and have been fully paid for.

**capital allowances** Depreciation or amortisation charges that are allowed as deductions for tax purposes. This often differs from the amount of depreciation or amortisation recorded for accounting purposes, resulting in the recognition of deferred tax.

**carrying value** The amount at which an asset or a liability is recorded in the balance sheet.

**Combined Code** The Combined Code on Corporate Governance, being guidance on how companies should be governed applicable to UK listed companies, including National Grid.

**the Company, National Grid, we, our or us** We use terms 'the Company', 'National Grid', 'we', 'our' or 'us' to refer to either National Grid plc itself or to National Grid plc and its subsidiaries collectively, depending on context.

**contingent liability** A possible obligation or potential liability arising from past events for which no provision has been recorded, but for which disclosure in the financial statements is made.

## D

**deferred tax** For most assets and liabilities, this is the difference between the carrying value for accounting purposes in the balance sheet and the amount of tax that will be deductible (or payable) for that asset or liability in future tax returns.

**decatherm** An amount of energy equal to 1 million British thermal units (BTUs), equivalent to approximately 293 kWh.

**derivative** A financial instrument or other contract where the value is linked to an underlying index, such as exchange rates, interest rates or commodity prices. In most cases, contracts for the sale or purchase of commodities that are used to supply customers or for our own needs are excluded from this definition.

## E

**equity** In financial statements, the amount of net assets attributable to shareholders.

## F

**FERC** The US Federal Energy Regulatory Commission.

**finance lease** A lease where the asset is treated as if it was owned for the period of the lease and the obligation to pay future rentals is treated as if they were borrowings. Also known as a capital lease.

**financial year** For National Grid this is an accounting year ending on 31 March. Also known as a fiscal year.

**FRS** A UK Financial Reporting Standard as issued by the UK Accounting Standards Board. These apply to the Company's individual financial statements on pages 179 to 185, which are prepared in accordance with UK GAAP.

**FSA** The UK Financial Services Authority, the financial markets regulator, which includes regulation of companies with listed securities in the UK, including National Grid and certain of its subsidiaries.

**G**

**Great Britain** England, Wales and Scotland.

**GW** Gigawatt, being an amount of power equal to 1 billion watts (10<sup>9</sup> watts).

**GWh** Gigawatt hours, being an amount of energy equal to delivering 1 billion watts of power for one hour (equivalent to 3.6 million joules).

**H**

**HSE** Health & Safety Executive, the main safety regulator in the UK.

**I**

**IAS or IFRS** An International Accounting Standard or International Financial Reporting Standard, as issued by the International Accounting Standards Board. IFRS is also used as the term to describe international generally accepted accounting principles as a whole. The Company's consolidated financial statements are prepared in accordance with IFRS.

**individual financial statements** Financial statements of a company on its own, not including its subsidiaries or joint ventures.

**IFRIC** The International Financial Reporting Interpretations Committee, which provides guidance on how to apply accounting standards.

**J**

**joint venture** A company or other entity which is controlled jointly with other parties.

**K**

**KeySpan** KeySpan Corporation and its subsidiaries, acquired by National Grid on 24 August 2007.

**kV** Kilovolt, being an amount of electric force equal to 1,000 volts.

**kW** Kilowatts, being an amount of power equal to 1,000 watts.

**kWh** Kilowatt hours, being an amount of energy equal to delivering 1,000 watts of power for a period of one hour.

**L**

**lifetime allowance** The lifetime allowance is an overall ceiling on the amount of UK tax privileged pension savings that any one individual can draw.

**LNG** Liquefied natural gas, being natural gas that has been condensed into a liquid form, typically at temperatures at or below -163°C (-260°F).

**lost time injury** An incident arising out of National Grid's operations which leads to an injury where the employee or contractor normally has time off the following day or shift following the incident. It relates to one specific (acute) identifiable incident which arises as a result of National Grid's premises, plant or activities, which was reported to the supervisor at the time and was subject to appropriate investigation.

**M**

**m<sup>3</sup>** A cubic metre.

**mcm** Million standard cubic metres, equivalent to approximately 35.3 million standard cubic feet.

**mcm/d** Million standard cubic metres per day.

**MW** Megawatts, being an amount of power equal to 1 million watts.

**MWh** Megawatt hours, being an amount of energy equal to delivering 1 million watts of power for a period of one hour.

**N**

**net assets** In financial statements, the amount by which total assets exceeds total liabilities at their carrying values.

**New England** The states of Massachusetts, New Hampshire, Vermont and Maine.

**northeastern US** The northeastern region of the US, comprising the states of New York, Massachusetts, Rhode Island, New Hampshire, Maine, Vermont, Connecticut, New Jersey and Pennsylvania.

|                                    |   |   |   |
|------------------------------------|---|---|---|
| <b>O</b>                           |   | <b>T</b>                                |   |
| <b>Ofgem</b>                       | The UK Office of Gas and Electricity Markets, part of the UK Gas and Electricity Markets Authority (GEMA), which regulates the energy markets in the UK.  | <b>therm</b>                            | An amount of energy equal to 10,000 British Thermal Units (BTUs), equivalent to approximately 29.3 kWh, primarily used to measure natural gas.  |
| <b>OSHA</b>                        | The Occupational Safety & Health Administration, the main federal agency charged with the enforcement of safety and health legislation in the US.   | <b>trade payables</b>                   | Amounts invoiced by suppliers for services received for which payment has yet to be made.   |
| <b>ordinary shares</b>             | Voting shares entitling the holder to part-ownership of a company. Also known as common stock. National Grid's ordinary shares have a nominal value of 11 <sup>17</sup> / <sub>43</sub> pence.  | <b>trade receivables</b>                | Amounts billed to customers for services provided for which payment has yet to be received.   |
| <b>P</b>                           |   | <b>treasury shares</b>                  | Shares that have been repurchased but not cancelled.  |
| <b>Personal Lifetime Allowance</b> | The lifetime allowance applicable to individuals who registered their pre-6 April 2006 UK pension benefits for protection.  | <b>tonne</b>                            | A unit of mass equal to 1,000 kilograms, equivalent to approximately 2,205 pounds.  |
| <b>provision</b>                   | A liability of uncertain timing or amount, arising from a past event, that has not yet become due for payment.  | <b>tonnes CO<sub>2</sub> equivalent</b> | A measure of greenhouse gas emissions in terms of the equivalent amount of carbon dioxide.  |
| <b>purchase accounting</b>         | The accounting process of aligning the accounting policies of an acquired business with those of National Grid and of adjusting the carrying value of assets and liabilities acquired from their previous accounting book value to their fair values at the date control was acquired by National Grid. | <b>TWh</b>                              | Terawatt hours, being an amount of energy equal to delivering 1 billion watts of power for 1,000 hours.   |
| <b>PWh</b>                         | Petawatt hour, being an amount of energy equal to delivering 1 billion watts of power for 1 million hours.  | <b>U</b>                                |   |
| <b>S</b>                           |   | <b>UK</b>                               | The United Kingdom, comprising England, Wales, Scotland and Northern Ireland.   |
| <b>scm</b>                         | Standard cubic metre, a quantity of gas which at 15°C and atmospheric pressure (1.013 bar) occupies the volume of 1m <sup>3</sup> .   | <b>UK GAAP</b>                          | Generally accepted accounting principles in the UK. These differ from IFRS and from US GAAP.  |
| <b>SEC</b>                         | The US Securities and Exchange Commission, the financial regulator for companies with registered securities in the US, including National Grid and certain of its subsidiaries.   | <b>Uniform Network Code</b>             | The legal and contractual framework for the supply and transport of gas in the UK, comprising a common set of rules for all industry participants which ensure competition can be facilitated on level terms. |
| <b>share premium</b>               | The difference between the amounts shares are issued for and the nominal value of those shares.   | <b>US</b>                               | The United States of America.   |
| <b>subsidiary</b>                  | A company or other entity that is controlled by National Grid.  | <b>US GAAP</b>                          | Generally accepted accounting principles in the US. These differ from IFRS and from UK GAAP.  |

# Summary consolidated financial information

## Financial summary (unaudited)

The financial summary set out below has been derived from the audited consolidated financial statements of National Grid for the five financial years ended 31 March 2008. It should be read in conjunction with the consolidated financial statements and related notes, together with the Operating and Financial Review. The information presented below for the years ended 31 March 2005, 2006, 2007 and 2008 has been prepared under IFRS issued by the IASB and as adopted by the European Union. For the year ended 31 March 2005, information is also presented under UK GAAP. For the year ended 31 March 2004, information has been presented under UK GAAP, as no IFRS information has been prepared prior to the date of adoption of IFRS (1 April 2004). Comparatives have been adjusted to reclassify amounts relating to discontinued operations.

|  | IFRS                |                     |                     |                     | As previously measured under UK GAAP |                     |
|--|---------------------|---------------------|---------------------|---------------------|--------------------------------------|---------------------|
|  | 31 March 2008<br>£m | 31 March 2007<br>£m | 31 March 2006<br>£m | 31 March 2005<br>£m | 31 March 2005<br>£m                  | 31 March 2004<br>£m |
| <b>Summary income statement</b>  |                     |                     |                     |                     |                                      |                     |
| Revenue  | <b>11,423</b>       | 8,695               | 8,868               | 7,174               | 8,313                                | 9,019               |
| Operating profit   |                     |                     |                     |                     |                                      |                     |
| Before exceptional items, remeasurements and stranded cost recoveries      | <b>2,595</b>        | 2,031               | 1,968               | 1,936               | 2,045                                | 2,076               |
| Exceptional items, remeasurements and stranded cost recoveries             | <b>369</b>          | 482                 | 406                 | 177                 | (120)                                | (137)               |
| Goodwill amortisation  | <b>n/a</b>          | n/a                 | n/a                 | n/a                 | (85)                                 | (95)                |
|  | <b>2,964</b>        | 2,513               | 2,374               | 2,113               | 1,840                                | 1,844               |
| Profit before taxation   |                     |                     |                     |                     |                                      |                     |
| Before exceptional items, remeasurements and stranded cost recoveries      | <b>1,839</b>        | 1,486               | 1,369               | 1,235               | 1,299                                | 1,254               |
| Exceptional items, remeasurements and stranded cost recoveries             | <b>353</b>          | 265                 | 349                 | 177                 | (37)                                 | 185                 |
| Goodwill amortisation  | <b>n/a</b>          | n/a                 | n/a                 | n/a                 | (85)                                 | (95)                |
|  | <b>2,192</b>        | 1,751               | 1,718               | 1,412               | 1,177                                | 1,344               |
| Profit for the year attributable to equity shareholders                    |                     |                     |                     |                     |                                      |                     |
| Before exceptional items, remeasurements and stranded cost recoveries      | <b>1,281</b>        | 1,146               | 1,075               | 1,376               | 1,027                                | 958                 |
| Exceptional items, remeasurements and stranded cost recoveries             | <b>1,915</b>        | 248                 | 2,773               | 48                  | (5)                                  | 217                 |
| Goodwill amortisation  | <b>n/a</b>          | n/a                 | n/a                 | n/a                 | (85)                                 | (95)                |
|  | <b>3,196</b>        | 1,394               | 3,848               | 1,424               | 937                                  | 1,080               |
| <b>Summary statement of net assets</b>                                     |                     |                     |                     |                     |                                      |                     |
| Non-current assets   | <b>30,858</b>       | 21,109              | 22,106              | 25,596              | 19,897                               | 18,394              |
| Current assets   | <b>5,456</b>        | 5,312               | 3,818               | 1,964               | 4,814                                | 5,003               |
| Assets of businesses held for sale   | <b>1,508</b>        | 1,968               | –                   | –                   | –                                    | –                   |
| Total assets   | <b>37,822</b>       | 28,389              | 25,924              | 27,560              | 24,711                               | 23,397              |
| Current liabilities  | <b>(7,122)</b>      | (3,360)             | (5,683)             | (5,974)             | (5,679)                              | (4,147)             |
| Non-current liabilities  | <b>(25,257)</b>     | (20,443)            | (16,748)            | (19,465)            | (17,172)                             | (17,613)            |
| Liabilities of businesses held for sale                                    | <b>(63)</b>         | (450)               | –                   | –                   | –                                    | –                   |
| Total liabilities  | <b>(32,442)</b>     | (24,253)            | (22,431)            | (25,439)            | (22,851)                             | (21,760)            |
| Net assets   | <b>5,380</b>        | 4,136               | 3,493               | 2,121               | 1,860                                | 1,637               |
| <b>Summary cash flow statement</b>   |                     |                     |                     |                     |                                      |                     |
| Cash generated from operations   |                     |                     |                     |                     |                                      |                     |
| Continuing operations  | <b>3,265</b>        | 3,090               | 2,973               | 2,820               | 2,909                                | 2,810               |
| Discontinued operations  | <b>10</b>           | 181                 | 138                 | 638                 | n/a                                  | n/a                 |
|  | <b>3,275</b>        | 3,271               | 3,111               | 3,458               | 2,909                                | 2,810               |
| Tax paid – continuing and discontinued operations                          | <b>(110)</b>        | (313)               | (140)               | (150)               | (150)                                | (18)                |
| Net cash inflow from operating activities                                  | <b>3,165</b>        | 2,958               | 2,971               | 3,308               | 2,759                                | 2,792               |
| Net cash flows (used in)/from investing activities                         | <b>(3,023)</b>      | (4,061)             | 4,052               | (2,900)             | n/a                                  | n/a                 |
| Dividends received from joint ventures                                     | <b>n/a</b>          | n/a                 | n/a                 | n/a                 | 5                                    | 8                   |
| Net cash outflow for capital expenditure and financial investment          | <b>n/a</b>          | n/a                 | n/a                 | n/a                 | (1,262)                              | (1,254)             |
| Net cash (outflow)/inflow for acquisitions and disposals                   | <b>n/a</b>          | n/a                 | n/a                 | n/a                 | (1,130)                              | 7                   |
| Net cash (outflow)/inflow for the management of liquid resources           | <b>n/a</b>          | n/a                 | n/a                 | n/a                 | (54)                                 | (48)                |
| Net cash flows (used in)/from financing activities                         | <b>(1,592)</b>      | 1,278               | (5,842)             | (400)               | n/a                                  | n/a                 |
| Net cash outflow for returns on investments and servicing of finance       | <b>n/a</b>          | n/a                 | n/a                 | n/a                 | (758)                                | (692)               |
| Equity dividends paid  | <b>n/a</b>          | n/a                 | n/a                 | n/a                 | (628)                                | (560)               |
| Net cash inflow/(outflow) from financing activities                        | <b>n/a</b>          | n/a                 | n/a                 | n/a                 | 1,081                                | (240)               |
| Net (decrease)/increase in cash and cash equivalents (UK GAAP – cash only) | <b>(1,450)</b>      | 175                 | 1,181               | 8                   | 13                                   | 13                  |

# Shareholder Information

## Financial calendar

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

|                         |  |
|-------------------------|--|
| <b>4 June 2008</b>      | Ordinary shares go ex-dividend for 2007/08 final dividend    |
| <b>6 June 2008</b>      | Ordinary shares dividend record date                         |
| <b>9 July 2008</b>      | DRIP election deadline                                       |
| <b>28 July 2008</b>     | 2008 Annual General Meeting and Interim Management Statement |
| <b>20 August 2008</b>   | 2007/08 Final dividend paid on ordinary shares               |
| <b>20 November 2008</b> | 2008/09 Interim/half-year results                            |
| <b>3 December 2008</b>  | Ordinary shares go ex-dividend for 2008/09 interim dividend  |
| <b>5 December 2008</b>  | Ordinary shares dividend record date                         |
| <b>5 December 2008</b>  | DRIP election deadline                                       |
| <b>21 January 2009</b>  | 2008/09 Interim dividend paid on ordinary shares             |
| <b>30 January 2009</b>  | Interim Management Statement                                 |
| <b>May 2009</b>         | 2008/09 Preliminary results                                  |

## Dividends and dividend re-investment plan (DRIP)

National Grid normally pays dividends twice each year, in accordance with the timetable above.

Many shareholders have elected to have their dividends paid to them direct to their bank or building society account. As well as being convenient for the shareholder, as the dividend will normally reach their account on the day of payment, there will be no delays from paying in cheques, and there is no possibility of losing or damaging cheques. This also saves money and paper as fewer cheques need to be produced and sent out. Tax vouchers are still provided for shareholders' records. Overseas shareholders can also have their dividends paid direct to their bank account in their local currency (IPS). As set out in the IPS terms and conditions, charges are payable for this service.

Shareholders can re-invest dividends in further National Grid shares under the DRIP. As set out in the DRIP terms and conditions, charges are payable in respect of the DRIP.

For further information on the DRIP and IPS and to request direct payment of your dividends, please contact Capita Registrars or register electronically at [www.nationalgrid.com/shareholders](http://www.nationalgrid.com/shareholders).

If you think you have outstanding dividend payments please contact Capita Registrars who will be able to provide duplicate cheques if necessary (an administrative charge may be payable).

## Website and electronic communication

More information about National Grid, including full details of previous dividends and information about proposed dividends, up-to-date announcements and current and historic share prices, is available on the National Grid website at [www.nationalgrid.com](http://www.nationalgrid.com).

As a shareholder you can manage your holding online at [www.nationalgrid.com/shareholders](http://www.nationalgrid.com/shareholders). This allows you to check your shareholding, recent dividend payments and information such as address and any direct payment details. If you register you can also change information such as your home address and bank details or apply to join the DRIP.

Shareholder documents are now, following changes in company law and shareholder approval, primarily made available via the Company's website at [www.nationalgrid.com/investors](http://www.nationalgrid.com/investors) unless a shareholder has requested to continue to receive hard copies of such documents. If a shareholder has registered their up-to-date email address an email is sent to that address when such documents are available on the website. If shareholders have not provided an up-to-date email address and have not elected to receive documents in hard copy, a hard copy form of notification is sent to their address on the Register notifying them that the documents are available on the website. Shareholders can continue to receive hard copies of shareholder documents by contacting Capita Registrars.

If you have not already registered your current email address, you can do so at [www.nationalgrid.com/shareholders](http://www.nationalgrid.com/shareholders).

Investors who hold their shares via an intermediary should contact the intermediary regarding the receipt of shareholder documents from the Company.

## Share dealing

A share dealing service is available from Capita Registrars, allowing you to buy and sell National Grid shares. Trading by telephone or online enables shareholders to have a more up-to-date indicative share price when dealing than when using the postal dealing service. For more information please call 0871 664 0445 (8am – 4.30pm) or visit [www.capitadeal.com](http://www.capitadeal.com). Calls are charged at 10p per minute plus network extras.

High street banks may also offer share dealing services.

These details are provided for information only and any action you take is at your own risk. If you have any doubt as to the action you should take, you are recommended to seek your own financial advice from your stockbroker, bank manager, accountant or other independent financial advisor authorised pursuant to the Financial Services and Markets Act 2000.

## Shareholder Networking

National Grid operates a Shareholder Networking programme, the aim of which is to allow 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 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.

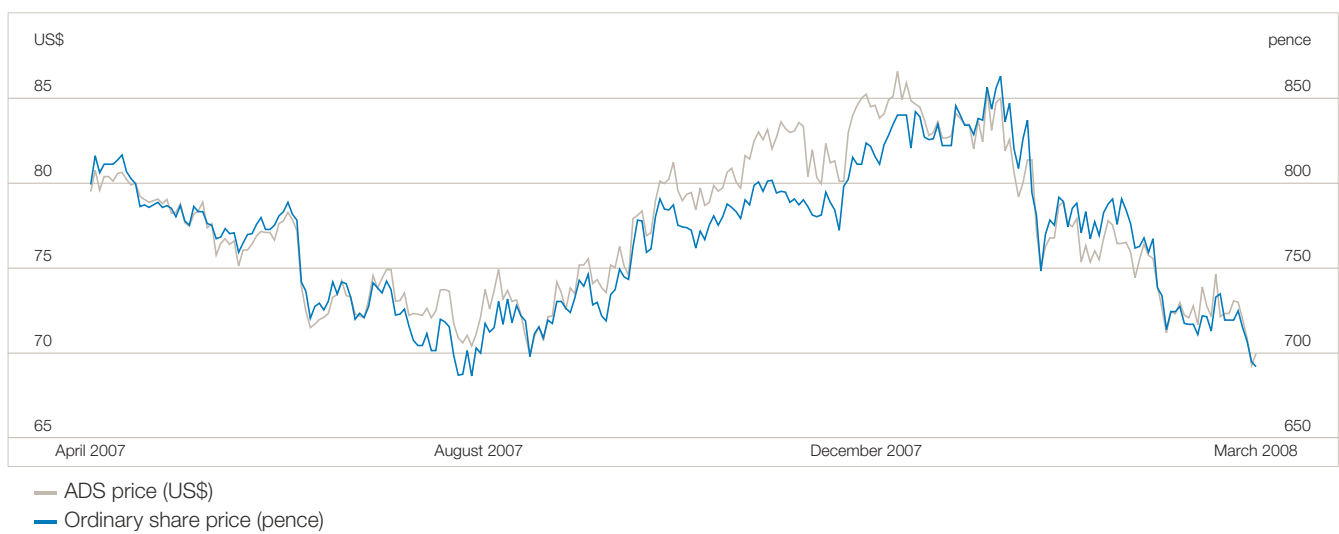
## Individual savings accounts (ISAs)

Corporate ISAs for National Grid shares are available from Stocktrade. For more information, call Stocktrade on 0131 240 0443 or write to Stocktrade, 81 George Street, Edinburgh EH2 3ES.

National Grid cannot advise you on what action, if any, you should take in respect of your shares. If you have any doubt as to the action you should take, you are recommended to seek your own financial advice from your stockbroker, bank manager, accountant or other independent financial advisor authorised pursuant to the Financial Services and Markets Act 2000.

## Share price

The following graph represents the movement of National Grid's share price during 2007/08. A graph showing the total shareholder return over the last five years is available on page 104.



## ShareGift

If you hold only a few shares and feel that it is uneconomical or otherwise not worthwhile to sell them, you could consider donating your shares to charity. ShareGift is an independent registered charity (no. 1052686) that provides a free service for shareholders wishing to give holdings of shares to benefit charitable causes. For more information please visit [www.sharegift.org](http://www.sharegift.org) or call Capita Registrars.

## Capital Gains Tax (CGT)

CGT information relating to National Grid shares can be found on our website or obtained from Capita Registrars. Share prices on specific dates can be found at [www.nationalgrid.com](http://www.nationalgrid.com).

## Shareholdings

The following table includes a brief analysis of shareholder numbers and shareholdings as at 31 March 2008:

| Size of shareholding | Number of shareholders | % of shareholders | Number of shares     | % of shares |
|----------------------|------------------------|-------------------|----------------------|-------------|
| 1-50                 | 226,065                | 19.0466           | 6,951,153            | 0.2693      |
| 51-100               | 356,269                | 30.0167           | 24,183,116           | 0.9366      |
| 101-500              | 506,385                | 42.6644           | 100,729,641          | 3.9015      |
| 501-1,000            | 52,727                 | 4.4424            | 37,038,159           | 1.4345      |
| 1,001-10,000         | 43,218                 | 3.6412            | 100,134,486          | 3.8783      |
| 10,001-50,000        | 1,108                  | 0.0934            | 21,825,810           | 0.8453      |
| 50,001-100,000       | 249                    | 0.0210            | 18,104,707           | 0.7012      |
| 100,001-500,000      | 455                    | 0.0383            | 106,876,744          | 4.1394      |
| 500,001-1,000,000    | 167                    | 0.0141            | 114,779,960          | 4.4455      |
| 1,000,001+           | 260                    | 0.0219            | 2,051,289,740        | 79.4484     |
| <b>Total</b>         | <b>1,186,903</b>       |                   | <b>2,581,913,516</b> |             |

For queries about ORDINARY  
SHARES contact:

## Capita Registrars



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

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



email: [nationalgrid@capitaregistrars.com](mailto:nationalgrid@capitaregistrars.com)  
Website: [www.nationalgrid.com/shareholders](http://www.nationalgrid.com/shareholders)



Postal address:  
National Grid Share Register  
Capita Registrars  
Northern House  
Woodsome Park  
Fenay Bridge  
Huddersfield HD8 0GA

For queries about  
AMERICAN DEPOSITARY  
SHARES (ADSs or ADRs) contact:

## The Bank of New York Mellon



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



email: [shareowners@bankofny.com](mailto:shareowners@bankofny.com)  
Website: [www.adrbny.com](http://www.adrbny.com)



Postal address:  
The Bank of New York Mellon  
Shareholders Correspondence  
PO Box 11258  
Church Street Station  
New York NY 10286-1258

### Cautionary Statement

This document comprises the Annual Report and Accounts for the year ended 31 March 2008 for National Grid and its subsidiaries. It contains the Directors' Report and Financial Statements, together with the Independent Auditor's Report thereon, as required by the UK Companies Act 1985. The Annual Review of National Grid for the same period is published as a separate document. The Directors' Report on pages 98 and 99 and the Directors' Remuneration Report on pages 100 to 110 have each been drawn up in accordance with the requirements of English law, and liability in respect thereof is also governed by English law. In particular, the liability of the Directors for these reports is solely to National Grid.

This document also 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 our financial condition, our results of operations and businesses, strategy, plans and objectives. Words such as 'anticipates', 'expects', 'intends', 'plans', 'believes', 'seeks', 'estimates', '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 our 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 our ability to control or estimate precisely, such as delays in obtaining, or adverse conditions contained in, regulatory approvals and contractual consents, unseasonable weather affecting the demand for electricity and gas, competition and industry restructuring, changes in economic conditions, currency fluctuations, changes in interest and tax rates, changes in energy market prices, changes in historical weather patterns, changes in laws, regulations or regulatory policies, developments in legal or public policy doctrines, the impact of changes to accounting standards and technological developments. Other factors that could cause actual results to differ materially from those described in this document include the ability to integrate the businesses relating to announced acquisitions with our existing business to realise the expected synergies from such integration, the availability of new acquisition opportunities and the timing and success of future acquisition opportunities, the timing and success or other impact of the

sales of our non-core businesses, the failure for any reason to achieve reductions in costs or to achieve operational efficiencies, the failure to retain key management, the behaviour of UK electricity market participants on system balancing, the timing of amendments in prices to shippers in the UK gas market, the performance of our pension schemes and the regulatory treatment of pension costs, and any adverse consequences arising from outages on or otherwise affecting energy networks, including gas pipelines, which we own or operate. For a more detailed description of some of these assumptions, risks and uncertainties, together with any other risk factors, please see our filings with and submissions to the US Securities and Exchange Commission (the 'SEC') (and in particular the 'Risk Factors' and 'Operating and Financial Review' sections in our most recent Annual Report on Form 20-F). Except as may be required by law or regulation, National Grid undertakes no obligation to update any of its forward-looking statements. The effects of these factors are difficult to predict. New factors emerge from time to time and we cannot assess the potential impact of any such factor on our activities or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement.



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### National Grid plc

1-3 Strand, London WC2N 5EH, United Kingdom  
Registered in England and Wales No. 4031152

[www.nationalgrid.com](http://www.nationalgrid.com)